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S. HRG. 113–465, PT. 1

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

ON

S. 2410

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2015 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE MILITARY PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR, AND FOR OTHER PURPOSES

PART 1

U.S. STRATEGIC COMMAND AND U.S. CYBER COMMAND
MILITARY POSTURE
U.S. CENTRAL COMMAND AND U.S. AFRICA COMMAND
U.S. NORTHERN COMMAND AND U.S. SOUTHERN COMMAND
U.S. PACIFIC COMMAND AND U.S. FORCES KOREA
NAVY POSTURE
ARMY POSTURE
ARMY ACTIVE AND RESERVE FORCE MIX
AIR FORCE POSTURE
RECOMMENDATIONS OF THE NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE
REFORM OF THE DEFENSE ACQUISITION SYSTEM

FEBRUARY 27; MARCH 5, 6, 13, 25, 27; APRIL 3, 8, 10, 29, 30, 2014

Printed for the use of the Committee on Armed Services

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM—Part 1

U.S. STRATEGIC COMMAND AND U.S. CYBER COMMAND ● MILITARY POSTURE ● U.S. CENTRAL COMMAND AND U.S. AFRICA COMMAND ● U.S. NORTHERN COMMAND AND U.S. SOUTHERN COMMAND ● U.S. PACIFIC COMMAND AND U.S. FORCES KOREA ● NAVY POSTURE ● ARMY POSTURE ● ARMY ACTIVE AND RESERVE FORCE MIX ● AIR FORCE POSTURE ● RECOMMENDATIONS OF THE NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE ● REFORM OF THE DEFENSE ACQUISITION SYSTEM

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DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

THURSDAY, FEBRUARY 27, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

U.S. STRATEGIC COMMAND AND U.S. CYBER COMMAND

The committee met, pursuant to notice, at 9:36 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, Udall, Manchin, Gillibrand, Blumenthal, Donnelly, Kaine, King, Inhofe, McCain, Sessions, Ayotte, Fischer, Graham, and Lee.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. Today, we begin our annual posture hearings with the combatant commands by receiving testimony from the U.S. Strategic Command (STRATCOM) and the U.S. Cyber Command (CYBERCOM), a sub-unified command of STRATCOM.

Let me welcome Admiral Cecil D. Haney, USN, in his first appearance before the committee as the Commander of STRATCOM, and General Keith B. Alexander, USA, in what may be his final appearance before the committee as the Commander of CYBERCOM. General Alexander also serves, as we know, as Director of the National Security Agency (NSA). When he retires at the end of next month, he will, by far, be the longest serving NSA Director in history. We thank you both for your extraordinary service.

This hearing comes at a time of reduced budgets across the U.S. Government, including the Department of Defense (DOD). Even though this hearing comes in advance of the 2015 budget request, we'll want to hear from our witnesses about the impact of the overall budget situation and the expected 2015 budget submission, the impact that is likely to be the result of both that overall situation and the budget submission on the programs and operations under their oversight and direction.

Admiral Haney, I hope that you will address the full range of issues impacting STRATCOM today, including the status of our nuclear deterrent, the impact of the recent Intercontinental Ballistic Missile (ICBM) cheating scandal, any potential efficiencies and cost

savings that could reduce the $156 billion that DOD projects it will need to maintain and recapitalize our nuclear triad over the coming decade, steps that may be needed to ensure that we can protect or reconstitute our space assets in any future conflict, and concerns about the adequacy of DOD's future access to communications spectrum as pressure builds to shift more and more spectrum to commercial use.

For most of last year, General Alexander has been at the center of both the crisis over the loss of intelligence sources and methods from the [Edward] Snowden leaks, and the controversy over aspects of the intelligence activities established after September 11 to address the terrorist threat. We look forward, General, to hearing your views about the changes to the NSA collection programs directed by the President, the impact on the military of the Snowden leaks, the capability of the personnel that the Military Services are making available for their new cyber units, the Services' ability to manage the careers of their growing cadre of cyber specialists, and steps that can be taken to ensure that the Reserve components are effectively integrated into DOD's cyber mission.

In addition, I hope that you'll provide us with your analysis of the Chinese campaign to steal intellectual property from U.S. businesses. The committee has almost completed a report on cyber intrusions into the networks of some of the defense contractors on whom DOD may rely to conduct operations. I hope that you'll give us your assessment as to whether China has shown signs of altering its cyber behavior subsequent to Mandiant Corporation's exposure of the operations of one of its military cyber units.

Before I call on Senator Inhofe, I want to remind everybody that we are going to have a closed session at 2:30 p.m. this afternoon to address questions from our worldwide threats hearing last week with Director Clapper and General Flynn, questions that were deferred to a closed session. We have circulated a list of those questions to committee members and to witnesses. It is my intention to go down that list of questions that were deferred, recognizing each Senator on the list in the order in which the questions were raised at the open hearing. Those Senators who raised questions—and this is the order that they were raised—Senators Reed, McCain, Ayotte, Blumenthal, Nelson, Fischer, Vitter, Levin, and Graham. If a Senator lets me know that he or she is unable to attend this afternoon, if they would like, I'd be very happy to raise the question on his or her behalf.

We're also going to try to have our military nominations voted on off the floor between votes. We have stacked votes, and that's a good opportunity to approve our military nominations and recommend their confirmation prior to the end of the month.

I now call upon Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

I have the utmost respect for our panel today, particularly General Alexander, because we've developed a close relationship, and I appreciate that very much. I think a lot of people don't realize, in that period, the time you've been here—it was touched on by the Chairman—but, been a Director of the NSA; the chief of Central

Security Service; Commander, Joint Functional Component Command and Network Warfare; and then, of course, the Commander of CYBERCOM. Since graduating from West Point, in 1974, was it?—that you're getting close to retirement. I think you need to stretch that out now, because you're going to be retiring 39 years, 10 months. You ought to make it an even 40. Anyway. This will likely be your last time to testify to this committee. That's a cause for celebration, I'm sure.

Admiral Haney, the 5-year debate over the course of the U.S. nuclear weapons policy is, for the most part, settled. The President, in June 2013, the Nuclear Weapons Employment Strategy is closer to the deterrence policy that has guided U.S. nuclear policy since the end of the Cold War, and moves away from the President's naive vision of the world without nuclear weapons. It emphasizes the vital role of nuclear weapons in deterring threats, and assures allies, it reaffirms the necessity of a modern nuclear triad as the best way—and I'm quoting now—"as the best way to maintain strategic stability and—at a reasonable cost, and hedge against uncertainty."

One of your challenges will be ensuring the commitment to nuclear modernization is carried out. We'll have some specific questions about that, shortly. Congress supports these efforts. The fiscal year 2014 omnibus spending bill provided virtually all of what the President had requested for nuclear modernization. Unfortunately, the President's request fell short of the commitment that was made in 2010; that was in order to get the necessary votes to pass the New Strategic Arms Reduction Treaty (START).

Department of Energy (DOE) funding for nuclear weapons activities over the past 3 years is about $2 billion short, and virtually every nuclear weapon life extension program (LEP) is behind schedule now. The follow-on nuclear ballistic missile submarine replacement of the air-launch cruise missile are both 2 years behind schedule, and a decision on a follow-on ICBM has not been made. This needs to be addressed.

I also want to know your thoughts on the Missile Defense Agency (MDA) plans to enhance the U.S. Homeland Missile Defense System (MDS) by improving sensor capability and developing a new kill vehicle for the ground-based interceptor (GBI). These efforts are essential to defending this country.

General Alexander, CYBERCOM has made strides in normalizing cyber planning, the capabilities and the fielding of the cyber mission force of nearly 6,000 cyber warriors. However, I am concerned that insufficient progress has been made toward developing a strategy to deal with the growing number of complexity of threats that we're facing today that we've never faced before. The status quo isn't acceptable, and the administration is to blame for its inability to develop and employ an effective cyber deterrent strategy.

Recent events show that our enemies are paying attention to well-publicized events involving Iran, one involving an enduring campaign of cyber attacks on the U.S. banks and the financial sector, and another involving the exploitation of critical Navy network. They should concern all of us.

The apparent inaction of the administration underscores its failed cyber deterrence strategy. This is going to have to change

until our adversaries understand that there will be serious consequences for cyber attacks against the United States, as we've already seen coming our way.

In closing, I want to comment briefly on the Snowden situation. This man is not a whistleblower or a hero, as some have portrayed him to be. He's a traitor who stole nearly 2 million documents, the vast majority of which have nothing to do with the activities of the NSA. In the process, he's potentially giving our enemies, and also giving Russia and China, access to some of our military's most closely guarded secrets. He's undermined our ability to protect the country and has put the lives of our military men and women in greater risk. These are the hallmarks of a coward, not a hero, and it's time the American people fully understand the damage that Snowden has done to our national security.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you so much, Senator Inhofe.

Admiral Haney.

STATEMENT OF ADM CECIL D. HANEY, USN, COMMANDER, U.S. STRATEGIC COMMAND

Admiral HANEY. Good morning, Chairman Levin, Ranking Member Inhofe, and the distinguished members of this committee.

With your permission, I'd like to have my full statement made as part of the record.

Chairman LEVIN. It will be.

Admiral HANEY. Thank you, sir.

I am honored to join you today as my first appearance, as was mentioned, here as the Commander of STRATCOM. I'm also pleased to be here with General Keith Alexander, whose responsibilities as Commander of CYBERCOM and Director of the NSA are critical to national security and my command's ability to perform its missions. I greatly value his advice and counsel. I thank him for his many years of distinguished service to our Nation.

STRATCOM executes a diverse set of global responsibilities that directly contribute to national security. I can say with full confidence today that STRATCOM remains capable and ready to meet our assigned missions. We're blessed to have a talented, dedicated, and professional military and civilian workforce to address the significant national security challenges facing the United States. I thank Congress and this committee for your support. I look forward to working with you throughout my tour of duty.

We appreciate the passage of the 2-year bipartisan Budget Control Act of 2013 and the 2014 Consolidated Appropriations Act. This legislation reduces near-term budget uncertainty. But, I remain concerned that sequestration will continue to stress the human element of our capabilities, as well as impacting our capacity to meet the threats and challenges of the 21st century.

The current global security environment is more complex, dynamic, and uncertain than any time in recent history. Advances in state and nonmilitary capabilities continue across air, sea, land, and space domains, as well as in cyber space. The space domain is becoming ever more congested, contested, and competitive. Worldwide cyber threats are growing in scale and sophistication. Nuclear powers are investing in long-term and wide-ranging mili-

tary modernization programs. Proliferation of weapons of mass destruction (WMD), nuclear technologies continues. WMD capability delivery technologies are maturing and becoming more readily available. No region in the world is immune from potential chemical, biological, radiological, or nuclear risk. Terrorist threats remain a source of significant ambiguity, and the threat of homegrown violent extremists remains a concern.

Against this dynamic and uncertain backdrop, STRATCOM's mission is to partner with other combatant commands to deter and detect strategic attack against the United States, our allies, and to defeat those attacks if deterrence fails. Our unified command plan assigned missions are strategic in nature, global in scope, and intertwined with the capabilities of our joint military force, the interagency, and the whole of government. This requires increased linkages and synergies at all levels to bring integrated capabilities to bear through synchronized planning, simultaneous execution of plans, and coherent strategic communications.

Your STRATCOM manages this diverse and challenging activity by actively executing a tailored deterrence and assurance campaign plan and by executing my five command priorities. That is to provide a safe and secure and effective nuclear deterrent force; partnering with other combatant commands to win today; addressing challenges in space; building the necessary cyber space capability and capacity; and to prepare for uncertainty.

In keeping with the 2010 Nuclear Posture Review (NPR), my number-one priority is to ensure a safe, secure, and effective nuclear deterrence force consisting of the synthesis of the dedicated sensors, assured command and control, the triad of delivery systems, nuclear weapons and their associated infrastructure, and trained and ready people.

In light of recent personnel integrity concerns within the ICBM force, I fully support Secretary Hagel's initiative to assemble key DOD stakeholders to fully assess and understand the implications of recent events, and seek long-term, systematic solutions that will maintain trust and confidence in the nuclear enterprise. This has my utmost attention. But, let me repeat, America's nuclear deterrent force remains safe, secure, and effective.

In addition to our critical deterrent-and-assurance work, we're engaged on a daily basis in a broad array of activities across our mission areas of space, cyber space, intelligence, surveillance, reconnaissance, combating WMD, missile defense, joint electronic warfare, global strike, and, of course, analysis and targeting.

While these diverse activities are being synchronized and integrated by an outstanding team, none of the work I've described can happen without trained, ready, and motivated people. They remain our most precious resource, and deserve our unwavering supporting.

My travels to a number of STRATCOM components and partner locations since I took command in November 2013 confirm my belief that we have an outstanding team in place across all of our mission areas. I have the utmost respect for their professionalism, dedication to duty, and sustained operational excellence. In today's uncertain times, I'm proud to lead such a focused and innovative team. We're building our future on a strong and successful past.

Your continued support, together with the hard work of the outstanding men and women of STRATCOM, will ensure we remain ready, agile, and effective in deterring strategic attack, assuring our allies, and defeating current and future threats.

I thank you for your time. I look forward to your questions.

[The prepared statement of Admiral Haney follows:]

PREPARED STATEMENT BY ADM C.D. HANEY, USN

INTRODUCTION

Mr. Chairman and distinguished members of the committee, I am honored to join you today. This is my first appearance before you as the Commander of U.S. Strategic Command (STRATCOM), and I appreciate the opportunity to testify about the importance of strategic deterrence in the 21st century and on how STRATCOM is responding to today's complex global security environment. Following my confirmation late last year, I reviewed STRATCOM's missions, priorities, and capabilities. I found an organization executing a diverse set of global responsibilities that directly contribute to national security, and I am pleased to report that today STRATCOM remains capable and ready to meet our assigned missions. We are blessed to have a talented, dedicated, and professional cadre of military and civilian men and women to address the significant national security challenges facing our Nation. I thank Congress and this committee for your support and I look forward to working alongside you throughout my tour of duty.

STRATCOM carries responsibility for nine mission areas as assigned by the Unified Command Plan (UCP). These mission areas are critical to national security and strategic stability. The more significant challenge to sustaining excellence in these mission areas for the foreseeable future remains how we balance national priorities and fiscal realities given the outlook for future Department of Defense (DOD) budgets under current law spending constraints. This requires that we take a strategic approach to understanding and prioritizing near term and future threats in a systematic manner that ultimately involves balancing risks. My STRATCOM team and I are fully engaged in this work helping to not only execute missions and conduct detailed planning, but providing insight to inform our national decision making process regarding these critical strategic national security issues. Even in the current fiscal environment, and given the complex strategic security environment, we must ensure the necessary strategic capabilities are adequately resourced.

GLOBAL SECURITY ENVIRONMENT

The current security environment is more complex, dynamic and uncertain than at any time in recent history. Advances of significant nation state and non-state military capabilities continue across all air, sea, land, and space domains—as well as in cyber space. This trend has the potential to adversely impact strategic stability. Nation states such as Russia and China are investing in long-term and wide-ranging military modernization programs to include extensive modernization of their strategic capabilities. Nuclear weapons ambitions and the proliferation of weapon and nuclear technologies continues, increasing risk that countries will resort to nuclear coercion in regional crises or nuclear use in future conflicts. A number of actors are improving their existing Weapons of Mass Destruction (WMD) capabilities while others are pursuing new capabilities along with the technologies to deliver deadly agents against targets of their choice. These include nations as well as non-state Violent Extremist Organizations (VEOs).

While we have increased our own cyber capabilities, the worldwide cyber threat is growing in scale and sophistication, with an increasing number of state and non-state actors targeting U.S. networks on a daily basis. Due to cyber space's relatively low cost of entry, cyber threats range from state-sponsored offensive military operations and espionage activities, to VEOs intent on disrupting our way of life, to cyber criminals and recreational hackers seeking financial gain and notoriety. Additionally, the U.S. supply chain and critical infrastructure remains vulnerable to cyber attack, and even as we detect and defeat attacks, attribution remains a significant challenge.

Developed nations rely heavily on space systems to enable a wide range of services which provide vital national, military, civil, scientific and economic benefits. The space domain is becoming ever more congested, contested and competitive but the number of space-faring nations continues to grow. The United States still retains a strategic advantage in space as other nations are investing significant re-

sources—including developing counterspace capabilities—to counter that advantage. These threats will continue to grow over the next decade.

Finally, uncertainty continues to manifest in a number of other ways such as terrorist threats, social unrest and turmoil, and regional competition for scarce resources and economic opportunities.

PRINCIPLES OF OUR DETERRENT

In the broadest sense, STRATCOM's mission is to deter and detect strategic attacks against the United States and our allies, and to defeat those attacks if deterrence fails. Strategic attacks are those which have decisive negative outcomes—and they are not all nuclear in nature. They may impact many people or systems, affect large physical areas, act across great distances, persist over long periods of time, disrupt economic and social systems, or change the status quo in a fundamental way. While nuclear attack will always remain unique in its potential for devastation, today's strategic attacks can occur through a variety of mechanisms across multiple domains and are defined by the magnitude of their effect versus a specific weapon or means of delivery. As a nation, we must continue our efforts toward deterring both nuclear and non-nuclear strategic threats to global security.

Although the likelihood of major conflict with other nuclear powers is remote today, the existential threat posed by a nuclear attack requires the United States to maintain a credible and capable deterrent force. While total deterrence against any particular adversary is never guaranteed, I am confident in our ability to deter nuclear attack. Arms control treaties have and continue to reduce the likelihood of nuclear conflict with Russia, but the possibility of regional nuclear conflict strains U.S. alliances and global security commitments.

STRATCOM is taking appropriate steps to mitigate these strategic risks by actively executing a tailored deterrence and assurance campaign plan against specific strategic threats on a daily basis and by updating contingency plans that account for deterrence failure. Our campaign and contingency plans employ the breadth of STRATCOM capabilities in concert with other U.S. capabilities and the regional combatant commands.

Increased interdependence between organizations (to include other combatant commands, the interagency, and allies and partners) and across domains will be a hallmark of future military operations. Our military forces must exercise the ability to operate in degraded environments, and future conflicts are not likely to be limited to a single domain or by geographic boundaries. Our planning leverages robust integration with other combatant commands and applies the breadth of STRATCOM capabilities to pursue national objectives. Combatant commands, the whole of the U.S. government, and allies and partners will need to train, exercise and operate together using all the instruments of national power. This will require increased linkages and synergies at all levels to bring the appropriate integrated capabilities to bear through synchronized planning, simultaneous execution of plans, and coherent strategic communications. The Combatant Command Exercise and Engagement Fund supports STRATCOM's needs by addressing our joint training requirements and is integral to improving joint context and enabling capabilities that enrich our training environment. Adequate funding is essential to maintaining STRATCOM's ability to train, exercise, and operate together.

STRATCOM MISSION AND PRIORITIES

STRATCOM provides an array of global strategic capabilities to the Joint Force through its nine UCP assigned missions: Strategic Deterrence; Space Operations; Cyber space Operations; Joint Electronic Warfare; Global Strike; Missile Defense; Intelligence, Surveillance and Reconnaissance; Combating Weapons of Mass Destruction; and Analysis and Targeting. These diverse missions are strategic in nature, global in scope, and intertwined with capabilities of the Joint Force, the interagency and the whole of government.

While executing our UCP missions, STRATCOM efforts are guided by my five overarching priorities. My number one priority is to provide a safe, secure and effective nuclear deterrent force as directed by the 2010 Nuclear Posture Review (NPR). It is my responsibility to ensure our nuclear deterrent force remains viable and credible now and as long as nuclear weapons exist.

Second, we will partner with other combatant commands to win today. Future conflicts are not likely to be limited by conventional constraints characteristic of 20th century warfare or by geographic boundaries; thus our planning leverages robust integration with other combatant commands and applies the breadth of STRATCOM capabilities to synchronize efforts in pursuit of national objectives. Toward this end, we are shifting from geography-based to adversary-based thinking

and are reevaluating our planning assumptions to more accurately reflect the threats, our goals, partner capacity, and both adversary and ally military capabilities.

Third, we must continue to address challenges in space. The National Security Space Strategy identifies space as contested, congested and competitive. The space domain, along with cyber space, is simultaneously more critical to all U.S. operations yet more vulnerable than ever to hostile actions. Today, the United States continues to hold an advantage in space. We must maintain that advantage as we move deeper into the 21st century and other nations continue to invest heavily in offensive, defensive, and commercial space capabilities. Key to these efforts will be securing assured access to space and developing a robust situational awareness of the space environment across the dimensions of time, space, and spectrum.

Fourth, we must continue to build cyber space capability and capacity. Cyber space operations extensively support all of my other mission areas and there are significant negative impacts if that support becomes uncertain. Along with the need to protect U.S. critical infrastructure and intellectual property, information assurance is a critical facet of national power that underpins our ability to identify national security risks and to hold those threats in check. This means we must simultaneously strengthen our internal information security safeguards and protect against a maturing set of external cyber threats.

Finally, geopolitical and fiscal realities demand that we prepare for uncertainty. We need the right information in the right hands at the right time to make correct assessments and decisions. We are critically dependent on the Intelligence Community's (IC) foundational, data-based intelligence on adversary underground facilities, physical vulnerabilities, command and control, military force analysis, defense resources and infrastructure, and WMD facilities. We also rely on the IC's in-depth analysis of adversary national defense strategy doctrine and military leadership. Decisionmaking will also require predictive analysis to prioritize our activities along with flexible, agile, adaptable thinking and systems. Since predictive analysis of the future will never be error free, we must maintain adequate readiness to address uncertainty. We must align our posture to the threat while acknowledging that the threat itself will continue to evolve. Uncertainty also requires us to conduct a penetrating analysis of our capabilities and resources to clearly identify where we are taking risk and where we cannot accept further risk.

MISSION AREA CAPABILITIES & REQUIREMENTS

Prioritizing resources to meet our goals requires a thoughtful assessment of national priorities in the context of fiscal realities. Today's budget environment remains a concern as we look to sustain and modernize our military forces. We appreciate the passage of the 2-year Bipartisan Budget Act of 2013 and the 2014 omnibus appropriations, as they reduce near-term budget uncertainty.

Although these recent actions provide us with some relief, the sequestration-level reductions in fiscal year 2013 have impacted our readiness and have the potential to impact our capabilities in the future. While our Service components realigned limited resources toward strategic missions to preserve our strategic deterrence capabilities in the short term, those same organizations took on significant additional risk in our ability to address long-term requirements. Many procurement and research, development, testing and evaluation investment accounts have experienced delays and we anticipate future programmatic challenges as a result. At this point it is also difficult to fully discern the impact of sequestration in fiscal year 2013 on our people, but the combined effects of a hiring freeze, furlough, and other force reduction measures continue to stress the human element of STRATCOM's capabilities.

Nuclear Deterrent Forces

America's nuclear deterrent force provides enduring value to the Nation. It has been a constant thread in the geopolitical fabric of an uncertain world, providing a moderating influence on generations of world leaders. Today, our strategic nuclear capabilities—a synthesis of dedicated sensors, assured command and control, the triad of delivery systems, nuclear weapons and their associated infrastructure, and trained ready people—remain foundational to our national security apparatus. As stated in the 2010 NPR, "as long as nuclear weapons exist, the United States will maintain a safe, secure, and effective nuclear arsenal, both to deter potential adversaries and to assure U.S. allies and other security partners that they can count on America's security commitments." We are working across the Department to implement the President's new guidance for aligning U.S. policies to the 21st century security environment. This includes revising Office of the Secretary of Defense and Joint Staff guidance as well as updating our own plans.

Although our nuclear arsenal is smaller than it has been since the late 1950s, today's nuclear weapon systems remain capable and will serve the United States well into their fourth decade. In recent years the percentage of spending on nuclear forces has gradually declined to only 2.5 percent of total DOD spending in 2013—a figure near historic lows.

Today's nuclear forces remain safe, secure, and effective despite operating well beyond their original life expectancies. The nation faces a substantive, multi-decade recapitalization challenge, and we must continue investing resources toward that effort. Our planned investments are significant, but are commensurate with the magnitude of the national resource that is our strategic deterrent. If we do not commit to these investments, we risk degrading the deterrent and stabilizing effect of a strong and capable nuclear force. I fully support planned and future sensor improvements, upgrades for nuclear command, control, and communications (NC3) capabilities, strategic delivery system recapitalization efforts, weapon life extension programs, stockpile surveillance activities, and nuclear complex infrastructure modernization. Together these efforts provide the necessary investments to ensure our triad of nuclear forces remains viable and credible.

Sensors

Our Integrated Tactical Warning and Attack Assessment (ITW/AA) network of sensors and processing facilities provides critical early warning and allows us to select the most suitable course of action in rapidly developing situations. While the Defense Support Program (DSP) is approaching the end of its life, the Space Based Infrared System (SBIRS) program is on track to provide continued on-orbit capability. The survivable and endurable segments of these systems, along with Early Warning Radars, are being recapitalized and are vital to maintaining a credible deterrent. I fully support continued investment in this critical area.

Nuclear Command, Control, and Communications

Assured and reliable NC3 is critical to the credibility of our nuclear deterrent. The aging NC3 system continues to meet its intended purpose, but risk to mission success is increasing. Our challenges include operating aging legacy systems and addressing risks associated with today's digital security environment. Many NC3 systems require modernization, but it is not enough to simply build a new version of the old system—rather; we must optimize the current architecture while leveraging new technologies so that our NC3 systems interoperate as the core of a broader, national command and control system. We are working to shift from point-to-point hardwired systems to a networked IP-based national C3 architecture that will balance survivability and endurability against a diverse range of threats, deliver relevant capabilities across the range of interdependent national missions, and ultimately enhance Presidential decision time and space. Specific programs now in work include the Family of Beyond-line-of-sight Terminals, Presidential National Voice Conferencing, the Multi-Role Tactical Common Data Link, Phoenix Air-to-Ground Communications Network, the E–4B Low Frequency communications upgrade, the B–2 Common Very Low Frequency Receiver communications upgrade, and the E–6B service life extension program.

Nuclear Triad

Per the 2010 NPR, "retaining all three Triad legs will best maintain strategic stability at reasonable cost, while hedging against potential technical problems or vulnerabilities." The commitment to the triad was reinforced in the U.S. Nuclear Weapons Employment Planning guidance the President issued in June 2013. STRATCOM executes strategic deterrence and assurance operations with Intercontinental Ballistic Missiles, Ballistic Missile Submarines, and nuclear capable heavy bombers. Each element of the nuclear triad provides unique and complimentary attributes of strategic deterrence, and the whole is greater than the sum of its parts.

Intercontinental Ballistic Missiles

Our Intercontinental Ballistic Missile (ICBM) force promotes deterrence and stability by fielding a responsive and resilient capability that imposes costs and denies benefits to those who would threaten our security. Though fielded in 1970, the Minuteman III ICBM is sustainable through 2030 with smart modernization and recapitalization investments. STRATCOM continues to work with the Air Force on initiatives to modernize safety and security capabilities and to address age-related ground support system concerns such as Transporter-Erector vehicles and re-entry system test equipment. The Ground Based Strategic Deterrent Analysis of Alternatives (AoA) is studying a full range of ICBM concepts which will shape our land-based deterrent force well beyond 2030.

Ballistic Missile Submarines

Recapitalizing our sea-based strategic deterrent force is my top modernization priority and I am committed to working closely with the Navy on this program. The Navy's Ballistic Missile Submarines (SSBN) and Trident II D5 ballistic missiles constitute the Triad's most survivable leg and the assured response they provide underpins our nuclear deterrent. This stealthy and highly capable force is composed of two major elements, the missile and the delivery system. Both are undergoing needed modernization. With respect to the missile, we are extending the life of the D5 missile to be capable until after 2040. With respect to the submarine that delivers these missiles, the *Ohio*-class submarine has already been extended from 30 to 42 years of service—no further extension is possible and these submarines will start leaving service in 2027. As such, the *Ohio* Replacement Program must stay on schedule. No further delay is possible. Continued and stable funding for the *Ohio* Replacement SSBN also supports our commitment to the United Kingdom to provide a Common Missile Compartment design and will ensure both their and our new SSBNs achieve operational capability on schedule.

Heavy Bombers

While the Nation relies on the long-range conventional strike capability of our heavy bombers, the nuclear capability of B–52 and B–2 bombers continues to provide us with flexibility, visibility and a rapid hedge against technical challenges in other legs of the Triad. Last March, for example, the United States carried out training flights of B–52 and B–2 bombers over the Korean Peninsula to assure partners and allies and underscore our security commitment to extended deterrence in the Asia-Pacific region. Maintaining an effective air-delivered standoff capability is vital to meet our strategic and extended deterrence commitments and to effectively conduct global strike operations in anti-access and area-denial (A2AD) environments. Planned sustainment and modernization activities, to include associated NC3, will ensure a credible nuclear bomber capability through 2040.

Looking forward, a new highly survivable penetrating bomber is required to credibly sustain our broad range of deterrence and strike options beyond the lifespan of today's platforms. The Long-Range Standoff AoA was completed in 2012 and concluded that a follow-on nuclear cruise missile was necessary to replace the aging Air Launched Cruise Missile (ALCM).

Weapons and Infrastructure

Nuclear weapons and their supporting infrastructure underpin our nuclear triad. All warheads today are on average nearly 30 years old. Surveillance activities are essential to monitoring the health of our nuclear warheads. Life Extension Programs (LEPs) are key to sustaining our nuclear arsenal into the future, mitigating age-related effects and incorporating improved safety and security features. Our robust science-based Stockpile Stewardship provides us confidence in sustaining our nuclear forces without a return to nuclear testing, which the United States halted in 1992.

The DOD and the Department of Energy (DOE) have worked together to develop a synchronized, multi-decade plan for a modern, safe, secure and effective nuclear stockpile. The Nuclear Weapons Council (NWC) approved what has been referred to as the "3+2" plan—so named because the long-term result is three ballistic missile and two air-delivered warheads. This framework sustains a nuclear force that addresses both near term technical needs and future triad capability requirements. The W76–1 LEP is in progress to support the submarine leg of the triad. This is particularly important as the W76–1 represents the majority of our survivable deterrent force. The Air Force and the National Nuclear Security Administration (NNSA) continue to make progress on a full life extension for the B61 gravity bomb that includes both nuclear and non-nuclear components, critical to our strategic capabilities and extended deterrent commitments. Both LEPs are necessary to maintain confidence in the reliability, safety and intrinsic security of our nuclear weapons. Looking to the future, we continue to work with NNSA on the feasibility of an interoperable nuclear package for our ballistic missile warheads and options for sustaining our air-delivered standoff capabilities.

Sustaining and modernizing the nuclear enterprise's infrastructure is crucial to our long-term strategy. A new uranium facility at Y–12 in Oak Ridge, TN, will address deteriorating conditions in our Manhattan Project era facilities, while our interim plutonium strategy will meet stockpile requirements over the next decade as we explore long-term production alternatives. Continued investment in the nuclear enterprise infrastructure is needed to provide critical capabilities that meet our stockpile requirements.

In the wake of recent unfortunate personnel incidents within the ICBM force involving integrity issues, I fully support the Secretary's initiative to assemble key stakeholders within the DOD to fully digest the implications and to seek long-term systemic solutions that will maintain trust and confidence in the nuclear enterprise. This has my utmost attention.

New Strategic Arms Reduction Treaty (START) Implementation

STRATCOM continues to work with the Office of the Secretary of Defense (OSD), the Joint Chiefs of Staff (JCS) and the Services to effectively and efficiently implement the reductions called for in New START. Now more than 3 years old, New START has continued to contribute to the U.S.' insight into Russia's nuclear forces and has contributed to increased transparency and predictability between our two nations. Since the treaty's entry into force in 2011, the U.S. and Russia have each conducted over 54 inspections and have exchanged over 5,500 New START message notifications. To date, the United States has eliminated 39 B–52Gs and 50 Peacekeeper ICBM silos, thus removing them from accountability under New START. The U.S. also made substantial progress toward de-MIRVing MM III ICBMs on alert, thereby reducing the number of warheads in a deployed status. This year, we will finalize our preferred New START force structure and we are on track to achieve New START's limits of 1,550 deployed warheads, 700 deployed delivery systems, and 800 deployed and non-deployed delivery systems by February 2018.

Space Operations

Our national space capabilities provide us with the ability to globally navigate, communicate and observe natural and man-made events in areas where non-space sensors are either not available or not feasible. Space capabilities are also a key component of strategic deterrence. Our space sensors, command and control systems, and space situational awareness capabilities are critical in supporting both our deployed nuclear forces and our national decisionmaking processes.

As highlighted in the President's 2010 National Space Policy, these capabilities "allow people and governments around the world to see with clarity, communicate with certainty, navigate with accuracy and operate with assurance." Determined adversaries who understand the military and economic advantages provided by space, along with an expanding debris population on orbit, increase the challenges of operating in this critical domain. Space continues to be increasingly congested, contested and competitive. The National Security Space Strategy offers a set of approaches to mitigating those characteristics: partnering with responsible nations, international organizations and commercial firms to promote responsible, peaceful and safe use of space; maximizing the advantages provided by improved space capabilities while reducing vulnerabilities; and preventing, deterring, defeating and operating through attacks on our space capabilities.

Key to all of these efforts is sufficient Space Situational Awareness (SSA)—the data that allows us to understand what is on orbit, where it is, and how it is being used. Our goal is to ensure space remains an open domain for all legitimate users. Sharing SSA information with other nations and commercial firms promotes safe and responsible space operations, reduces the potential for debris-making collisions, builds international confidence in U.S. space systems, fosters U.S. space leadership, and improves our own SSA through knowledge of other owner/operator satellite positional data.

For all its advantages, there is concern that SSA data sharing might aid potential adversaries, therefore we are taking positive steps to ensure that does not occur. In accordance with U.S. law, STRATCOM has negotiated SSA Sharing Agreements with 41 commercial entities and 5 nations (France, Italy, Japan, Australia, and Canada) and is in the process of negotiating agreements with five additional nations (Germany, Great Britain, Israel, South Korea, and Brazil). Through these sharing agreements, STRATCOM assists partners with activities such as launch support; maneuver planning; support for on-orbit anomaly resolution, electromagnetic interference reporting and investigation; support for launch anomalies and de-commissioning activities; and on-orbit conjunction assessments.

STRATCOM's Joint Functional Component Command for Space (JFCC-Space), located at Vandenberg Air Force Base in California, leads the efforts to ensure continuous and integrated space operations and routinely track tens of thousands of space objects in orbit around the Earth. This includes over 1,100 active satellites owned and operated by approximately 74 nations and government consortia, plus hundreds of small commercial and academic satellites.

We must sustain judicious and stable investments to preserve the advantages we hold in this dynamic and increasingly complex environment while continuing to seek out innovative and cooperative solutions with allies and partners to ensure the prod-

ucts and services we derive from operating from space remain available, even when threatened by natural events or the actions of a determined adversary. These include both active and passive protection measures for individual systems and constellations and a critical examination of the architectural path we will follow to ensure resilience and affordability in space. We are exploring options such as disaggregation as a method to achieve affordable resilience but additional analysis is necessary in this area.

Cyber Space Operations

Today, we conduct our UCP assigned cyber space missions through our assigned sub-unified command, U.S. Cyber Command (CYBERCOM) located at Fort Meade, MD. I have delegated the authority to CYBERCOM to conduct the day-to-day business of directing DOD information network operations and defense, planning against cyber threats, coordinating with other combatant commands and appropriate U.S. Government agencies, providing military representation for cyber matters, planning and executing operational preparation of the environment, and executing cyber operations as directed. STRATCOM retains authority for oversight of advocacy and theater security cooperation.

This alignment allows STRATCOM to manage the integration of all our capabilities to deter or defeat attacks in multiple scenarios while taking full account of the interdependencies and interactions among combatant commands and across the air, sea, land, and space domains, and in cyber space—all tied together through the electromagnetic spectrum.

STRATCOM, through CYBERCOM, is working with Joint Staff and the DOD Chief Information Officer (DOD CIO) to implement the Joint Information Environment (JIE) framework. The JIE provides a foundational framework to enable improvements in our ability to see and defend the DOD Information Network. Furthermore, the JIE framework is intended to enable timely and secure information sharing in the joint environment, improving warfighters ability to access critical data and information for mission command. Alignment of the JIE with the equivalent IC information technology enterprise is a key component required to achieve this goal.

Our primary obstacles to cyber space operations within DOD are issues of capacity and capability. None of these activities can occur without a right-sized and well-trained cadre of cyber professionals. The Cyber Mission Force (CMF) construct will address the significant challenges of recruiting, training, and retaining the people, facilities and equipment necessary to generate the human capital required for successful cyber space operations. Our plans call for the creation of 133 cyber mission teams manned by over 6,000 highly trained personnel by the end of fiscal year 2016. To date, 17 of those teams are fielded and engaged in a variety of missions. The majority of these teams will support the combatant commands with the remainder supporting national missions. Budget stability is the key to achieving this vision, as every training day we lose to fiscal constraints will cause further delays in fielding the CMF.

Missile Defense

I believe that effective missile defense is an essential element of the U.S. commitment to strengthen strategic and regional deterrence against states of concern—continued investments in this area are essential to national defense. Today, 30 operational Ground Based Interceptors (GBIs) protect the United States against a limited ICBM attack from potential regional threats such as North Korea. In March 2013, Secretary Hagel announced the decision to add 14 GBIs in Alaska and a second Army/Navy Transportable Radar Surveillance-2 (AN/TPY–2) radar in Japan, study a potential third CONUS GBI site, and restructure the SM–3 IIB interceptor into an advanced kill vehicle technology program. These decisions will hedge against a growing North Korean threat, add additional sensor capability to improve coverage, introduce needed Exo-atmosphere Kill Vehicle (EKV) improvements, and will facilitate quickly adding a third CONUS GBI site if needed. We continue to examine new threats and consider alternative ways and means for a future architecture to improve sensors and discrimination for greater Ballistic Missile Defense System (BMDS) effectiveness.

STRATCOM's Joint Functional Component Command for Integrated Missile Defense (JFCC–IMD) is located in Colorado Springs, Colorado and continues to conduct a variety of activities aimed at maturing our missile defense capabilities. First, they are working to operationalize developmental missile defense capabilities in coordination with other combatant commands and the Missile Defense Agency (MDA). These efforts serve to integrate sensors across mission domains and geographical areas, synchronize and manage the availability of missile defense assets, and hedge against the possibility of threats developing faster than originally anticipated. Sec-

ond, they are working to develop and implement joint training to enable integration and synchronization with other combatant commands, and host and orchestrate international missile defense wargaming scenarios. These efforts identify and recommend sourcing solutions to ensure appropriate forces are employed; synchronize global missile defense planning at all levels to ensure unity of effort across our geographically distributed network of sensors and shooters, across multiple organizations, and across multiple domains; and collaborate with key allies and partners. Finally, they are integrating warfighters into missile defense testing and evaluation.

The European Phased Adapted Approach (EPAA) protecting our NATO allies is on schedule with Phase I becoming operational in Dec 2011 using a forward based radar and Aegis Ballistic Missile Defense (BMD) ships. Phase II is on track for completion in 2015 and will add an Aegis Ashore system in Romania, SM–3 IB interceptors, and additional Aegis BMD ships. Phase III planned for 2018 will add an Aegis Ashore in Poland and a more capable SM–3 IIA interceptor both on land and at sea. Steady progress was made in 2013 as we continued development and testing of Aegis BMD software, construction of Aegis Ashore test and operational facilities, SM–3 Block IIA system design, and successful SM–3 operational and developmental flight tests.

The Cobra Dane radar located at Eareckson AFS, AK, is critical to homeland defense and must be sustained. This unique asset provides unmatched coverage against long range threats from northeast Asia as well as helping to catalogue many thousands of space objects. Cobra Dane is an aging system and requires continued investment. Additionally, the deployment of an operational THAAD missile defense system to Guam provides vital protection against North Korean provocations toward one of our key Territories.

Global Strike

STRATCOM's Joint Functional Component Command for Global Strike (JFCC–GS) operates from Offutt Air Force Base, NE, with headquarters at Barksdale Air Force Base, LA. JFCC–GS provides a unique ability to command and control our global strike capabilities and build plans that rapidly integrate into theater operations. This includes integration of combat capability including those associated with kinetic and non-kinetic effects. The following key capabilities are integral to supporting my Global Strike mission.

STRATCOM's Joint Warfare and Analysis Center (JWAC) in Dahlgren, Virginia enhances our Strategic Deterrence and Global Strike missions by providing unique and valuable insight into selected adversary networks. JWAC's ability to solve complex challenges for our Nation's warfighters—using a combination of social and physical science techniques and engineering expertise—is invaluable to protecting the Nation and helping the Joint Force accomplish its missions.

Our Mission Planning and Analysis System (MPAS) is the Nation's only comprehensive planning system for developing nuclear options. MPAS supports my responsibilities for Strategic Deterrence and Global Strike through the development of nuclear options for the President, as well as holding time-sensitive targets at risk through crisis action planning. Continued modernization of MPAS is essential to our ability to conduct global strike operations.

Conventional prompt strike (CPS) capability offers the opportunity to rapidly engage high-value targets without resorting to nuclear options. CPS could provide precision and responsiveness in A2AD environments while simultaneously minimizing unintended military, political, environmental, economic or cultural consequences. I support continuing research and development of these important capabilities.

Combating Weapons of Mass Destruction

A WMD-armed terrorist is one of the greatest potential threats we face today, and no region of the world is immune from potential chemical, biological, radiological or nuclear risks. STRATCOM is DOD's global synchronizer for Combating Weapons of Mass Destruction (CWMD) planning efforts, leveraging the expertise resident in our Center for Combating Weapons of Mass Destruction (SCC–WMD) and our partners at the Defense Threat Reduction Agency (DTRA)—both located at Fort Belvoir, VA. Together, our organizations conduct real-world and exercise CWMD activities with the other combatant commands to identify, prioritize, and mitigate WMD risks posed by proliferation of WMD technology and expertise to nation states and non-state actors. We have been successful so far, but given the magnitude of the WMD threat, we can ill afford to short-change these efforts.

The Standing Joint Force Headquarters for Elimination (SJFHQ–E) was certified for initial operating capability in September 2012. SJFHQ–E provides a full time, trained joint command and control element that can quickly integrate into strategic- to operational-level headquarters to provide WMD elimination planning, intel-

ligence, and operational expertise for a Joint Force Commander. Additionally, the SJFHQ–E recently completed its relocation from Aberdeen Proving Grounds, MD, to Fort Belvoir, VA, to better leverage DTRA's expertise and manpower.

STRATCOM has and continues to support U.S. Central Command, U.S. European Command (EUCOM), and DTRA as part of the international effort to eliminate Syria's chemical weapons program. Our personnel are providing direct support to EUCOM in preparation for the removal and destruction of chemical materials from Syria and will remain engaged until elimination of Syria's program is complete.

Intelligence, Surveillance, and Reconnaissance (ISR)

The demand for ISR will always outpace our ability to fully satisfy all requirements. At the same time, we are focused on the goal of reducing the "cost of doing business" as articulated in Sustaining U.S. Global Leadership Priorities for 21st Century Defense. Located at Bolling Air Force Base, MD, STRATCOM's Joint Functional Component Command for ISR (JFCC–ISR) is working with our headquarters, the Joint Staff, the Services, the combatant commands, and the IC to improve the management of the DOD's existing ISR capabilities. I fully support this initiative which focuses on maximizing effectiveness of the capabilities we have, while minimizing duplication of effort between DOD and the IC.

Joint Electronic Warfare

Given the importance and need of Joint Electronic Warfare, STRATCOM, in collaboration with the Joint Staff and the Office of the Secretary of Defense, continues to drive the development of comprehensive Joint Electromagnetic Spectrum Operations (JEMSO) policy and doctrine that consolidates the activities of Electronic Warfare (EW) and Spectrum Management. The National Military Strategic Plan for EW was approved in late 2013, providing a framework for EW operations, articulating threats and vulnerabilities, and clarifying risks and strategic imperatives for electromagnetic spectrum (EMS) control. The joint architecture plan for Electromagnetic Battle Management is currently under development—the preliminary work done so far will identify applicable architectures in order to better refine requirements.

STRATCOM assesses systems to determine vulnerabilities to jamming, orchestrates events to evaluate the ability to detect jamming and operate in such an environment, coordinates with the combatant commands to determine impacts to plan execution, and sponsors initiatives to combat jamming and generate requirements. These assessments and initiatives greatly improve the DOD's understanding and mitigation of JEMSO capability gaps and vulnerabilities.

We seek to use the EMS more efficiently by investing in time and technology sharing and fully investigating spectrum re-use opportunities. There are a number of ongoing spectrum reallocation efforts with potential adverse impacts to DOD operations. We will continue to work closely with DOD CIO, Joint Staff, and National Telecommunications and Information Administration to ensure warfighter requirements are adequately considered prior to any decision.

Command and Control (C2) Facility

In 2012, the U.S. Army Corps of Engineers broke ground on a C2 Facility for STRATCOM. This project will replace a C2 Facility that is over 57 years old, plagued with numerous heating, cooling, and power infrastructure deficiencies and will provide the necessary information technology infrastructure to support STRATCOM in the digital age. The construction team is working hard to keep the project on schedule, to ensure that we are optimizing resources, and to create an infrastructure that has a lower cost of ownership than our current facility. When complete, the new C2 Facility will play an effective and integral part of our strategic deterrent as well as STRATCOM's other assigned missions for decades to come. I appreciate the steadfast support that Congress continues to provide for this effort.

OUR PEOPLE

People remain our most precious resource and deserve our most robust support. The critical bonds of trust, teamwork, and professionalism unite the STRATCOM family. Last year we created a Resilience Coordination Office, an effort that has been noted as a potential benchmark program for the DOD. Resilience coordinators provide training, information, resources and other tools to present healthy behavior options in response to life stressors. Sexual assault, workplace violence, breaches of integrity, alcohol abuse and associated behaviors have my strongest personal condemnation, and my entire staff understands my expectation to report and denounce inappropriate behavior whenever and wherever it occurs.

My travels to a number of STRATCOM and partner locations since I took command in November 2013 confirm my belief that we have an outstanding team in place across all our mission areas. I am proud to serve alongside the men and women of STRATCOM and have the utmost respect for their professionalism, dedication to our missions and sustained operational excellence even through difficult times. These great Americans will do all they can for their nation, but are rightly concerned about their futures given last year's furloughs and planned manpower reductions over the next several years. These reductions are not inconsequential—we believe we can achieve the Department's goals but not without a commensurate loss of organizational agility and responsiveness.

CONCLUSION

We are experiencing dynamic changes within the DOD as we transition toward a different force posture and a reduced defense budget. In spite of this environment, our UCP missions remain unchanged as we partner with our fellow combatant commands to deter adversaries, assure allies, protect critical infrastructure, preserve freedom of movement, and respond to crises.

In today's uncertain times, I am proud to lead such a focused, innovative and professional group dedicated to delivering critical warfighting capabilities to the Nation. We are building our future on a strong and successful past, and your support, together with the hard work of the outstanding men and women of the U.S. Strategic Command, will ensure that we remain ready, agile, and effective in deterring strategic attack, assuring our allies, and defeating current and future threats.

Chairman LEVIN. Thank you so much, Admiral.

General Alexander.

STATEMENT OF GEN KEITH B. ALEXANDER, USA, COMMANDER, U.S. CYBER COMMAND

General ALEXANDER. Chairman Levin, Ranking Member Inhofe, distinguished members of the committee, thank you for this opportunity for what could be my final hearing here, as you stated.

Sir, I would ask that my written statement also be added to the record.

Chairman LEVIN. It will be.

General ALEXANDER. One of the things I'd like to cover, based on your questions, is a few things about what we see going on in cyber space. But, I'd emphasis upfront the great men and women that we have within the Command and supporting us throughout DOD and with some of our other agencies. I'll touch on that briefly.

You brought up the issue of the threat—both you and the ranking member. I think it's important to step back and look at what's going on in this space, because it impacts everything that you brought up, from what Snowden has done to where we are with our policies and laws and what we're going to do to defend in this space. It is changing so rapidly that our policy and laws lag behind it.

If you look at all the applications that are coming out and the way this space is actually growing, it is far beyond where current laws and policies are. I think this is absolutely one of the key and fundamental issues that we have to have in a discussion with the American people. How do we protect our Nation in this space and through this space? Both of those are issues that are on the table today. How do we do it in such a manner that they know we're protecting their civil liberties and privacy while concurrently protecting this Nation?

You brought up the fact of the amount of exploits. I'm going to define, for my use here, a difference between exploitation and the attacks. Exploitation is where their intent is to steal either infor-

mation or money. Attacks will be where they want to disrupt or destroy devices or actions in and of cyber space.

We see an awful lot of exploitation. You brought up the Mandiant report and what's going on. That exploitation is for the theft of intellectual property as well as to get into some of our sensitive systems. It goes throughout the infrastructure. From my perspective, the best way to solve the exploitation problem—and to also defend against disruptive and destructive attacks—is to form a defensible architecture, a Joint Information Environment (JIE).

If I were to leave you with one thought of what we could and should do as a Nation, we should protect these networks better than we have them protected today. Not just within DOD, but also our critical infrastructures. Time and again, we're seeing where people have exploited into these networks, only to find out that the way that they're getting in is so easy that it's difficult to defend. So, step one, Mr. Chairman, is a defensible architecture.

Attacks are growing. It was mentioned by the ranking member. The attacks that we saw against Wall Street and around the world, the destructive attacks that have hit Saudi Aramco, RasGas in South Korea, and most recently, the Sands Corporation. When you look at those destructive attacks, they destroyed data on systems that had to be replaced. This is a significant change from disruptive attacks, those distributed denial of service, which only disrupt for the time that that attack is going on, versus a destructive attack, where the information is actually lost. Far more damaging, far more timely, far more costly. Both of those are going on together. My concern is, that is growing. We will see more nation-states using that. If diplomacy fails, that will be their first course. We have to be prepared for that, as a nation, and we have to work with our allies to set up what are the ground rules and deterrence in this area.

So, some thoughts. First, the Services are doing a great job, from my perspective. Working through the furloughs and sequestration, I think where we are right now in setting up the cyber teams is superb. I sat down with some of our folks in training. I know several of you have asked questions on this. We have had roughly 4,500 seats where people have gone into different training things. One of the things that you can count on me in this command is to set up the best trained force in the world. We're doing that. We've gotten people from the Services, from the Navy, the Army, the Air Force, instructors from the academies, to come out and help us set up these programs. It's superb. When you look at the number of people and the quality that we have in this, it's absolutely superb.

Training the young folks going in, that's going to take time. We'll have roughly one-third of that force fully trained by the end of this calendar year. I think that, given the sequestration, is a huge step forward. We are on track to get the team stood up, as well. They'll reach Initial Operational Capability, roughly one-third of those, by the end of this year. Those are two steps forward that we have to really focus on and that we're taking.

I mentioned team sport. Within DOD, you want us to work closely with the Services. We are, with our component commands. That's going well. I think Admiral Haney and I see that as one of the key things that we can do to ensure that the Services are

aligned and that we're training everybody to a joint standard. That's going on. We have a close relationship with them, and we operate in a joint environment. That's huge. But, we also have to work with the Defense Security Service Academy and NSA. I think those relationships are also good and strong.

Finally, within the interagencies, with the Department of Homeland Security (DHS) and the Federal Bureau of Investigation (FBI) specifically, I think those relationships are good. With Secretary Johnson in place, I think we'll take some further steps forward. We'll meet with him in a couple of weeks.

Team sport, something that we have to work together. I am concerned that our policy and law lagged behind this. Part of that is educating people, the American people and our administration and Congress and the courts, on what's going on in this space. Many of the issues that we've worked our way through over the last 5 years on the NSA side, working with the Foreign Intelligence Surveillance Act (FISA) court, boils down to an understanding of what's going on in cyber space, our ability to articulate it, and their understanding of what we're talking about. This makes this area especially difficult, and one that I think we need to step back, set a framework for discussion with the American people. This is going to be absolutely important in setting up what we can and cannot do in cyber space to protect this country. From my perspective, that's going to be one of the big issues that we move forward.

I think a precursor to that is getting the NSA issues resolved. We have to get those resolved, because, ironically, it operates in the same space. If we can solve the NSA issues, especially the surveillance program that the President asked us to look at, which, over the next several weeks, I think we will bring back to you all a proposal, I think that will be the first step. Pending that, we can then look at that as a way and construct for how we would move forward in cyber space.

Bottom line, Mr. Chairman, we have great people out there and the Services are doing a great job. I am really impressed with the types and quality of the soldiers, sailors, airmen, marines, and civilians that we're getting. It's absolutely superb. We need to invest in that training more, and we're taking that as our top priority.

That's all I have, Mr. Chairman.

[The prepared statement of General Alexander follows:]

PREPARED STATEMENT BY GEN KEITH B. ALEXANDER, USA

Chairman Levin, Senator Inhofe, distinguished members of the committee, thank you for the opportunity to speak to you today on behalf of the men and women of the U.S, Cyber Command (CYBERCOM). This will be the last time I have the honor of talking about our Command's fine and dedicated servicemembers and civilian personnel before this committee. It always gives me great pleasure to tell you about their accomplishments, and I am both grateful for and humbled by the opportunity I have been given to lead them in the groundbreaking work they have done in defense of our Nation.

CYBERCOM is a subunified command of U.S. Strategic Command in Omaha, Nebraska though based at Fort Meade, MD. It has approximately 1,100 people (military, civilians, and contractors) assigned with a Congressionally-appropriated budget for fiscal year 2014 of approximately $562 million in Operations and Maintenance, Research, Development, Test and Evaluation, and military construction (MILCON). CYBERCOM also has key Service cyber components: Army Cyber Command/Second Army, Marine Forces Cyber Space Command, Fleet Cyber Command/Tenth Fleet, and Air Forces Cyber/24th Air Force. Together they are responsible for

directing the defense ensuring the operation of the Department of Defense's information networks, and helping to ensure freedom of action for the United States military and its allies—and, when directed, for defending the Nation against attacks in cyber space. On a daily basis, they are keeping U.S. military networks secure, supporting the protection of our Nation's critical infrastructure from cyber attacks, assisting our combatant commanders, and working with other U.S. Government agencies tasked with defending our Nation's interests in cyber space.

CYBERCOM resides with some key mission partners. Foremost is the National Security Agency and its affiliated Central Security Service (NSA/CSS). The President's recent decision to maintain the "dual-hat" arrangement under which the Commander of CYBERCOM also serves as the Director of NSA/Chief, CSS means the co-location of CYBERCOM and NSA/CSS will continue to benefit our Nation. NSA/CSS has unparalleled capabilities for detecting threats in foreign cyber space, attributing cyber actions and malware, and guarding national security information systems. At CYBERCOM, we understand that recreating a mirror capability for the military would not make operational or fiscal sense. The best, and only, way to meet our Nation's needs today, to bring the military cyber force to life, and to exercise good stewardship of our Nation's resources is to leverage the capabilities (both human and technological) that have been painstakingly built up at Fort Meade. Our Nation has neither the resources nor the time to redevelop from scratch the capability that we gain now by working with our co-located NSA partners. Let me also mention our other key mission partner and neighbor at Fort Meade, the Defense Information Systems Agency (DISA). DISA is vital to the communications and the efficiency of the entire Department, and its people operate in conjunction with us at CYBERCOM on a constant basis. We all work in conjunction with the extensive efforts of several Federal Government mission partners, particularly the Department of Homeland Security (DHS), the Department of Justice and its Federal Bureau of Investigation (FBI), and other departments and agencies. We also work with private industry and allies in the overall mission of securing our networks, identifying threat actors and intentions, building resiliency for Federal and critical infrastructure systems, and supporting law enforcement in investigating the theft and manipulation of data.

Allow me to review the highlights since our last posture hearing before the committee a year ago. The main point I want to leave with you is that we in U.S. Cyber Command, with the Services and other partners, are doing something that our military has never done before. We are putting in place foundational systems and processes for organizing, training, equipping, and operating our military cyber capabilities to meet cyber threats. CYBERCOM and the Services are building a world class, professional, and highly capable force in readiness to conduct full spectrum cyber space operations. Seventeen out of 133 projected teams have achieved full or "initial" operational capability, and those teams are already engaged in operations and accomplishing high-value missions. The Cyber Mission Force is no longer an idea on a set of briefing slides; its personnel are flesh-and-blood soldiers, marines, sailors, airmen, and coastguardsmen, arranged in military units that are on point in cyber space right now. We are transforming potential capability into a reliable source of options for our decisionmakers to employ in defending our Nation. Future progress in doing so, of course, will depend on our ability to field sufficient trained, certified, and ready forces with the right tools and networks to fulfill the growing cyber requirements of national leaders and joint military commanders. That is where we need your continued support.

THE THREAT PICTURE

The Department of Defense along with the Department of Homeland Security, the Department of Justice, and the Federal Bureau of Investigation have primary responsibilities to defend the United States in cyber space and to operate in a global and rapidly evolving field. Our economy, society, government, and military all depend on assured security and reliability in this man-made space, not only for communications and data storage, but also for the vital synchronization of actions and functions that underpins our defenses and our very way of life. CYBERCOM concentrates its efforts on defending military networks and watching those actors who possess the capability to harm our Nation's interests in cyber space or who intend to prepare cyber means that could inflict harm on us in other ways.

Unfortunately, the roster of actors who concern us is long, as is the sophistication of the ways they can affect our operations and security. We have described some of these in previous hearings, and I know the Director of National Intelligence recently opened his annual Worldwide Threat Assessment for Congress with several pages on cyber threats, so I'll be brief here.

I can summarize what is happening by saying that the level and variety of challenges to our Nation's security in cyber space differs somewhat from what we saw and expected when I arrived at Fort Meade in 2005. At that time many people, in my opinion, regarded cyber operations as the virtual equivalents of either nuclear exchanges or commando raids. What we did not wholly envision were the sort of cyber campaigns we have seen in recent years. Intruders today seek persistent presences on military, government, and private networks (for the purposes of exploitation and disruption). These intruders have to be located, blocked, and extracted over days, weeks, or even months. Our notion of cyber forces in 2005 did not expect this continuous, persistent engagement, and we have since learned the extent of the resources required to wage such campaigns, the planning and intelligence that are essential to their success, and the degree of collaboration and synchronization required across the government and with our allies and international partners. Through concerted efforts, and with a bit of luck, we are creating capabilities that are agile enough to adapt to these uses and others, and I am convinced we have found a force model that will give useful service as we continue to learn and improvise for years to come.

We have some key capability gaps in dealing with these increasingly capable threats. Cyber space is a medium that seems more hospitable to attackers than defenders, and compared to what real and potential adversaries can do to harm us, our legacy information architecture and some of our weapons systems are not as "cyber robust" as they need to be. Our legacy forces lack the training and the readiness to confront advanced threats in cyber space. Our commanders do not always know when they are accepting risk from cyber vulnerabilities, and cannot gain reliable situational awareness, neither globally nor in U.S. military systems. In addition, the authorities for those commanders to act have been diffused across our military and the U.S. Government, and the operating concepts by which they could act are somewhat undefined and not wholly realistic. Further our communications systems are vulnerable to attacks. We need to rapidly pursue a defense in depth as we envision with the fielding of the Joint Information Environment.

These gaps have left us at risk across all the CYBERCOM mission areas that I described above.

CYBERCOM'S PRIORITIES

CYBERCOM is addressing these gaps by building cyber capabilities to be employed by senior decisionmakers and Combatant Commanders. In accordance with the Department of Defense's Strategy for Operating in Cyber Space, the people of CYBERCOM (with their NSA/CSS counterparts) are together assisting the Department in building:

(1) A defensible architecture;
(2) Trained and ready cyber forces;
(3) Global situational awareness and a common operating picture;
(4) Authorities that enable action;
(5) Concepts for operating in cyber space.

We are finding that our progress in each of these five areas benefits our efforts in the rest. We are also finding the converse—that a lack of momentum in one area can result in slower progress in others. I shall discuss each of these priorities in turn.

Defensible Architecture

The Department of Defense (DOD) owns seven million networked devices and thousands of enclaves. CYBERCOM, with its Service cyber components, NSA/CSS, and DISA, monitors the functioning of DOD networks, providing the situational awareness to enable dynamic defenses. Unfortunately, DOD's current architecture in its present state is not fully defensible. That is why the Department is building the DOD Joint Information Environment (JIE), comprising a shared infrastructure, enterprise services, and a single security architecture to improve mission effectiveness, increase security, and realize IT efficiencies. The JIE, together with the cyber protection teams that I shall describe in a moment, will give our leaders the ability to truly defend our data and systems. Senior officers from CYBERCOM and DISA serve on JIE councils and working groups, and together with leaders from the office of the DOD's Chief Information Officer, Joint Staff J6, and other agencies, are guiding the JIE's implementation (with NSA's support as Security Adviser). JIE has been one of my highest priorities as Commander, CYBERCOM and Director, NSA/CSS.

Trained and Ready Forces

Over the last year, we have made great progress in building out our joint cyber force. When I spoke to you in March 2013 we had just begun to establish the Cyber Mission Forces in the Services to present to CYBERCOM. This force has three main aspects: (1) Cyber National Mission Teams to help defend the Nation against a strategic cyber attack on our critical infrastructure and key resources; (2) Cyber Combat Mission Teams under the direction of the regional and functional combatant commanders to support their objectives; and (3) Cyber Protection Teams to help defend DOD information environment and our key military cyber terrain. On January 17, 2014 we officially activated the Cyber National Mission Force—the U.S. military's first joint tactical command with a dedicated mission focused on cyber space operations. We have plans to create 133 cyber mission teams by the end of fiscal year 2016, with the majority supporting the combatant commands and the remainder going to CYBERCOM to support national missions. The teams will work together with regional and functional commanders according to a command and control construct that we are actively helping to forge and field.

The training for this force is happening now on two levels. At the team level, each cyber mission team must be trained to adhere to strict joint operating standards. This rigorous and deliberate training process is essential; it ensures the teams can be on-line without jeopardizing vital military, diplomatic, or intelligence interests. Such standards are also crucial to assuring intelligence oversight and to securing the trust of the American public that military operations in cyber space do not infringe on the privacy and civil liberties of U.S. persons. Our training system is in the midst of certifying thousands of our people to high and joint military-wide standards.

At the individual level, we are using every element of capacity in our Service schools and in NSA to instruct members of the Cyber Mission Force teams. We have compiled a training and readiness manual, a "summer school" for cyber staff officers, and are shaping professional military education to enhance the cyber savvy of the force. To save time and space, furthermore, we have established equivalency standards to give individuals credit for training they have already taken in their Services and at NSA, with a board to adjudicate how much credit to confer for each course. Finally, we have established Job Qualification Records for team work roles to provide joint standards, further reinforcing common baselines of knowledge, skills and abilities across Service-component teams.

As our training system geared up to meet our need for trained operators and certified teams, sequestration-level reductions and furloughs last year seriously impeded our momentum. The uncertain budget situation complicated our training efforts; indeed, we had to send people home in the middle of our first-ever command and staff course last summer. Moreover, every day of training lost had cascading effects for the overall force development schedule, delaying classes, then courses, and then team certifications, to the point we are about 6 months behind where we had planned to be in training our teams. We are only now catching up to where we should have been months ago in building the Cyber Mission Force.

Increased Operational Awareness

Enhanced intelligence and situational awareness in our networks help us know what is happening in cyber space. Our goal is to build a common operating picture, not only for the cyber activities of organizations based at Fort Meade but also across the U.S. Government. We are moving toward this objective, for instance by coordinating the activities of the CYBERCOM and NSA operations centers. Achieving it should let all who secure and defend our networks synchronize their activities, as well as see how adversarial and defensive actions can affect one another, which in turn enhances the efforts of planners and the predictability of the effects they seek to attain.

Capacity to Take Action

The last year saw increased collaboration between defenders and operators across the U.S. Government and with private and international partners. CYBERCOM played important roles in several areas. CYBERCOM, for instance, has been integrated in the government-wide processes for national event responses. This regularly exercised capability will help ensure that a cyber incident of national significance can elicit a fast and effective response at the right decisionmaking level, to include pre-designated authorities and self-defense actions where necessary and appropriate. In addition, CYBERCOM participated in whole-of-government actions with partners like the Departments of State, Justice, and Homeland Security in working against nation-state sponsored cyber exploitation and distributed denial-of-service attacks against American companies. Finally, we already benefit from shar-

ing information on cyber threats with the services and agencies of key partners and allies, and are hopeful that cybersecurity legislation will one day make it easier for the U.S. Government and the private sector to share threat data in line with what the administration has previously requested.

Operating Concepts

To oversee and direct the Nation's cyber forces, as previously mentioned, we have established a National Mission Force Headquarters in CYBERCOM at Fort Meade. This functions in parallel with analogous headquarters units (the four Joint Force Headquarters) for the Service cyber components, which themselves work with the NSA/CSS regional operating centers in Georgia, Texas, and Hawaii.

We can report some good news with respect to the realism of our cyber exercises, which put these operating concepts to the test. CYBERCOM regularly participates in more than twenty Tier 1 Combatant Command, coalition, and inter-agency exercises. We also run a Cyber Wargame that looks 5 years into the future and includes industry and academic experts. CYBERCOM's flagship exercises, Cyber Flag and Cyber Guard, are much more sophisticated now and are coupled directly with Joint Doctrine and the Force Model. Cyber Flag, held each fall at Nellis Air Force Base in Nevada, includes all the Service cyber components as well as inter-agency and international partners. Cyber Flag 14 in November 2013 assembled more than 800 participants, included conventional maneuvers and kinetic fires in conjunction with cyber operations, and featured a much more realistic and aggressive adversary in its expanded virtual battlespace. In the past we were tentative about letting the cyber "red teams" loose, for fear they would impair expensive training opportunities for conventional arms. In our recent Cyber Flag iteration last fall, we figuratively took the gloves off. Our defense consequently got its collective nose bloodied, but the defenders to their credit fought back and prevailed in chasing a determined foe out of our systems. For its part, Cyber Guard is a whole-of-government event exercising State- and national-level responses to adversary actions against critical infrastructure in a virtual environment. It brings together DHS, FBI, CYBERCOM, State government officials, Information Sharing and Analysis Centers, and private industry participants at the tactical level to promote shared awareness and coordination to mitigate and recover from an attack while assessing potential Federal cyber responses. Finally, we are also building and deploying tools of direct use to "conventional" commanders in kinetic operations, some of which were most recently utilized in the latest Red Flag exercise run to keep our pilots at the highest degree of proficiency.

WHERE ARE WE GOING?

Let me share with you my vision for what we at CYBERCOM are building toward. We all know the U.S. military is a force in transition. We are shifting away from legacy weapons, concepts, and missions, and seeking to focus—in a constrained resource environment—on being ready for challenges from old and new technologies, tensions, and adversaries. We have to fulfill traditional-style missions at the same time that we prepare for emerging ones, with new tools, doctrines, and expectations, both at home and abroad. We are grateful to Congress for lessening the threat of wholesale budget cuts called for by the Budget Control Act. That makes it easier for the Department of Defense to maintain its determination to shield our cyber space capabilities from the resource reductions falling on other areas of the total force. It is fair, and indeed essential, for you to ask how we are utilizing such resources while others are cutting back.

Our answer is that the trained and certified teams of our Cyber Mission Force are already improving our defenses and expanding the operational options for national decision makers, the Department's leadership, and joint force commanders. We are building this force and aligning the missions of the teams with intelligence capabilities and military requirements. Our cyber mission teams will bring even more capability to the "joint fight" and to whole-of-government and international efforts:

- CYBERCOM is working with the Joint Staff and the combatant commands to capture their cyber requirements and to implement and refine interim guidance on the command and control of cyber forces "in-theater," ensuring our cyber forces provide direct and effective support to commanders' missions while also helping CYBERCOM in its national-level missions. In addition, we are integrating our efforts and plans with component command operational plans, and we want to ensure that this collaboration continues at all the Commands.

• Our new operating concept to enhance military cyber capabilities is helping to foster a whole-of-government approach to counter our Nation's cyber adversaries. Indeed, CYBERCOM planners, operators, and experts are prized for their ability to bring partners together to conceptualize and execute operations like those that had significant effects over the last year in deterring and denying our adversaries' cyber designs.

Here is my greatest concern as I work to prepare my successor and move toward retirement. Despite our progress at CYBERCOM, I worry that we might not be ready in time. Threats to our Nation in cyber space are growing. We are working to ensure that we would see any preparations for a devastating cyber attack on our critical infrastructure or economic system, but we also know that warning is never assured and often not timely enough for effective preventive actions. Should an attack get through, or if a provocation were to escalate by accident into a major cyber incident, we at CYBERCOM expect to be called upon to defend the Nation. We plan and train for this every day. My Joint Operations Center team routinely conducts and practices its Emergency Action Procedures to defend the Nation through interagency emergency cyber procedures. During these conferences, which we have exercised with the participation up to the level of the Deputy Secretary of Defense, we work with our interagency partners to determine if a Cyber Event, Threat or Attack has occurred or will occur through cyber space against the United States. As Commander, CYBERCOM, I make an assessment of the likelihood of an attack and recommendations to take, if applicable. We utilize this process in conjunction with the National Military Command Center to determine when and if the conference should transition to a National Event or Threat Conference.

We understand that security is one of the greatest protections for civil liberties, and that liberty can suffer when governments hastily adapt measures after attacks. At CYBERCOM we do our work in full support and defense of the civil liberties and privacy of Americans. We do not see a tradeoff between security and liberty; we promote both simultaneously, because each enhances the other. Personnel at CYBERCOM take this responsibility very seriously. The tools, authorities, and culture of compliance at NSA/CSS give us the ability and the confidence to achieve operational success against some of the toughest national security targets while acting in a manner consistent with civil liberties and rights to privacy. That said, unless Congress moves to enact cybersecurity legislation to enable the private sector to share with the U.S. Government the anomalous cyber threat activity detected on its networks on a real-time basis, we will remain handicapped in our ability to assist the private sector or defend the Nation in the event of a real cyber attack. I urge you to consider the now daily reports of hostile cyber activity against our Nation's networks and appreciate the very real threat they pose to our Nation's economic and national security as well as our citizen's personal information. I am concerned that this appreciation has been lost over the last several months, as has the understanding that—when performed with appropriate safeguards—cyber threat information sharing actually enhances the privacy and civil liberties as well as the security of our citizens.

CONCLUSION

Thank you again, Mr. Chairman and members of the committee, for inviting me to speak, and for all the help that you and this committee have provided CYBERCOM over the years. It has been my honor to work in partnership with you for these past 39+ years to build our Nation's defenses. Never before has our Nation assembled the talent, resources, and authorities that we have now started building into a cyber force. I am excited about the work we have done and the possibilities before us. This is changing our Nation's capabilities, and making us stronger and better able to defend ourselves across the board, and not merely in cyber space. We can all be proud of what our efforts have accomplished in building CYBERCOM and positioning its men and women, and my successor, for continued progress and success.

Chairman LEVIN. Thank you so much, General. If that proposal comes in the next few weeks, it may come before your retirement, in which case this may not be your last hearing before this committee.

Senator INHOFE. Then he might reach 40 years.

Chairman LEVIN. That's true.

But, anyway, we know how much you've put into this effort, and we do look forward to that proposal. It's way beyond this com-

mittee. The entire Congress, the American people, and, of course, the administration look forward to the recommendations that you'll be making or the proposal that you'll be making.

Let's have a 7-minute first round.

Admiral, I think you made reference to the ground-based midcourse defense (GMD) system. We've had some flight test-fit failures with both models of the deployed kill vehicles. My question is this. Do you believe that it is a high priority to fix the problems with our current GMD kill vehicles and that we need to use a fly-before-you-buy approach to ensure that, before we deploy any additional GMD interceptors, that we need to demonstrate, through successful and realistic intercept flight testing, that the GMD system has been fixed and will work as intended?

Admiral HANEY. Senator Levin, a very important question, there. The importance of MDS, and the ingredients that go in there—the kill vehicle is an important part of that system, and the failures that we've had in the past are under review, expecting a readout soon from the review board. But, it is critical that we get to the technical issues associated with the kill vehicle and get those corrected so that we can have better reliability in our MDS. That, coupled with investments in discrimination and sensors, is key to the way forward.

Chairman LEVIN. Should we fix the kill vehicle problems before we deploy an additional GMD interceptor?

Admiral HANEY. Sir, I believe we need to do both in parallel while we understand the problem deeper. That is already underway.

Chairman LEVIN. General, let me shift to you about some of the issues that you addressed.

First, there was an article in yesterday's or the day before's New York Times, saying that, in late spring 2011, NSA and DOD developed options for the President to conduct sophisticated cyber attacks on the Syrian military and on President Assad's command structure. Can you provide the committee, in a classified manner for the record, if necessary, your assessment about the accuracy of the article and your views on the decision that the President purportedly made relative to that and to the thinking behind that decision?

General ALEXANDER. Mr. Chairman, I will provide a classified response to that.

[The information referred to follows:]

[Deleted.]

Chairman LEVIN. I assume you were in the middle of that discussion and those options.

General ALEXANDER. Yes, sir.

Chairman LEVIN. Okay.

General, in January, as you pointed out, the President ordered a transition to end the Telephone Metadata Collection Program, as it currently exists, to preserve the capabilities that we need, but without the government collecting and holding the data on call detail records. Do you believe that the government needs to hold all the metadata records in order to determine whether terrorist suspects overseas are communicating with persons located in the

United States, or could a third party, a private third party, hold that data, or service providers perhaps keep the data?

General ALEXANDER. Mr. Chairman, I think there are three options on that, that I would put on the table. You mentioned government holding it, the Internet service providers holding it, and I think there is yet another option, where you look at what data you actually need, and get only that data. Can we come up with a capability that just gets those that are predicated on a terrorist communication? I think you have those three options that I would put on the table. Those are three of the ones that I think need to be fully discussed and the merits for both sides. They have pros and cons on the agility that you would have with the programs.

We have made some recommendations. I think that will be our view over the next couple of weeks within the interagency. I am confident that the process is going well in this. They've had deputies and other meetings amongst the interagency, and I think the facts are being put on the table to help make a good decision to bring forward to you all.

Chairman LEVIN. Thank you. The Privacy and Civil Liberties Oversight Board and the President's Review Group on Intelligence and Communications Technology both characterized the section 215 program as useful; however, they said that it has not yet identified a single instance involving a threat to the United States in which the program made a concrete difference—these are their words—in the outcome of a counterterrorism investigation.

Can you, either for the record or here, give us examples or the list, if it's a finite list, of where the program made a "concrete difference" in the outcome of a counterterrorism investigation?

General ALEXANDER. Mr. Chairman, I can. There's two sets. Let me give you the first part, which was what we gave to Congress on 54 different terrorist events—not all attacks, but this could be facilitation—roughly, 13 were facilitation, and the rest were terrorist plotting and attacks—that went on here and throughout the world. That's the 54 number that everybody has known. Of those 54, 41 were outside the United States, 13 were inside the United States. The Business Record FISA program could only apply to those 13. It actually was used in 12 of those 13.

The issue which is the concrete part, gets us back to the mid portion of this. In sitting down with the Director of the FBI, both past and present, the issue comes up with one of agility. How do we go quicker? Things like the Boston bombing shows where this program and its agility really make a difference.

So, from my perspective, there are some ongoing, concrete examples today, that we can provide the committee in a classified setting, that shows, from my perspective, that this program makes a difference.

The issue really comes down to your earlier question. So, how much data do you need? How do we do this data in the right way? Can we come up with a better way of doing it? Which is what the President has tasked us to try to come up with.

I do think there is a better way. That's what we're putting on the table. I think it will address both of your questions—the database and how we respond.

Mr. Chairman, I would like to provide more details on the ongoing stuff that we're seeing, threats that we're seeing with this program.

Chairman LEVIN. All right, it would be very helpful that you give us the list of each instance where the program has made a concrete difference, because that is very different from what these two organizations and commissions found. We'll expect that for the record, General. We appreciate it.

[The information referred to follows:]

The National Security Agency has provided to Congress a list of some 54 examples involving section 215 as well as section 702 of the Foreign Intelligence Surveillance Act (FISA), as amended by the FISA Amendments Act. The colloquy at the 27 February hearing refers to this list and to the use of section 215 authorities during the investigation of the Boston Marathon bombing. The context of this question has changed significantly since the time of the hearing. The administration has called for legislation providing for the telephone metadata to be queried (with court approval of each query term) while it is held by the service providers, instead of NSA acquiring the data in bulk. Such legislation has now passed the House and is under consideration in the Senate. Upon request, NSA is prepared to provide Congress with current information on the operation of the section 215 program during this interim period and/or after the program is restructured pursuant to any legislative changes.

Chairman LEVIN. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

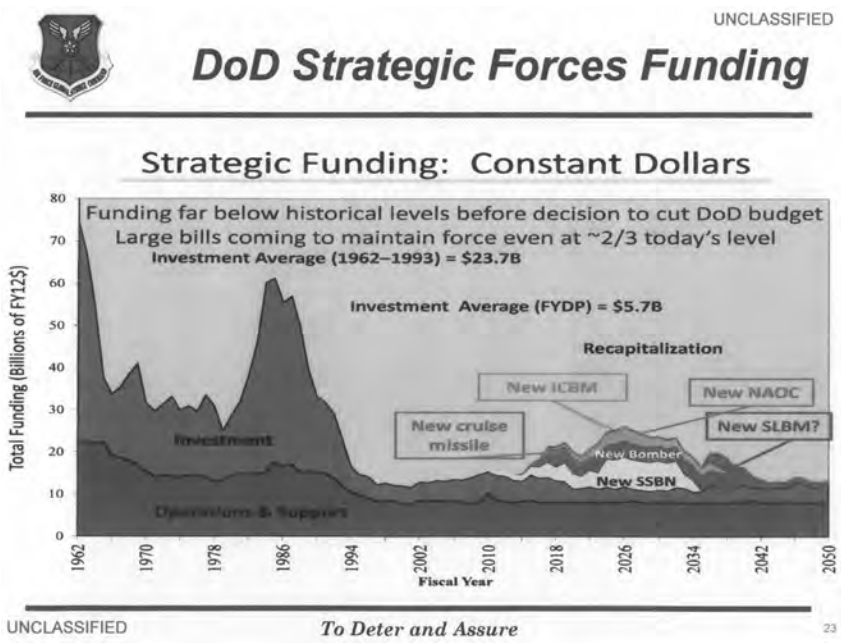
You heard my characterization of Snowden in my opening remarks. Do the two of you agree with that?

Admiral HANEY. I do.

General ALEXANDER. I do.

Senator INHOFE. We've developed a chart that we have shown to both of you. I think, Admiral Haney, you went over this yesterday with some of our staff. For the benefit of those up here, we have copies.

[The chart referred to follows:]



Senator INHOFE. If you look at the peak there, that would have been as the end of the Cold War came, and we started dropping down in our nuclear modernization program. It was fairly level until getting into the current date that we're in right now.

You see the little hump there? That would be a new—necessary in order to get this done—a new cruise missile, new ICBM, new sub-launched. Have you had a chance to look at this chart? Do you feel that's what our needs are now, Admiral Haney, the accuracy of this chart?

Admiral HANEY. Senator Inhofe, I have seen this chart, and what I think is unique about the chart is, it really gives a great presentation of the history of funding that we have invested in our strategic deterrent, and also gives, even beyond the Future Years Defense Program, an approximation of what requires to be modernized. As you look at this chart, it's unique, in terms of what was paid for, back in the late 1980s, early 1990s, and how that sustains us today in having a credible deterrent that we're operating in a safe, secure, and effective manner today.

Senator INHOFE. Yes, that's in the past, but the way we're going forward is what I'm interested in, which I think we're going to have to do.

Now, I'm going to read a list. There are eight delays that have bothered me, and I'd like to have you comment on any of these and how they fit into the chart of what our expectations of the future are.

First of all, (1) the ballistic missile submarine, delayed 2 years; (2) air-launch, delayed a little bit more than 2 years; (3) the follow-on ICBM, still no decision yet; (4) the B–61 bomb LEP, that was delayed 2½ years; (5) both warheads, the W–78 and W–88, delayed

2 years; (6) plutonium handling facility, deferred at least 5 years; (7) uranium processing facility, delayed at least 4 years; and (8) funding of the DOE weapons activities, $2 billion short of the New START commitments, those START commitments that were made by the President and by the administration in order to secure the votes necessary to pass New START.

Of these eight, first of all, do you agree? Which do you think are more significant in correcting so that we can meet the expectations of this chart?

Admiral HANEY. Senator, you've really captured where we need to go, in terms of modernization across the triad, in which the 2010 NPR articulated its value to our Nation in strategic deterrence. As I look at the modernization programs that are either in progress or going forward, we have delayed the *Ohio* replacement program to the point where we can ill afford to delay it any further. Right now, those platforms are going to be the longest serving submarines in the *Ohio*-class today, getting up to 42 years of service out of them in the current plan. It is important that we move forward with that program.

As you look at each leg of the triad, there are modernization aspects. Some are underway. You mentioned the air leg, for example, the B–61 LEP, there is work ongoing today associated with that program. We have to keep it on track in order to have that portion of the air leg. You know we have a 3-plus-2 strategy that we're committed to, and we have to continue to work that.

The one piece of this chart that has significant uncertainty gets in terms of the impacts of sequestration, particularly as we look at beyond the current fiscal year, the next fiscal year, and particularly as we look at those cuts, going forward.

Senator INHOFE. Okay. I agree with that. But, part of the chart also, that most can't see from where you are, is that it would only cost—this modernization that is to reach these expectations, about 5 percent of the defense spending. So, I see this as affordable. Do you agree with that?

Admiral HANEY. Senator, I would say to not continue the modernization of the triad is not an option. This chart, though not in percentages, does, in fact, illustrate that when you look at—in the current timeframe and—I would say in the last 5 years we've been about 3 percent, and going up to nearly twice that much is a significant investment, but a necessary investment going forward.

Senator INHOFE. Thank you very much.

General Alexander, I wanted to get into a little bit more time on this, because of my concern that I've expressed to you on several occasions, over Iran, over the threat that's there. People think of the threat of Iran, as I have too, as gaining a nuclear capability, a delivery system that could reach the United States. That's been a great concern of ours. But, what is not as obvious is what that was revealed in the Wall Street Journal article, back in February, about what they are able to successfully infiltrate the critical Navy computer network, and then, of course, getting into Wall Street and all of that. So, I'd ask you the consequences of the Iranian cyber space. There won't be time to get into that, but I would like to have you just comment.

You were talking about the education of the American people. I think that's it. This whole thing on the NSA and how people are using an issue that may be there, but it's there only for a very small part of it. Is this what you mean when you say the education of the American people? I think that's what you mean. Again, how are we going to go about doing that?

General ALEXANDER. Mr. Chairman, that's what I mean. How do we help them understand the evolution of what's going on in this space and what the country is asking NSA to do to protect the Nation from terrorist attacks and now to provide early warning for cyber. You have a couple of issues that we're asking NSA to do. What we've seen with all the reviews is that they're doing it right. Everything gets pointed out that we tell the court when we make a mistake, we do it right.

But, the real issue comes down to understanding, what do we need to do to fix these problems? You mentioned access into networks. When you look at it, it is banks, it is electric, it is government networks, it is private networks, it is all of them. The thing that we haven't done is built security into these networks at the pace that we need to.

What I would propose, especially for the government, is to implement the JIE and create a defensible architecture, and learn how to use it. We wouldn't leave our classified material out in Central Park and then wonder why people are taking it. Right now, access to these networks is fairly easy. There are a lot of ways to get into it, and they only have to find one. That's what they're doing.

Senator INHOFE. That's right. That's right.

My time has expired, but I talked to the Defense Reporters Association this morning, and told them this very thing, that people are not aware of the threat that you and I are talking about here in this hearing. I think, as part of the educational thing, we're going to have to really work on the media to properly express to the American people the reality of what we're facing and of the threat that's there.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator, very much.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Thank you, gentlemen, for your service. Admiral Haney, welcome.

This being General Alexander's, perhaps, last appearance before the committee, I have to thank him for his great service to the Nation. I've known General Alexander since he was a plebe and I was his company commander at West Point. Despite that very poor initial role-model relationship, he has done quite well for himself. I know you've been involved, General, in lots of policy questions, but no one can or should question your integrity and your selfless service to the Nation. I thank you for that, sir. Thank you.

You've raised a series of questions, and my colleagues have, too, with respect to the intersection of threats to our commercial enterprises and threats to our national security. These are commingling, and you're suggesting that NSA can and should play a more prominent role in providing assistance to civilian authorities, but that would require, I think, additional legislation. First, do we need ad-

ditional legislation? Second, can you give us the quick insights in what that relationship might look like?

General ALEXANDER. Senator, I'm not espousing that NSA should have a greater role inside the United States. What I am saying is that NSA has some unique capabilities in understanding threats, how they're built, and how they go about, and we should have a better relationship for how we share that, those things between government and industry. That is where I think we need cyber legislation, sharing those capabilities, and especially those signatures.

Let's say that we come up with a signature for how a foreign adversary is getting into our networks, and it's classified because of the way NSA got it, either through their own capabilities or through a partner. Giving it to industry in an unclassified manner would almost ensure that the adversary would know and respond and change that signature in a few days. We've seen that happen. So, we have to have a classified relationship for sharing some of this information and technology with industry so that we can improve it.

The defensible architecture, I think that's unclassified. The way we actually defend it, that gets into a classified area. I think that's where I believe we're going to need cyber legislation. It's the ability to share that with industry that we'll have to legislate, because today you can't go back and forth easily.

Why I made the comment on the business record FISA is, we're also looking at, can we share some of these terrorist selectors with industry in a classified manner and get responses back, where the government, nor anyone, has to hold an entire database? That's a possibility, and something I think we should pursue.

If we do one, if we do the business records, it sets a case in precedent for cyber, and I think that's where the public debate really needs to come down and where people need to understand exactly what we're talking about.

I would not be an advocate for having NSA operate within the United States.

Senator REED. Thank you very much, General.

One of the other sides of this discussion is that you can alert industry to potential threats, but, ultimately, industry will have to build the protection mechanisms in their systems. That's going to require them to invest in more security. That seems to logically follow from your comment.

General ALEXANDER. I think that's mostly correct, Senator. I would change it slightly to say there's going to be a role for government for defending the Nation so that if another nation were attacking a sector of industry, we would have the government have to step in to protect it. But, you're correct, they have to build the defensible architecture as well, something that can tip and queue and say, "I'm having these problems, you need to step in." Those are decisions where the policy and the law have to precede the event. That's where I think we have to push that understanding so people understand why we have to train CYBERCOM to operate at network speed in these areas.

Senator REED. Let me ask a question to both you gentlemen, and that is that the command-and-control networks, particularly with respect to our nuclear forces, which is clearly the responsibility of

the government, are you confident that we successfully can protect those networks from cyber intrusion?

Admiral Haney?

Admiral HANEY. Senator Reed, yes, I am confident that we can protect those networks associated with our strategic deterrent. As we look at the future of threats, I am mindful, though, that we have to keep pace, as General Alexander has discussed. That's a necessity, because in having a deterrent, you have to have the necessary command-and-control-and-communications systems that also have to be assured, not just now, but well into the future.

Senator REED. General Alexander?

General ALEXANDER. Senator, I agree, we can, today, defend it, and it's going to continue to evolve, and we have to continue that assessment and our investment in their defense.

Senator REED. Thank you very much.

All right, we've talked about the modernization issue of the triad, and we're already underway in several programs, but they've been delayed, as Senator Inhofe pointed out quite specifically and quite bluntly. One issue, obviously, is the *Ohio*-class replacement, Admiral Haney, and that seems to be further along than most of the other major platforms. Is that a fair assessment?

Admiral HANEY. Senator, the requirements have been established for the *Ohio* replacement, and there's design work that's underway, and the plan has been going through very good detail to get us out to where we can have a commissioned platform that's certified and ready to deploy in 2031.

Senator REED. Thank you.

There's another aspect to this modernization issue, and that's not the new platforms, but that's making sure that existing facilities are adequate, particularly with respect to accidental incidents. You're confident, Admiral Haney, that you're investing enough in just the upkeep of the facilities so that we are absolutely confident that there is going to be no potential, or any significant potential, for accidents?

Admiral HANEY. Senator, my confidence exists, relative to the inspections that we do associated with our nuclear enterprise to ensure today that we are safe, secure, and effective. But there are investments that are needed in some of our enterprise facilities that deal with the production, the storage, long-term storage, and dismantlement of weapons that are also required for the future.

Senator REED. Thank you very much, gentlemen. Thank you for your service.

Chairman LEVIN. Thank you, Senator Reed.

Senator McCain.

Senator MCCAIN. I thank both the witnesses.

General Alexander, thank you for your outstanding service. I'm sure you view your last appearance here with mixed emotions. I would also like to congratulate you on overcoming your initial schooling and the malign influence of Cadet Reed. I think you've done very well. [Laughter.]

Senator REED. Cadet Captain Reed. [Laughter.]

Senator MCCAIN. Okay, excuse me. Cadet Captain Reed. Excuse me. Another mistake made by the authority. [Laughter.]

General Alexander, we've been kicking around this legislation, cyber security legislation, now for several years, and we've been going back and forth. Everybody knows we need the legislation, and you've made significant and valuable inputs. I can't tell you the number of meetings I've gone to on it. One of the biggest problems we face is that this issue crosses the many jurisdictional lines of different committees. Have you given thought to the idea that maybe we should have a select committee to examine this entire issue of cyber security?

General ALEXANDER. Senator, I think that would be a great idea, although I don't know as much about your job, unfortunately. But, I do think having something that pulls all that together would make a lot of sense.

Senator MCCAIN. I'm sure you feel a sense of frustration that we haven't acted legislatively, which you have repeatedly over the years advocated. Is that correct?

General ALEXANDER. I am concerned, Senator, that the lack of legislation will impact our ability to defend the country in this area.

Senator MCCAIN. I thank you.

Director Clapper and General Flynn testified that the vast majority of the more than 1.8 million documents that Edward Snowden stole have nothing to do with government surveillance programs. It puts national security at risk, and the lives of our men and women in uniform at risk. Do you have anything to add to their comments?

General ALEXANDER. I am greatly concerned about the risk to our men and women in the military and to our Nation from terrorist attacks, because I think it is doing both. So, I would just add the terrorists.

Senator, I am concerned that they are learning how we stop them, and they're going to get through. I think that's the near-term issue that we face, both here in the United States and in Europe, and that we haven't adequately addressed that problem.

Senator MCCAIN. You would agree that what's been released so far is really just the tip of the iceberg? Is that a correct assessment? That much greater damage can be done by Mr. Snowden releasing more of the documents?

General ALEXANDER. That is correct, Senator.

Senator MCCAIN. Recently, a Wall Street Journal article suggested that the Iranians were able to successfully infiltrate a critical Navy computer network. It was last February 17th that they were able to access the bloodstream of the Navy network. According to the article, Iran's infiltration of a Navy computer network was far more extensive than previously thought, and, "It took the Navy about 4 months to finally purge the hackers from its biggest unclassified computer network." Do you believe we have a credible deterrence in the cyber domain against this kind of activity by Iran and other adversaries?

General ALEXANDER. Senator, I think we need to evolve a deterrence strategy that draws the lines on what is acceptable in cyber space and what actions we take. That does not yet exist.

Senator MCCAIN. Finally, maybe this is more appropriate for a closed hearing, but there's a New York Times article that said that

Jason Healy, the director of the Cyber State Craft Initiative at the Atlantic Council, argued that using cyber warfare for humanitarian purposes in Syria, such as taking steps to degrade Assad's use of air power, might be an effective tool and one that might reverse the tide of world opinion that the U.S. Government is using cyber capabilities for nefarious ends.

Do you have a comment on that, General?

General ALEXANDER. Senator, I think one of the things that you and the administration would depend on CYBERCOM and STRATCOM is to create options for policymakers to determine which is the best approach in solving these. I think that is one of the things that we've evolved. I think that's a good thing. I don't know that I necessarily agree with the statement when and how to use it. I do think other countries are using it. So, I'd go back to your earlier statement, what's the deterrence strategy, and how do we help evolve that? I think that's going to be the key to this.

I do think, in future environments, cyber will be the first tool used in future——

Senator MCCAIN. By both sides.

General ALEXANDER. By both sides.

Senator MCCAIN. General, since this probably is your last appearance, there's been a great deal of criticism about NSA spying, invasions of privacy, Americans and foreign leaders being eavesdropped on. I think I can safely say that, given your long tenure, this is probably the most controversy that's been generated about your agency and its work. I'd like for you to take the remaining couple of minutes that I have to put this in perspective for us and for the American people.

It happens to be my opinion that we are in grave danger of a new form of warfare that most of us don't understand. Maybe you can put this in perspective for us as to what we're facing, and maybe give some response to the critics that say that we're invading every home, every individual, that we are gathering all this information. You've seen it, all this publicity and controversy swirling around NSA activities. Maybe you could take a minute and try to put it in the perspective from your many years of experience in this area.

General ALEXANDER. Senator, thank you for that opportunity.

I think one of the greatest honors and privileges I've had in my almost 40 years is to lead the men and women of NSA. They are the best I've ever seen, doing quietly what our Nation has asked them to do: protect this country in cyber space, and develop the tools to protect our networks. We're doing that.

To assume that what NSA is doing is a rogue agency or is outrange, you see now, from all the different reviews, that NSA is doing exactly what the Nation has asked them to do. So, the issue now comes to a debate, what do we want NSA to do, and what do we need it to do? That gets to the heart of the issue that you've put on the table.

From my perspective, the space, cyber space, where both NSA and now CYBERCOM operate, is one space where both the good guys and the bad guys all operate in that same space. Forty years ago, it was different. Foreign military communications were in a separate circuit from our domestic communications. Now, they're

all intertwined. That's where the policy and the legal debates have not yet come to fruition and said, "So, how do you operate in that space so that you can stop a terrorist attack, stop a war between two countries in the Middle East, and protect this Nation?" All of that is at the heart of the issues that we're talking about right now.

I think the Nation has to have NSA working with foreign partners to ensure that wars don't go on in the Middle East, that we stop terrorist attacks, and that we protect this Nation. It's in that same space that cyber adversaries also operate in. The rules that we have now have to accommodate both what I'll call active operators, cyber operators, and defense, from an intelligence perspective, in the same space.

I think your idea of a select committee, perhaps, to address this converging area is one of the things that we should look at. It is evolving quickly. As it will be a phase-zero to phase-one part of future conflict, we're going to have to get this right.

I think putting CYBERCOM where it is, and what we've done with it, is the right thing. I think Secretary Gates pushing this towards NSA and CYBERCOM as an entity, an activity, ensured that we had the team building it together. I think we should further evolve that team where it needs to be.

But, Senator, if I could just end on one thing. When I looked at the people of NSA and what they're doing, the true tragedy in all of this is the way the press has articulated them as the villains, when what they're doing is protecting this country and doing what we have asked them to do. What we're finding out, in every review, in every case, they've done what we've asked them to do. If they made a mistake, we find out, "Oh, they reported that 3 years ago to the courts, to Congress, and to the administration." No one is doing anything underhanded. They're just trying to do the job that this Nation needs them to do.

I think we have to have a reset with how we look at NSA and CYBERCOM. I think we have to get on with the cyber legislation. Those attacks are coming, and I think those are near-term. We're not ready for them. The Nation needs an agency like NSA, with its technical capacities, to help ensure we can evolve that future space to where we need it. They're the ones, the predecessors who helped us crack Enigma, the red and purple codes from Japan, and they're the ones that helped protect our communications, and they're the ones we're going to need in the future.

So, Senator, thank you for that opportunity.

Senator MCCAIN. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator Udall.

Senator UDALL. Good morning, gentlemen.

Admiral Haney, let me just start by saying I really enjoyed having a chance to sit and visit with you. I'm very much looking forward to, as the chairman of the Strategic Forces Subcommittee, working with you and Senator Sessions, the ranking member, and the rest of the subcommittee, to make sure that our strategic deterrent remains safe, reliable, and affordable. We talked quite a bit about the affordability factor. It'll be a great privilege to work with you.

General Alexander, as always, it's good to see you. I know that you, as Senator McCain suggested, may have mixed feelings about this being your last appearance before the committee, and I, too, want to thank you for your four decades of service to our country.

That said, I remain concerned about NSA surveillance activities and the constitutional ramifications when it comes to our liberties, and I'd be remiss if I didn't address those concerns today, at least for old times' sake. I would add that your knowledge is vast, and I really appreciated your initial comments about how we move forward when it comes to, particularly, sections 215 and 702. I want to make a couple of comments about sections 215, and then ask you a question.

You know well that Members of Congress, I think as long ago as 7 years, were asking questions about the use of section 215. They and I learned that we really couldn't have an open, informed debate about the law, because the official meaning of the law was secret, and that concerned a number of us. It concerned me even more when I joined the Senate Select Committee on Intelligence (SSCI) here on the Senate side 3 years ago, and I was able to take some time in classified settings to better try and understand what was going on.

It felt to me like—and I believe this strongly—that secret laws undermine trust in authority, and then that erodes and damages our capacity to fight terrorism and protect the American people. Then, when the public learns that government officials have been rewriting the law in secret, confidence is undermined, and then it makes it harder for you to do the job you want to do and the job that I admire you for doing. I believe that confidence has been undermined with regard to the Patriot Act.

So, my question to you is—and I think you'll have opportunities to answer this as a civilian, as well, because I think people are going to want to hear your point of view, given your broad experience. Do you think it was wise to keep classified the interpretation of the law itself? Then, what advice would you give to your successor to help him understand the importance of making the boundaries of the law clear to the public?

General ALEXANDER. I think the rationale, Senator, for going in and keeping this secret was sound at the beginning. I think hindsight says, could we and should we have done more? I think that's the open debate right now.

My concern is, now that terrorists know how we do this, do they learn such that we can't stop them? I think the real issue that I see is, we're giving away a capability, which means there's one less tool, or that tool at least is minimized in its capability for stopping terrorist attacks and understanding what they're up to, and for other issues like that.

I do think, though, given where we are today, we have to be transparent on this in the cyber legislation so the American people can enter into it, and that is, here's how we would propose doing this data. I think that debate that the administration would purport is one that should be open. I think if we do that right for this set of data, we can then look at cyber legislation in a parallel effort, and do that right, as well, and in an open session.

So, I think those two would be a good way to move forward.

Senator UDALL. I want to note for the record as well that I hear you continuing to emphasize, "We really do need to get cyber legislation through Congress." I also hear you implying, and I think saying directly, that we can figure out how to have the right kind of approach to metadata. Again, I want to let you know I appreciate your willingness to work on that as we move forward, per the President's recommendations.

If I might, I'd like to turn to Admiral Haney and talk about the crews that operate our ICBMs. We've been well aware of some of the stories over the last couple of months about what's been happening. I think the missile crew might pull eight alerts per month, and they spend time in the capsule, in addition to briefings, preparing for their shifts, and actually getting out to the missile field, so that a 24-hour alert actually lasts about 3 days. Again, that would equal eight times per month. The airmen are kept very busy during their alerts, with training exercises and drills. That only leaves 6 days off a month, which is when the crews study for the exams, where they, I think, have to have a perfect score to pass.

I'm extremely concerned, you are extremely concerned, about the reports of cheating on those exams. I fully support a thorough investigation and appropriate disciplinary action. But, there's a real need to address the root causes of some of the morale and discipline issues that have begun to surface.

Can you talk about what's done to prevent burnout in the missile crews? They're bright, they're talented, they're incredibly committed. How do we keep them focused on this deadly serious mission and then make sure they have opportunities for advancement and development?

Admiral HANEY. Senator, I think those are very important questions. These are questions that are, in fact, being looked at in the series of reviews that are ongoing, first within the Air Force in the command-directed investigation, as well as the Force Improvement Program, which is more of a grassroots look at this, holistically—I have people on that team, as well—in addition to the reviews that have been led by the Secretary of Defense in looking at the nuclear enterprise in its entirety.

I do believe, though, from personal experience, going down, being in the alert facilities and the capsules with our combat alert crews, though, that, through this scattering of articles, it really makes it look like the majority of them are not dedicated to the mission. I'm here to tell you, that is absolutely false. I've met a number of these talented individuals that are very proud of serving our country as missileers in that community. Quite frankly, they are distraught over one thing in particular, and that is their colleagues that—a few of them—have, in fact, cheated, and really feel that they are getting a broad grade instead of the grade that they deserve, because they have been carrying out this mission, day-in and day-out. Clearly, we are looking at the methodologies of evaluations versus certification, and working hand-in-hand with the Air Force to make sure we look at that hard and get it right.

Senator UDALL. Thank you, Admiral.

Chairman LEVIN. Thank you, Senator Udall.

Senator Sessions.

Senator SESSIONS. Thank you, Mr. Chairman.

Thanks to both of you. General Alexander, thank you for your service for so many years. Admiral Haney, we look forward to continuing to work with you. Thank you for your good visit to my office recently.

General Alexander, with regard to our capabilities to intercept communications and so forth that has been discussed, NSA, the fact that that's been revealed, did it not, in fact, tell our adversaries what our capabilities are, at least some of them—most—a lot of them, and that, therefore, allowing them to avoid detection in ways that could be damaging to the United States and our ability to protect the country?

General ALEXANDER. That's correct, Senator.

Senator SESSIONS. In your opinion, have some of those capabilities enabled us to have information that helps protect the country from attack?

General ALEXANDER. Absolutely, Senator.

Senator SESSIONS. General Alexander, in a response to a previous question, you said, "If DOD does not develop effective offensive capabilities in cyber space, and clear rules of engagement for using them, adversaries will have little to fear of a U.S. response and, therefore, have little motivation for restraint." In other words, as I interpret you today, is, if we have no settled philosophy about how to respond to damaging interferences with our systems through cyber attacks, then our adversaries are not likely to be deterred from adventures to try to damage our systems. Is that what you're saying? How far along have we made it toward developing the kind of policies you suggest are necessary?

General ALEXANDER. Senator, I think, more specifically, we need to set the norms in cyber space, what's acceptable, what's not, and what will we do? I think the President did part of that in his 2009 paper, which said an attack in cyber space, here's what we'll respond. We'll use cyber plus everything else.

Senator SESSIONS. Repeat that?

General ALEXANDER. I think in May 2009, there was a cyber memorandum that the President put out that said, "We'll respond to attacks in cyber space with cyber and any other means available." So, I think he put that on the table. I think that's the correct approach. I think we have to take it to the next step. When and what will we do?

Right now, there are a number of things that have gone on against our infrastructure. The question is, when do we act? That's a policy decision. But, I do think what we don't want to do is let it get to the point where we find out, "Okay, that was unacceptable, and we didn't set the standard." We have to have a deterrence area. We're helping to push that.

Senator SESSIONS. In other words, we tell people who are causing us damage that, "When you do A, B, or C, you can expect that you'll receive some damage in return."

General ALEXANDER. That's correct. Or some form of a deterrence area to keep them from doing that, Senator.

Senator SESSIONS. To what extent have we gotten there? Of course, Congress has a role to play in this. We have multiple committees in the House and the Senate, and you have the White House and DOD. Do you think we could do better to help develop

a unified policy? Is that important recommendation you'd have for Congress?

General ALEXANDER. Absolutely. I think we need that. We need the cyber legislation. As I stated earlier, we need a defensible architecture. We need to implement that as well, I think share that with our industry partners so they know how to get the defensible architecture that Senator Reed talked about.

Senator SESSIONS. I thank you for that. I would just say that, having been involved with the drafting of the Patriot Act—it was said it was rushed through. It was carefully done, over months of intense work. Senator Leahy, Senator Hatch, all of us on the Senate Judiciary Committee, NSA's involvement. I believe in virtually every aspect of the Patriot Act, what we did was carefully done so it was within the Constitution and within prior court rulings about what's permissible. That was the goal, and I don't believe it represented, in any significant way, any kind of new erosion of American freedoms. There are great capabilities that I admit can be abused, and we need to make sure that they are not being abused, and the NSA needs to be watched. But, fundamentally, properly executed, I think it's not a danger to our constitutional rights. Great care was taken to do that. It became a bipartisan piece of legislation that had overwhelming support.

Admiral Haney, thank you for your leadership. I believe we made some progress on some of my concerns, but I think we need to be even more clear about it. I think there's a growing consensus to maintain a strong nuclear deterrent within our government. I think you would agree with that.

Admiral HANEY. Absolutely, Senator.

Senator SESSIONS. The Secretary of Defense coauthored a book, within a year of his confirmation, ongoing to zero nuclear weapons. The President has talked about it. Other people have talked about it. But, that can't be in the immediate future in the world that we are living in.

I think that the nuclear employment strategy, the 2013 report, is pretty clear. I hope our adversaries understand it, and American people do. It says we'll field nuclear forces to deter potential adversaries and ensure U.S. allies that they can count on America's security commitments. Does that represent your understanding? That's a quote from the report.

Admiral HANEY. Absolutely, Senator.

Senator SESSIONS. You think that's important?

Admiral HANEY. Very important.

Senator SESSIONS. I do, too. It also says we'll maintain a nuclear triad consisting of ICBMs, submarine-launched ballistic missiles, and nuclear-capable heavy bombers as the best way to maintain strategic stability at reasonable cost and hedge against uncertainty. That's one of the principles, also, in the report, is it not?

Admiral HANEY. It is definitely in the report, and it is been echoed by our leaders, Secretary of Defense Hagel, himself.

Senator SESSIONS. I'm glad of that, because there's some discussion, there was some uncertainty about that, at least in my mind.

Then it says we should maintain, "a forward-based posture with nuclear weapons on bombers and fighter aircraft in support of allies and partners." That's in the report, also.

Admiral HANEY. Yes, Senator.

Senator SESSIONS. Indeed, Secretary Hagel has said—and modernization is something, colleagues, that we really have to get serious about. Our adversaries are updating far more than we are, in many cases. He said, in January of this year, I was pleased to hear, "The modernization of our nuclear stockpile is really important." He went on to say, "We're going to invest in the modernization we need to keep the deterrent stronger than it's ever been. You can have my commitment on that." So, I thank Secretary Hagel, our former colleague, Senator Hagel, for making that clear statement.

I hope that you will keep us informed as you move toward accomplishing this goal of the needs and challenges that you face. I believe Congress will respond to help you overcome obstacles, because it's just unthinkable that this nuclear system, that represents less than 5 percent of our budget, we don't do it in a way that meets all the goals that we have to meet as a Nation.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Sessions.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

General Alexander and Admiral Haney, thank you so much for your service.

General Alexander, from what you've seen, what did we miss with Edward Snowden, in terms of how he got in the system, how he got information? When you look back at that, what happened?

General ALEXANDER. Senator, the issue that we missed here with Snowden, he was an IT specialist responsible for moving data from the continental United States to NSA Hawaii. In doing that, all the data that he was moving, he had access to. So, part one is, we needed a way of tracking what he did with that data. It was supposed to go to a common sharepoint server, which he was to maintain, which it did do. But at times, he would take that data off in a way that couldn't be seen by our sensors by the actions that he took.

Part one, we trusted the IT folks that run our networks. We shouldn't have, in this case. Part two, we didn't have enough checks and balances on exactly where that information—we fixed both of those. We've come up with about 40 different internal fixes that will help fix this whole network and make it even more secure.

I think it's depressing, from my perspective, that we have to look at defending our network from those who sit within it, that we have trusted. But, that's where we are and that's what we have to do, and that's what we're doing with the data that we have today. I think, for insider threats, we're fixing that with the way and the tools that we're putting in.

Bottom line is, we trusted a person we should not have trusted.

Senator DONNELLY. Obviously, you've made changes. You've made significant changes. Do you have an ongoing group who are looking at other areas? For instance, you looked at, in effect, this chain. Do you have groups looking at other areas in regards to worst case scenarios and how to fix them? Where there might be holes.

General ALEXANDER. Sir, we have insider threat groups that are working within DOD, the Intelligence Community, NSA, and CYBERCOM. Four different sets of those, working and sharing ideas together. I think that's a great way to red-team this approach. We are cross-leveling those issues that we find, and working that. I think that has been very healthy and helpful.

Senator DONNELLY. One of the things I was wondering is, how do we prevent it in the future? Is that it? What else?

General ALEXANDER. I believe we could stop the Snowden of the future from doing what he did, the massive stuff. There will always be an issue with—we're going to have to trust some people with some level of information. We have to do that. That will be almost impossible to stop, that which you take in your mind and go out with. Those parts are going to be very hard. That's where I think what we do in the court system with individuals like this will be the key way of limiting or eliminating that type of action.

I think we have to set a penalty system for doing this. But, that's for the courts and others to decide. From our perspective, what we're doing is, we're ensuring that people who touch the data, we can track, audit, and ensure that they're using it correctly, and at least identify who has done something, and quickly.

Senator DONNELLY. Have you taken a look at your vetting system of people who have access to this information?

General ALEXANDER. We have. We've adjusted that, in part. But, that's a very difficult one, especially where and when a process or a person changes the way they think about something. So, we are changing the review timelines from 5 years to 2 years for different individuals, to make sure and to conduct more random checks.

Senator DONNELLY. Okay.

In another area, you had mentioned about your belief in the importance of cyber legislation. When we looked at cyber legislation, a number of folks in the business community objected to the reporting requirements that would come up. How would you assess the level of cooperation between the private sector and your efforts in protecting the networks?

General ALEXANDER. Senator, there are two sets of issues. One is, given the current Snowden issues, many of the companies want to distance themselves, in part, but understand in the cyber area we have to work together, we have to share. We have to understand when they're under an attack.

Ironically, we cannot see all of that. So, the issue is, if there is an attack, especially a destructive attack, the probability that that will get through is higher in the civilian infrastructure. So, we have to have a way of sharing signatures so they can detect and stop those, and tell us when they're coming so we can go see who's doing that. That's where FBI, DHS, NSA, and CYBERCOM all work together.

Within the United States, I referred earlier with Senator Reed, I think that's something we want FBI and DHS to lead, not NSA. What we can do is provide the outside-in, telling you what's going on, who the adversaries are, and then, if the policymakers make decisions on what we can do, we have the tools and capabilities outside the country to take those actions, as appropriate.

Senator DONNELLY. One of the areas that is specialized in, my home State of Indiana at Crane Naval Warfare Center, is detection of counterfeit parts. I wanted to ask you, General, what confidence do you have in our ability to detect the counterfeit or deliberately subverted components? How are we going to strengthen our efforts to do that better in the future?

General ALEXANDER. Counterfeit parts, Senator, is a tough issue, so you have to approach it two ways. One is, where is the data going and what do we do with it? So, that gets you back to a defensible architecture, where it is the data, not the systems, that you want to take care of. I think that will help alleviate some of the concerns on these cloned or implanted parts that can do damage to our infrastructure.

It is a tough area. We have done work on that. I could provide, in a classified session or statement, some insights to some of the things that we have done, identifying and remediating against those.

Senator DONNELLY. Okay.

Then, Admiral, I didn't want you to feel left out here, so I had wanted to ask you—in regards to North Korea, what do you think is needed, if anything, to shore up our anti-ballistic missile system to mitigate the threats that are being rattled on a regular basis by North Korea? How do we make sure we're squared away there?

Admiral HANEY. Senator, as we look at North Korea as well as others, it's very important that we continue the work we've been doing in ensuring our MDS's reliability is the best it can be. With that is the whole mechanism of getting to the far left of the business. This includes getting the indication-and-warning part right, as best we can, all the way to the business of improving our MDS—first and foremost in our ability to sense things and discriminate, as well as the business of improving our kill vehicle.

Senator DONNELLY. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator Lee.

Senator LEE. Thank you, Mr. Chairman.

I thank both of you for your many years of distinguished service.

General Alexander, we'll miss you and we have enjoyed working with you.

Admiral Haney, what is your assessment of Russian and Chinese reliance on nuclear weapons? Specifically, do you think that those countries are more likely to increase or decrease their reliance on nuclear weapon systems as a deterrent in the coming years?

Admiral HANEY. Senator, clearly we monitor closely developments in those countries regarding their nuclear arsenal. It is clear to me that both of those countries have been involved and they have publicly announced their modernization programs and some of their strategies in a variety of their legs of their strategic nuclear capability. I will not speculate, in terms of the future, but clearly, in terms of what we've seen to date, we have seen a definite emphasis of having a credible capability by both countries mentioned.

Senator LEE. One thing I'd like to know is how any of that changes, both with regard to those countries and possibly other countries, if we, as the United States, proceed with any plan to

draw down our strategic weapons below the New START levels. How is that likely to deter other countries from increasing their own reliance on nuclear weapons, on either increasing or modernizing their nuclear weapon systems? Specifically, I'd like to know what, if any, evidence exists to suggest that our drawdown of our strategic weapons would have that kind of impact.

Admiral HANEY. Senator, first, I would say that it's very important, from my perspective, that we continue to work to have a credible, safe, secure, and effective deterrent. Those actions, within themselves, are what we are about and what we are on a journey of doing, including our own modernization programs, as discussed earlier during the hearing.

The connective tissue, in terms of how other countries look at us, both from a deterrence and assurance perspective, are very important. But, I think, as they look at us today, they see us working very hard to ensure each part of our strategic deterrent is being cared for and that are being operated in a proper manner. Even as we go down to the agreed-upon treaty limits for New START treaty, each warhead, to system, to systems-of-systems that are associated with that, continue to remain a very effective arsenal to support our deterrence needs for the future.

Going beyond those limits will require negotiations and verification mechanisms, and we'll have to look at the whole thing, including tactical nukes.

Senator LEE. But, do we have any historical precedent that suggests that, as we draw down our systems, our nuclear arsenals—is there anything in our history, any historical evidence, to suggest that as we do that, other countries are less likely to be developing, increasing, or modernizing theirs? That would include consideration of countries like Iran or North Korea. In recent years, we have drawn ours down. So, on what basis could we conclude that continuing to draw ours down below the New START levels would likely deter other countries from continuing to move forward with their systems?

Admiral HANEY. The first amount of evidence really shows the amount of nuclear stockpile that has been reduced, both from the United States of America and from Russia, in terms of treaties that have been established over the years, including the New START treaty.

Senator LEE. But, beyond Russia, can you point to anywhere else where that's had a deterrent effect on other countries?

Admiral HANEY. I won't, at this point, try to give a thesis that connects the dots there, because the intent of each and every country is their own internal business, and I would say that countries will look at the—not just the drawdown, they will look at what's in their strategic interests, and they will develop capability across various domains, including nuclear, to satisfy their needs.

Senator LEE. Okay. If we don't have a thesis on that, we don't have any evidence, either.

That does concern me, for the additional reason that, even with Russia, many of us here are very concerned with the fact that there have been reported violations by Russia of the Intermediate Range Nuclear Forces (INF) Treaty, dating all the way back to 2008. So, I'm interested in inquiring into your views, based on your perspec-

tive as the commander of our strategic forces, as to what the consequences are to our own national security when we have entered into a nuclear weapons agreement with a country—Russia—that's in violation of that agreement. Don't you think that that represents something of a threat to our national security?

Admiral HANEY. Senator, not just my command, STRATCOM, but our whole of government takes very seriously the treaties that are in place, and give that a lot of scrutiny, in terms of things. The treaties that we have, such as New START treaty, the goodness in those is a "trust, but verify." The verification piece is very important. When I look at what—particularly, a goodness in the New START treaty is the—it allows for more transparency than just the number of verification looks both sides have per year, and they are ongoing today, even as we work toward those New START treaty limits.

Senator LEE. Okay. I appreciate your response. I'd like to submit some more questions to you in writing but I'd just like to leave you with the thought that I am very concerned, and I believe I'm not alone in this, in saying that it's distressing to me that we could be talking seriously about drawing down our potential in this area, even below New START levels, without evidence that doing so is going to deter other countries from developing, increasing, modernizing their own forces. I really would like to see some evidence as to why we should believe that. That evidence certainly should extend beyond an indication that there has been some reduction by Russia, especially when Russia tends not to comply with its own obligations.

Thank you.

Chairman LEVIN. Thank you, Senator Lee.

Senator King.

Senator KING. Thank you, Mr. Chairman.

Thanks, to both of our witnesses.

Admiral Haney, I'm sitting here realizing, as we're talking about the nuclear deterrent, I wrote my senior thesis on the nuclear deterrent. I'm not going to give you the exact year, but let me just say, Lyndon Johnson was President of the United States.

What concerns me is that the premise of deterrence and mutually assured destruction assumes a state actor, a rational actor, and a non-suicidal actor. I'm wondering if we don't need to rethink the whole theory of deterrence when we're dealing with the potential, anyway, of nuclear capability in the hands of non-state actors who aren't particularly rational and who are, in fact, demonstrably suicidal. I don't expect you to give me a dissertation on this now, but I'd really appreciate some thought about the nuclear deterrent theory in an age of totally changed circumstances. Do you have any immediate thoughts?

Admiral HANEY. Senator, I will say, as you look at the cost-benefit kind of relationship in nuclear deterrence, and, as you articulated, the business of the intent of the actor, rationality of the actor is important, you look at strategic deterrence in terms of what capability a nation will have that can threaten the United States of America.

Senator KING. But, we might not even be talking about nations. I think that's one of the important points here. We're not nec-

essarily—if Iran develops a nuclear capability or Pakistan or someone else, and they export it to al Qaeda, you're talking about 19 people on a tramp steamer headed for Miami.

Admiral HANEY. Yes, Senator, that's why—and coupled with having a strategic deterrent is just as important as our efforts that are ongoing in combating WMD. That part of the portfolio in the business is ongoing, too. You can't have one without the other in today's uncertain environment.

Senator KING. I'd like to suggest you might follow up on this question, in terms of how does the theory of deterrence apply in 2014?

[The information referred to follows:]

[Deleted.]

Senator KING. General Alexander, good to see you again. We've met in a lot of committee meetings. When is a cyber attack an act of war? Any ideas?

General ALEXANDER. I think that's a political decision, a policy-level decision. I think it comes down to what is the impact of such an attack?

In cyber space, some of the attacks will be not observable and, therefore, not a big attack. It would almost be like a show of force. Think of it as a blockade. In cyber, you're going to have the whole spectrum that we have in the physical space now in cyber space, and I think we're going to have to learn.

But, I would submit that if it destroys government or other networks to a point that it impacts our ability to operate, you've crossed that line. Now, that's a policy decision, not mine. What we would do is recommend where those lines are.

I think those things that are less than that, that are blocking communications or doing something, think of that as the old jamming electronic warfare, now in cyber, probably less than, but it could get to an act where you want that to stop because of the impact it's having on your commerce.

So, those are issues that, what we'll call the "norms" in cyber space, need to be talked to on the international level. I think that's one of the things that we push. I think the administration is pushing those norms. I think it has to go a lot further. People need to understand it. It gets back to some of the earlier discussions about, do we understand exactly what we're talking about here by "norms" in cyber space?

Senator KING. One thought is—and, Admiral Haney, this would be for you, as well—to think about the fact that we currently, I believe, have an asymmetric advantage in this area, given the capabilities that we have. Perhaps we should develop a deterrent concept with regard to cyber, "If you mess with our networks, your lights will go off," to provide a kind of deterrence for this kind of activity, rather than waiting for them to take down the New York Stock Exchange or the gas pipeline system; to let the world know that we have this capability, and if people want to pursue this activity against us, they will be retaliated against in a way—and, indeed, the nuclear deterrent theory worked for 70 years. So, I just commend that to you as a possible American strategic statement.

Mr. Chairman, I want to associate myself with the comments of Senator McCain. I've been now to a lot of hearings here and in SSCI that have focused on the necessity for cyber legislation. There was a major bill in 2012 that failed, and here we are, a year and a half later, every one of our witnesses has told us how important this is, how urgent it is, and yet, for reasons that I'm not entirely clear on, we aren't there yet. Maybe we need a select committee to iron out differences between other committees, Intelligence, Judiciary, Armed Services, whoever, to get this on the Senate floor.

If we have an attack 2 or 3 months from now and we haven't done anything, we're going to look pretty dumb around here, because we've certainly had plenty of warnings in every one of these hearings. I think it's time that Congress acted. I don't think it's a particularly partisan issue. I hope that we can figure out a procedural way to move forward. I thought the suggestion Senator McCain made, made some sense, of putting together some kind of joint or select committee in order to do this.

Final question. Admiral Haney and General Alexander, should CYBERCOM be elevated to a full unified combatant command? Are we at that stage in the evolution of this threat?

General ALEXANDER. I think we're getting towards that stage. What I would say right now, what we've done great with STRATCOM is set up the command, get the people trained. We're going to get to a point where you have enough forces, where I think unity of command, and the command and control between Secretary and the President directly to that, will make more sense. From an operational perspective, that's something that they will need to consider probably over the next year or so. I think, with those teams coming online, that goes great.

I would just say, candidly, General Bob Kehler and Admiral Haney have been superb to work with, so it has not risen to an issue. I do get concerned that, if there is an attack, having a streamlined command-and-control from the White House to that command is going to be important, and you're going to want to have something like that. So, I think you're going to get to that over the next year or so.

Senator KING. I think the next Pearl Harbor is going to be cyber, and I certainly hope that we're going to be prepared, better prepared, than we were in 1941.

Admiral HANEY. Senator, as General Alexander has stated, we work, our two organizations, very closely together, and we recognize the speed of cyber. The one thing I would say connecting the dots to all of your questions—when we look at deterrence and our capability, sometimes we like to slice and dice it into one particular area versus the other. Our whole-of-government and our full military and national capabilities are what adversaries have to look at, in terms of deterrence at large. That can't be lost as we drill into specific areas. Even as we look at what command-and-control organization we have in the future, the real key will be how we interconnect all of our different areas together in order to prevent, deter, and, if deterrence fails, to get at it and win.

Senator KING. I appreciate that but again, given our asymmetric advantage in cyber, it seems to me that we are in a position now

where we could use it as a deterrent to any of these kinds of activities.

I appreciate your testimony, gentlemen.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator King.

Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman.

Thank you, General, for your service. I appreciate the many years that you have served to protect this country and our citizens.

Welcome, Admiral Haney. It's good to see you. I appreciated having the opportunity just about a week ago to be back in Nebraska, and you were very kind, and we had a number of briefings there at STRATCOM, and I appreciate your taking the time to do that with me, and look forward to many more in the future, and congratulate you on your new command.

You mentioned the defense of nuclear command-and-control networks from cyber attack. Can you talk more generally about the need that we have to modernize those systems?

Admiral HANEY. Senator, as we have talked before but in particular, when we look at strategic deterrence, the business of having both the correct sensing of the environment and the ability to move the information such that we have the appropriate command and control in a timely manner is critical. So, this is an area that we continue to work on, will continue to have investments. We have a strategy that we're working to move forward on. We have to stay on course, even with sequestration.

Senator FISCHER. A lot of times we focus on the hardware, on the platforms. We talk about the need to modernize warheads, the costs of our bombers and submarines. But, how are we going to communicate all this? What about our phone lines? What about the new building that's going up there in Bellevue, on Offutt? Can you talk a little about the importance of all that?

Admiral HANEY. Senator, I would say, in the command-and-control structure, what we count on is redundancy and reliability through a spectrum of different adverse environments. When you look at the different missions that STRATCOM has—I do thank Congress for their investment in the command-and-control complex that's being built, because our ability to command and control our forces as well as move information is important. This goes all the way to the forces, those folks in either alert facilities, bombers to submarines, all the way up to the President of the United States.

Senator FISCHER. We heard questioning from Senator Lee and then from Senator King about deterrence, and if it is effective. We still face threats from nations who have nuclear capability. So, I believe that that deterrence is extremely necessary. But, since we also face the threat from terrorists and from others, there's that natural tie-in with cyber security being necessary and making sure that our country is prepared in that respect as well.

I know in the past there's been the talk about separating the two command authorities and the necessity of doing that. Do you think that's the way to go? In my conversations with General Koehler in the past, just looking at how it works and how we're able to make those decisions by one commander, I think leaving it under one command, maybe at this point but also in the future, makes sense,

especially with our budgetary constraints. I would ask both of you—I know, General, you just spoke about possibly in a couple of years maybe separating them. But I would ask the Admiral's opinion on that as well.

Admiral HANEY. Senator, I think myself and General Alexander are in fundamental agreement that what we want to do is win in cyber, and we want the command-and-control structure that allows us to win, first and foremost. As we look at investments to be made, as General Alexander has spoken and discussed, it's most important that we build up our cyber capability, and that's the piece that's a priority for me as well. So as I look at investment dollars in the near-term, very important to build that capability. We may get to a point, at some point, where our national leaders fundamentally believe that that's the best organization, and to change structure, it has to be the structured to win.

Senator FISCHER. General, do you have any comments?

General ALEXANDER. I agree, and I think what Admiral Haney said is right on target.

Just to help articulate one step further, let's say an action was going on in the Middle East that didn't yet get to the strategic. You also then have and want us to directly support that combatant command in those actions. We both do.

The issue that I see that's really going to raise this is, cyber is more likely to be used in what we call phase zero. So, the continuity of command and control from phase zero to phase one is where I think we'll actually start to look at, how do we do this?

From my perspective, what Admiral Haney put out there, the most important thing we can do right now is train and organize those teams. That's where we're focused. I do think this is something that we'll wrestle post my time here. I just put that on the table as a logical conclusion from my perspective from about a year, year and a half out.

Senator FISCHER. Thank you both very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Fischer.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman.

To our witnesses, appreciate this important testimony.

To open off with a question, really for both of you—Admiral Haney, you said the question of what is the right command structure is subsumed under the goal, which is, we want to win in cyber. Winning in cyber, I focus on our personnel. Do we have the personnel to win in cyber?

Admiral Haney, in your testimony, you noted that plans call for 133 cyber mission teams manned by over 6,000 highly-trained cyber personnel by the end of fiscal year 2016. I'd like to have each of you talk about the challenges of the recruitment and training of these specialized cyber personnel in an economy where they have a whole lot of other options. Talk a little bit about that dimension of the challenge that we face.

General ALEXANDER. Senator, let me just start off. We are actually getting good feed from the Services in this area. By the end of this year, we'll probably be one-third of the way through, even with sequestration, in terms of bringing them on board and getting

them into training seats. As you would expect, the training in these programs, depending on which position on the team they're going to, goes from anywhere from 20- to 40-some weeks, plus. So, that's the key, if you will, the big problem that we have is getting them through that. That's 4,600 different course seats that we'll have had people in by the end of this year. So, the Services have done extraordinary work.

In terms of hiring these people in, from my perspective, the young kids coming in, they want to do this. This is great, and they're great people. Some of our best operators in this space are the military personnel. We have to continue to do that.

We need to look at how we encourage them to stay in the military. That's going to be incentive pay and things that we've talked to the Services about. But, my hat's off to the Service Chiefs who have helped push this in our Service components. I think, by the end of this year, where you see where we are, and if you have a chance to come up and see some of those teams in action, actually doing real-world missions, it's superb. It is exactly what our Nation needs them to do, both on the offensive preparation side and protecting our infrastructure.

Admiral HANEY. Senator, I have also watched and had an opportunity to chat with some of our cyber warriors, not as many touch points as I'm sure General Alexander has had. I often ask this question to them. What makes them stay on? It is being able to contribute to the mission that makes a difference, to a point, every time I've asked that question. I'm proud of each and every one of them and what they do.

I will say, also, we focus a lot on that portion of the business, but there's also planning that goes on, associated with cyber, and that's integrated in terms of what our combatant commands do, geographically, across the globe, and that's the fusion of our capability, cyber with our other capabilities, that also make a difference as we go forward.

Senator KAINE. I would expect that, within the cyber space, you have an interesting mixture of Active Duty military and DOD civilian personnel. Is that profile, the mixture of the Services and then civilian DOD, different in your cyber work than it is in other military missions?

General ALEXANDER. It's roughly the same, Senator.

Senator KAINE. Okay.

General ALEXANDER. The Services approach it a little bit different. We gave them some different leeway. But, I think the key in the cyber civilian area—one of the things that we're looking at is how do we put all the team onto a same footing for their personnel system so that they're not disadvantaged, each in different ones. So, we have CCP, ISSCP, MIP, Service ones.

Senator KAINE. Right.

General ALEXANDER. But, what you really want is them to be one team. So, how do we help them do that? That's something that we're looking at and, I think, a key point.

Senator KAINE. Remind me that, earlier in 2013, when we faced sequestration, do different parts of your unit get affected differently, whether they were civilian, DOD, or Active Duty?

General ALEXANDER. That specifically was the problem. So many of them had to stand down or furlough on one side, because they were in one side of billets, while others were allowed to stay on because they were in a different set of billets, and then the military, yet different. So it did tend to separate and cause problems within the team that I would like to fix. I want them to think they're here for the good of the Nation as a cyber team. Erase those budget boundaries, if you would.

Senator KAINE. General Alexander, there were some reports in February 2014, just recently, about Chinese People's Liberation Army in Shanghai and how they employ thousands of members specifically trained to conduct cyber attacks against critical infrastructure in the United States—power grid, gas lines, water works. Talk a little bit about that, if you would, just about the magnitude of the cyber effort underway in the People's Republic of China that you are basically trying to defend the Nation against every day.

General ALEXANDER. Senator, to get into details on that, I'd like to answer that in a classified setting, if I could. I would just tell you, you hit on the key parts. We have a lot of infrastructure—electric, our government, our financial networks. Look at all the ways—look at what happened to Target and others. So when you look at it, it covers the whole spectrum.

We have to have a way—a defensible architecture for our country, and we have to get on with that. We have to look at how we take away from adversaries an easy ability to penetrate that—steal intellectual property, money, or other things. So, that's JIE, but JIE, where we give it out to others. I think we have to get with that.

In terms of what China and other nations are up to, I'd rather answer that in a classified session so I don't make a mistake.

Senator KAINE. Understood.

Let me ask Admiral Haney a question. One of STRATCOM's ongoing tasks—and your testimony discusses this on pages 20 and 21—is work on the Syrian chemical weapons disposal together with U.S. European Command (EUCOM) and the Defense Threat Reduction Agency (DTRA). There are some professionals and assets in Virginia that have been engaged in this. The Cape Ray is a Merchant Marine ship based out of Portsmouth that's currently in Rota, that has been involved in this. We have intelligence professionals at Ravana Station that have been involved through the Defense Intelligence Agency, as well. Talk a little bit about the work that STRATCOM does in this ongoing effort to rid Syria of one of the largest chemical weapons stockpiles in the world.

Admiral HANEY. Senator, this is obviously an ongoing effort that involves not just STRATCOM, but as mentioned, EUCOM, as well as the Organization for the Prohibition of Chemical Weapons. That piece, it's good to see the teamwork that's going on together with other allies and partners that are contributing to this mission. From a STRATCOM standpoint, working with our Strategic Command Center for countering WMD—that's also at the DTRA headquarters—has been instrumental in working to come up with a solution to rid ourselves of some of those chemical weapons by the facility that's built on Cape May, as you discuss. That's a good-news story, but that's part of the story in terms of the collective

international effort that's ongoing in order to rid Syria of those chemical weapons.

Senator KAINE. Right.

Mr. Chairman, thank you.

Chairman LEVIN. Thank you, Senator Kaine.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

General Alexander, I wish you well in retirement, but I wish you were not retiring. You've done a great job for our country, and I find you to be one of the most capable officers we have. I just want to let you and your family know how much I appreciate your service to our country.

Now, having said that, could you describe in 30 seconds—and I think what Senators King and Kaine talked about, just boil it down, what could a major cyber attack do to the United States? What kind of damage could incur?

General ALEXANDER. I think they could shut down the power in the Northeast, as an example, Senator, shut down the New York Stock Exchange, damage data that's in the Stock Exchange, remove data, shut down some of our government networks, other government networks, impact our transportation areas. Those are some things.

Senator GRAHAM. Release chemicals?

General ALEXANDER. I think that would be harder. They could get into SCADA [Supervisory Control and Data Acquisition] systems.

Senator GRAHAM. Affect water supplies?

General ALEXANDER. Water supplies, right. They could do damage to that. They could do flows on rivers.

Senator GRAHAM. Would it cost us trillions of dollars?

General ALEXANDER. Potentially, especially in the financial sector.

Senator GRAHAM. Could it cost thousands of lives?

General ALEXANDER. It could.

Senator GRAHAM. You're telling us Congress hasn't given you and your colleagues the tool to deal with this threat. Is that fair to say?

General ALEXANDER. That's correct, Senator. We need a way to work with industry to understand this.

Senator GRAHAM. If all this could happen, and we could help, seems like we would. Do you agree with that?

General ALEXANDER. I agree, Senator.

Senator GRAHAM. When it comes to bipartisanship, I would allow Senator Whitehouse to write the bill. I've been in a bipartisan coalition with him. I think he's one of the smartest people in Congress who understands this issue.

General ALEXANDER. He's superb.

Senator GRAHAM. Isn't he? I mean, he really—I hate to say that about Sheldon, but he really——[Laughter.]

I'll just limit it to cyber. I don't want to hurt him back home.

Senator INHOFE. That would be more appropriate in closed session——[Laughter.]

Senator GRAHAM. Yes, probably. That's probably—you're right. You're right.

So in your tent of sequestration, if we continue down the road of what we're doing to our military and our Intelligence Community, what kind of effect will that have on our ability to defend ourselves in your world, General Alexander?

General ALEXANDER. Senator, the key thing that it would impact is our ability to train and get these forces in. That's where I see the biggest impact. What happened last year when we had sequestration and furlough, it knocked out the training for about 6 weeks, which actually restarts a lot of that training.

Senator GRAHAM. On a scale of 1 to 10, how much capability would we be losing in your area if we allowed sequestration to be fully implemented?

General ALEXANDER. I'd have to go back to get an accurate answer on that.

Senator GRAHAM. Would it be catastrophic?

General ALEXANDER. It would be, in my opinion. I just don't know, Senator.

Senator GRAHAM. We'll give that a 10.

Admiral Haney, if sequestration is fully implemented, what kind of effect does it have on your ability to modernize the force?

Admiral HANEY. Senator, if sequestration is fully implemented, it will have potentially disastrous impacts in terms of things. It really will be all up, in terms of the critical decisions that would have to be made, in terms of the money that is allocated and appropriated by this.

Senator GRAHAM. So let me see if I can summarize your testimony. If Congress continues on the path we have charted regarding sequestration, we'll have a catastrophic effect on the Intelligence Community, we'll have a dangerous effect on our ability to defend the Nation through strategic weaponry. On the cyber front, you've described a Pearl Harbor on steroids, and you're asking Congress to act. Let's just remember what's been said today, that we have to do something about sequestration, in my view; we need to do something on the cyber front.

Now, let's get back to Senator King's questions, which I thought were very good, about the role of strategic forces. Do you agree with me that deterrence is one aspect of a strong, capable nuclear program to deter rational nation-states from engaging the United States? Is that still a viable concept in the 21st century?

Admiral HANEY. Yes, Senator, it is.

Senator GRAHAM. Do you agree with me that what Senator King said is true, people who embrace chaos and suicide will not be deterred. So, our goal, when it comes to terrorist organizations and rogue states who do not have a rational bone in their body, is to deny them the capability?

Admiral HANEY. That's correct, Senator.

Senator GRAHAM. Do you agree with me, General Alexander—this is where you come into play, big time—the idea of a nuclear device coming into the United States on a steamer with 20 people on board is not a thing of novels. Is that a real threat?

General ALEXANDER. That's one of our great concerns, Senator.

Senator GRAHAM. Do you agree with me that that's one of the real things the NSA can do to help the country defend itself, to find that out before it happens?

General ALEXANDER. I do, Senator.

Senator GRAHAM. Prevention, denial, and interdiction. So we need to make sure that when it comes to rogue states, who will not act rationally when it comes to terrorist organizations, that we can have good intelligence, we can stop it before it starts.

Now, when it comes to Iran, do you believe they're a rational nation-state, in terms of owning nuclear weapons? Would you feel comfortable with the Iranians having a nuclear capability?

General Alexander?

General ALEXANDER. Senator, I would not.

Senator GRAHAM. Admiral Haney.

Admiral HANEY. I would not, as well.

Senator GRAHAM. Would one of your great concerns be that they would share that technology with a terrorist organization?

General ALEXANDER. Senator, that's part of my concern, and/or use it.

Senator GRAHAM. Either way, it's not a good outcome.

Can you envision a circumstance if there's a deal struck with the Iranians, General Alexander, that allows them to enrich uranium, even at a small level? What's the likelihood that Sunni Arab states would want light capability?

General ALEXANDER. I think it's probable.

Senator GRAHAM. Could somebody actually ask the Sunni Arab world, "What would you do if the United States agreed to allow the Iranians to enrich, at any level?" Do you agree with me, Admiral Haney, that one of the nightmare scenarios for the world would be if you had enrichment programs over uranium all over the Middle East?

Admiral HANEY. Senator, I would agree and state that one of our aspects of deterrence and assurance is working to prevent just that.

Senator GRAHAM. I would end with this thought. If somehow, some way, the world sanctions an Iranian enrichment program, you have set the stage for the whole Middle East to becoming an enrichment zone, and God help us all, under that scenario.

Thank you.

Chairman LEVIN. Thank you, Senator Graham.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

I want to thank both of you for being here and for your extraordinary service to the country. Thank you, General Alexander. You've done a wonderful job and have had to serve during very challenging times, so appreciate your service; and your service, as well, Admiral Haney.

I wanted to follow up on the Iranian threat. Admiral Haney, when Director of National Intelligence (DNI) Clapper came before this committee last year, he said that the Iranians were working on two ICBM systems that would give them the capability of hitting the United States of America by 2015. Where are we on that threat, in terms of the Iranians' ICBM program and their capability of hitting the United States?

Admiral HANEY. Senator, I would really want to address that question in a more classified forum to get to the real details necessary to answer that question. But, the assessment to 2015 remains, from my understanding.

Senator AYOTTE. So, DNI Clapper's public assessment last year of 2015 still stands at this point, from your understanding. I understand you don't want to get into the details of that in this setting.

Admiral HANEY. Yes, Senator.

Senator AYOTTE. One of the threats that obviously—Senator Graham asked you about the threat of perhaps the Iranians with their nuclear program, if it is permitted to continue—is to provide that technology to terrorist organizations. But, obviously, the ICBM threat is one that we would be concerned about as well to our country. Would you both agree?

Admiral HANEY. Yes, Senator.

General ALEXANDER. Yes.

Senator AYOTTE. We also faced, as we've talked about in this hearing, a threat from the North Korean ICBM capability as well, correct?

Admiral HANEY. Yes, Senator.

Senator AYOTTE. So, one of the issues that we have been discussing in this committee is the issue of a third missile site, an east coast missile site for protection of the east coast of the United States of America. In the defense authorization, we have asked for a contingency plan for that site. I wanted to get your sense of where that stood and how quickly, if we made the decision to go forward with an east coast site, would it take us to stand that up, in light of the fact that we're facing a potential threat of 2015 by the Iranians? You would agree with me that the east coast site would provide additional protection against that kind of threat.

Admiral HANEY. Senator, an east coast site will definitely provide additional capability against a threat to augment what we already have. But as we have discussed, fundamentally we have to invest in priorities order to work to get our sensing and discrimination right, as well as getting our kill vehicle also performing to specification. But the current system provides us some capability.

Senator AYOTTE. Some capability, but yesterday General Jacoby testified before the House Armed Services Committee, and he said that the third site, if you built it, would give us better weapons access, it would give us increased inventory and increased battlespace with regards to a threat coming from the Middle East. Those are the facts. So, you would agree with him on that, that this—if, in fact, we are facing an Iranian ICBM threat, in addition to further sensing and discrimination capabilities, this would be important, given the population centers we have—New York, Washington—to have that additional, as General Jacoby described it, increased inventory and increased battlespace.

Admiral HANEY. I agree 100 percent with General Jacoby on increased inventory and battlespace.

Senator AYOTTE. Are you working with General Jacoby on the contingency plan if this Congress makes the decision to go forward with that site so that we're ready to do it?

Admiral HANEY. We are working the planning associated with that.

Senator AYOTTE. Excellent. Thank you.

How do you assess right now the threats that we face from North Korea—I know you were asked about it earlier, but where do you assess our ability, particularly—I know that we're adding the addi-

tional GBIs in Alaska, but how do you assess our ability to meet that threat as well at the moment? Where are we in installing those additional interceptors in Alaska?

Admiral HANEY. The work is ongoing for those additional interceptors to be complete by about 2016. But, there's other work that's ongoing across our missile defense apparatus. Things that we have done, for example, the THAAD capability that was placed in Guam, the work we're doing to get a second TPY–2 radar in Japan, business of upgrading our sensors, and the work to improve discrimination, all ongoing to help with this capability, including getting to the next test associated with our ground-based system.

Senator AYOTTE. That would be the next test, to ensure that the kill vehicles are properly working, given the prior tests and the assessment of those tests?

Admiral HANEY. That's correct, Senator.

Senator AYOTTE. So, one of the things that Senator Inhofe asked you upfront that I think is of concern to many of us is the modernization commitments that were made by the administration under section 1251 in conjunction with signing the New START treaty. Just to put it in simple terms, where are we? How do you assess the resourcing of those modernization commitments, both now in the current fiscal year 2014 budget context, and then going forward in particular on those modernization commitments? Obviously, if sequestration were to stay in place, that's one scenario. Then if you can give us a real sense of where are we on this? Because I remain deeply concerned that those commitments are not there at the level of resources that they should be, making sure that we have the modernization that needs to be done to our nuclear deterrent.

Admiral HANEY. Senator, the modernization efforts, some of which are definitely in progress and in a good place, some of the work that has been going, in terms of 3-plus-2 strategy associated with warheads, is moving forward. Clearly, there's had to be a prioritization of efforts and a relook at certain efforts to ensure affordability and cost-effectiveness. That piece is ongoing as well.

Senator AYOTTE. But as we look at this—these issues—I know my time is up, but the one thing I think of is what keeps you up at night in this position? Both of you. I think that's the most important thing we should be thinking of. What are you most worried about? We may not ask you the right question.

Admiral HANEY. My biggest concern right now is we're looking at the future, and particularly our ability to balance resources and be able to, at the same time, work to have credible capability across the spectrum in all the mission areas that I have responsibilities for as combatant command, in addition to the strategic nuclear deterrent, maintaining that in the safe, secure, and effective manner so as mentioned that our assurance prevents other countries from wanting to increase or go nuclear, in terms of capability.

Senator AYOTTE. I'm afraid to get this answer, General Alexander. What keeps you up at night?

Please share that with us.

General ALEXANDER. Yes. There are two issues. We talked about cyber. So that's half of it. The other is in the terrorism area. I

think the greatest concern that I have, both for our country and for Europe, is a terrorist attack that galvanizes some of these Islamic fundamentalists into a true fighting force that could hurt our Nation and Europe. I believe right now we don't have the proper footing, especially with our European allies, to stop that. We have to have a candid set of discussions, solve our own problems with business record FISA, and other things. But, we also have to deal with them to ensure that they're doing something similar to protect themselves.

In the past, as the President pointed out, we do a lot to help protect them. Some of our capabilities have been impacted by these leaks. Our ability to stop it has gone down just when they're growing. Look at Syria, Iraq, all of that. I am concerned over the next 12 months something like that bad will happen.

Senator AYOTTE. Thank you both. Thank you for your service. We really appreciate it.

Chairman LEVIN. Thank you very much, Senator Ayotte.

Does anyone need a second round? [No response.]

I'm going to withhold my questions for a second round. Instead, I'll be asking both of you some questions for the record, which we'll expect prompt answers on.

Thank you, Admiral Haney and General Alexander. We will stand adjourned.

[Whereupon, at 11:50 a.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

RECENT CHEATING INCIDENTS

1. Senator LEVIN. Admiral Haney, last month, the Department of Defense (DOD) disclosed that upwards of 92 of 200 Intercontinental Ballistic Missile (ICBM) control officers at Malmstrom Air Force Base were either directly or indirectly involved in cheating on a monthly proficiency exam. On February 4, the Navy disclosed that upwards of 30 of 150 naval reactor instructors were involved in cheating on a qualification exam at the Navy's training facility in South Carolina. What is your assessment of why these incidents happened, and what do we need to do to prevent similar problems in the future?

Admiral HANEY. Our service core values are the foundation to all we do as a joint military force—Integrity is one of these values and I expect both Navy and Air Force to properly investigate these issues and will work hand-in-hand with the Service investigations and the Secretary of Defense nuclear enterprise reviews. From the results of these investigations and reviews, we must then take appropriate actions to get this corrected.

The Air Force and Navy are looking into the motivations to gain a better understanding to ensure we are approaching this issue from a readiness perspective. Our personnel, units, and leadership team must remain focused on operational readiness while we motivate our professional personnel to do the right things even when no one is looking. Testing is a good tool to evaluate checklist familiarity, situational awareness, and combat proficiency. While providing our professionals clear guidance on how to advance, not using test scores but assessing performance, excellence, and service.

2. Senator LEVIN. Admiral Haney, has the incident at Malmstrom Air Force Base affected the readiness of the missile wing?

Admiral HANEY. No. This incident is not a reflection of the unit's combat capability and it's not a reflection of every individual's readiness. Following the incident, Air Force Global Strike Command and 20th Air Force took immediate actions to validate the readiness of the ICBM crew force and determined it remains knowledgeable, capable, and competent. Every ICBM crew member was retested before their next alert. 20th Air Force implemented tighter test development, control, and

administration procedures. Our nuclear deterrent remains safe, secure, and effective.

FUNDING FOR NUCLEAR WEAPONS AND DELIVERY SYSTEMS

3. Senator LEVIN. Admiral Haney, the Congressional Budget Office (CBO) estimates that over the next 10 years the government plans to spend $156 billion to directly maintain and modernize our nuclear delivery systems of submarines, bombers, and missiles. If you include costs associated with the Department of Energy (DOE), associated command control systems, and historical cost growth, the number rises to $356 billion over 10 years. That is an incredible amount of money. Will you review the programs discussed in this report and report back to me on specific proposals to achieve efficiencies and savings?

Admiral HANEY. U.S. Strategic Command (STRATCOM) participates in ongoing DOD budget activities, as well as the interagency DOD/DOE review process, to identify efficiencies and savings as we modernize our nuclear complex. Our priority is maintaining a safe, secure, and effective deterrent and we are committed to working with Congress to do so in an efficient, cost-effective manner.

4. Senator LEVIN. Admiral Haney, we were presented today with a chart from the Air Force Global Strike Command showing the funding profiles for the DOD nuclear forces out to 2050. This is an important chart in that it puts in perspective past funding and a rationale for the systems that require recapitalization in the future. Is it correct that this chart is illustrative in nature and not a firm budgeting document that DOD is required to use in specifying the Future Years Defense Program as found in 10 U.S.C. section 221?

Admiral HANEY. The specific chart is an illustrative picture and is not an official DOD budget document being used to determine future nuclear enterprise investments. DOD's best cost estimate for modernizing the nuclear triad over the next 10 years is detailed in the annual 1043 report. Cost projections beyond that time period have uncertainty as a number of nuclear enterprise modernization programs are still not defined.

COST OVERRUNS AT THE NATIONAL NUCLEAR SECURITY ADMINISTRATION

5. Senator LEVIN. Admiral Haney, the prior STRATCOM Commander, General Kehler, repeatedly voiced concern on the ability to the National Nuclear Security Administration (NNSA) to support DOD's stockpile needs due to large cost overruns. Do you share similar concerns about the NNSA? If so, do you have any views as to what steps we could take to address this problem?

Admiral HANEY. The nuclear complex faces a substantive, multi-decade recapitalization challenge, and we must continue investing the necessary resources to maintain a safe, secure, and effective nuclear deterrent. If we do not commit to these investments and execute our programs as planned, we risk degrading our deterrent capabilities. With the oversight of the Nuclear Weapons Council, both DOD and DOE continue to work closely to refine the long-term nuclear stockpile sustainment strategy that maintains our deterrent capabilities while balancing resource and infrastructure demands.

PROTECTION OF SPACE ASSETS

6. Senator LEVIN. Admiral Haney, STRATCOM is responsible for coordinating the use of, and protecting, national security satellites. Press reports indicate that countries such as Russia and China have been aggressively developing anti-satellite capabilities. Do you believe we have adequate policy guidance and operational plans to protect our space assets from hostile actions by other countries?

Admiral HANEY. Yes—I am comfortable with existing policy, guidance, and authorizations, and will request assistance when (and if) required. I believe we are well-prepared to respond to the threat from potential adversaries today, but the space environment is becoming more contested, congested, and competitive, and our ability to respond must improve proportionally. New systems and technology upgrades are part of our threat response strategy, but in the interim, STRATCOM is taking action to optimize our space protection capability with a strategic review and update of our policy guidance and operational plans.

STRATCOM continues to refine our space protection plans and policy to direct timely and appropriate responses to situations that would threaten our national security in space. This includes updates to operational procedures, by mission area

and geographic region, to respond to the most likely and most dangerous threat scenarios. To bolster our space protection capability, we are leveraging international and commercial relationships that promote the safe and responsible use of space for all and provide for the common defense of ourselves and our partners.

SPACE AND JOINT ELECTRONIC WARFARE CAPABILITIES

7. Senator LEVIN. Admiral Haney, DOD is vacating part of the radio frequency spectrum in an effort to free up more bandwidth for commercial providers. Important to this effort is its ability to obtain comparable spectrum in which to operate in. Are you familiar with these actions?

Admiral HANEY. Yes, I am familiar with the President's 2010 Memorandum: "Unleashing the Wireless Broadband Revolution," that directed the Secretary of Commerce and the National Telecommunications and Information Administration (NTIA) to collaborate with the Federal Communications Commission (FCC) to make available an additional 500 MHz of spectrum over the next 10 years for commercial wireless broadband service. I am also familiar with the subsequent Middle Class Tax Relief and Job Creation Act of 2012 that directs auction of 1695–1710 MHz, and the March 2013 FCC announcement of intent to also auction 1755–1780 MHz as early as September 2014.

The current Unified Command Plan (UCP) assigns me as the advocate for both space and joint electronic warfare capabilities. Inferred in these responsibilities is inclusion of the electromagnetic spectrum-based requirements for these capabilities. Following announcement of the impending spectrum auction, the Services assessed system impacts resultant to the loss of specified spectrum, and STRATCOM provided an assessment of operational impact to the same focusing on spectrum for space operations and the necessity to allow continued electronic warfare training, testing, and evaluation. My concerns were addressed. One of the key aspects to DOD success in transitioning to alternate frequency bands is the appropriate and timely funding by the auction process for critical warfighter systems.

While I have the responsibility for space and electronic warfare capabilities advocacy, I am aware of the impending 1755–1780 MHz auction impact to various other systems, such as the Air Combat Training Systems (ACTS) and the Precision Guided Munitions (PGM).

Lastly, I have the responsibility to advocate for space and joint electronic warfare capabilities on behalf of the combatant commands, but I have not been assigned overall combatant command advocacy for electromagnetic spectrum use requirements.

8. Senator LEVIN. Admiral Haney, as the combatant commander responsible for ensuring adequate spectrum for DOD assets, are you ensuring there is comparable spectrum to move to?

Admiral HANEY. Following announcement of the impending spectrum auction, the Services assessed system impacts resultant to the loss of specified spectrum, and STRATCOM provided an operational impact assessment focusing on spectrum availability for space operations and the requirement to continue electronic warfare training, testing, and evaluation. My concerns were addressed and incorporated into the DOD Alternative Proposal to mitigate spectrum sell-off impacts to operations. One of the key aspects to DOD success in transitioning to alternate frequency bands is the appropriate and timely funding by the auction process for critical warfighter systems.

CYBER INTRUSIONS INTO PRIVATE SECTOR COMPUTER NETWORKS

9. Senator LEVIN. General Alexander, private companies, such as airlines and shipping companies, provide critical capabilities to support DOD force generation and deployment operations. DOD's annual Report to Congress on Military and Security Developments Involving the People's Republic of China said that China's computer network exploitation capabilities could be used "to slow response time by targeting network-based logistics, communications, and commercial activities." How concerned are you that cyber intrusions into private sector computer networks could be exploited to degrade our response to an overseas contingency?

General ALEXANDER. [Deleted.]

10. Senator LEVIN. General Alexander, DOD reporting requirements and agreements are largely focused on contractors reporting cyber intrusions that impact systems that contain or process defense information at the time of the compromise.

Shouldn't we be concerned about cyber compromises of operationally critical contractors like airlines and shipping companies, even if DOD information isn't impacted?

General ALEXANDER. [Deleted.]

11. Senator LEVIN. General Alexander, in addition to any immediate risk to DOD information, can't those compromises be used to collect intelligence about contractor networks or establish a foothold that could be exploited to impact DOD operations in the event of a contingency?

General ALEXANDER. [Deleted.]

ACCESSING ALL TELEPHONE RECORDS

12. Senator LEVIN. General Alexander, the President's Review Group stated on multiple occasions that the 215 program, contrary to many public reports, actually now only collects "a small percentage of the total telephony metadata held by service providers." This observation was recently supported by a Washington Post story that quoted current and former government officials that less than 30 percent of all the calls made to, from, or within the United States are currently captured in the bulk collection program, due to dramatic growth in cell phone and Voice-Over-Internet-Protocol use that has outpaced National Security Agency's (NSA) handling capacity. In a statement, NSA confirmed that, "it is correct to say that the growth in mobility data had affected the metadata program." What is your response to the Review Group's argument that the program cannot be considered as critical if the government has not taken steps to access more than a large fraction of the pertinent records, nor should negative queries provide reassurance of the lack of a domestic nexus to specific suspected terrorists?

General ALEXANDER. There needs to be a distinction made between the value of the program and whether it is ideally implemented. There have been a number of technical and cost issues that precluded optimal implementation of the program to date, which NSA has been addressing as it continues to improve implementation of the program to increase the likelihood of NSA detecting and helping to mitigate terrorist plots in the United States and abroad. That said, the program has been effective and of value even as it is currently operating. Even with incomplete information, NSA is able to make use of this substantial dataset.

13. Senator LEVIN. General Alexander, if the records are left with the service providers, and the government under court order could demand responsive records as needed, would that eliminate the problem you seem to be having in keeping up with the volume of records, especially the mobile phone records?

General ALEXANDER. Leaving records at the service providers does reduce the problem of keeping up with the volume of call detail records. However, implementation must be performed with care to ensure that the agility to obtain timely results and link them across multiple providers is not lost.

CYBER CAPABILITIES FOR THE COMBATANT COMMANDS

14. Senator LEVIN. General Alexander, offensive military cyber operations outside of a recognized conflict region present many difficult policy issues, ranging from collateral effects, to the sovereignty interests of third countries, as well as what constitutes covert action versus a traditional military activity. In contrast, cyber operations that are confined to traditional military targets on a recognized battlefield present fewer concerns. The combatant commands are eager for cyber forces to contribute to their operational plans, but it is our understanding that little has been achieved to date to incorporate cyber capabilities into the combatant commands' operational plans. Have the force providers in the Services and defense agencies assigned appropriate priority to this aspect of the overall cyber mission?

General ALEXANDER. [Deleted.]

15. Senator LEVIN. General Alexander, in your view, what is the potential for cyber forces to contribute to the success of traditional military operations?

General ALEXANDER. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR KIRSTEN E. GILLIBRAND

ROLES OF RESERVE AND NATIONAL GUARD IN CYBER MISSION

16. Senator GILLIBRAND. General Alexander, the National Commission on the Structure of the Air Force recently released their findings, which highlighted the importance of the National Guard and Reserve in the U.S. cyber mission. Specifically, it noted that the Guard and Reserve were uniquely positioned, because of their part-time status, to attract and retain the best and the brightest in the cyber field. Additionally, the National Defense Authorization Act (NDAA) for Fiscal Year 2014 has directed DOD to look at the integration of the Guard in all its statuses into the cyber workforce. I have long agreed with this assessment, and introduced the Cyber Warrior Act which would establish National Guard cyber teams in each State to leverage this talent pool. In addition to the National Commission's review, I know that DOD is also looking at the role of the Reserve component in U.S. Cyber Command (CYBERCOM). Are there any initial findings from the NDAA-mandated report on CYBERCOM staffing, including regarding the role of the Reserve component, that you can share with me?

General ALEXANDER. No, not at this time.

17. Senator GILLIBRAND. General Alexander, what is your vision for the roles of both the Guard and Reserve in CYBERCOM and within the distinct Service cyber elements?

General ALEXANDER. CYBERCOM envisions the Guard and Reserve will play a vital role in our cyber mission by working through the Services for the opportunity to leverage their civilian skill sets, the dual mission of the Guard, and the complementary nature of reservists to address specific needs, fill gaps, and provide a surge capability within the Active component.

RECRUITMENT AND ACQUISITIONS GOALS FOR CYBER MISSION

18. Senator GILLIBRAND. General Alexander, I want to be helpful to DOD in recruiting the best talent and acquiring the best tools for our cyber mission. What direction has been given to the Services regarding recruiting goals and priorities for individuals with skills and aptitudes relevant to the needs of CYBERCOM?

General ALEXANDER. The Cyber Mission Force (CMF) construct and the corresponding planning documentation, identifies the size and scope of the CMF, the associated knowledge, skills, and abilities required for the various work roles that make up the CMF, the schedule for manning the teams, and the work role priorities. Together, this information provides the Services with their targeted recruiting goals and priorities.

19. Senator GILLIBRAND. General Alexander, in your opinion, what can Congress do to assist DOD in this effort?

General ALEXANDER. CYBERCOM continues to promote and support the Science, Technology, Engineering, and Mathematics (STEM) initiatives that encourage primary and secondary schools to incorporate math, science, engineering, and technology—particularly in the Computer Sciences—into their curriculums. The education of our next generation is critical to help make sure this force remains competent and relevant. In the short-term, providing CYBERCOM with the oversight authorities it needs to ensure that it can enforce common, joint architectural components to support both CYBERCOM strategic requirements and unique Service specific requirements is critical.

We also have to build our deep bench. That means ensuring our young people have the skills they need to thrive in this mission space.

20. Senator GILLIBRAND. General Alexander, what do you believe DOD needs in order to remain on the cutting edge of cyber defense?

General ALEXANDER. DOD requires trained and ready cyber teams that can take a more proactive approach rather than the reactive approach. DOD also requires a more defensible, data-centric architecture with cloud-enabled analytics, and a dynamic and reconfigurable network. CYBERCOM requires appropriate authorities to defend U.S. national interests in cyber space. Additionally, policy is required that clearly establishes roles and responsibilities across agencies that provide the authority to see and defend systems outside of the DOD Information Systems.

21. Senator GILLIBRAND. General Alexander, as we plan for the NDAA for Fiscal Year 2015, what would you like to see us include in the bill?

General ALEXANDER. CYBERCOM defers to OSD on legislative proposals.

HOMELAND SECURITY RELATIONSHIP

22. Senator GILLIBRAND. General Alexander, you currently serve as both Commander of CYBERCOM, and Director, NSA/Chief, Central Security Service (CSS), giving you a unique perspective on the cyber debate. What do you think are our two most important cyber needs for the next 5 years?

General ALEXANDER. Recently, I described to the House Armed Services Committee five key things we need to do without further delay, namely: promote a defensible architecture; develop a trained and ready workforce; pass cyber legislation that enables two-way, real-time information-sharing among and between private and public entities; set up a seamless cyber command and control structure from the President on down; and, build a common picture to strengthen our Nation's cyber security defenses.

23. Senator GILLIBRAND. General Alexander, how will you incorporate cyber forces, especially in the National Guard, into our Homeland defense strategy?

General ALEXANDER. The CYBERCOM Guard Reserve office is diligently working with the National Guard Bureau and the U.S. Northern Command to develop a cyber space strategy framework that incorporates relevant portions of our Homeland defense strategy involving the protection of our Nation's critical infrastructure and key resources.

24. Senator GILLIBRAND. General Alexander, please provide your thoughts on the relationship between the Department of Homeland Security (DHS) and DOD in terms of global cyber security roles and responsibilities.

General ALEXANDER. Global cooperation on cyber security is necessary to address the threat, build consensus on the norms of responsible conduct in cyber space, and address ongoing malicious activity. CYBERCOM strongly endorses the U.S. Government's team approach, leveraging all of our Homeland security, law enforcement, and military authorities and capabilities, which respectively provide for domestic preparedness, criminal deterrence and investigation, and national defense. As such, the Department of Justice (DOJ), DHS, and DOD each have specific, critical roles and responsibilities as part of the Federal whole-of-government effort to counter cyber threats. Moreover, all three departments are involved with private and international partners within their areas of responsibility, and whether their activities are at home or abroad, the departments support one another to address cyber issues. As with threats to the United States, our allies, and our interests in other domains, DOD has the mission to defend the Nation, to include the protection of national security systems. This responsibility logically extends to all domains, including cyber space. DHS is responsible for securing unclassified Federal civilian government networks and working with owners and operators of critical infrastructure to secure their networks through risk assessment, mitigation, and incident response capabilities. DOJ is the lead Federal department responsible for the investigation, attribution, disruption, and, and as appropriate, prosecution of cyber security incidents. As authorized by the President, and consistent with the law, DOD defends, deters, and takes decisive action in cyber space to defend national interests; supports DHS in Homeland security (i.e., personnel, equipment, and facilities); and supports Federal agencies pursuant to the Defense Support of Civil Authorities process.

DYNAMIC THREAT ENVIRONMENT

25. Senator GILLIBRAND. General Alexander, the dynamic nature of the cyber threat presents a unique problem in that we typically find ourselves in a perpetual game of catch-up, always chasing our adversary. As soon as one system fix is introduced, countless other vulnerabilities, some known, many unknown, become all the more magnified. How do you intend to address the continually morphing requirements distinct to the cyber threat facing both DOD and the United States as a whole?

General ALEXANDER. [Deleted.]

26. Senator GILLIBRAND. General Alexander, what do you project as the main over-the-horizon cyber threat?

General ALEXANDER. [Deleted.]

27. Senator GILLIBRAND. General Alexander, how do you weigh the threat emanating from state-level actors with the full strength of integrated offensive cyber programs versus non-state actors or lone hackers with a grudge?

General ALEXANDER. [Deleted.]

TRAINING

28. Senator GILLIBRAND. General Alexander, I appreciated your comments on the training our cyber warriors are receiving. I would like to hear more about the training capacity at the Service academies and in the current pipeline. Do you see room for improvement? If so, is there a need for additional authorities from Congress?

General ALEXANDER. Each Service Academy educates our future service and joint leaders slightly differently. There is always room for improvement, but we are especially pleased with the way the Naval Academy has embraced cyber-related education. One hundred percent of their graduates will receive at least two semesters of technical cyber education with a large percentage of them earning a STEM degree.

TROOP RETENTION CONCERNS

29. Senator GILLIBRAND. General Alexander, since cyber is a relatively new field, it seems like the Services are not having any trouble recruiting talent at this point. However, the issue of retention is of concern to me. What are your recommendations for retention of these servicemembers across the total force?

General ALEXANDER. CYBERCOM remains engaged with each of the Services to address current and projected Active Duty requirements, as needed. This includes designating servicemember re-enlistment and career field bonuses for cyber career fields, along with associated Active Duty service commitments to assist with retention. Additionally, CYBERCOM continues to utilize civilian temporarily expanded hiring authorities and is in negotiation with the Air Force to expand the current internship program to include universities offering cyber-specific expertise. The National Guard and Reserves offer servicemembers the opportunity to continue contributing to the cyber mission in uniform after they have completed Active Duty service. We will continue to work with the Services to develop plans to integrate the National Guard and Reserves into the cyber domain, including recruitment and retention strategies for Reserve component members.

30. Senator GILLIBRAND. General Alexander, do you believe that current retention strategies are useful to the cyber force, or should we be considering different strategies?

General ALEXANDER. While to date, overall retention has not been a concern strategically, we will continue to work with the Services to address assignment policies and career management for highly-technical/highly-trained cyber professionals with the desired result to maintain skill currency and utility. Strategies are still being developed/implemented, once implemented, retention rates will be monitored.

JOINT INFORMATION ENVIRONMENT

31. Senator GILLIBRAND. Admiral Haney and General Alexander, in some of my conversations, I have heard that the Joint Information Environment (JIE) is a good idea, but there are some concerns about the challenges of implementing it effectively. What challenges do you see and what are you doing to address concerns about implementation?

Admiral HANEY. The JIE will transform the DOD Information Network (DODIN) into a defensible and operationally effective architecture by shifting the focus from protection of individual military Service-specific networks, systems, and applications to securing data and its uses. I support the JIE approach. Given these challenges, the threat, and the need for efficiency, we must move in this direction. I see three key challenges to JIE implementation.

First, transferring responsibility and authority for network command, control, and security of an organization's operational network to a third party is a new paradigm. Second, DOD must leverage finite resources to design and implement JIE while continuing to operate and maintain the existing DODIN infrastructure. JIE will demand the involvement of some of our best technical experts even as we rely on these same people for current operations. Third, implementation of the JIE framework is being accomplished without a program of record and corresponding dedicated funding line. This intentional, strategic decision introduces a degree of

complexity in maintaining alignment of the various IT acquisition programs across DOD, but the risk appears to be manageable and will allow the Services and combatant commands to retain control of their individual information technology budgets while providing capabilities that enable the entire enterprise.

We are addressing these challenges through a combination of rapid capability implementation and optimization of existing governance constructs. We are leveraging the lessons learned from implementing JIE Increment 1 in U.S. European Command (EUCOM) and U.S. Africa Command (AFRICOM), streamlining development processes, minimizing the time required of our technical experts, and ensuring critical path activities minimize impact on DOD components. Additionally, in partnership with the DOD CIO, we are leveraging established governance forums to apply the collective expertise of the entire JIE team toward solving tough challenges and making informed decisions.

General ALEXANDER. The JIE will transform the DODIN into a defensible and operationally effective architecture by shifting the focus from protection of individual military Service-specific networks, systems, and applications to securing data and its uses. I support the JIE approach. Given these challenges, the threat, and the need for efficiency, we must move in this direction. I see three key challenges to JIE implementation. First, transferring responsibility and authority for network command, control, and security of an organization's operational network to a third party is a new paradigm that will be challenging to overcome. Second, DOD must leverage finite resources to design and implement JIE while continuing to operate and maintain the existing DODIN infrastructure. JIE will demand the involvement of some of our best technical experts even as we rely on these same people for current operations. Additionally, it will need to include the design and implementation of a strong security infrastructure. Third, implementation of the JIE framework is being accomplished without a program of record and corresponding dedicated funding line. This intentional, strategic decision introduces a degree of complexity in maintaining alignment of the various IT acquisition programs across DOD, but the risk appears to be manageable and will allow the Services and combatant commands to retain control of their individual information technology budgets while providing capabilities that enable the entire enterprise. We are addressing these challenges through a combination of rapid capability implementation and optimization of existing governance constructs. We are leveraging the lessons learned from implementing JIE Increment 1 in EUCOM and AFRICOM, streamlining development processes, minimizing the time required of our technical experts, and ensuring critical path activities minimize impact on DOD components. Additionally, in partnership with the DOD Chief Information Office, we are leveraging established governance forums to apply the collective expertise of the entire JIE team toward solving tough challenges and making informed decisions.

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

RESPONDING TO FAST-EVOLVING CYBER SECURITY LANDSCAPE

32. Senator AYOTTE. General Alexander, in your testimony you state that persistent threats are the new normal and adversaries are continuing to ramp up investments and capabilities in penetrating our civilian and defense networks. At the same time, you note that—DOD network and the number of connected devices—and therefore potential vulnerabilities—are rapidly expanding. It is the nature of cyber security that we must always work just to avoid falling behind fast-advancing threats, and yet it doesn't appear that we are matching our resources to the growing threats. As we create cyber organizations and structures, it is important that we build them in an efficient manner. You said that since you arrived at Fort Meade in 2005, CYBERCOM has been building foundational systems that the military has never had before. What strategies are we employing to ensure that these foundational systems will be flexible enough to respond to changes in the cyber security landscape in the future?

General ALEXANDER. [Deleted.]

NEED FOR MODERNIZATION—IMPACT OF SEQUESTRATION

33. Senator AYOTTE. Admiral Haney, in your prepared statement, you write that, "The Nation faces a substantive, multi-decade recapitalization challenge [for our nuclear deterrent], and we must continue commensurate with the magnitude of the national resource that is our strategic deterrent. If we do not commit these investments, we risk degrading the deterrent and stabilizing effect of a strong and capable

nuclear force." If sequestration runs its full course, what impact would sequestration have on our Nation's nuclear deterrent?

Admiral HANEY. The nuclear deterrent is a synthesis of dedicated sensors, assured command and control, the triad of delivery systems, nuclear weapons and their associated infrastructure, and trained ready people. If sequestration runs its full course, it will impact every element of our deterrent in several ways. Reduced funding will cause delays in modernization programs, force reductions in the workforce, and make it difficult to recruit and retain qualified personnel. The timing of sequestration is not inconsequential—it comes at a time when the nuclear enterprise is in dire need of investment. Quite simply, these impacts increase the risk to sustaining a viable, credible nuclear deterrent.

NORTH KOREA THREAT TO THE UNITED STATES

34. Senator AYOTTE. Admiral Haney, does North Korea currently possess an ICBM that can strike the United States?

Admiral HANEY. [Deleted.]

35. Senator AYOTTE. Admiral Haney, what parts of the United States could North Korea strike?

Admiral HANEY. [Deleted.]

36. Senator AYOTTE. Admiral Haney, does North Korea have the ability to strike Los Angeles?

Admiral HANEY. [Deleted.]

37. Senator AYOTTE. Admiral Haney, when, if not already, do you expect North Korea will have the capability to strike Los Angeles?

Admiral HANEY. [Deleted.]

ABILITY TO MANUFACTURE NEW NUCLEAR WEAPONS

38. Senator AYOTTE. Admiral Haney, do the Russians and Chinese have the ability to manufacture new nuclear weapons?

Admiral HANEY. [Deleted.]

39. Senator AYOTTE. Admiral Haney, does the United States have the ability to manufacture new nuclear weapons?

Admiral HANEY. NNSA is maintaining a safe, secure, and effective nuclear weapons stockpile primarily through reuse and refurbishment of legacy components during planned life extension activities. We are not currently manufacturing new nuclear weapons; however we do require a modernized nuclear enterprise infrastructure capable of producing nuclear weapons components to maintain the stockpile over the long-term. While interim production capabilities are projected to meet requirements over the next decade, we must actively pursue and fund long-term infrastructure production capabilities in order to sustain our deterrent.

40. Senator AYOTTE. Admiral Haney, does the United States need this capability?

Admiral HANEY. NNSA is maintaining a safe, secure, and effective nuclear weapons stockpile primarily through reuse and refurbishment of legacy components during planned life extension activities. We are not currently manufacturing new nuclear weapons; however we do require a modernized nuclear enterprise infrastructure capable of producing nuclear weapons components to maintain the stockpile over the long-term. While interim production capabilities are projected to meet requirements over the next decade, we must actively pursue and fund long-term infrastructure production capabilities in order to sustain our deterrent.

41. Senator AYOTTE. Admiral Haney, when will we have this capability?

Admiral HANEY. NNSA is maintaining a safe, secure, and effective nuclear weapons stockpile primarily through reuse and refurbishment of legacy components during planned life extension activities. We are not currently manufacturing new nuclear weapons; however we do require a modernized nuclear enterprise infrastructure capable of producing nuclear weapons components to maintain the stockpile over the long-term. While interim production capabilities are projected to meet requirements over the next decade, we must actively pursue and fund long-term infrastructure production capabilities in order to sustain our deterrent.

AERIAL REFUELING CAPABILITY

42. Senator AYOTTE. Admiral Haney, how important is the Air Force's air refueling capability to the bomber leg of the nuclear triad?

Admiral HANEY. Aerial refueling tankers are a critical enabler of the triad's airborne leg and our survivable command and control system aircraft. Without aerial refueling, the B–52, B–2, and future bomber force cannot complete their assigned conventional or nuclear missions from continental U.S. bases. Tankers also provide a multi-role capability by carrying personnel and cargo in support of forward deployed bombers, as well as providing additional communications relay capability to the bomber force.

EFFECTS OF ADDITIONAL NUCLEAR ARMS REDUCTIONS

43. Senator AYOTTE. Admiral Haney, the administration has suggested that it would like to pursue additional nuclear arms reduction beyond the reductions we are already undertaking under the new Strategic Arms Reduction Treaty (New START). Why is it necessary to pursue further reductions in U.S. and Russian strategic nuclear forces?

Admiral HANEY. I agree with the findings of the Nuclear Posture Review (NPR) that the United States and Russia have more nuclear weapons than necessary for stable deterrence. Thus, we have a potential opportunity to further enhance our security without undermining deterrence of potential adversaries or assurance of our allies. However, any such reductions would need to occur under a bilateral and verifiable construct.

44. Senator AYOTTE. Admiral Haney, what would be the effect on our nuclear deterrence and our country's security if we reduce our nuclear forces too low?

Admiral HANEY. [Deleted.]

45. Senator AYOTTE. Admiral Haney, how low is too low?

Admiral HANEY. The answer to the question, "how low is too low," is fully dependent upon the underlying geopolitical environment. Thus, I'm hesitant to speculate absent a description of the presumed environment.

CONCERNS REMAIN ABOUT INCREASED TRANSPARENCY WITH RUSSIA

46. Senator AYOTTE. Admiral Haney, in your written statement, you wrote about the importance that we "collaborate with key allies and partners." You write about the importance of assuring our allies. You mention the " ... increasing risk that countries will resort to nuclear coercion in regional crises or nuclear use in future conflicts." You also wrote that, "now more than 3 years old, New START has continued to contribute to the U.S. insight into Russia's nuclear forces and has contributed to increased transparency and predictability between our two nations." Yet, a New York Times article from January 29, 2014, titled, "U.S. Says Russia Tested Missile, Despite Treaty," suggested that Russia may be in violation of the landmark 1987 arms control accord between our two countries, the Intermediate-Range Nuclear Forces Treaty (INF) by testing a new ground-launched cruise missile. The article goes on to say that "American officials believe Russia began conducting flight tests of the missile as early as 2008." Have the Russians been transparent with you regarding testing a new ground-launched cruise missile?

Admiral HANEY. [Deleted.]

47. Senator AYOTTE. Admiral Haney, have you discussed this issue with our European allies?

Admiral HANEY. No, I have not had any discussion about Russia with any European allies.

48. Senator AYOTTE. Admiral Haney, do you agree with Mr. McKeon, who is the Chief of Staff for the National Security Staff and who is nominated by the President to be Principal Deputy Under Secretary of Defense for Policy, that the issue is not closed and that a violation of the INF would be very serious?

Admiral HANEY. I would like to restate the Department of State position that concerns remain over Russian compliance with the INF Treaty. Beyond that, I view any treaty compliance question with any state, not just Russia, as a potentially serious issue. Whether or not it is of military significance is dependent upon the scale and scope of the potential deployment, the underlying reasons why the capabilities that

may be a violation are being pursued, and the approaches/options we have available to address it.

I have and will continue to monitor this situation.

QUESTIONS SUBMITTED BY SENATOR DEB FISCHER

DUAL-HAT RELATIONSHIP OF NSA/CYBERCOM

49. Senator FISCHER. Admiral Haney and General Alexander, in December, the President chose not to split the current NSA/CYBERCOM relationship. A White House statement on the decision stated that, "Without the dual-hat arrangement, elaborate procedures would have to be put in place to ensure that effective coordination continued and avoid creating duplicative capabilities in each organization." Do you agree with the President's decision?

Admiral HANEY and General ALEXANDER. Yes, we absolutely agree with the decision to maintain the dual-hat relationship of NSA/CYBERCOM. That arrangement is essential to our ability to maximize DOD's cyber space capabilities and vital to our ability to execute cyber space operations at net speed. The dual-hat arrangement allows CYBERCOM and NSA to seamlessly synchronize, integrate, and coordinate their independent capabilities towards common objectives. It allows us to share information and capabilities more quickly, within DOD and with other U.S. Government agencies and departments, thereby increasing our overall awareness of events and activities in cyber space and reducing our response time to threats. This arrangement also allows us to share DOD's physical and virtual cyber space architecture, saving us the cost of developing two separate systems. Most importantly—to deconflict operations quickly and efficiently. By the very nature of the cyber space architecture, CYBERCOM and NSA operate in the same virtual space while conducting their operations. It is imperative that they synchronize their efforts to leverage the technical expertise of both organizations, avoid duplication of effort, and deconflict those missions in order to avoid fratricide or inadvertent compromise.

50. Senator FISCHER. Admiral Haney and General Alexander, why is the current relationship between NSA and CYBERCOM important?

Admiral HANEY and General ALEXANDER. CYBERCOM relies to a great extent on NSA's cyber architecture and personnel to execute their assigned mission. Yes, we absolutely agree with the decision to maintain the dual-hat relationship. That arrangement is essential to our ability to maximize DOD's cyber space capabilities and vital to our ability to execute cyber space operations at net speed. The dual-hat arrangement allows CYBERCOM and NSA to seamlessly synchronize, integrate, and coordinate their independent capabilities towards common objectives. It allows us to share information and capabilities more quickly, within DOD and with other U.S. Government agencies and departments, thereby increasing our overall awareness of events and activities in cyber space and reducing our response time to threats. This arrangement also allows us to share DOD's physical and virtual cyber space architecture, saving us the cost of developing two separate systems. Most importantly—to deconflict operations quickly and efficiently. By the very nature of the cyber space architecture, CYBERCOM and NSA operate in the same virtual space while conducting their operations. It is imperative that they synchronize their efforts to leverage the technical expertise of both organizations, avoid duplication of effort, and deconflict those missions in order to avoid fratricide or inadvertent compromise.

51. Senator FISCHER. Admiral Haney and General Alexander, can you elaborate on the duplicative capabilities referenced in the above statement?

Admiral HANEY. In order to operate in the cyber domain, both organizations need expertise, tools, accesses, high-performance computing resources, situational awareness of friendly and adversary activity, and intelligence to identify potential adversaries, their tools, and their methods. Sharing such capabilities results in far lower costs than attempting to replicate them.

That arrangement is essential to our ability to maximize DOD's cyber space capabilities and vital to our ability to execute cyber space operations at net speed. The dual-hat arrangement allows CYBERCOM and NSA to seamlessly synchronize, integrate, and coordinate their independent capabilities towards common objectives. It allows us to share information and capabilities more quickly, within DOD and with other U.S. Government agencies and departments, thereby increasing our overall awareness of events and activities in cyber space and reducing our response time to threats. This arrangement also allows us to share the DOD's physical and virtual cyber space architecture, saving us the cost of developing two separate systems.

Most importantly—to deconflict operations quickly and efficiently. By the very nature of the cyber space architecture, CYBERCOM and NSA operate in the same virtual space while conducting their operations. It is imperative that they synchronize their efforts to leverage the technical expertise of both organizations, avoid duplication of effort, and deconflict those missions in order to avoid fratricide or inadvertent compromise.

General ALEXANDER. We don't view these capabilities as duplicative but rather as complimentary. In order to operate in the cyber domain, both organizations need expertise, tools, accesses, high-performance computing resources, situational awareness of friendly and adversary activity, and intelligence to identify potential adversaries, their tools, and their methods. Sharing such capabilities results in far lower costs than attempting to replicate them.

LAUNCHERS

52. Senator FISCHER. Admiral Haney, do you believe the limit of 700 deployed ICBMs, deployed Submarine-Launched Ballistic Missiles (SLBM), and deployed heavy bombers provided in the New START treaty adequately meets U.S. deterrence needs for the current geopolitical environment?

Admiral HANEY. Yes, the force structure under New START meets U.S. deterrence needs for the current geopolitical environment.

53. Senator FISCHER. Admiral Haney, are you aware of any analysis supporting a substantial reduction of deployed ICBMs, deployed SLBMs, and deployed heavy bombers below the limit set by the New START treaty?

Admiral HANEY. I support findings of the NPR Follow-on analysis and the President's determination that we can safely pursue up to a one-third reduction in deployed nuclear weapons from the levels established in New START. Future nuclear reductions are possible provided they are done in a negotiated, verifiable manner that deters potential adversaries, maintains strategic stability, and assures our allies and partners. Any discussion or negotiation regarding lower levels should include both strategic and non-strategic nuclear weapons.

STRATCOM AND CYBERCOM RELATIONSHIP

54. Senator FISCHER. Admiral Haney and General Alexander, does CYBERCOM have the authority to fully execute its mission, or are changes to the current Unified Command Plan (UCP) necessary for its current operations?

Admiral HANEY and General ALEXANDER. Yes, CYBERCOM has the required authorities to execute its assigned missions. The UCP 2011 assigns Commander, STRATCOM, eight specific responsibilities for cyber space operations, six of which Commander, STRATCOM, delegated to Commander, CYBERCOM. The two retained by Commander, STRATCOM, include advocacy for cyber space capabilities and integrating theater security cooperation activity, deployments, and capabilities that support cyber operations. CYBERCOM routinely engages STRATCOM and NSA both when mission requirements require additional authorities or responsibilities. Although CYBERCOM has sufficient authorities to conduct its current mission as authorized by the President, the Secretary of Defense, and the Director of NSA, we continue to advocate for additional missions to address growing threats, which would require additional authorities. Even though the sub-unified relationship is not optimal, it is functional.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

CURRENT COMMAND FOR CYBER CAPABILITIES

55. Senator BLUNT. General Alexander, what is the current mission assignment demand for cyber capabilities or entities that are simultaneously focused on cyber security, information operations, and cyber intelligence; and what existing capacity or entities meet the current demand?

General ALEXANDER. [Deleted.]

AIR NATIONAL GUARD AND CYBER THREATS

56. Senator BLUNT. General Alexander, the Air National Guard is currently proposing the elimination of over 50 percent of the Air Force capacity for cyber Red

Teams. How do you propose to replace capacity—that took over 10 years to develop in some cases—considering that the demand for threat emulation is increasing?

General ALEXANDER. As we continue to build the CMF, there will be an increased need for threat emulation. The CYBERCOM Cyber Protection Teams contain cyber threat emulation as one of the five functions. Air Force Space Command continues to explore the possibility of increasing Air National Guard presence in the CMF.

CYBER NSA-CERTIFIED RED TEAMS

57. Senator BLUNT. General Alexander, given the increasingly active cyber warfare environment, have you expressed or plan to express NSA and/or combatant command requirements for cyber NSA-certified Red Teams?

General ALEXANDER. CYBERCOM manages a process called the Cyber Effects Request Form for all DOD elements to submit requirements for cyber space effects delivered by Red Teams, Blue/Hunt Teams, or any other Friendly Cyber Defense Force. DOD-certified Red Teams, via the STRATCOM and NSA-coordinated process, can support the mission. Additionally, there will be 68 Cyber Protection Teams by 2016 with Red-Team capability.

58. Senator BLUNT. General Alexander, please share current and planned NSA and/or combatant command requirements for NSA-certified Red Teams.

General ALEXANDER. As the CYBERCOM CMF come online, they will contain a Cyber Threat Emulation Team which performs a similar mission to the DOD Certification and Accreditation Red Teams, but with a smaller scope and range that will be defined by their Service/Command association. These teams will leverage the existing cryptologic architecture to the maximum extent possible. This will ensure maximum integration and utilization of other existing architectures comprised of infrastructures, platforms, systems, applications, and services, while allowing operations within the confines of appropriate authorities and preserving organizational equities. This implementation method will also provide vision and guidelines to combatant commands, Services, and agencies for the development of new architectures designed to fill capability gaps.

EXECUTIVE ORDER 13636: "IMPROVING CRITICAL INFRASTRUCTURE CYBER SECURITY"

59. Senator BLUNT. General Alexander, how do you propose—please be specific about current and planned initiatives—to fulfill Executive Order 13636, "Improving Critical Infrastructure Cyber Security," regarding cyber threat support for the private sector so that they may better protect and defend themselves against cyber threats?

General ALEXANDER. Over the course of the last year, NSA has been integrally involved with others in the interagency to fulfill the objectives of Executive Order 13636. In particular, NSA provided threat information and technical expertise to support the National Institute of Standards and Technology and others to develop and deliver the first iteration of the Cyber Security Framework in February and now actively partners with DHS to begin promoting adoption of the Framework by industry through the Voluntary Critical Infrastructure Cyber Security Program. NSA provides threat information to enable DHS, DOD, and other sector-specific agencies to properly assess sector risk by identifying critical infrastructure at the greatest risk. NSA supports expansion of the DHS-managed Enhanced Cyber Security Services program by providing classified signatures and mitigation measures to DHS for sharing with participating companies within all sectors. NSA also helps set the security requirements to ensure appropriate handling and implementation of threat signatures and mitigation measures provided to the companies through the Enhanced Cyber Security Services program. In addition, NSA continues to team with DHS and the FBI to attribute cyber threat indicators, and, when requested by a Federal agency, provides forensic and other technical support through that agency to enable better support to a critical infrastructure entity.

NSA partnered with national cyber security centers within DHS, FBI, and DOD to develop the cyber security Information Sharing Architecture within the executive branch which is designed to enable rapid and secure sharing of cyber threat and incident information across the national cyber security centers.

60. Senator BLUNT. General Alexander, is there a current or planned initiative under Executive Order 13636 that includes information-sharing with the private sector on prevention measures identified by NSA-certified Red Team missions?

General ALEXANDER. As a standard practice conducted over the years, and one that is also responsive to Executive Order 13636, the NSA Information Assurance Directorate (IAD) regularly publishes documents on cyber defense best-practices and lessons-learned based on IAD operations, including Red Team and Blue Team activities. This material is made available to the public on the NSA IAD public website.

QUESTIONS SUBMITTED BY SENATOR MIKE LEE

CONTINUATION OF THE IRANIAN BALLISTIC MISSILE PROGRAM

61. Senator LEE. Admiral Haney, an Iranian negotiator, Abbas Arachi, stated earlier this month that his country would not negotiate with the West on its ballistic missile program, and General Flynn of the Defense Intelligence Agency told this committee that Iran could have an ICBM by 2015. This is an issue that has not been addressed in the interim deal between the United States and Iran. Do you believe that continued progress of the Iranian ICBM program is a threat to the United States?

Admiral HANEY. Iran's progress on space launch vehicles—along with its desire to deter the United States and its allies—provides Tehran with the means and motivation to develop longer-range missiles, including an ICBM. We judge that Iran would choose a ballistic missile as its preferred method of delivering nuclear weapons. If Iran were to make progress toward developing an ICBM capable of delivering a nuclear or conventional warhead and with sufficient range to reach the continental United States, I would consider that a threat to the United States.

62. Senator LEE. Admiral Haney, should an agreement in ICBM development be something that is addressed in the final agreement that we are negotiating with the Iranians?

Admiral HANEY. The nature and scope of what should be negotiated with Iran is beyond my purview.

FUTURE NUCLEAR REDUCTIONS OF RUSSIA

63. Senator LEE. Admiral Haney, the President plans to seek a future nuclear reductions agreement with Russia, who we know are modernizing their current nuclear arsenal and rely on their strategic and tactical weapons as the backbone of their defense and regional influence. What incentives currently exist for the Russians to negotiate for further reductions?

Admiral HANEY. Russian incentives could include reducing the cost of maintaining and modernizing their nuclear capabilities, improved regional security via reciprocal U.S. reductions, and continued progress towards meeting their Treaty on the Nonproliferation of Nuclear Weapons (NPT) agreed obligations. We will learn more about Russian desires as we continue the dialogue on these issues.

NEW START COMMITMENTS AND COMPLIANCE

64. Senator LEE. Admiral Haney, it has been over 3 years since the New START treaty was ratified. When will DOD make a decision on strategic force structure to comply with the Treaty and why has it taken so long to do so?

Admiral HANEY. Soon after New START entered into force, DOD developed an implementation plan to ensure the Nation would meet its Treaty obligations. This careful planning process ensured that decisions were well-informed and not made prematurely. As stated in the Secretary's April 2013 memorandum, a force structure decision will be made before fiscal year 2015 to ensure we remain on track to meet our New START commitments.

65. Senator LEE. Admiral Haney, to what balance of SLBMs and ICBMs do you believe is the best strategic option for compliance under New START?

Admiral HANEY. The Treaty provides both parties the latitude to determine and adjust force structure as necessary to best meet their strategic deterrence goals and objectives. DOD's position for the deployed force, as submitted in the most recent report required by Public Law 112–81, section 1043, includes 240 SLBMs launchers, up to 420 ICBMs, and up to 60 heavy bombers. This balance of forces is sufficient to execute our strategic deterrent mission.

CUTTING COSTS AND IMPROVING EFFICIENCIES

66. Senator LEE. Admiral Haney and General Alexander, funding for nuclear forces and weapons laboratories will only total 4 percent of national defense spending in 2014, and former Deputy Secretary of Defense, Ash Carter, stated in reference to nuclear weapons last year that, " . . . it is not a big swinger of the budget. You don't save a lot of money by having arms control and so forth." However, no matter the size of a program, it should not be immune to finding areas where costs can be reduced. Can you talk about initiatives to cut costs and increase efficiency under your command, and what savings do you believe you can achieve with better practices?

Admiral HANEY. Following the Secretary's guidance, STRATCOM has fully participated in DOD-level activities to seek efficiencies and reduce cost. Our efforts over the past 3+ years included Secretary of Defense Efficiencies Review, UCP/Combatant Command Review, 20 percent headquarters reduction, and sequestration reductions. In addition to these externally-directed activities and budget reductions, we continually seek efficiencies, better practices, and conduct an annual review of all command resources to ensure our funding is aligned with DOD's priorities.

General ALEXANDER. STRATCOM equity only.

CYBER ATTACKS AND TERRORISM

67. Senator LEE. General Alexander, what is your assessment of the ability for terrorist organizations or lone wolf attackers to conduct cyber attacks on our military's infrastructure?

General ALEXANDER. [Deleted.]

68. Senator LEE. General Alexander, deterring cyber attacks from non-state actors would be inherently different than deterring a state actor, so how is CYBERCOM working to deter these types of attacks?

General ALEXANDER. [Deleted.]

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

WEDNESDAY, MARCH 5, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MILITARY POSTURE

The committee met, pursuant to notice, at 9:36 a.m. in room SH–216, Hart Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, McCaskill, Hagan, Manchin, Shaheen, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, Inhofe, McCain, Sessions, Chambliss, Wicker, Ayotte, Fischer, Graham, Vitter, Blunt, Lee, and Cruz.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody.

Secretary Hagel, General Dempsey, Secretary Hale, welcome. We thank you for joining us.

We meet today to hear from you about the fiscal year 2015 budget proposal for the Department of Defense (DOD). We do so at a time of extraordinary challenge and uncertainty for DOD and for the Nation.

Members of this committee are well aware of the threats that face our military around the world today. From an unreliable partner in the President of Afghanistan, to a dangerous and unstable situation in Ukraine. From an al Qaeda resurgence in Syria and Iraq, to a new set of challenges in Asia and the Pacific Rim.

Hanging over all those issues is a fundamental question, one that the budget proposal before us makes clear in stark terms. The question is whether the resources that we are providing to DOD are adequate to enable our military to meet its national security missions.

The proposal before us makes reductions in force structure and compensation that will be difficult for many to support. These reductions were driven by the top line of the budget, a top line that Congress dictated when we enacted the Budget Control Act (BCA) of 2011 and reaffirmed, with minor relief for DOD and other agencies, in the Bipartisan Budget Act (BBA) that we enacted earlier this year. The top line of $496 billion established in law for the fis-

cal year 2015 military budget is unchanged from the funding level in fiscal years 2013 and 2014 and remains more than $30 billion below the funding provided to DOD in fiscal years 2010, 2011, and 2012.

Put simply, the spending caps included in that legislation seriously challenge our ability to meet our national security needs and to meet our obligation to protect and promote public safety, health, education, justice, transportation, the environment, and other domestic needs.

The BCA cut $487 billion from the DOD budget over 10 years, and sequestration cut another $500 billion on top of that. The BBA that we recently passed means that we will partially avoid sequestration for 2014 and 2015, but only partially.

While we have made some progress against the deficit, we have done so not by making the structural reforms to revenues and entitlement programs that would put us on a sound financial footing, but by continuing cuts to the funding that DOD and other Federal programs need to meet important national priorities. This shortfall requires painful tradeoffs in just about every area of DOD's budget.

For instance, the budget proposes significantly lower end strengths for the ground forces, including a further reduction of 50,000 in Active Duty Army end strength, with smaller reductions in the Guard and Reserve. The budget restricts the pay raise for servicemembers below the rate of inflation, freezes pay for general and flag officers, begins a phased reduction in the growth of the housing allowance that will result in servicemembers paying 5 percent out-of-pocket for housing costs, reduces support to commissaries, and makes significant changes to the TRICARE benefit.

The budget also calls for retiring the Air Force A–10 and the U–2 aircraft, inactivating half of the Navy cruiser fleet, reducing the size of the Army helicopter fleet by 25 percent, and terminating the Ground Combat Vehicle program.

If sequestration budget levels remain in effect in fiscal year 2016 and beyond, DOD has informed us that it will request further reductions in end strength, the retirement of the entire KC–10 tanker fleet and the Global Hawk Block 40 fleet, reduced purchases of Joint Strike Fighters (JSF) and unmanned aerial vehicles, the inactivation of additional ships, reduced purchases of destroyers, and the elimination of an aircraft carrier and a carrier air wing. The argument for these cuts is that they are needed to pay for the restoration of some of our reduced readiness and protect the investments in technology and equipment that we need to ensure that our men and women in uniform will continue to be the best-prepared, best-equipped force in the world in a time of sharply reduced budgets.

DOD has wisely chosen to increase its investment in the areas of cyber operations and special operations where our need for increased capability is most clear. DOD has also correctly recognized that while our military may need to be smaller, it must not be hollow, whatever its size. As the Acting Deputy Secretary of Defense told us last month, if we do not provide enough funding to supply our troops the latest technology and training that they need, we are doing them a disservice, and when we send them into harm's way, that disservice can quickly translate into a breach of trust.

If we want to restore funding cuts proposed in the President's budget, we have two choices. We can raise the statutory funding caps or we can find other savings in the defense budget to pay for any proposed cuts that we do not want to make. The budget proposal itself takes the first approach with proposed spending above the statutory caps. This is the so-called Opportunity, Growth, and Security Initiative, which would provide an additional $56 billion of funding government-wide in fiscal year 2015, including an additional $26 billion for DOD.

In addition, the Future Years Defense Program (FYDP) assumes that the caps established in the BBA established in law will be modified and that DOD will receive $115 billion above the statutory caps for the 4 years starting in fiscal year 2016. We are also told that the administration has proposals to pay for these increases, but we have not yet seen the details.

In addition to the many other program and budget issues that we need to address, we are interested in hearing more specifics from today's witnesses about proposed funding above the statutory caps, the $26 billion in the so-called Opportunity, Growth, and Security Initiative for fiscal year 2015, and the $115 billion above the caps in subsequent fiscal years in the FYDP. We need to know how this additional money would be used to help restore more of our military readiness and what the consequences would be if Congress fails to provide those additional funds. While these additional funds would not fully offset the damage that sequestration spending caps have done, the added money would, hopefully, help make our looming collision with budget reality less damaging.

Secretary Hagel and General Dempsey, the corner that the BCA has painted DOD into has forced you to make some difficult choices. We will, of course, scrutinize DOD's recommendations. I have no doubt that in some cases our choices will differ from yours, but that should not distract us from the larger issue, which is that the budget caps that are now in law provide DOD and, indeed, the entire Federal Government, with resources that are unequal to the mission that we expect you to carry out. I have not given up hope that we can, on a bipartisan basis, come to an agreement that will provide more adequate funding to meet our national security and other vital priorities.

I would also ask you to comment as part of your opening statement on the current situation in Ukraine and to inform us and the public as to what your view is on these very rapidly unfolding events.

We thank you and turn to Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

The recent events across the Middle East, Africa, and most recently Ukraine have brought into sharp focus the reality that President Obama seems unwilling to accept, that the tide of war is not receding. Instead, U.S. national security is being challenged in ways we have never seen before.

During a recent trip that I made through Africa, Europe, and Afghanistan, I met with our troops, diplomats, and foreign partners. They all made clear that the global security environment they are

facing is more volatile and complex than at any time in recent memory and growing more dangerous by the day. President Vladimir Putin's abrupt invasion of Ukraine last week only underscores this troubling reality.

Director Clapper, the Director of National Intelligence (DNI), told this committee in February that: "looking back over my now more than half century in intelligence, I have not experienced a time when we have been beset by more crises and threats around the globe." Yet, this administration's misguided budget priorities are robbing our military men and women of the tools they need to defend the Nation against growing threats. At a time when our national intelligence experts tell us that we face the most diverse, complex, and potentially damaging threats to our national security in history, we are poised to slash defense budgets by a trillion dollars during this decade.

The results of these cuts have been devastating to our national security. The Navy is at a historically low level of ships. The Air Force is at the smallest in its history. Ground forces may fall to the level below the beginning of World War II. Readiness levels of remaining forces are plummeting, and commanders now use the term "hollow" to describe their ability to defend the Nation. Last October, General Odierno said that he had only 2 brigade combat teams out of 40 that were ready for combat.

Secretary Hagel, you said just last week, "American dominance on the seas, in the skies, and in space can no longer be taken for granted." I appreciate your honesty on that.

Frank Kendall, the Under Secretary of Defense (USD) for Acquisition, Technology, and Logistics (AT&L) said, "the U.S. military's technological superiority is being challenged in ways that I have not seen before."

Some in this town have accepted that gutting our military is necessary to rein in our growing debt. They could not be more wrong. Defense spending is not what is driving our debt crisis. Runaway entitlement spending is the real driver of the exploding national debt. The reality is that defense spending accounts for only about 16 percent of the annual spending, while entitlement spending accounts for more than 60 percent.

Fiscal years 2014 and 2015 show that entitlement benefits are increasing 3 percent more, while our defense is going down from 17 to 16 percent. It is not getting any better, it is getting worse.

Over the last 5 years, the President has repeatedly chosen to ignore the facts. Not once during his time in office has the President put forward a budget that proposed any meaningful reform to entitlement spending. Instead, he has consistently demonstrated that politics takes priority over our fiscal house and, far too often, it is our military's men and women who are paying the price.

This year's budget is no different. In fact, the so-called Opportunity, Growth, and Security Initiative continues this troubling trend. It holds hostage necessary resources for our military that could be used to begin rebuilding readiness and capabilities for more domestic spending and higher taxes. That is irresponsible.

What is being done to our military is not new. We have made this mistake before. The military drawdowns from the 1970s and the 1990s were more budget-driven follies intended to realize a

peace dividend that proved to be short-lived. It left the country with a military too small to meet its ability and rising threats of a dangerous world. Each time, we did not realize the folly of these decisions until it was too late.

Today, our forces are being asked to do more with less training, less equipment, and untimely and ultimately less capability. This budget lacks a realistic assessment of the increased risks on the battlefield and the increased risks our service men and women are forced to make. As we have all said many times, risk equals lives.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Secretary Hagel.

STATEMENT OF HON. CHARLES T. HAGEL, SECRETARY OF DEFENSE; ACCOMPANIED BY HON. ROBERT F. HALE, UNDER SECRETARY OF DEFENSE, COMPTROLLER

Secretary HAGEL. Chairman Levin, Ranking Member Inhofe, members of the committee, thank you for this opportunity to present our budget for fiscal year 2015 and to address some of the specific questions that Chairman Levin, as well as Ranking Member Inhofe, noted about what was behind a number of the decisions that we made as we prepared this budget and how we made those decisions.

I appreciate being here today with General Dempsey. General Dempsey has been an integral part of our defense enterprise and this Nation's leadership. I have valued his counsel, his leadership, and his partnership. I appreciate his service to the country. I know this committee appreciates his leadership and service to the country.

I also want to acknowledge Bob Hale, who is our current Comptroller, who will be involved in his last budget presentation after 5 years of very distinguished service to this country and DOD. I would tell you as Secretary of Defense, and I suspect my predecessors, Secretary Gates and Secretary Panetta, would say the same, Bob Hale has been an indispensable part of the process at a very difficult time. Bob Hale and his people have worked tirelessly and continued at a time that is probably as uncertain as we have been through, maybe anytime since World War II. When we talked about government shutdowns for 16 days, furloughs, budget uncertainty, and no budget, it has been his remarkable leadership that has helped us. I do not think I overstate Bob Hale's value to DOD and this country.

As you suggested, Mr. Chairman, our focus today is on the fiscal year 2015 budget. Let me address generally the situation in Ukraine. I will then ask General Dempsey for his comments. General Dempsey and I, over the last few days, have both been in constant touch with our fellow ministers and Chiefs of Defense (CHOD) at the North Atlantic Treaty Organization (NATO), as well as Russia and Ukraine. In fact, today we are putting together a call for me with the new minister of defense for Ukraine. Over the last couple of weeks, I had conversations with the previous two ministers. General Dempsey spoke this morning with the Russian CHOD who expressed a number of points that I will let General Dempsey note.

I spoke Saturday with the Russian Minister of Defense, Minister Shoigu, about this. We have also constantly been in touch, as I said, with our collaborators on our side of the Atlantic, allies, NATO partners in particular, on the issue.

I was at NATO last week where I attended the regularly scheduled NATO ministerial. We took a few hours to meet with the NATO Ukraine commission. We had then the Deputy Minister of Defense of Ukraine with us and spent some time with him.

Across the administration, our efforts, Mr. Chairman, have been focused on deescalating the crisis, supporting the new Ukrainian Government with economic assistance, and reaffirming our commitments to allies in Central and Eastern Europe. I strongly support the administration's approach to this deescalation. As you all know, Secretary Kerry was in Kiev yesterday. He is in Paris today. He is scheduled to meet with Russian Foreign Minister Lavrov today. There was a NATO meeting yesterday, another NATO meeting today. The Organization for Security and Co-operation in Europe (OSCE) has announced that it is sending 35 observers to Ukraine. The other forums that the United States is part of are also meeting. The U.N. has had one Security Council meeting. There, I suspect, will be more and other activities along the diplomatic and economic front.

Earlier this week, I directed DOD to suspend all military-to-military engagements and exercises with Russia. In particular, that includes two trilateral exercises that we had scheduled with the Russians, one with the Canadians and the Russians, the other with the Norwegians and the Russians.

Also this morning, DOD is pursuing measures to support our allies, including stepping up joint training through our aviation detachment in Poland, an area that I visited a few weeks ago, and augmenting our participation in NATO's air policing mission on the Baltic peninsula. Our U.S. European Command (EUCOM) Commander, General Breedlove, is convening Central and Eastern European CHODs.

Mr. Chairman, I think everyone on this committee, in particular, I know Senator McCain was in Ukraine a few weeks ago, knows that this is a time for wise, steady, and firm leadership, and it is a time for all of us to stand with the Ukrainian people in support of their territorial integrity and their sovereignty. We are doing that. That, in particular, is what President Obama continues to do as we pursue diplomatic and economic options.

I would like to, again, thank the committee, Mr. Chairman, for their role in this.

Just another point about supporting the administration's approach to how we all are coming at this crisis. This economic package that we are proposing, as you all know, the OSCE has also proposed an economic package working with the International Monetary Fund (IMF), for Ukraine is a particularly important part of this, and we will continue to work those channels, as well as the diplomatic channels.

Mr. Chairman, I think it is clear, as you and Ranking Member Inhofe had noted in your opening statements, that the events of the past week underscore the need for America's continued global engagement and leadership. The President's defense budget reflects

that reality, and it helps sustain our commitments and our leadership at a very defining moment. I believe this budget is far more than a set of numbers and a list of decisions. It is a statement of values and priorities. It is a budget grounded in reality, and you noted some of that reality, Mr. Chairman, in your remarks. It is a reality that prepares the U.S. military to defend our national security in a world that is becoming less predictable, more volatile, and in some ways more threatening to our country and our interests, as was noted in Ranking Member Inhofe's statement. It is a plan that allows our military to meet America's future challenges and our future threats. It matches our resources to our strategy.

It is also a product of collaboration. All of DOD's military and civilian leaders were included: the Chairman, Vice Chairman, Service Secretaries, Service Chiefs, all of our people. We value their leadership and their input. Our senior enlisted input was important.

As we all know, America has been at war for the last 13 years. As we end our second war of the last decade, our longest ever, this budget adapts and adjusts to new strategic realities and fiscal restraints while preparing for the future.

This is not a business-as-usual presentation. It is a budget that begins to make the hard choices that will have to be made. The longer we defer these difficult decisions, the more risk we will have down the road, and the next DOD leaders and Congress will have to face more complicated and difficult choices.

You have outlined in your statement, Mr. Chairman, some reflection of the kinds of cuts DOD has had to take over the last couple of years and what is out ahead of us. December's BBA, which you referenced, gave DOD some temporary relief. It gave us some temporary relief from sequestration, and it gave us some certainty for planning for a year. But it still imposes more than $75 billion in cuts over the next 2 years, and unless Congress changes the law, as you have noted, sequestration will cut another $50 billion starting in fiscal year 2016.

The President's 5-year plan provides a realistic alternative to sequestration, projecting $115 billion more than current law allows. DOD requires additional funding to implement our updated defense strategy as outlined in the Quadrennial Defense Review (QDR). The strategic priorities articulated in the QDR represent America's highest security interests: defending the Homeland, building security globally, deterring aggression, and being ready and capable to win decisively against any adversary. The funding levels in the President's budget let us execute this strategy, with some increased risks in certain areas.

I made clear in my much longer written statement, and it is quite clear in the QDR, what these risks are. We have not held back on the reality of these risks. These risks would be reduced, however, if Congress approves the President's Opportunity, Growth, and Security Initiative, a proposal that would provide DOD with an additional $26 billion in fiscal year 2015, as you have asked the question, to improve readiness and modernization. That $26 billion represents an effort that would help dig us back out of the hole that we have been in the last 2 years on readiness, par-

ticularly focused on modernization. My submitted statement, as I said, contains details of this initiative, which I strongly support.

Although our 5-year budget plan exceeds sequestration levels, over the past year, DOD has prepared detailed planning for continued sequestration level cuts showing the even harder choices we would have to make in order to comply. Those too are laid out. Even though we are requesting spending levels above sequestration, we have maintained flexibility in our budget, flexibility to respond immediately to the lower top line, should sequestration be reimposed. We did this by reprogramming some of the sequestration-level force structure reductions that take longer to plan and longer to implement, such as the decommissioning of the aircraft carrier, the USS *George Washington.* This was the responsible thing to do. It was responsible, given the reality that DOD might continue to experience the large cuts in budget and sequestration laws because of going back, reverting to sequestration in 2016.

That is why I have issued formal guidance to Service leadership, Mr. Chairman, that these specific reductions will not be made if Congress indicates it will make future appropriations at the top line levels in our 5-year plan. DOD has the responsibility to prepare for all eventualities, just as Congress has the responsibility to provide DOD with some budget predictability. My submitted statement explains our budget details and the rationale behind those key decisions.

As I close, Mr. Chairman, I want to briefly address some very critical issues.

First, the balance between readiness capability and capacity. To meet our national security needs under constrained budgets, we focused on the balance, the balance that will be required to defend this country going forward. After more than a decade of long, large stability operations, we traded some capacity to protect the readiness and modernization capabilities as we shift to focus on future requirements. These are shaped by enduring and emerging threats. We have to be able to defeat terrorist threats and deter our adversaries with increasingly modern weapons and technological capabilities. We must also ensure that America's economic interests are protected through open sea lanes, freedom of the skies and space, and deal with one of the most urgent and real threats to all nations, cyber attacks. That is why we protected funding for cyber and Special Operations Forces.

For the Active Duty Army, Mr. Chairman, we propose drawing down to about 440,000 to 450,000 soldiers, less than 10 percent below its size pre-September 11. I believe this is adequate for future demand. We will continue investing in high-end ground capabilities to keep our soldiers the most advanced on Earth. Army National Guard and Reserve units will remain a vibrant part of our national defense and will draw down by 5 percent. It will also streamline Army helicopter force structure by reducing the Guard's fleet by 8 percent. The Active Army's fleet will be cut by 25 percent, but we will still maintain and keep these helicopters modernized with the latest technology as we move from a fleet of seven models to four.

These decisions, including our recommendation to trade out Apaches in the Guard for Blackhawks, were driven by strategic

evaluations. Guard units may prefer the Apache, but under the constrained budgets, high-demand resources like Apaches must be where they can deploy fastest. As our U.S. Northern Command Commander recently testified, his Homeland missions do not require armed attack helicopters.

The Navy, for its part, will take 11 ships out of its operational inventory, but they will be modernized and returned to service with greater capability and longer life spans.

The Marine Corps will continue its planned drawdown to 182,000, but will devote 900 more marines to increased embassy security. Though smaller, the marines will remain ready and postured for crisis response as they move back to their expeditionary amphibious roots.

The Air Force, as you have noted, will retire the A–10, replacing it with more modern and sophisticated multi-mission aircraft, like the JSF.

The specific numbers and reasons for all of my recommendations, as I have noted, are included in my statement.

As I close, Mr. Chairman, regarding compensation reform, taking care of our people means providing them with both fair compensation, as well as the training and tools they need to succeed in battle at any time, anywhere, and return home safely. To meet those obligations under constrained budgets and achieve that balance, we need some modest adjustments to the growth in pay and benefits. All these savings will be reinvested in training and equipping our troops. There are no proposals to change retirement in this budget.

Let me clarify what these compensation adjustments are and what they are not.

First, we will continue to recommend pay increases. They will not be as substantial as in past years, but they will continue.

Second, we will continue subsidizing off-base housing costs. The 100 percent benefit of today will be reduced, but only to 95 percent, and it will be phased in over the next several years.

Third, we are not shutting down any commissaries. We recommend gradually phasing out some subsidies but only for domestic commissaries that are not in remote locations. Since commissaries will continue to operate tax- and rent-free, they will still be able to provide more people with a very good deal, as they should.

Fourth, we recommend simplifying and modernizing our three TRICARE systems by merging them into one TRICARE system with modest increases in co-pays and deductibles that encourage using the most affordable means of care. Active Duty personnel will still receive health care that is entirely free. This will be more effective, more efficient, and will let us focus more on quality. Overall, everyone's benefits will remain substantial, affordable, and generous, as they should be.

The President's defense budget is responsible. It is balanced and it is realistic. It supports our defense strategy, defends this country, and keeps our commitments to our people not only ensuring that they are well-compensated, but they have the best training and equipment in the world.

However, these commitments would be seriously jeopardized by a return to sequestration-level spending. My submitted testimony

details how sequestration would, in fact, compromise our national security. The result of sequestration-level cuts would be a military that could not fulfill its defense strategy, putting at risk America's traditional role as a guarantor of global security and ultimately our own security. That is not the military the President and I want for America's future. I do not think that is the military this committee wants for America's future, but it is the path we are on.

Mr. Chairman, members of the committee, DOD leaders and I look forward to working with you as we make these difficult choices, these hard decisions that will be required to ensure America's security today and into the future and protect our national interests.

Mr. Chairman, thank you.

[The prepared statement of Secretary Hagel follows:]

PREPARED STATEMENT BY HON. CHUCK HAGEL

Chairman Levin, Ranking Member Inhofe, members of the committee: thank you for the opportunity to be here today.

The President's fiscal year 2015 budget submission for the Department of Defense (DOD) fully reflects the historic transition taking place as America winds down the longest war in its history. This is a defining budget that will begin adapting and reshaping our defense enterprise for years to come.

With this budget, we are repositioning the military for the new strategic challenges and opportunities that will define our future: new technologies, new centers of power, and a world that is growing more volatile, more unpredictable, and in some instances more threatening to the United States. We are also helping navigate through a period of great uncertainty regarding the future level of resources DOD will have to defend the Nation.

I have no illusions about the fiscal realities facing DOD. It was almost exactly 1 year ago that $37 billion in sequestration cuts were imposed for fiscal year 2013—cuts that came on top of the $487 billion, 10-year defense spending reductions required by the Budget Control Act of 2011.

We had to implement this $37 billion cut in a matter of months while trying to avoid catastrophic damage to national security. It wasn't easy, and our people and our mission suffered for it.

Today, DOD is in a better place as a result of the Bipartisan Budget Act passed in December 2013. It provided DOD with some relief in this fiscal year and for fiscal year 2015. It gave us much-needed budget certainty for the next fiscal year.

The Bipartisan Budget Act was possible because Members of Congress both Republican and Democrat worked together with this administration for the greater interests of our country.

But we're not yet where we need to be. So our partnership must continue.

Under the spending limits of the Bipartisan Budget Act, DOD's budget is roughly $496 billion in fiscal year 2014—or $31 billion below what the President requested last year. The law also meant cutting DOD spending in fiscal year 2015 to $496 billion, which is $45 billion less than was projected in the President's budget request last year. Sequestration-level cuts remain the law for fiscal year 2016 and beyond.

The President's budget request adheres to Bipartisan Budget Act spending limits for fiscal year 2015. But it is clear that under these limits the military will still face significant readiness and modernization challenges next year. To close these gaps, the President's budget also includes an Opportunity, Growth, and Security Initiative. This initiative is a government-wide proposal that is part of the President's budget submission. It would provide an additional $26 billion for the Defense Department in fiscal year 2015.

These additional funds are paid for with a balanced package of spending cuts and tax reforms, and would allow us to increase training, upgrade aircraft and weapons systems, and make needed repairs to our facilities. The money is specifically for bringing unit readiness, equipment, and facilities closer to standard after the disruptions and large shortfalls of the last few years. I strongly support the President's proposal.

Defense budgets have long included both a 1-year budget request, and a 5-year plan that indicates expectations for the future. Over 5 years, the President's plan projects $115 billion more in spending than at sequestration levels.

Some have asked why the President continues to request budgets above sequestration levels. The reason is clear. President Obama and I are not going to ask for a level of funding that would compromise America's national security interests. We never would. Continued sequestration cuts would compromise our national security both for the short and long term.

That said, if sequestration returns in fiscal year 2016 and beyond, or if we receive funding levels below the President's request, we are prepared to specify the cuts we would have to make, and the risks we would then have to assume. These cuts are detailed in this testimony.

However, the President, the Chairman, and I do not expect Congress to push us further down a path that has clear risks to our national security. Instead, we expect that all of us can continue working together, as partners, to find a balance . . . and to assure America's national security. If Congress is going to require us to operate under increasingly constrained budgets, Congress must partner with us so that we can make the right decisions.

The President's budget matches resources to the updated defense strategy in this year's Quadrennial Defense Review (QDR), which is being released this week and which builds on the President's January 2012 Defense Strategic Guidance. The QDR is not budget-driven; rather, it is resource-informed, defining the risks assumed under the President's budget as well as the risks that would be assumed under the return of sequestration. A QDR that completely ignores fiscal realities would be irrelevant.

The QDR outlines our top strategic priorities, which weighed heavily on the choices presented in this budget:

- Defending the homeland against all threats;
- Building security globally by projecting U.S. influence and deterring aggression; and,
- Remaining prepared to win decisively against any adversary should deterrence fail.

By prioritizing DOD's strategic interests, we will rebalance our military over the next decade and put it on a sustainable path to protect and advance U.S. interests and America's global leadership.

To fulfill this strategy DOD will continue to shift its operational focus and forces to the Asia-Pacific, sustain commitments to key allies and partners in the Middle East and Europe, maintain engagement in other regions, and continue to aggressively pursue global terrorist networks.

As a whole, this budget allows DOD to implement the President's defense strategy, albeit with some increased risks, which I specify later in my testimony.

The reality of reduced resources and a changing strategic environment requires us to prioritize and make difficult choices. Given the uncertainty about funding levels, our current 5-year plan reduces selected end strengths and forces to levels consistent with sequestration-level cuts. Those additional reductions could be reversed if funding rises above sequestration levels. I explain this in greater detail later in my testimony. The way we formulated our budget gives us the flexibility to make difficult decisions based on different fiscal outcomes.

BUDGET TOP-LINES: BALANCING READINESS, CAPABILITY, AND CAPACITY

Consistent with the strict spending limits of the Bipartisan Budget Act, President Obama is requesting $495.6 billion for DOD's fiscal year 2015 base budget. Since last year's plans expected $541 billion for fiscal year 2015, this represents a $45 billion cut. It will allow the military to protect U.S. interests and fulfill the updated defense strategy—but with somewhat increased levels of risk. DOD can manage these risks under the President's fiscal year 2015 budget plan, but risks would grow significantly if sequestration-level cuts return in fiscal year 2016, if proposed reforms are not accepted, and if uncertainty over budget levels continues.

In formulating this budget, our priority was balancing readiness, capability, and capacity—making sure that whatever size force we have, we can afford to keep our people properly trained, equipped, compensated, and prepared to accomplish their mission. That's the only reasonable course under constrained budgets. There's no point in having a larger military if you can't afford to keep it ready and capable.

Accordingly, a little more than two-thirds of DOD's fiscal year 2015 budget—$341.3 billion—funds our day-to-day costs, what a business might call their operating budget. These funds pay for things like fuel, spare parts, logistics support, maintenance, service contracts, and administration. It also includes pay and benefits for military and civilian personnel, which by themselves comprise nearly half of the total budget.

The remaining third of our budget—$154.3 billion—pays for investments in future defense needs, or what a business might call their capital improvement budget. These funds are allocated for researching, developing, testing, evaluating, and ultimately purchasing the weapons, equipment, and facilities that our men and women in uniform need to accomplish their mission.

Broken down in a more specific way, our budget includes the following categories:

- Military pay and benefits (including health care and retirement benefits)—$167.2 billion, or about 34 percent of the total base budget.
- Civilian pay and benefits—$77 billion, or about 16 percent of the total base budget.
- Other operating costs—$97.1 billion, or about 19 percent of the total base budget.
- Acquisitions and other investments (Procurement; research, development, testing, and evaluation; and new facilities construction)—$154.3 billion, or about 31 percent of the total base budget.

Those figures do not include funding for Overseas Contingency Operations (OCO) in fiscal year 2015. Since the administration is still determining its post-2014 presence in Afghanistan and the President of Afghanistan has yet to sign the Bilateral Security Agreement, the President's budget currently includes a placeholder for DOD's OCO request, equal to last year's request. I appreciate Congress' understanding that OCO funding is particularly important to our servicemembers deployed around the world, and request that it be approved expeditiously once the President submits his complete OCO funding request for fiscal year 2015.

BEING MORE EFFICIENT

But first, asking taxpayers for half a trillion dollars means that DOD must make every dollar count—particularly under budget constraints. So we're continuing to find new ways to use our resources more wisely and strategically, be more efficient, reduce overhead, and root out waste, fraud, and abuse.

This year, a new package of reforms in these areas—the second-largest submitted by this administration—produced $18.2 billion in savings for fiscal year 2015, and some $93 billion in savings through fiscal year 2019. This enabled us to make smaller cuts in other areas. Building on a 20 percent cut in management headquarters operating budgets—which we began implementing in December for the Office of the Secretary of Defense and the Joint Staff, and which the Services and agencies are implementing during the 5-year defense plan—this package includes savings from reducing contractor costs and civilian personnel; terminating or delaying some troubled weapons and procurement programs in favor of higher priorities; and cutting back on costs at certain defense agencies. It also includes health care savings that we found by cutting back lower-priority research projects and construction and by taking advantage of slower growth of health care costs in the private sector.

We are also continuing to monitor previous years' initiatives to use our resources more efficiently, as well as making progress toward auditability on our financial statements. DOD remains committed to becoming fully audit-ready by 2017, and to achieving audit-ready budget statements by this September. This is an ambitious goal for an organization of our size and complexity, and there is still much more work to do. But we are making real progress. Several DOD organizations have achieved important, positive audit results. Last year, for example, the Marine Corps became the first military service to receive an unqualified audit opinion—in this case for the current year of its budget statement.

In addition to these efforts, we must take a serious look at responsible procurement and acquisition reforms that will further increase the buying power of defense dollars. This is particularly important if we're going to protect investments in modernized capabilities. DOD officials are already working closely with congressional efforts to go over defense acquisition and procurement laws line-by-line, and we hope to start implementing legislative reforms as soon as this year.

No reasonable discussion of allocating our resources more efficiently can avoid the need to reduce excess facilities. With this submission, we are asking you to authorize a round of Base Realignment and Closure (BRAC) to begin in fiscal year 2017.

I understand Congress' concerns about BRAC, including your desire to reduce overseas infrastructure first and your frustrations with BRAC 2005. That's why this round will be focused on finding savings rather than reorganization and will feature a rapid payback of up-front costs, and why DOD will continue to reduce overseas infrastructure.

But we must also divest ourselves of excess domestic facilities, and BRAC is the most responsible path. I am mindful that Congress has not agreed to our BRAC requests of the last 2 years, but if Congress continues to block these requests while

reducing the overall budget, we will have to consider every tool at our disposal to reduce infrastructure. We can't keep financing overhead that we don't need, because we're taking that money away from areas that we do need. The more we delay now, the more we'll have to spend later on unneeded installations instead of on training, equipping, and compensating our people—robbing our troops of the resources they need to be able to fight and win decisively when we send them into harm's way.

Congress and DOD must work together as partners to make these decisions wisely—because no matter what, we must reduce force structure and end strength in order to sustain a ready and capable force under constrained budgets.

SUSTAINING A READY AND CAPABLE FORCE—NOW AND IN THE FUTURE

This is the lesson of every defense drawdown over the past 70 years. Whether after World War II, Korea, Vietnam, or the Cold War, the U.S. military retained more force structure than it could afford to properly train, maintain, and equip—giving too much weight to capacity over readiness and capability. Because readiness and modernization were sacrificed, it took much more money for the military to recover and be sufficiently trained and equipped to perform assigned missions. Conflict ultimately did resurface.

We can't afford to repeat those mistakes, which is why we decided to trade some capacity for readiness and modernized capabilities, in order to ensure that our military will be well-trained and supplied in arms and equipment. All of our force structure decisions were made strategically—protecting investments in the forces that would be uniquely suited to the most likely missions of the future, and minimizing risk in meeting the President's defense strategy.

Our decisions for investing in a modernized and capable future force were made in a similar way. With the proliferation of more advanced military technologies and other nations pursuing comprehensive military modernization, we are entering an era where American dominance on the seas, in the skies, and in space—not to mention cyberspace—can no longer be taken for granted. Because it is essential for deterring aggression, and because the risk of failure against those potential adversaries would be far greater than against any others, the President's budget puts a premium on rapidly deployable, self-sustaining platforms that can defeat more technologically advanced adversaries.

Sustaining these critical investments under restrained budgets required setting strategic priorities and making difficult tradeoffs. That's why each Service's budget allocations were made based on strategy and with the goal of maintaining balance in the readiness, capability, and capacity of the force.

Army: (24 percent of the President's fiscal year 2015 budget)

The Army's $120.3 billion will support 32 Active-Duty brigade combat teams in fiscal year 2015. Since we are no longer sizing the force for large and prolonged stability operations, the Army will accelerate the pace and increase the scale of its post-war drawdown—reducing by 13 percent, from about 520,000 soldiers to a range of 440,000–450,000 Active-Duty soldiers instead of 490,000. To maintain a balanced force, the Army National Guard and Reserves will also draw down, but by a smaller percentage and by a smaller amount than the Active Army—reducing by an average of 5 percent, from about 355,000 guardsmen and 205,000 reservists to 335,000 guardsmen and 195,000 reservists.

Analysis conducted by the QDR indicated that under the President's budget, the U.S. military's resulting post-war ground force will be sufficient to meet the updated defense strategy: capable of decisively defeating aggression in one major combat theater—as it must be—while also defending the Homeland and supporting air and naval forces engaged in another theater.

In terms of capabilities, we chose to terminate and reevaluate alternative options for the Army's Ground Combat Vehicle program, which had become too heavy and needed an infusion of new technology. The Army will also streamline its helicopter force from 7 to 4 airframes. Aging Kiowa helicopters and older training helicopters will be retired and replaced with more advanced Apache helicopters that will move from the National Guard to the Active Force. In return, the Guard will receive much more versatile Blackhawk helicopters, which are not only critical for warfighting, but also more apt for the missions the Guard conducts most frequently, such as disaster relief and emergency response.

The past decade of war has clearly shown that Apaches are in high demand. We need to put the Apaches where they will be ready to deploy fast and frequently when they're needed. This decision will also help the Guard's helicopter force more closely adhere to State and Federal requirements for homeland defense, disaster relief, and support to civil authorities while still serving as an important operational and strategic complement to our active-duty military. The Guard's helicopter fleet

would only decline by 8 percent compared to the Active Army's decline by 25 percent, and the overall fleet will be significantly modernized under the President's budget plan.

In making these difficult decisions on the Guard and Reserves, we affirmed the value of a highly capable Reserve component, while keeping the focus on how our military can best meet future demands given fiscal constraints. We made choices based on strategic priorities, clear facts, unbiased analysis, and fiscal realities . . . and with the bottom line focus on how best we can defend the United States.

Navy and Marine Corps: (30 percent of the President's fiscal year 2015 budget)

The Navy and Marine Corps are allocated $147.7 billion for fiscal year 2015. The Navy's $124.9 billion will support a fleet approaching 300 ships and some 323,600 active-duty sailors, as well as help preserve the fleet's modernization programs. The President's budget plan protects our investments in attack submarines, guided missile destroyers, and afloat staging bases—all of which we will need to confront emerging threats. Specifically:

- *Virginia*-class Attack Submarines: We are requesting $5.9 billion for fiscal year 2015, and $28 billion over the Future Years Defense Plan (FYDP), to support buying two submarines a year through fiscal year 2019.
- DDG–51 Guided Missile Destroyers: We are requesting $2.8 billion for fiscal year 2015, and $16 billion over the FYDP, to support buying two DDG–51 destroyers a year through fiscal year 2019. This will grow our destroyer inventory from 62 at the end of fiscal year 2014 to 71 (68 DDG–51s, 3 DDG–1000s) at the end of fiscal year 2019.
- Afloat Forward Staging Bases: We are requesting $613 million over the FYDP to support buying one afloat forward staging base between now and fiscal year 2019.
- Aircraft Carriers: The President's budget plan enables us to support 11 carrier strike groups, including the USS *George Washington* and its carrier air wing. If we receive the President's funding levels through fiscal year 2019, we will keep the *George Washington* in the fleet and pay for its nuclear refueling and overhaul. We are requesting $2 billion in fiscal year 2015 and $12 billion over the FDYP to support completion of the *Gerald Ford*, construction of the *John F. Kennedy*, and initial procurement of the next carrier.
- F–35 Joint Strike Fighter: The Department of the Navy is acquiring two F–35 variants—the Navy carrier-based variant, the F–35C, and the Marine Corps short-take-off-and-vertical-landing variant, the F–35B. The Navy is requesting $3.3 billion for 8 aircraft in fiscal year 2015 (2 F–35Cs and 6 F–35Bs), and $22.9 billion for 105 aircraft over the FYDP.

Again, trade-offs were required to prioritize those investments under current budget constraints. In order to help keep its ship inventory ready and modern at reduced budget levels, half of the Navy's cruiser fleet—or eleven ships—will be placed in a long-term phased modernization program that will eventually provide them with greater capability and a longer lifespan. This approach to modernization enables us to sustain our fleet of cruisers over the long term, which is important because they're the most capable ships for controlling the air defense of a carrier strike group.

Despite preserving the fleet's modernization programs and providing for increases in ship inventory over the next 5 years, I am concerned that the Navy is relying too heavily on the Littoral Combat Ship (LCS) to achieve its long-term goals for ship numbers.

The LCS was designed to perform certain missions—such as mine sweeping and anti-submarine warfare—in a relatively permissive environment. But we need to closely examine whether the LCS has the independent protection and firepower to operate and survive against a more advanced military adversary and emerging new technologies, especially in the Asia Pacific. If we were to build out the LCS program to 52 ships, as previously planned, it would represent one-sixth of our future 300-ship Navy. Given continued fiscal constraints, we must direct future shipbuilding resources toward platforms that can operate in every region and along the full spectrum of conflict.

Therefore, no new contract negotiations beyond 32 ships will go forward. With this decision, the LCS line will continue beyond our 5-year budget plan with no interruptions. Additionally, at my direction, the Navy will submit alternative proposals to procure a capable and lethal small surface combatant, generally consistent with the capabilities of a frigate. I've directed the Navy to consider a completely new design, existing ship designs, and a modified LCS. These proposals are due to me later this year in time to inform next year's budget submission.

While these decisions still keep the Navy on track for a 300-ship inventory by 2019, finding the money required to modernize older ships and buy new ones will depend on the Navy's success in its aggressive and ambitious plans to reduce acquisitions costs and use available resources more efficiently, particularly in the acquisition of contracted services. My office will be keeping a close eye on these efforts.

The Marine Corps' $22.7 billion will support 182,700 marines, including about 900 more marines devoted to increased security at embassies around the world. It will also support a geographically-distributed force posture in the Asia-Pacific, which will be critical as we continue rebalancing to the region.

Air Force: (28 percent of the President's fiscal year 2015 budget)

The Air Force is allocated $137.8 billion in fiscal year 2015. We chose to protect funding for advanced systems most relevant to confronting threats from near-peer adversaries—including the F–35 Joint Strike Fighter, the new Long-Range Strike Bomber, and the KC–46 refueling tanker. These platforms will be critical to maintaining aerial dominance against any potential adversaries for decades to come. Specifically:

- F–35 Joint Strike Fighter: We are requesting $4.6 billion for 26 aircraft in fiscal year 2015, and $31.7 billion for 238 aircraft over the FYDP.
- Long-Range Strike Bomber: We are requesting $900 million for development funds in fiscal year 2015, and $11.4 billion over the FYDP.
- KC–46 Tanker: We are requesting $2.4 billion for 7 aircraft in fiscal year 2015, and $16.5 billion for 69 aircraft over the FYDP.

Because we believe research and development is essential to keeping our military's technological edge, the President's budget also invests $1 billion through fiscal year 2019 in a promising next-generation jet engine technology, which we expect to produce improved performance and sizeable cost-savings through less fuel consumption. This new funding will also help ensure a robust industrial base—itself a national strategic asset.

Protecting these investments required trade-offs. In the next 5 years, in order to free up funding to train and maintain no less than 48 squadrons, the Air Force plans to reduce the number of active-duty personnel from 328,000 airmen at the end of fiscal year 2014 to 309,000 airmen by the end of fiscal year 2019. The Air Force will also retire the 50-year-old U–2 in favor of the unmanned Global Hawk system, slow the growth in its arsenal of armed unmanned systems, and phase out the aging A–10 fleet.

The A–10 "Warthog" is a venerable platform, and this was a tough decision. But it is a 40-year-old single-purpose airplane originally designed to kill enemy tanks on a Cold War battlefield. It cannot survive or operate effectively where there are more advanced aircraft or air defenses. As we saw in Iraq and Afghanistan, the advent of precision munitions means that many more types of aircraft can now provide effective close air support, from multirole fighters to B–1 bombers to remotely piloted aircraft, which can all execute more than one mission. Moreover, the A–10's age is making it much more difficult and costly to maintain. Analysis showed that significant savings were only possible through eliminating the entire support apparatus associated with the aircraft. Keeping a smaller number of A–10s would only delay the inevitable while forcing worse trade-offs elsewhere.

Defense-Wide: (18 percent of the President's fiscal year 2015 budget)

The remaining share of the budget—about $89.8 billion—is allocated for organizations across the DOD.

For fiscal year 2015, this includes more than $7.5 billion for the Missile Defense Agency, which is critical for defending our homeland and reassuring our European allies. This funding will enable DOD to increase the number of Ground-Based Interceptors and make targeted investments in additional defensive interceptors, discrimination capabilities, and sensors. The budget continues to support the President's schedule for the European Phased Adaptive Approach.

Since special operations forces play a key role in counterterrorism, crisis response, and building partner capacity, the President's budget for fiscal year 2015 allocates $7.7 billion for Special Operations Command. This is equal to what we requested last year, a 10 percent increase over what Congress appropriated for fiscal year 2014, and will support a Special Operations Force of 69,700 personnel.

The President's fiscal year 2015 budget increases cyber funding to $5.1 billion and maintains funding for intelligence agencies and other support activities. Through funds allocated to the Navy and the Air Force, the President's budget also preserves all three legs of the nuclear triad and funds important investments to ensure a safe, secure, and effective nuclear deterrent.

Compensation Reform and Structural Adjustments to Some In-Kind Benefits

For all the money that goes into maintaining a modernized and capable force, people are the core of our military. In this era of constrained budgets, ensuring that our people are properly trained, equipped, prepared, and compensated requires looking at difficult trade-offs and making some difficult choices. Compensation adjustments were the last thing we looked at, because you take care of your people first.

While Congress has taken a few helpful steps in recent years to control the growth in compensation spending, we must do more. At this point, given the steps we've already taken to reduce civilian personnel costs in compliance with congressional direction, no realistic effort to find further significant savings—savings needed to close serious shortfalls in training, maintenance, and equipment—can avoid dealing with military compensation. . . . That includes pay and benefits for active and retired troops, both direct and in-kind.

We could reduce overall payroll spending by further reducing the total number of people in uniform. But since too small a force adds too much risk to our national security, we must also address the growth in pay and benefits for servicemembers so that we can afford to provide them with the training and tools they need to successfully accomplish their missions and return home safely.

Since 2000, Congress has in some cases boosted pay increases above the levels requested by DOD. Benefits were added and increased by more than what most active-duty personnel sought, expected, or had been promised when joining the military. Congress also added a new health care benefit and approved DOD proposals to increase housing allowances. As a U.S. Senator, I supported such proposals. It was the right thing to do at the time, given the burdens being placed on our servicemembers, the military's recruiting and retention challenges, and the fact that we had few constraints on defense spending.

But today DOD faces a vastly different fiscal situation—and all the Services have consistently met recruiting and retention goals. This year we're concluding combat operations in America's longest war, which has lasted 13 years. Now is the time to consider fair and responsible adjustments to our overall military compensation package.

America has an obligation to make sure servicemembers and their families are fairly and appropriately compensated and cared for during and after their time in uniform. We also have a responsibility to give our troops the finest training and equipment possible—so that whenever America calls upon them, they are prepared with every advantage we can give them so that they will return home safely to their families. The President's budget fulfills both of these promises to our servicemembers and their families by making several specific proposals.

Basic Pay Raises

For fiscal year 2015 we are requesting 1 percent raise in basic pay for military personnel—with the exception of general and flag officers, whose pay will be frozen for a year. Basic pay raises in future years will be similarly restrained, though raises will continue.

DOD rightfully provides many benefits to our people; however, finding the money to meet these commitments while protecting training and readiness under tighter budgets will require a few structural adjustments to three of them—housing, commissaries, and TRICARE.

Housing

In the early 1990s, DOD covered only about 80 percent of servicemembers' total off-base housing costs. Since then, we increased that rate to 100 percent.

To adequately fund readiness and modernization under constrained budgets, we need to slow the growth rate of tax-free basic housing allowances (BAH) until they cover about 95 percent of the average servicemember's housing expenses. We would also remove renters' insurance from the benefit calculation.

This change will happen over several years, to ensure that our people have time to adjust to it. In order to ensure that military personnel don't have to pay more out-of-pocket after they've signed a lease, a servicemember's allowance won't be adjusted until they've moved to a new location. This means that no one currently living in a particular area will see their housing allowances actually decrease; only servicemembers moving into the area will receive the lower rate, which is what already happens under the current rules when housing market prices go down.

To account for geographic differences in housing costs, we will also design this adjustment to ensure that all servicemembers in the same pay grade have identical out-of-pocket costs. That way, once the overall change has been fully phased-in for all personnel, servicemembers in the same pay grade but living in different areas would end up paying the same dollar amount toward their housing costs—and

they'll know exactly how much that will be so that they can make informed decisions and trade-offs in their own budgets.

All of these savings will be invested back into the force, to help keep our people trained and equipped so they can succeed in battle and return home safely to their families.

Commissaries

There's no doubt that commissaries provide a valued service to our people, especially younger military families and retirees. For this reason, we're not directing any commissaries to close.

Like our base exchanges, commissaries currently do not pay rent or taxes. That won't change under any of our proposals. But unlike base exchanges, commissaries also receive $1.4 billion in direct subsidies each year. In order to adequately fund training and readiness under constrained budgets, we need to gradually reduce that subsidy by $1 billion (about two-thirds) over the next 3 years.

Stateside commissaries have many private-sector competitors, and it's not unreasonable for them to operate more like a business. Since commissaries still operate rent-free and tax-free, they will still be able to provide a good deal to servicemembers, military families, and retirees as long as they continue to shop there. Going forward, only commissaries overseas or in remote U.S. locations would continue receiving direct subsidies, which, for example, not only helps pay to ship U.S. goods to bases overseas, but also helps those who either may not have the option of a local grocery store or are stationed where food prices may be higher.

TRICARE

In recent years, Congress has permitted DOD to make some changes that slow the growth in military health care costs; however, these costs will continue to grow, and we need to slow that growth in order to free up funds for training and readiness. So we need to make some additional smart, responsible adjustments to help streamline, simplify, and modernize the system while encouraging affordability.

Merging three of our TRICARE health plans for those under 65—Prime, Standard, and Extra—into a single, modernized health plan will help us focus on quality while reducing complexity and administrative costs. The new plan would adjust co-pays and deductibles for retirees and some active-duty family members in ways that encourage TRICARE members to use the most affordable means of care, such as military treatment facilities and preferred providers.

Some important features of the military health care system will not change. The scope of benefits will not change, and we will continue to distinguish between in-network and out-of-network care. Active-duty personnel will still receive health care that is entirely free—that's the promise we make when they sign up, and it's a promise we intend to keep. Medically retired personnel and survivors of those who died on active duty will continue to be treated favorably, with no participation fees and lower co-pays and deductibles. DOD will continue to support our programs for wounded warriors.

With the TRICARE single health plan, active-duty family members and retirees under age 65 will be able to save more money by using military treatment facilities (MTF) if they're close to home, which are often under-used. More than 90 percent of active-duty servicemembers and their families live within an MTF's 40-mile-radius service area. For families of active-duty servicemembers stationed far away from MTFs, such as recruiters, all their care will continue to be considered "in-network" even if there are no network care providers in their remote location.

Under this proposal, the share of costs borne by retirees will rise from about 9 percent today to about 11 percent—still a smaller cost share than the roughly 25 percent that retirees were paying out-of-pocket when TRICARE was initially set up in the 1990s. While we will ask retirees and some active-duty family members to pay modestly more, others may end up paying less. Overall, everyone's benefits will remain substantial, affordable, and generous—as they should be.

Given these proposed efforts to modernize and simplify TRICARE for retirees under age 65, we will not resubmit last year's request for sharp increases in enrollment fees for these retirees.

For retirees who are old enough to use Medicare and who choose to have TRICARE as well—what we call TRICARE–For-Life (TFL)—we would ask new members to pay a little bit more as well. Since TFL coverage currently requires no premium or enrollment fee, DOD again proposes a small per-person enrollment fee equal to 1 percent of a retiree's gross retirement pay up to a maximum of $300 per person—comparable to paying a monthly premium of no more than $25. For retired general and flag officers, the maximum would be $400 per person. Current TFL members would be grandfathered and exempted from having to pay enrollment fees.

Even with this small enrollment fee, TFL members will still have substantial, affordable, and generous benefits—saving them thousands of dollars a year compared to similar coverage supplementing Medicare.

Congress has taken helpful steps in the past, authorizing adjustments to the TRICARE pharmacy co-pay structure and initiating a pilot program for TFL members to refill prescriptions for maintenance medications (such as those that treat high blood pressure and high cholesterol) by mail order. These are good practices that we must now build upon in order to better encourage more TRICARE members to use generics and mail-order prescriptions, which help save the most money. Under our plan, MTFs will continue filling prescriptions without charging a co-pay, while all prescriptions for long-term maintenance medications will need to be filled either at MTFs or through the TRICARE mail order pharmacy. To ensure that our people aren't caught off-guard and have time to make the necessary adjustments, our plan would be slowly phased in over a 10-year period.

As with our structural adjustments to housing and commissaries, all these savings will go toward providing our people with the tools and training they need in order to fight and win on the battlefield and return home safely to their families.

Military Retirement

Our proposals do not include any recommended changes to military retirement benefits for those now serving in the Armed Forces. Because military retirement is a complex and long-term benefit, it deserves special study. Therefore, we are working with and waiting for the results of the Military Compensation and Retirement Modernization Commission, which is expected to present its report in February 2015, before pursuing reforms in that area. But DOD continues to support the principle of "grandfathering" for any future changes to military retirement plans.

Why Now

DOD's military and civilian leaders conducted substantial analysis to arrive at our proposed package of compensation adjustments. We concluded that, even after we make these changes and slow the growth in military compensation, we will still be able to recruit and retain a high-quality force and offer generous, competitive, and sustainable benefits.

These proposed compensation adjustments will be phased in over time, but they must begin now because budget limits are already in place. If we wait, we would have to make even deeper cuts to readiness or force structure in order to comply with the budget caps that Congress has passed into law. We must be able to free up funds in order to provide our men and women in uniform with the tools and training they need to succeed in battle and return home safely to their families. Sustaining a well-trained, ready, agile, motivated, and technologically superior force depends on it.

To be clear, our proposals were carefully crafted to reform military compensation in a fair, responsible, and sustainable way, making the most modest adjustments we could afford. We took a holistic approach to this issue, because continuous piecemeal changes will only prolong the uncertainty and create doubts among our personnel about whether their benefits will be there in the future.

We recognize that no one serving our Nation in uniform is overpaid for what they do for our country. But if we continue on the current course without making these modest adjustments now, the choices will only grow more difficult and painful down the road. We will inevitably have to either cut into compensation even more deeply and abruptly, or we will have to deprive our men and women of the training and equipment they need to succeed in battle. Either way, we would be breaking faith with our people. The President and I will not allow that to happen.

We're also recommending freezing generals' and admirals' pay for 1 year. As I've already announced, I'm cutting the budget of the Office of the Secretary of Defense by 20 percent. The Joint Staff, the Service Chiefs, and the combatant commanders are cutting their management headquarters operating budgets by 20 percent as well. We're also continuing to focus on acquisition reform and asking for another round of authority for base realignment and closure.

RISKS IN THE PRESIDENT'S BUDGET

I've outlined the funding levels we need and the decisions we had to make to stay within the limits agreed to in the Bipartisan Budget Act. They add some risks to our defense strategy, but manageable ones.

Over the near-term, because of budget limitations even under the Bipartisan Budget Act and after 13 years of war, the military will continue to experience gaps in training and maintenance—putting stress on the force and limiting our global readiness even as we sustain a heightened alert posture in regions like the Middle

East and North Africa. The President's Opportunity, Growth, and Security Initiative would provide an additional $26.4 billion to DOD and would allow us to make faster progress in restoring and sustaining readiness—significantly mitigating this risk by closing these near-term gaps in readiness and modernization.

This Opportunity, Growth, and Security Initiative is not a wish list of "unfunded priorities" or "unfunded requirements"—the government-wide Initiative is fully paid-for, and for DOD, this money is specifically intended to bring unit readiness, equipment, and facilities closer to standard after the disruptions and shortfalls of the last few years. Each service receives a share of this funding. For example:

- The Army's share would go toward additional training and increasing its investment in Blackhawk helicopters.
- The Navy's share would go toward aviation depot maintenance and logistics and increasing its investment in P–8 Poseidon, E–2D Hawkeye, and Joint Strike Fighter aircraft.
- The Marine Corps' share would go toward unit-level training and increasing its investment in the H–1 and KC–130 aircraft.
- The Air Force's share would go toward additional readiness and training range support and increasing its investment in F–35, C–130J, and MQ–9 Reaper aircraft.
- Across the Services, DOD would be able to increase funding needed for military construction and facilities repair and maintenance.

We also face the risk of uncertainty in a dynamic and volatile security environment. Budget reductions inevitably reduce the military's margin of error in dealing with these risks, as other powers are continuing to modernize their weapons portfolios, to include anti-air and anti-ship systems. A smaller force strains our ability to simultaneously respond to more than one major contingency at a time. But with the President's budget, our military will still be able to defeat any aggressor.

SEQUESTRATION'S EFFECT ON PROGRAMS AND RISK

However, if sequestration-level cuts are re-imposed in fiscal year 2016 and beyond, if our reforms are not accepted, or if uncertainty on budget levels continues, our analysis has shown that we would have to make unavoidable decisions that would significantly increase those risks. As I've made clear, the scale and timeline of continued sequestration-level cuts would require greater reductions in the military's size, reach, and margin of technological superiority.

At a minimum, we would be forced to draw down the Active Army to 420,000 soldiers, the Army Guard to 315,000 soldiers, and the Army Reserve to 185,000 soldiers. We would also have to draw down the Marine Corps to 175,000 marines, and retire a 25-year-old aircraft carrier—the USS *George Washington*—and her carrier air wing ahead of her scheduled nuclear refueling and overhaul. Keeping the *George Washington* and her carrier air wing in the fleet would cost $6 billion over the FYDP.

This budgeting process has been marked by uncertainty and irregularity, with changes to our spending assumptions that came late in the process—including congressional action on a Bipartisan Budget Act that provided a new level of spending for fiscal year 2015. We also face the reality that sequestration remains the law of the land beginning in fiscal year 2016. As a result, I chose to be conservative in my direction to the military Services for this budget submission and directed them to first plan in detail for sequestration-level funding.

Even though the 5-year budget plan submitted along with the President's budget request assumes $115 billion more than sequestration-level funding, in its later years we have programmed for sequestration-level force sizes for the Active Duty Army, Army Guard and Reserve, and Marine Corps end strength, as well as for carrier strike groups. It takes time to plan and execute a successful drawdown that preserves capability in the process. Past drawdowns have reduced force structure too fast with too little planning. The resulting problems required significant amounts of time and money to fix.

DOD leaders have assessed that our desired force levels—440,000–450,000 for the Active Army, 195,000 for the Army Reserve, 335,000 for the Army Guard, 182,000 for the Marine Corps, and 11 carrier strike groups—are sustainable over the long term at the President's budget level. Therefore, fiscal year 2016 will be a critical inflection point. DOD will be looking for a signal from Congress that sequestration will not be imposed in fiscal year 2016 and the budget levels projected in this 5-year plan will be realized. If that happens, we will submit a budget that implements our desired force levels. I have given the military leadership formal guidance that documents these levels.

The bottom line is that if Congress indicates it will build on the precedent of the Bipartisan Budget Act and provide relief from sequestration by appropriating at 5-year funding levels equal to those in the President's budget, we will not need to take end strength down to those lowest levels or decommission the *George Washington*.

But if we don't get some clarity in our future funding, we will have to start implementing those changes. If sequestration-level cuts are re-imposed in 2016 and beyond, we would have to make many other cuts not only to force structure, but also to modernization and readiness—all in addition to making the changes proposed in the President's fiscal year 2015 budget plan. That means fewer planes, fewer ships, fewer troops, and a force that would be under-trained, poorly-maintained, and reliant on older weapons and equipment:

- The Army, in addition to shrinking the Active-Duty Force to 420,000 soldiers and the Guard and Reserves to lower levels, would have 50 fewer Light Utility Helicopters in the Guard force.
- The Navy, in addition to retiring the USS *George Washington* and her carrier air wing, would have to immediately lay up six additional ships, defer procurement for one submarine, and buy two fewer F–35Cs and three fewer DDG–51 guided missile destroyers between fiscal year 2015 and fiscal year 2019. The Navy would ultimately have 10 fewer large surface combatants than would be expected under the President's funding levels.
- The Marine Corps, as mentioned, would have to shrink to 175,000 marines. While we would still devote about 900 marines to increased embassy security around the world, this reduction would entail some added risk for future contingencies as well as sustaining the Marines' global presence.
- The Air Force would have to retire 80 more aircraft, including the entire KC–10 tanker fleet and the Global Hawk Block 40 fleet, as well as slow down purchases of the Joint Strike Fighter—resulting in 15 fewer F–35As purchased through fiscal year 2019—and sustain 10 fewer Predator and Reaper 24-hour combat air patrols. The Air Force would also have to take deep cuts to flying hours, which would prevent a return to adequate readiness levels.
- Across DOD, operation and maintenance funding—an important element of the budget that supports readiness—would grow at only about 2 percent a year under sequestration compared to about 3 percent a year under the President's budget. This will hamper or even prevent a gradual recovery in readiness. Funding for research, development, testing, and evaluation would decline by 1.3 percent a year under sequestration instead of increasing by 1.6 percent under the President's budget. There would be no recovery in funding for military facilities repairs and construction.

Although future changes in the security environment might require us to modify some of these specific plans, the strategic impacts are clear. Under the funding levels that the President and I are asking for, we can manage the risks. Under a return to sequestration spending levels, risks would grow significantly, particularly if our military is required to respond to multiple major contingencies at the same time.

Our recommendations beyond fiscal year 2015 provide a realistic alternative to sequestration-level cuts, sustaining adequate readiness and modernization most relevant to strategic priorities over the long-term. But this can only be achieved by the strategic balance of reforms and reductions the President and I will present to Congress next week. This will require Congress to partner with DOD in making politically difficult choices.

OUR SHARED NATIONAL INTEREST

Formulating this budget request took courage on the part of many involved in the decisionmaking process—from the Joint Chiefs to the President. It required new ways of thinking about both short-term and long-term challenges facing our country.

I look forward to working with Congress to find the responsible ground of protecting America's interests with the required resources.

As we all know, these challenges and choices before us will demand moral and political courage on the part of everyone who has a stake in our national security and our national leadership. They will demand leadership that reaches into the future without stumbling over the present. Now is the time to summon that leadership—not for any one specific interest, but for our shared national interest.

I appreciate this opportunity to discuss the President's fiscal year 2015 budget request for the Department of Defense, and I look forward to your questions.

Mr. Chairman, thank you.

Chairman LEVIN. Thank you, Secretary Hagel.

General Dempsey.

STATEMENT OF GEN MARTIN E. DEMPSEY, USA, CHAIRMAN, JOINT CHIEFS OF STAFF

General DEMPSEY. Thank you, Mr. Chairman, Senator Inhofe, other distinguished members of this committee. It is a privilege to be back here to provide you an update on our Armed Forces and to discuss our defense budget for 2015.

I want to add my appreciation to Under Secretary Hale for his leadership and for his many years of service to DOD and to our Nation.

Let me begin by acknowledging the alarming progression of events in Ukraine over the past few days. Our senior leaders have made it clear that they wish to see Russia's provocation resolved through diplomatic means and in close collaboration and coordination with our allies.

Over the past several days, I have spoken with most of my NATO counterparts, and in particular, those in the Baltics and in eastern Europe. Understandably, they are concerned. They seek our assurance for their security. During our conversations, we committed to developing options to provide those assurances and to deter further Russian aggression. We agreed that together we must help shape a path back to the sovereignty and security for all the people of Ukraine. Simply put, the allies stand together.

I recommended suspension of our military-to-military exchanges with the Russian Federation. The nature and extent of Russia's actions really left us very little choice.

I have also directed EUCOM to consult and to plan within the construct of the North Atlantic Council. Obviously, we want to provide NATO's leaders with options that stabilize and not escalate tensions in Ukraine. But we are only one part of that equation.

I spoke this morning with my Russian counterpart, General Valiry Gerasimov. I conveyed to him the degree to which Russia's territorial aggression has been reputed globally. I urged continued constraint in the days ahead in order to preserve room for a diplomatic solution.

Russia's actions remind us that the world today remains unpredictable, complex, and quite dangerous. We cannot think too narrowly about future security challenges, nor can we be too certain that we have it right. The world will continue to surprise us, often in unpleasant ways.

That was how my last week ended. It began for me in Afghanistan, addressing the security challenges that remain in that region and where I went to gain first-hand appraisals from our troops and from our commanders. As always, I left there inspired. They remain fully engaged on the missions set before them. They continue to build the institution of the Afghan National Security Forces (ANSF) which, given the right political structure around them, has the ability to sustain the fight. We will be prepared to support a variety of options over the next several months as our relationship with Afghanistan moves forward. This includes, of course, the option to draw down by the end of the year, if that is the decision made by our elected leaders.

Meanwhile, our joint and NATO team has much work to do this year and they are ready for it. The global commitments of the joint force are not shrinking. Neither are our global security threats. The most likely threats emanate from violent extremist groups and from ungoverned spaces. Yet, we can never discount the possibility of state-on-state conflict. Therefore, our force must remain postured to provide options across the full spectrum of potential conflict.

At the same time, the balance between our security demands and our available resources has rarely been more delicate, and that brings me to the budget. The Secretary has walked you through the major components of the fiscal year 2015 budget proposal, which is a pragmatic way forward. In my view, it balances as best as it can our national security and fiscal responsibilities. It provides the tools for today's force to accomplish the missions we have been assigned, rebuilding readiness in areas that were, by necessity, deemphasized over the past decade. It modernizes the force for tomorrow, ensuring that we are globally networked and that we can continue to provide options for the Nation. It also reflects in real terms how we are reducing our costs, the costs of doing business, and working to ensure that the force is in the right balance. As a whole, the budget helps us to remain the world's finest military, modern, capable, and ready even while transitioning to a smaller and more affordable force over time.

But as I said last year, we need time. We need certainty and we need flexibility to balance the institution to allow us to meet the Nation's need for the future. The funds passed by this Congress in the BBA allow us to buy back some of our lost readiness and continue to make responsible investments in our Nation's defense. It does not solve every readiness shortfall. It is not a long-term solution to sequestration but it does give us a measure of near-term relief and stability.

The Joint Chiefs and I will never end our campaign to find every possible way to become more effective. We will do things smarter and more efficiently, more in line with the sorts of security challenges that we face today and in line with the fiscal reality. We will seek innovative approaches as an imperative, not just in technology but also in how we develop our leaders, aggregate and disaggregate our formations, and work with our partners. We will improve how we buy weapons, goods, and services, and we will invest deeper in developing leaders of consequence at every level, men and women of both competence and character who are good stewards of the special trust and confidence gifted to us by our fellow citizens.

But we have infrastructure that we do not need and, with your support, we ought to be able to reduce. We have legacy weapons systems that we cannot afford and, with your support, we ought to be able to retire. We have personnel costs that have grown at a disproportionate rate and we ought to be able to slow the rate in a way that makes the all-volunteer force more sustainable over time.

If we do not move toward a sounder way to steward our Nation's defenses, we do face unbalanced cuts to readiness and modernization. We simply cannot ignore the imbalances that ultimately make our force less effective than what the Nation needs. Kicking the can down the road will set up our successors for an almost impossible problem. We have to take the long view here.

I know these issues weigh heavily on the minds of our men and women in uniform and on their families. Our force is extraordinarily accepting of change. They are less understanding of uncertainty and piecemeal solutions. They want and they deserve predictability.

I have said before that we must be clear about what the joint force can achieve, how quickly it can achieve it, and for how long at what risk. To be clear, we do assume higher risk in some areas in this budget. This means that under certain circumstances, we could be limited by capability, capacity, or readiness in the conduct of an assigned mission, and these are the risks that we have to manage.

I support the QDR and this budget, but it is not without risks that I have conveyed in my assessment. I expect more difficult conventional fights. We must rely increasingly on allies and partners, and our global responsibilities are currently undiminished and will have to be placed in balance. If sequester-level cuts return in fiscal year 2016 or we cannot make good on the promises inside the QDR, then the risks will grow and the options that we can provide the Nation will dramatically shrink. That is a gamble none of us should be willing to take because it is our soldiers, sailors, airmen, marines, and coastguardsmen, America's sons and daughters, who will face tomorrow's challenges with whatever strategy, structure, and resources we develop today. Our most sacred obligation is to make sure they are never sent into a fair fight, which is to say, they must remain the best-trained, best-led, and best-equipped force on the planet. That objective has been the fundamental guiding principle as this budget was prepared and is one to which the Joint Chiefs and I remain absolutely committed.

Mr. Chairman, members of this committee, thank you for your outstanding commitment to our men and women in uniform. On their behalf, I stand ready to answer your questions.

[The prepared statement of General Dempsey follows:]

PREPARED STATEMENT BY GEN MARTIN E. DEMPSEY, USA

Chairman Levin, Senator Inhofe, and distinguished members of this committee, it is my privilege to report to you on the state of America's Armed Forces, our accomplishments over the last year, the opportunities and challenges ahead, and my vision for the future force.

We are in our Nation's 13th year at war. I am extremely proud to represent the men and women of our Armed Forces. Volunteers all, they represent America at its very best.

It is these soldiers, sailors, airmen, marines, and coastguardsmen—America's sons and daughters—who will face tomorrow's challenges with the strategy, structure, and resources we develop today. Our men and women are our decisive edge. Sustaining our military strength in the face of an historic shift to the future means making sure that the force is in the right balance.

In the near term, our mission in Afghanistan will transition, while we reset a force coming out of more than a decade of continuous conflict. We will sustain—in some cases adjust—our commitments around the globe to keep our Nation immune from coercion. We must do all of this with decreasing defense budgets. As a result, we will have to assume risk in some areas to create opportunity in others. This will require carefully prioritizing investments in readiness, training, modernization, and leader development.

Our men and women in uniform are the cornerstone of this Nation's security and our strongest bridge to the future. They are trusting us to make the right choices. So are the American people.

JOINT FORCE OPERATIONS

America's military has been in continuous conflict for the longest period in our Nation's history. But the force remains strong. The Joint Force today is as diverse and rich in experience as it has ever been. Our men and women remain engaged around the globe supporting our Nation's interests. They are defeating adversaries, deterring aggression, strengthening partners, and delivering aid.

Over the past year, our men and women have continued to fight, transition, and redeploy from Afghanistan. In June of last year, the Afghans reached a decisive milestone as they assumed lead responsibility for their own security. This signaled a shift in our primary mission from combat to training, advising, and assisting the Afghan forces. While coalition forces prepare to support national elections in the coming weeks, we continue to develop options for the forces, missions, partnerships, and authorities that will set the conditions for our commitment to Afghanistan after 2014.

The Joint Force continues to serve in and around an unpredictable Middle East through military-to-military exercises, exchanges, and security assistance. We are actively reinforcing our partners along Syria's borders to help contain violence, care for refugees, and counter the spread of violent extremism. We continue to pursue violent extremist organizations directly and through our partners where U.S. and allied interests are threatened. This includes support to partners in Yemen, and to French and African partners in Mali. Our military is also working closely with the U.S. Department of State to help restore security and stability in the Central African Republic and South Sudan.

We have deepened our traditional security ties in the Asia Pacific. In addition to our support for Typhoon Haiyan recovery efforts, we have strengthened cooperation with our allies and partners through military activities and force posture. We have maintained an active presence in the South and East China Seas, while also remaining prepared to respond to provocations on the Korean Peninsula.

We also remain postured with our interagency partners to detect, deter, and defeat threats to the homeland—to include ballistic missile defense, countering terrorism, and safeguarding against cyber-attack on government and critical infrastructure targets. Our men and women work collaboratively with other U.S. agencies, with forward-stationed State Department professionals, and with regional allies and partners to keep the Nation safe. Across all of these security operations, the Joint Force remains ready with military options if called upon.

BALANCING GLOBAL STRATEGIC RISK

The global security environment is as fluid and complex as we have ever seen. We are being challenged in pockets throughout the world by a diverse set of actors—resurgent and rising powers, failing states, and aggressive ideologies. Power in the international system is shifting below and beyond the Nation-state. At the same time, the balance between our security demands and available resources has rarely been more delicate.

The confluence of wide-ranging transitions, enduring and new friction points, and "wild cards" can seem unsolvable. Yet, understanding the interrelationships between trends reshaping the security environment offers opportunities to begin to solve some of the world's perplexing and prolonged challenges.

In any effort, the military does not do it alone. We must bring to bear every tool of national power in American's arsenal. Our distributed networks of allies and partners are equally indispensable. Together, we can build shared understanding and develop focused, whole approaches that share the costs of global leadership. Deepening these hard-won relationships of trust and building the capacity of our partners will be more vital in the years ahead.

With this context in mind, the Joint Force of the future will require exceptional agility in how we shape, prepare, and posture. We will seek innovation not only in technology, but also in leader development, doctrine, organization, and partnerships. We must be able to rapidly aggregate and disaggregate our formations, throttle up force and just as quickly, throttle it back.

We will have to be more regionally-focused in our understanding and globally-networked in our approaches. We will be adaptable to combatant commander priorities to prevent conflict, shape the strategic environment, and—when necessary—win decisively.

Importantly, we will have to balance these competing strategic objectives in the context of a resource-constrained environment. We must be frank about the limits of what the Joint Force can achieve, how quickly, for how long, and with what risk.

Accordingly, we will need to challenge assumptions and align ambitions to match our combined abilities. Our force's greatest value to the Nation is as much unreal-

ized as realized. We need to calibrate our use of military power to where it is most able and appropriate to advance our national interests. Our recent wars have reminded us that our military serves the Nation best when it is synchronized with other elements of national power and integrated with our partners.

BALANCING THE FORCE

As part of an historic shift to the future, the institution is fundamentally re-examining itself to preserve military strength in the face of the changing security environment and declining resources. Here are five ways in which we are working to make sure the Joint Force remains properly balanced over time:

Resource Allocation

We are resetting how we allocate our budget among manpower, operations, training, maintenance, and modernization. Disproportionate growth in the cost per servicemember is overburdening our manpower account and threatening to erode combat power. We have to bring those costs back into balance with our other sacred obligations to the Nation.

The President's fiscal year 2015 budget request, importantly, reflects the needed personnel reductions, institutional streamlining, and administrative changes that better reflect our military's more limited resources. We will keep driving towards becoming more steel-plated on all fronts—shedding waste, redundancy, and superfluity in our organizations and processes. We are rebalancing our tooth-to-tail ratio by shrinking the Department's headquarters, overhead, and overseas infrastructure costs. We are taking steps to improve our acquisitions enterprise. We will make the tough choices on force structure.

We will never end our campaign to find every way to become more effective. Yet, we have already seen that not every effort generates the savings we need as fast as we need them. Some proposals to shed excess infrastructure have not gained the support of Congress, most notably our calls for a Base Realignment and Closure round and requests to retire legacy weapons systems we no longer need or afford.

Getting our personnel costs in balance is a strategic imperative. We can no longer put off rebalancing our military compensation systems. Otherwise we are forced into disproportionate cuts to readiness and modernization. We price ourselves out of the ability to defend the Nation.

We must work together to modernize and optimize our compensation package to fairly compensate our men and women for their service. We should provide the options and flexibility that they prefer and shift funds from undervalued services to the more highly valued benefits, as we reduce our outlays.

We need to slow the rate of growth in our three highest-cost areas: basic pay, health care, and housing allowances. The Joint Chiefs, our senior enlisted leaders, and I also strongly recommend grandfathering any future proposed changes to military retirement, and we will continue to place a premium on efforts that support wounded warriors and mental health.

To that end, I look forward to working in partnership with Congress and the American people on a sensible approach that addresses the growing imbalances in our accounts, enables us to recruit and retain America's best, and puts the All-Volunteer Force on a viable path for the future.

We should tackle this in a comprehensive package of reforms. Piecemeal changes are a surefire way to fray the trust and confidence of our troops. They want—and they deserve—predictability.

Geographic Shift

The United States remains a global power and our military is globally engaged. While we transition from the wars of the past decade, we are focusing on an evolving range of challenges and opportunities. Our military will continue to have deep security ties in the Middle East and globally. We are—of necessity—continuing the rebalance to the Asia Pacific as part of our government's larger priority effort towards the future stability and growth of that region.

Broadly, this geographic rebalance recognizes where the future demographic, economic, and security trends are moving. In a sense, it is "skating to where the puck is going," as hockey great Wayne Gretzky used to say. As such, we are—over time—investing more bandwidth in our relationships in the Asia Pacific, engaging more at every level, and shifting assets to the region, to include our best human capital and equipment.

Europe remains a central pillar to our national security and prosperity. Our NATO alliance has responded to security challenges in Afghanistan, Africa, and the Middle East. The most successful and durable alliance in history, NATO transcends

partnership because common values underpin our 65-year-old alliance. Going forward, we will all benefit from the security NATO provides.

Preparing across the Spectrum

Our force is coming out of more than a decade of focusing primarily on one particular kind of fight centered on the Middle East. As a result, we have become the finest counterinsurgency force in the world.

Current and future security challenges mandate that we broaden our approach. Across the Services, we are resetting how we apply our training bandwidth and how we develop leaders to account for conflict across the spectrum. This includes those critical conventional areas that—by necessity—were deemphasized over the past decade.

We are also pluralizing our partnerships with other agencies and nations. With the global terrorism threat specifically, we are rebalancing our emphasis towards building or enabling our partners, while retaining the capability to take direct action ourselves.

Remaining the security partner of choice increases our Nation's collective ability to safeguard common interests and support greater stability in weaker areas of the world. Improving partner capability and capacity in a targeted way is an important component of our military strategy, especially as our resources become more constrained.

Force Distribution

In keeping with the evolving strategic landscape, our force posture must also evolve. As we emerge from the major campaigns of the last decade, we are developing new approaches across and within commands in the way we assign, allocate, and apportion forces inside a broader interagency construct.

We are determining how much of the force should be forward-stationed, how much should be rotational, and how much should be surge ready in the homeland. Baselining forces in each combatant command will allow us to predictably engage with and assure partners and deter adversaries. Baseline does not mean equal resources. We seek instead a force distribution appropriately weighted to our national interests and threats.

Our military has become more integrated operationally and organizationally across the Active, Guard, and Reserve, especially over the past decade. We are working to determine the most effective mix of each of the components to preserve the strength we have gained as a more seamless force. This too will be different across the combatant commands. For example, many relationships in Europe—especially the newest NATO partner nations—benefit from the National Guard-led State Partnership Program, which is in its 20th year. Relationships such as these will help us to sustain the capabilities we will require in the years ahead.

Also to strengthen the Joint Force, we are committed to offer everyone in uniform equal professional opportunities to contribute their talent. Rescinding the Direct Ground Combat Rule last January has enabled the elimination of gender-based restrictions for assignment. The Services are mid-way through reviewing and validating occupational standards with the aim of integrating women into occupational fields to the fullest extent over the next 2 years. We are proceeding in a deliberate, measured way that preserves unit readiness, cohesion, and the quality of the All-Volunteer Force.

Additionally, as our force draws down, the remarkable generation that carried the best of our Nation into battle is transitioning home and reintegrating into civilian life. We will keep working with the Department of Veterans Affairs, other agencies, and communities across the country to make sure they have access to health care, quality education opportunities, and meaningful employment. This generation is not done serving and our efforts to enable them to contribute their strengths should be viewed as a direct investment in the future of America.

Competence and Character

We are making sure that as the Nation's Profession of Arms, we remain equally committed to competence and character throughout our ranks. The pace of the last decade, frankly, may have resulted in an overemphasis on competence. Those we serve call for us to be good stewards of the special trust and confidence gifted to us by our fellow citizens—on and off the battlefield.

Even as—especially as—we take this opportunity to remake our force and its capabilities, we owe it to the American people and to ourselves to also take an introspective look at whether we are holding true to the bedrock values and standards of our profession. Historically, the military has done precisely this after coming out of major periods of conflict.

The vast majority serve honorably with moral courage and distinction every day. But sexual assault crimes, failures of leadership and ethics, and lapses of judgment by a portion of the force are evidence that we must do more—and we are. These issues have my ongoing and full attention.

It has been and continues to be one of my foremost priorities as Chairman to rekindle within the force both its understanding and its resolve as a profession. We must strengthen the enduring norms and values that define us and continue to be a source of trust and pride for our Nation.

We are looking at who we are promoting. More importantly, we are looking at what we are promoting—the standards, the ethos, the essence of professionalism. We know that we can never let our actions distance us from the American people, nor destroy the message that draws many into the ranks of the military in the first place.

To that end, we are advancing a constellation of initiatives towards our continued development as professionals. These include 360 degree reviews, staff assistance and training visits to senior leadership, and a deeper investment in character development and education through the span of service. We are detecting and rooting out flaws in our command culture and promoting an ethos of accountability across the ranks. We know we own this challenge and we are committed to meeting it.

BALANCING STRATEGIC CHOICES

Our military's ability to field a ready, capable force to meet global mission requirements has been placed at risk by layered effects of the operational pace and converging fiscal factors of recent years.

The funds above sequester levels passed by this Congress in the Bipartisan Budget Agreement allow us to buy back some lost readiness and continue to make responsible investments in our Nation's defense. It doesn't solve every readiness problem and is no long-term solution to sequestration, but it does give us a measure of near-term relief and stability.

The Joint Chiefs and I are grateful for Congress's support of the efforts to return units to the necessary levels of readiness. It helps us preserve options for the Nation and ensure that our troops can do what they joined the military to do. Likewise, we appreciate the dialogue engendered in these chambers to determine the kind of military the American people need and can afford—the right mix of capabilities and programs to protect our national interests.

While we have achieved a degree of certainty in our budget for the next 2 years, we still don't have a steady, predictable funding stream, nor the flexibility and time we need to reset the force for the challenges we see ahead.

This tension comes at a time when winning together through jointness has been at its peak. If we don't adapt from previous approaches toward a sounder way to steward our Nation's defense, we risk ending up with the wrong force at the wrong time.

The President's fiscal year 2015 budget request represents a balanced, responsible, and realistic way forward. It leads to a Joint Force that is global, networked, and provides options for the Nation. It helps us rebuild readiness in areas that were—by necessity—deemphasized over the past decade, while retaining capacity and capability. It supports the reset and replacement of battle-damaged equipment and helps us meet future needs by balancing force structure, readiness, and modernization priorities. It invests in missile defense and in modernizing the nuclear enterprise. It allows us to advantage intelligence, surveillance, and reconnaissance, Special Operations Forces, and cyber, while making adjustments to the conventional force.

To be clear, we do assume higher risks in some areas under the fiscal year 2015 proposal, but this budget helps us to remain the world's finest military—modern, capable, and ready, even while transitioning to a smaller force over time. If sequester-level cuts return in 2016, the risks will grow, and the options we can provide the Nation will shrink.

The Joint Chiefs and I remain committed to making the tough choices—carefully informed—that preserve our ability to protect our Nation from coercion and defend the American people. Our sacred obligation is to make sure our men and women are never sent into a fair fight. That means we must make sure they are the best led, best trained, and best equipped in the world.

But, we need help from our elected leaders to rebalance the force in the ways I have described. This includes, importantly, making the financially prudent, strategically informed reductions we need.

The opportunity is ours in the months ahead to carry the hard-earned lessons learned of our Nation's wars into the context of today, to set the conditions to pre-

pare the force to address the challenges of tomorrow, and to sustain and support our dedicated men and women in uniform and their families. I look forward to seizing these opportunities together.

Thank you for your enduring support.

Chairman LEVIN. Thank you very much, General Dempsey.

Secretary Hale, thank you. Thank you for your service. We all feel that the comments you just heard from your bosses are very appropriate.

We are going to have a 7-minute round for our first round. We are all going to have to stick to the 7 minutes if we are all going get our time in by a quarter to 1 or 1 o'clock. I think we can do it.

We have a series of stacked votes starting at 11:45 a.m. We are going to have to work through those votes with some of us leaving, coming back, and so forth. We are used to managing that kind of situation, but it may be a little trickier than usual this morning. If we all stick to our 7 minutes, I think we can do it.

Your statements, of course, will be made part of the record.

Let me ask you, General Dempsey. The 2015 budget request includes, as you both have mentioned, numerous personnel-related proposals which are intended to slow the growth of personnel costs. You have mentioned pay raises below rate of inflation, a 1-year pay freeze for general and flag officers, a reduction in the growth of the housing allowance, phased reduction in the subsidies for military commissaries, a series of changes to the TRICARE program, and, of course, a reduction in the end strength of the Army particularly.

Secretary Hagel mentioned that the savings achieved by these proposals would be used to invest in modernization and readiness.

Do the Joint Chiefs, including the Chief of the National Guard Bureau, agree to these personnel-related changes?

General DEMPSEY. Yes, Mr. Chairman. We spent about a year working comprehensively to come up with that package.

Chairman LEVIN. Thank you.

General DEMPSEY. I just want to mention one other thing. Our goal here was to do this in a way that we could articulate our purpose to the force, which is, in fact, to put the money back into the Services so they can apply it to their readiness accounts, but also we wanted to do it once. One of the things that the members of the Armed Forces in the field suggest is whatever we have to do, let us do it once. Let us not do this every year.

Chairman LEVIN. Thank you.

If Congress rejects those proposals, is it not true that we would have to find approximately $31 billion that those proposals provide for readiness and modernization and we would have to find that $31 billion if we restored those cuts somewhere else in the budget? Is that true, Secretary Hagel?

Secretary HAGEL. Unless the Comptroller has any other opinion on this, it is true, and we tried to articulate that in the statements.

Chairman LEVIN. Now, I want you to talk about the Opportunity, Growth, and Security Initiative. This is a $26 billion add to the caps that are in law, and it requires congressional action.

Do you both believe that the budget that you are requesting today, if approved by Congress without that additional $26 billion in fiscal year 2015, would enable our military forces to fulfill its as-

signed missions to meet our national security strategy? So, first, if we do not add the $26 billion, can we carry out the missions needed to achieve that strategy?

Secretary HAGEL. We can fulfill our national security missions, but it will come at higher risks.

Chairman LEVIN. Is it an acceptable risk? Is it a risk you can manage, to use the kind of terminology which you used here this morning?

Secretary HAGEL. We lay out those risks, Mr. Chairman, as to what we would have to do, and they are pretty specific. You mentioned some of them in your statement.

Chairman LEVIN. How soon then will you be providing us with a specific list, item by item, of what would be funded with the additional $26 billion, if you were to get it?

Secretary HAGEL. We have now a general breakdown because I asked the Chiefs, with the Chairman, to give me their list of how they would use that money. We have some pretty good indications now and we provide that. I do not know if you want the Comptroller to get into that.

Mr. HALE. We will have it next week, the line item detail on the Opportunity, Growth, and Security Initiative.

Secretary HAGEL. But, Mr. Chairman, I would just add the bulk of that goes to, I think you know, modernization and readiness. Then I think the last 10 percent of whatever you break it out, in general 100 percent of the $26 billion, would be to try to recapture a lot of the deferred maintenance over the last 2 or 3 years. But it is readiness and modernization.

Chairman LEVIN. But we will get the detailed list in a week.

Secretary HAGEL. Yes.

Chairman LEVIN. The FYDP assumes that the statutory caps are going to be modified and that DOD will receive $115 billion above sequestration levels for the 4 fiscal years after fiscal year 2015.

DOD told us and the public that if it gets that extra money, it would be able to retain 11 carriers, an Army Active end strength of 440,000 or 450,000, and an Army National Guard end strength of 335,000. However, the budget documents that were submitted by DOD include the $115 billion in the FYDP but still provide for only 10 carriers, an Active end strength in the Army of 420,000, and a National Guard strength of 315,000, instead of what your statements have been. With that additional FYDP money those numbers would be higher.

If you plan to spend the extra $115 billion in that FYDP, as you request, to maintain the 11 carriers and a higher end strength for the Active Army and Army National Guard, why is that not reflected in the budget documents?

Secretary HAGEL. The simple direct answer to the question, then if the Comptroller wants to go any deeper, the specific areas that you mentioned, which would be the 11th carrier and the force posture issue, is that we have some time to make those decisions based on knowing with some certainty what kind of resources we are going to have.

Chairman LEVIN. But you said publicly that those——

Secretary HAGEL. We have also said publicly in a letter, I think yesterday, and the Comptroller talked about it in some of these

briefings. We lay this out, by the way, in our follow-up documentation too.

To answer your question, the specific reason is that we would then have to come back and make a decision planning for the worst, planning for the reality of the law, which is sequestration. But if that top line $115 billion would be funded, then we would be able to have the 440,000 to 450,000 Active end strength and the 11th carrier because these are commitments that have to be made in the longer-term.

Chairman LEVIN. Your documents that we are going to get into relative to the FYDP show that the carriers would be retained at 11. Will they show the end strength would be kept at 440,000 or 450,000 for the Army? Will they show the 335,000 for the Guard or not?

Mr. HALE. No. They will show 420,000 and 10 carriers.

Chairman LEVIN. There is a problem.

Secretary HAGEL. No. I did not say the budget would reflect that. In explanation, I sent letters out yesterday or maybe it was earlier in the week, to the Chiefs also noting all this for the record. There is an explanation of why we are doing what we are doing to give our Services the time they are going to need to adjust to this. You have an air wing that would come with a carrier. You have people. These are longer-term obligations. If we do not believe we are going to have the resources, Mr. Chairman, then we are not going to be able to——

Chairman LEVIN. I think there is a disconnect between the public comments and the budget documents, but I will leave it at that because my time is up.

Senator Inhofe.

Senator INHOFE. Mr. Chairman or Secretary Hagel, the QDR that came out today spends a lot of time explaining the risks associated with it. You know I applaud your decision to discuss risk because very often they do not since risk means lives, and I think we all understand that. I think it discusses risk so much because this administration has put our national security at more risk than I have seen in the years that I have been here.

The DNI, James Clapper, agrees. He said on February 12, "looking back over my now more than a half century in intelligence, I have not experienced a time when we have been beset by more crises and threats around the globe." Despite the fact that the world is becoming more dangerous, this risk is growing as a direct result of a dismantling of our defense over the last 5 years.

Admiral Winnefeld told this committee, "there could be, for the first time in my career, instances where we may be asked to respond to a crisis and we will have to say that we cannot."

General Dempsey, I appreciate your assessment backing the QDR and I could not agree with you more when you said, "when we commit America's sons and daughters into combat, we must ensure that they are the best-trained, best-equipped, and best-led fighting force on the planet." Unfortunately, that is not a certainty anymore when you said in the QDR that our aging combat systems are increasingly vulnerable against adversaries who are modernizing and you discuss factors that diminish our present military ad-

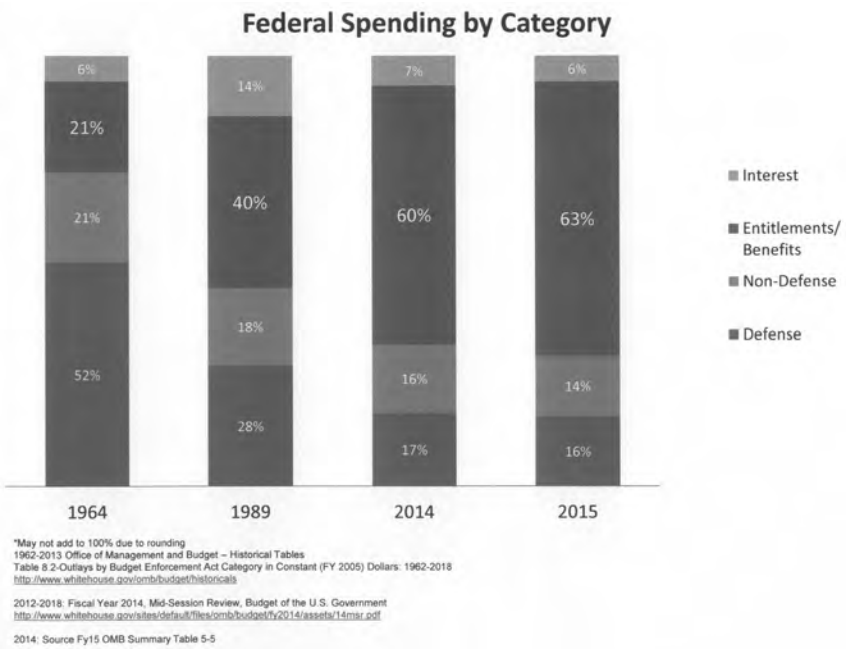
vantage and complicate our ability to meet the ambitious strategic objectives.

"The loss in the depth across the force could reduce our ability that intimidates opponents from escalating in conflict." I think that means that we will have more events like Ukraine.

I was in Georgia right before the Winter Olympics, and of course, Georgia goes right up into the area that Russia has confiscated from Georgia, about 20 percent, goes right up to where the Winter Olympics were. The leaders in Georgia were predicting there that the same thing that was happening in Ukraine was going to happen there. So I see that this is serious.

If you look at the last two bars of the chart over here on this side, it shows that the entitlement benefits are going up again in this fiscal year that we are talking about now, and defense is going down at the same time. So the trend line, as I said in my opening statement, is going in the wrong direction.

[The information referred to follows:]



Senator INHOFE. Do either one of you want to comment on the continued advisability of increasing the entitlement programs as opposed to defense?

Secretary HAGEL. Senator Inhofe, my job is the DOD budget, and that is what I am focused on. I have presented the reality of the budget——

Senator INHOFE. Okay, I understand that because you are given that and then you are doing the best you can, as is General Dempsey, within the confines of the budget that you had to work with. Is that what you feel?

Secretary HAGEL. Let us start with the fact that we are confined by budget caps. That is the reality. It is the budget cap that Congress agreed to that confines me, and I start from there.

Senator INHOFE. That is fine. What I am talking about here, though, Mr. Secretary, is if that is advisable whether it has budget caps or not?

But rather than to get into that in this limited time, I want to get into a couple of other things because it goes beyond just the entitlement reform I referred to. Yes, that is very real up here.

I have a Congressional Research Service report that shows, and I have been working on this for quite some time, that in the last 5 years, between 2009 and 2014, the President has spent $120 billion on the environmental agenda, mostly global warming, climate, and that type of thing. I did a little bit of math. We were talking about the crisis we are in, and I have quoted so many people here from the Intelligence Community and from the defense community saying that this is a really serious crisis that we are in.

In that respect, if you were just to take the amount that was not authorized by Congress, and I am talking about the environmental agenda, you could actually buy 1,400 F–35s. I think people need to understand that there is a price we are paying for all these agendas that have been rejected by Congress.

I applaud your honesty, and the American people do also, I think, Secretary Hagel, when you said "American dominance on the seas, in the skies, and in space can no longer be taken for granted."

We heard from General Odierno. He said such reductions "will not allow us to execute the 2012 Defense Strategic Guidance (DSG) and will make it very difficult to conduct even one sustained major combat operation."

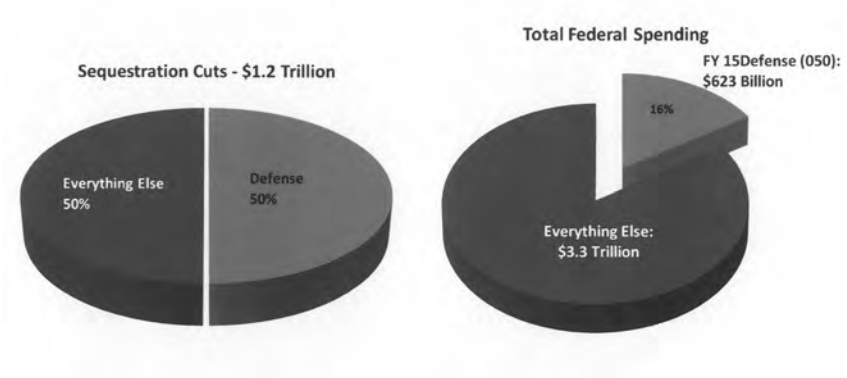
General Dempsey, you said "we are putting our military on a path where the force is so degraded and so unready that it would be immoral to use force."

General Amos said "we will have fewer forces arriving, less trained, arriving later to the fight." This is a formula for more American casualties. We are talking about American casualties, yes. That is how risk fits into this.

Under Secretary Frank Kendall said on January 3, "we are cutting our budget substantially while some of the people we worry about are going in the opposite direction." We have 20 years since the end of the Cold War and a presumption that we are technologically superior, militarily. I do not think that is a safe assumption anymore.

We have another chart that is over here. It is just a reminder. I put one of these at the place of each member. It talks about the cuts and the fact that defense consumes 16 percent, down from last year, of the total budget and yet is responsible, on the top of that chart, for 50 percent of the cuts. We have talked about it several times during the course of this presentation. We are alleviating some $26 billion to help the military, at the same time it is being held hostage because there is another more than $30 billion that will be given the same relief to the domestic side.

[The chart referred to follows:]



Senator INHOFE. That is my 7 minutes. Is that fair?

Secretary HAGEL. Is your question, is it fair?

Senator INHOFE. That is my question.

Secretary HAGEL. Like I said, Senator, I have the responsibility for this budget. Every item you listed on your inventory of risks and problems, which we, I think, generally agree with, as we all do here. As you have noted, the group that has made the comments that you quoted, all accurate, is why we have come back up with an additional $26 billion request. That is why the President of the United States has asked for an additional $115 billion over the caps over the next 5 years.

Senator INHOFE. Yes, but it is still disproportionate, domestic versus military. When I say this, I know you folks are given a budget. You are given caps, and you have to operate within those. To the American people, this does not look very realistic. I just think it needs to get in the record and articulated as to why we are in the situation we are in right now.

Secretary HAGEL. The Office of Management and Budget Director is making a presentation this morning about the entire budget, and that probably would be the appropriate person to ask the question.

Senator INHOFE. That is good.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

I first want to begin by thanking Secretary Hale for his distinguished service. Mr. Secretary and General Dempsey, thank you for your service.

General Dempsey, when you were looking at the force structure, can you give us an idea of the assumptions and risks that you contemplated? Does this preclude us from a full spectrum of operations to do the force structure that you are operating under now or proposing to operate under?

General DEMPSEY. At some level, Senator, those are two very different questions. The way we size the force is against what we believe to be an optimum amount of forward presence, rotational presence, and surge capability from the Homeland, and against combatant commander war plans. When we laid out this force

against those activities, at the request of this committee, I might remind us, you asked us for many sessions to find that place where we think the risk becomes too high, and we see that. We can see that point, and it is called sequestration.

The force we have in this budget can meet the requirements of the DSG, which was the foundational document on which the QDR was developed. I think that as we have a discussion about what this force can do in that context, as I said, there is higher risk in certain areas. One of those is the conventional fights and particularly land forces will take longer to generate. But that is a much longer conversation.

The short answer to your question is, yes, we have done that analysis.

Senator REED. Let me just follow up with a quick question with respect to land forces. Because you have to operate on a notion of a rapid deployment of initial forces, then the follow-on forces, the ratio between your Active Force and your Reserve components is based upon the fact that you have to generate forces fairly quickly and have sufficient Active Forces to get to the point where Reserve Forces cannot only be mobilized but effectively integrated and trained. Is that the concept that you——

General DEMPSEY. It is, Senator. This is about balancing the force such that we have a portion of it readily and immediately available. One of the other assertions in the QDR and elsewhere is that conflict will generally occur faster, in more unpredictable ways, and with higher degrees of technology. We have to make sure we balance the Active component to be the first responder and then rely upon the Reserves beyond that.

Senator REED. Thank you, General.

Mr. Secretary, Senator Inhofe brought up a very fundamental issue we are struggling with broadly, and that is, the commitments we have made, particularly to future generations, and the resources we have available for not only the military but for education and for current investment. There is not a precise comparison but an analogy to your proposal with respect to some of the health care programs in the military, and some of the quality of life issues because you are battling a similar dynamic. Of course, let us recognize from the beginning these are all earned benefits through sacrifice and service to the Nation.

But if we do not accept or somehow accommodate your suggestions, the effect will be that you will have fewer resources for Active Forces who have to go in harm's way. It affects their training. It affects the platforms that they use. It affects everything. That is the fundamental tradeoff that you are trying to negotiate at this moment. Is that fair?

Secretary HAGEL. Senator, it is fair, and it is part of the overall scope of the balance. I think any strategy, any perspective on not just short-term but more importantly the long-term responsibilities have to include the balance that the Chairman talked about, which we spent a lot of time on.

I noted it in my statement your specific point about preparing our forces. It would be the most irresponsible act of a commander in chief or a secretary of defense or any leader to send men and women into war not prepared, not equipped, not best-led, not best-

trained. That is part of the balance. So we have to ensure that that will continue. We have that today, but there is no assurance we are going to continue to have it. As a matter of fact, we will see degradation of that. But at the same time, the fair compensation as you say, earned pay, earned compensation, and earned benefits, has to be balanced as well.

We think we have come up with a pretty reasonable balance. It is subject to questions. It should be. We should probe this. There might be better ways to do it. But as I noted in my statement, balance was a very significant part of how we came at this.

Senator REED. Let me ask General Dempsey. In your development, along with your colleagues, of these proposals with respect to the issue of existing benefits going forward, you, I presume, have had a dialogue with not only the Active Duty personnel but the retired forces? Are they the equity holders? You have talked to them about these issues.

Do you feel as if you have done an effective job of explaining this to them? Have they responded in terms of recognition of these issues and a sense if we do this once and we do it right, it is appropriate and acceptable?

General DEMPSEY. I cannot guarantee that there will be universal acclamation of this proposal. I will tell you that my senior enlisted advisor, Sergeant Major Bryan Battaglia, is sitting behind me. We have had the senior enlisted of each Service involved throughout the process. We have also reached out to the veterans support organizations and military support organizations. Some of them acknowledge certain parts of it. I do not know that any of them acknowledge all of it, but we have done our best.

Senator REED. I presume that is going to be a continuing dialogue?

General DEMPSEY. It must be. That is right.

Senator REED. Because they have not only an interest here, but they have the credibility and legitimacy to be integral parts of whatever we do.

General DEMPSEY. Right.

Senator REED. That is recognized by you and the Secretary, I presume.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you so much, Senator Reed.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, General Dempsey, and thank you, Secretary Hale, for your outstanding service.

Mr. Secretary, you come here with a budget today, and I very much appreciate your comments that you are doing your best under the budget constraints that you are forced to abide by. Certainly some of the challenges you face have been bred by sequestration, as Senator Inhofe pointed out.

But I do not think it is in dispute, is it, that this budget will give us the smallest Army since prior to World War II, the smallest Navy since sometime after World War I, and the smallest Air Force in that period of time? Admittedly, more capable, but certainly the smallest. Would you agree with that?

Secretary HAGEL. Yes, Senator, if you look at just the straight numbers, but there is more to it than that. It is capability.

Senator MCCAIN. I am sure there is much more to it. There is also a thing such as presence and others. But those are not disputable.

I must say, Mr. Secretary, your timing is exquisite. You are coming over here with a budget that we agree on, at least on the numbers, at a time when the world is probably more unsettled than it has been since the end of World War II. The invasion of Crimea, Geneva II collapse, Iran negotiations stalled, the South China Sea, China more and more aggressive, North Korea fired missiles in the last few days, Syria has now turned into a regional conflict, and the list goes on. Today or yesterday, China announced its biggest rise in military spending in 3 years. On Wednesday, they increased their defense budget by 12.2 percent.

I am sure that she was appropriately disciplined, but apparently Katrina McFarland, the Assistant Secretary of Defense for Acquisition, told a Washington, DC, crowd today, "right now the pivot is being looked at again because, candidly, it cannot happen." Then she later, obviously, was disciplined and retracted those remarks.

You come here with a budget that constrains us in a way which is unprecedented since previous times is my point, Mr. Secretary. There are unnamed quotes out of DOD: no more land wars. That is why we are reducing our forces to the degree we are. We have seen that movie before, Mr. Secretary. In fact, you and I have. We saw it after World War II, and we were not prepared for Korea. We saw it after Korea, and we were not ready for Vietnam. After Vietnam, we had a Chief of Staff of the Army who came over here and told this committee we had a hollow Army. Now we are going through the same, ignoring the lessons of history again. It is really a shame.

Which brings me to Crimea. It is widely reported in the media today that our intelligence sources did not predict that the Russian invasion would take place. Was that true with your intelligence sources as well?

Secretary HAGEL. I am not going to get into intelligence matters here in an open hearing, Senator.

Senator MCCAIN. I am not asking for intelligence matters. I just want to know whether you were made aware of this threat that was going to take place. I do not know how classified that would be.

Secretary HAGEL. Senator, as I noted, I was at NATO last week, and there was a NATO-Ukraine commission meeting. Early last week, we were made well aware of this threat.

Senator MCCAIN. So despite all the media reports, our intelligence sources predicted that Lavrov would invade Crimea.

Secretary HAGEL. As I said, I will not get into the specifics in an open hearing. But if you would like a briefing to your staff on the specifics of your question——

Senator MCCAIN. How about commenting on news reports that say that?

Secretary HAGEL. News reports are news reports, but that is not real intelligence.

Senator MCCAIN. In other words, the fact is, Mr. Secretary, it was not predicted by our Intelligence Community and that has already been well known, which is another massive failure because of our total misreading of the Vladimir Putin intentions.

Secretary HAGEL. Senator, I said that we were——

Senator MCCAIN. Let me finish my statement, please. Mr. Putin was not going to see Sevastopol go into hands of a government that was not his client. That is just a fact.

Now, please, go ahead.

Secretary HAGEL. I said that early last week, we were well aware of the threats. When I was in NATO, there was a meeting specifically about the threat with the NATO-Ukraine commission. I have been speaking over the past couple of weeks, more than that, to Ukraine defense ministers. The two I spoke to are now gone. So this was not sudden or new that we did not know what was going on.

Senator MCCAIN. The President and the Secretary of State have said this is not old East-West. This is not Cold War rhetoric. Do you agree with that statement, when Mr. Putin denies that there are troops in Russia, when Mr. Lavrov says today that they cannot withdraw Russian troops because there are no Russian troops in Crimea? Does that have some echoes to you of Cold War?

Secretary HAGEL. I think Secretary Kerry addressed this pretty clearly in his comments specifically about your point about no evidence, no credible——

Senator MCCAIN. I was asking for your view, sir.

Secretary HAGEL. I agree with Secretary Kerry.

Senator MCCAIN. Which is?

Secretary HAGEL. He laid it all out about we do not accept anything that President Putin said as fact about why they had to protect the so-called ethnic minority in Crimea and the other reasons that the Russians have laid out as to why they took the action they did. I thought Secretary Kerry did a good job of directing his comments to President Putin's remarks. I agree with what Secretary Kerry said.

Senator MCCAIN. I thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator McCain.

Senator Manchin.

Senator MANCHIN. First of all, I want to thank you, all of you, for your service and, Mr. Secretary, for making a valid effort of putting a budget together that was done exactly the way it was asked to be done. What would the new DOD look like and why should it look differently than what it does today? I think you did that. We have to see now if we can all work within the recommendations that you put forth. Thank you for that.

As far as DOD being under extreme budgetary pressures to do more with less, we understand that, but they have always risen to that occasion and I expect the same will be done.

First, Secretary Hagel, I appreciate those efforts. The defense budget review highlights a number of areas, such as the foreign cost savings. I am concerned about the plans for the 2016 fiscal year and beyond. They appear to pay little credence to the realities of sequestration. I hope that sequestration is going to go away, and I know you talked about that briefly. If it does not, are you asking

and do you need that flexibility that was not in the previous sequestration?

Secretary HAGEL. Thank you, Senator. We do need that, as I have noted in my opening remarks, and I go into much greater detail in my written statement.

I would just add one other thing. I appreciate your comments about trying to prioritize budgets. Governors probably know more about this than anyone, so thank you.

Senator MANCHIN. General Dempsey, I have had a concern about Afghanistan since I arrived here 3 years ago. I am not of the belief that 10,000 troops being left in Afghanistan will change the direction. I have always said if money or military might would have changed that part of the world, we would have done it by now.

But knowing where we are with Karzai now, knowing the unknown as far as the elections coming up, however long that may be, ratification or direction we are going, do you truly have a plan for pulling out of Afghanistan? I know it has been said, and the President has given the order to move in that direction. Are we moving in that direction? From that standpoint, what will happen with Bagram Air Force Base?

General DEMPSEY. If I could, Senator, first I just want to speak briefly if we go back to sequestration in 2016, and if that means we need more flexibility. Absolutely, but flexibility alone will not answer any problems.

Senator MANCHIN. Okay. The only thing I know is the draconian way it was being administered was not fair to anybody.

General DEMPSEY. No, no. That is absolutely right. But the depth of it is a problem.

Senator MANCHIN. I understand that.

General DEMPSEY. On Afghanistan, we are there as part of a NATO mission, and I always remind us of that. They have a plan called Resolute Support for 2015 and beyond that accomplishes train, advise, assist, ministerial development, and so forth. The NATO plan calls for 8,000 to 12,000, and that is our recommendation at this point. That includes a regional approach, the hub in Kabul Bagram, and then a modest presence in the four corners of the country, in particular, because during this period, after their election, there will be a period of even greater instability, if that is possible, and we think it prudent to do that.

In the meantime, we have had this challenge of getting the Bilateral Security Agreement (BSA) and have been directed to make other plans. So we have options between roughly 10,000 and 0, and those options are being refined because every day that goes by, some of them become either more or less likely. In the meantime, our retrograde activities are ongoing. Those will not be a limiting factor or in any way box in our elected officials from making a decision. Retrograde is on path.

To your question on Bagram, I think if we were to considerably shrink our presence in Afghanistan, Bagram would be a key node in that force structure, whatever size it becomes.

Senator MANCHIN. Secretary Hagel, I met with Lieutenant General John Campbell last week concerning the repositioning of the Army as the budget was put forth. My concern was with the National Guard. Again as a former Governor, the Guard is very cru-

cial to all of our States, but it is also crucial to the backup in defense. It is not the Guard that we knew growing up. It is a different Guard today.

With that being said, I just feel the Guard can be used in a much more cost-saving and efficient manner, not having the full cost of a full-time military but a backup, if needed, to bring forward rather than downsizing the Guard. I think both of them were recommended as a reduction.

Secretary HAGEL. Senator, both were recommended for some reductions, although the recommendations we made for the Guard and Reserve were significantly less than the Active-Duty Force. But start with this. The importance and the relevance of the Guard and Reserve will continue. There is no question about that, especially with the accomplishments and what they have achieved over the last 13 years. As you noted, the Guard today is a different Guard, and we do not want to lose that, absolutely. But their mission is different than the Active Duty.

It goes back to the question that Senator Reed asked me about balance. We have tried to balance this, Senator, with all the forces. What are we going to need? How are we going to best merge and value-add all of our forces together? The Guard and Reserve are a critical component of that.

Senator MANCHIN. My time is running out.

The amount of private contractors that we have are mostly ex-military anyway, but at a much higher cost. I have been very critical about the amount of money and effort that we put forth on contractors and it should be back into our military. I know you are all looking at the long-term legacy costs also, but I believe as a Nation we are much stronger with those people in uniform than we are with the contractors that we are using. I know you all believe that.

The Senators that helped, and I cannot, for the life of me, understand why I had so much opposition trying to reduce the capital on contractor salaries. We thought maybe the same as the Vice President's salary might be adequate enough at $230,000, but others still believe it needs to be around $500,000.

Secretary HAGEL. I think, first, the directive that we received from Congress on this that came out of this committee has been very clear. I think we have made very significant progress. We are not where we need to be yet, but we are making tremendous progress bringing that element of our workforce down with controls and restrictions. We have it. We are doing it. Thank you.

Senator MANCHIN. I appreciate it. Thank you all again for your service. I appreciate it very much.

My time is up.

Chairman LEVIN. Thank you, Senator Manchin.

Senator Chambliss.

Senator CHAMBLISS. Thank you, Mr. Chairman.

General Dempsey, the Joint Surveillance and Target Attack Radar System (JSTARS) Airborne Intelligence, Surveillance, Reconnaissance and Command and Control Battle Management platform provides theater commanders, as you well know, with vital ground surveillance to support targeting and attack positions. The Air Force Chief of Staff, General Welsh, has made it very clear that the Air Force's top three acquisition priorities are the F–35, the

KC–46, and the long-range strike bomber. But right behind that is the replacement of JSTARS as a top priority.

Now, the budget proposal calls for a 40 percent reduction in JSTARS presumably to fund the acquisition of a replacement platform. Can we meet battle management command, and control requirements with this proposed reduction, and what is the proposal to replace this platform?

General DEMPSEY. The proposal to replace it, that is to say, the next generation of JSTARS capability, is a question I will have to go back and get with the Chief of Staff of the Air Force.

But I can tell you that you asked the right question. Can we meet current demands with the current inventory of that platform? It is very difficult. It is one of our high-demand, low-density platforms. Oftentimes, we are faced with either employing it, for example, on the Korean peninsula or in North Africa. Those are the tradeoffs we make. We try to meet combatant commanders at the times when they need them the most, but it is hard to maintain a persistent presence with JSTARS globally. We have other assets that fill in the gaps, but JSTARS is a very valuable asset.

Senator CHAMBLISS. The proposed replacement is with a business jet which, frankly, makes sense because that 707 platform was old when we bought it and it has gotten older over the years. But the folks under you in the Army break out into big smiles and their eyes light up when I talk to them about JSTARS in theater. We simply have no replacement weapons system that I know about, and the number in the budget is far from adequate to even begin thinking about replacement.

I know General Welsh's feeling about this platform. I would just urge you to let us rethink this and think about what we are going to do long-term. Does it need to be replaced? I agree with that. I think it is time. The other options are not that concrete and not that positive. As you think about that, I look forward to engaging with you.

Second, in defense of arbitrarily standing down the entire fleet of the A–10 aircraft, the Air Force has emphasized the A–10's sole use, close air support (CAS), discounting its capabilities in combat search and rescue and forward air control roles. While there are other assets that can perform the CAS mission, none can do so with the same maneuverability, loiter time, and targeting capability. I think it is wishful thinking to believe that pilots of those other platforms will receive the training necessary to be proficient in CAS.

I agree it is an old platform, but it has done such a great job in recent theaters that we have been engaged in. It has been absolutely necessary to have it. Does it not make more sense, as we phase in the F–35, that that is the point in time in which we phase out the A–10 rather than just arbitrarily cutting off the A–10? For example, at Moody Air Force Base in my State, we are going to take those airplanes out in 2015 and 2016, but we are not scheduled to even think about another tranche of F–35s being designated until about 2022 or 2024. My question is, does it not make more sense to phase those out as we phase in the F–35?

General DEMPSEY. Senator, I am probably one of the few people in the room that has actually had an A–10 come to my rescue. You

do not have to convince me that it has been an extraordinarily valuable tool on the battlefield.

What you are seeing play out here is some of the very difficult budget decisions we have to make. In the Air Force, the Chief of Staff is trying to reduce the number of airframes so that the logistics and infrastructure tail are more affordable. In the Army, I am sure at some point we are going to have a conversation about going from seven different rotary wing platforms down to four. It is the kind of decision we have to make with the current budget pressure. I do support both the Chief of Staff of the Air Force and the Chief of Staff of the Army on their decisions.

Senator CHAMBLISS. Secretary Hagel, an issue that always raises concerns with military families is our commissaries. They are a core benefit. They contribute greatly to recruitment and retention, even though I am one of those who thinks that you may get just as good a deal at some other retail outlets around the country that may not be as accessible. The price may be better if you listen to Senator Coburn, particularly. But you are going to be reducing the $1.4 billion subsidy we pay by $1 billion over 3 years. At the same time, you are going to encourage the commissaries to act more like a business. It makes sense. I agree with that.

But we also have a study that is going to be forthcoming in the early part of 2015 relative to commissaries. Senator Warner and I introduced a bill yesterday to leave the level of funding in place until that study comes back. Does it not make more sense to see what that study recommends, which may recommend the elimination of commissaries? I do not know what they may recommend. But does it not make more sense to see what that study says before we go about reducing the subsidy in a significant way?

Secretary HAGEL. Senator, are you referring to the Military Compensation and Retirement Modernization Commission (MCRMC) that is looking at all this?

Senator CHAMBLISS. Yes.

Secretary HAGEL. That is an important question, and we did look at that issue. We did not come forward with retirement suggestions or recommendations based on waiting until the commission comes back.

The other pay and compensation issues that we did come with recommendations, commissaries being one of them, it was the feeling of our senior leaders and significant analysis. We knew enough about where we thought we were going to have to eventually go with commissaries and some of the other decisions that we made, that we felt we could make the decision now.

You know we have about 250 commissaries around the world, and we are exempting all overseas commissaries and remote areas of the United States. We think that if you phase out that subsidy over that period of time that we are prescribing, that, not unlike the way postal exchanges are funded and self-sustained, it makes sense and very good deals will still be given and should be given to our service men and women. It was a consideration we made as part of the overall set of recommendations.

Chairman LEVIN. Thank you, Senator Chambliss.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman.

Welcome, gentlemen. Thank you for being here.

Before I start with questions, I want to address an issue that I learned about yesterday. Proposals in this budget would result in the inactivation of the Air Force's 440th Airlift Wing from Pope Airfield at Fort Bragg, NC. With the 440th Airlift Wing inactivated, there would be no Air Force planes stationed at Pope Airfield. I strongly disagree with this decision, and that would adversely affect the readiness of troops at Fort Bragg.

The 440th provides critical support to the 82nd Airborne Division and all the other major units that we have at Fort Bragg. This support includes 23 percent of the total airlift for Fort Bragg's paratroopers and training missions. I just wanted to reiterate my strong disapproval of this recommendation to inactivate the 440th Airlift Wing.

I want to go to my questions now. Secretary Hagel, last week I helped lead a bipartisan group of 51 Members of Congress writing to you about our concerns over TRICARE's sudden change in reimbursement policy for critical medical tests. As you consider your response to that letter, I want you to think about the following two real examples I want to describe to you. It applies to servicemembers, families, and retirees that will be affected by TRICARE's decision to stop reimbursement.

Prior to January 1, 2013, an expecting Active Duty military family was tested and both were found to be carriers of the cystic fibrosis gene. This testing was covered by TRICARE at that time, and this was prior to January 1. Based on these findings, the delivery of this couple's child was moved to a hospital with a neonatal intensive care facility. The baby was born in that setting. They were able to address a life-threatening complication from cystic fibrosis immediately.

If these circumstances were to occur today, these same cystic fibrosis tests would not be covered by TRICARE, and if not performed, the baby might have been born in an inappropriate delivery setting. That is the first example.

A military retiree is in remission from leukemia. His civilian oncologist monitors special blood tests for him every 110 days. This test is considered the most sensitive test available to track this type of cancer. His oncologist has told him that he would consider it malpractice if he did not use this test to monitor and to treat his cancer. The alternative covered test is more expensive and an invasive bone marrow biopsy.

Last summer, this individual received a bill for over $1,000 for the blood test because TRICARE no longer covered it. While appealing the charge to TRICARE, he learned that the test would have been covered if it had been ordered through a military treatment facility.

We are showing the dichotomy as to who gets to have TRICARE cover this test. These tests truly provide useful information to help physicians determine the best course of treatment for their patients and are widely considered by the medical community to be the normal standard of care.

TRICARE needs to move quickly and reverse this decision so that those who have sacrificed so much for our country are not forced to pay out-of-pocket or forego these tests altogether.

Secretary Hagel, I just wanted to give you that background and ask that you promptly respond back so that we can work together to fix this problem.

Secretary HAGEL. Of course I will, Senator. I am not aware of the specifics of what you are talking about. We will take all that. Our staff will be in touch with your staff this afternoon to get the specifics and details, and we will find out.

Senator HAGAN. Great. Thank you. That is why I wanted to give you those two real-life examples of how this really does impact current military men and women.

As part of the fiscal year 2015 budget request, DOD is laying out a number of proposals that would negatively affect military compensation. While I understand the significant fiscal challenges that DOD faces, we cannot seek to balance the budget on the backs of our servicemembers. These proposals include a lower pay raise, increased out-of-pocket costs for housing, lower savings at the commissaries, and increased TRICARE fees.

General Dempsey, I am particularly concerned about the combined impact of all of these benefit cuts. How do you see these impacting our servicemembers, especially our younger members that are enlisted with families?

General DEMPSEY. Thank you, Senator. First of all, I mentioned that we spend every bit of the year working on this package, and we have any number of programs and data management instruments that can lay out exactly what the impact is. The two cases we use generally are an E6 at 12 years and a lieutenant colonel a little bit further in his career, and then we project that out to the 30-year point. We can certainly provide you that information. We think that this is a reasonable approach to getting pay, compensation, and health care back in balance.

By the way, it pains me to hear the characterization of balancing the budget on the backs of our service men and women. This weighs heavily on all of us. The fact is that manpower costs can be anywhere from a third to a half of our budget, and we are trying to find about 10 percent of what we need to balance the budget out of that account and 90 percent of what we need out of the rest of the budget. We have been extraordinarily careful not to take some kind of templated approach to this. It has been very carefully managed.

Senator HAGAN. Thank you for your comments.

Secretary Hagel, has DOD fully considered the potential impact that these cuts will have to recruitment and retirement? With the MCRMC set to release their findings in less than a year, does it make sense to perhaps make such across-the-board cuts before we actually see the results of that report?

Secretary HAGEL. Senator, as I answered Senator Chambliss' question on this, we did take into consideration all these different scenarios and possibilities. I think Chairman Dempsey laid it out pretty clearly, not just the balance but the responsibility we have to our men and women in uniform, the commitment we made to them, their families, and their future. That is the priority. I think we have come up with a set of recommendations that is balanced. We slow the growth of increases, and I laid out in my opening statement some of the specifics of that.

We did not do this unilaterally or arbitrarily without the senior enlisted, without the Chiefs, but all of our military leadership were involved. As a matter of fact, I took recommendations as the Secretary of Defense from the Chiefs, Secretaries, and Chairman Dempsey on many of these things.

We know we cannot continue to sustain the kind of growth that we are on and still make certain that our men and women will be ready and equipped, especially in light of a number of points made here earlier this morning about emerging threats and technologies. Some of our adversaries are developing pretty significant capabilities and technologies that we have to stay ahead of. That is part of the balance, but we did look at everything.

Mr. HALE. May I just briefly add?

Secretary HAGEL. Yes.

Mr. HALE. The reason we need to move now is because the budget caps are in place now, Senator Hagan. We have the information to go forward, and if we do not, then as has been said, we are going to have to cut training and maintenance and we do not want to do that.

Senator HAGAN. I thank all of you.

Secretary Hagel, you mentioned the emerging threats. I chair the Subcommittee on Emerging Threats and Capabilities of this Full Committee, so I am very keenly aware of some of the issues and what we need to do there. But I know all of you certainly do take the best interests of our men and women who are serving at heart. I appreciate your service. I know you have a lot on your plate today. Thank you.

Chairman LEVIN. Thank you, Senator Hagan.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman. I want to thank our witnesses here for their service during certainly very challenging times for our country.

I wanted to follow up, Chairman Dempsey, on some of the remarks that Senator Chambliss made. I am glad to hear you describe how you were assisted by an A–10, and I think that story could be told many times, particularly by those who serve on the ground on behalf of our Nation and our Army. In fact, General Odierno came before this committee and described the A–10 as the best CAS platform we have today. It has performed incredibly well in Iraq and Afghanistan, he said, and our soldiers have confidence in this system.

In the past, even before the performances we have seen from the A–10 in Iraq and Afghanistan, is this the first time that the Air Force has tried to eliminate this platform?

General DEMPSEY. No.

Senator AYOTTE. No, we have been here before. Some of the biggest advocates for the platform have been your fellow soldiers who have had similar experiences with the A–10. Is that not right?

General DEMPSEY. Absolutely. I have said this before and I will say it again. I will tell you, Senator, what is different now is that we had some slack in our budget over the last 10 years. There is no more slack in it. The margins are really very tight.

The A–10 is the ugliest, most beautiful aircraft on the planet.

Senator AYOTTE. I appreciate that. Let us talk about the slack because I understand the difficulties that you are all under in terms of the budget challenges. It seems to me as we talk about values and priorities, the biggest values and priorities that I know we all share is to make sure that our men and women in uniform have the best support and protection that they need.

Let me say that I agree with what Senator Chambliss said, that the A–10 is not a single-purpose airplane.

Let us talk about what we know is its very important purpose, CAS. Recently in a Wall Street Journal article, Air Force officials acknowledged, when this article discussed the elimination of the A–10, that getting rid of the A–10 could lead to higher deaths, longer battles, even defeat on the battlefield. This is from Air Force officials. In fact, Major General Paul T. Johnson, USAF, the Air Force Director of Operational Capability Requirements, said there is a risk that attrition will be higher than it should be. That is a clever way of saying more people will get hurt and die, and extreme risk is that you might not win.

Here is my concern to all of you and a question. I understand the budget environment. Secretary Hagel and General Dempsey, your FYDP proposal is to eliminate and phase out the A–10 before we even we have an F–35A, which will presumably perform CAS, which will effectively not be operational until 2021. You have it all phased out by 2019. Therefore, we have that gap there. When we talk about priorities and we hear Air Force officials, and I have heard similar concerns from those on the ground, that lives will be at stake, why are we not preserving that priority over other priorities?

General DEMPSEY. If you do not mind, ma'am, I do not want to leave it hanging in the air that I would make a decision or support a decision that would put our men and women at greater risk. I would not.

Senator, the CAS can be provided by F–15s, F–16s, F–18s, and B–1s with a sniper pod. There are other systems out there that can provide the capability.

Senator AYOTTE. We know that, General, but I will not get into the debate with you because I do not think you would disagree with me that the re-attack times are much faster for the A–10 because of the low and slow ability. If you are talking about 1 or 2 minutes on a re-attack time, that can be the difference between life and death on the ground. I understand that other platforms can certainly be part of this mission, but the question is, is it worth that time period for our men and women in uniform on a platform that has performed consistently well?

The other concern I have is that it seems almost like an assumption that we are not going to fight another ground war, and I know that Senator McCain asked you that. You do not share that assumption, I hope. I do not think any of us want to fight another ground war, but I do not think we can go forward with that kind of assumption.

General DEMPSEY. No, I do not share that view at all.

By the way, one other point. You will be fortunate enough to have the Chief of Staff of the Air Force appear before you who happens to be an A–10 pilot. So I think maybe he will be able to——

Senator AYOTTE. I know, and I really hope he thinks back to his roots. I appreciate that.

Let me discuss with you the priorities of where we are with regard to defense spending right now and share concerns you heard echoed across this committee. I also serve on the Senate Budget Committee as well and as I look at the President's proposed budget in fiscal year 2015, I am thinking about the threats we face around the world right now. I know all of you have laid out in your testimony that this is a very dangerous time around the world with the threats that we face. The President's budget actually proposes in fiscal year 2015 a 0.9 percent reduction in defense, yet a 3.4 percent increase in non-defense spending. I think, as we look at the threats and the foremost responsibility to defend the Nation as the ultimate priority, that ensures that we can do and preserve everything else, including our freedom.

The other thing I wanted to get your commentary on is, if you look at what we have spent on defense historically between 1946 and 2014, we have spent roughly 6 percent of our gross domestic product (GDP) on defense spending. Where we are headed, based on the President's proposed budget, is that in fiscal year 2014 it goes down to 3.4 percent of GDP. As we go forward with this budget proposal, by 2024 we are down to 2.3 percent of our GDP on defense. Do you think that is going to be sufficient to defend this Nation?

Secretary HAGEL. Senator, let me go back to a couple points I made earlier. That is why, to start with, the President is requesting a $115 billion increase over what the current law for the next 5 years. I can tell you, I can assure you, that this President of the United States puts the defense of this country as his highest priority. He knows that is his highest responsibility. He knows that he has the responsibility to fund the national security interests of this country and to carry out the security measures. I think the numbers are somewhat reflective of that commitment.

I will let the Comptroller, if it is okay, respond to this. But I think in the five budgets that this President has presented, they have been above what have been eventually the ultimate number that we received.

Senator AYOTTE. I know that my time is up.

Secretary HAGEL. I do not think there is any question about this President's commitment to security of this country.

Senator AYOTTE. I do not want to dispute you on it, but if the President's number one priority is protecting the Nation, why is it almost a 1.0 percent decrease in 2015 for defense spending and a 3.4 increase for non-defense spending? To me, that shows you where the priority is, not that there are not important priorities on non-defense, but as I look around at the threats in the world right now, if his number one priority is defending this Nation, his budget does not seem to reflect that priority.

Secretary HAGEL. Are you not on the Senate Budget Committee?

Senator AYOTTE. I am. I am going there next.

Secretary HAGEL. Good. That is the right question there.

Senator AYOTTE. Good. I will ask it. Thank you.

Chairman LEVIN. Just to clarify one number before I call on Senator Shaheen, I understand that the $115 billion more that is being requested for the FYDP is on top of the $26 billion in year 1.

Secretary HAGEL. Yes, that is correct.

Chairman LEVIN. So it is a 4-year figure.

Secretary HAGEL. It is a 4-year figure.

Chairman LEVIN. Not a 5-year.

Secretary HAGEL. Thank you.

Chairman LEVIN. Thank you.

Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Secretary Hagel, General Dempsey, Mr. Hale, thank you all very much for your service and for being here this morning.

I would like to begin by echoing some of the concerns that many of my colleagues have already expressed and that you all talked about in your testimony with respect to Russia's provocative actions in Ukraine, and the challenges that means for us here in the United States and the international community. I certainly hope that we will see action in this Senate and in Congress in the next few days, or at least in the next week, that will express bipartisan concern and send a very strong message to Putin and to Russia that the country is united and we think those actions are totally inappropriate and unacceptable within the international community and international law. I hope that you all will continue to keep the committee informed about that issue in the coming weeks as challenges change. As you have indicated, things are changing there very rapidly.

In many of the questions so far, people have talked about the increasing threats around the world, the significant crises we are facing throughout the world today, and the challenges that faces for our national security.

What I hear mostly from my constituents in New Hampshire is not really about those challenges. It is about what is happening to our men and women in uniform. It is about what is happening domestically in terms of our military and its footprint in the United States. I represent a State which shares the Portsmouth Naval Shipyard, and so that is obviously a big issue for us with the Pease National Guard Base and the 157th Air Refueling Wing.

As I saw the budget that is being presented, one concern that I had was that there is still a request for another base realignment and closure (BRAC) round in the future. As chair of the Readiness and Management Support Subcommittee of this Full Committee, and Senator Ayotte is my ranking member, we are very concerned about that. I certainly strongly disagree with another BRAC round at this time for a couple of reasons that we really need answers to before we can go any further on this discussion.

At our Readiness and Management Support Subcommittee hearing last year, I asked Acting Deputy USD for Installations and Environment John Conger specifically about the timeline for the delivery of a report on our installations in Europe with respect to our infrastructure. While I know that is a sensitive issue right now, it seems to me if we are going to be making decisions about base closures here in the United States, we need to have a picture worldwide about what we are facing, and Europe is part of that picture.

Second, I do not think we have heard adequately about the cost of another BRAC round and how that would impact our ability to save money over time. We know that the last round cost about $14 billion more than was anticipated. There have been a number of recommendations for how to do this in the future that have not yet been adopted by DOD.

I wonder if you could speak, Secretary Hagel, to that concern and to the potential for us to be able to see a report on what is happening with our other infrastructure around the world, particularly in Europe.

Secretary HAGEL. Thank you.

We are, since 2000, down the road on our facilities closing in Europe by over 30 percent from where we started. We can get you the specific numbers, but I think I am pretty accurate with that. This committee gave DOD some very clear direction on that. We are complying with that. We are continuing to explore all of the options everywhere, particularly in Europe. But we will give you the specific numbers.

[The information referred to follows:]

Between 2000 and 2011, the Department of Defense (DOD) decreased the number of sites in Europe from 523 to 366 (a 30 percent reduction). Prior to the European Infrastructure Consolidation (EIC) process, an additional 70 sites were in the process of being returned to host nations, with another 62 identified for possible return. These returns are being validated through the EIC process, along with options for additional reductions. Once the EIC initiative is complete, DOD expects the number of European sites will have decreased by more than 55 percent since 2000.

Secretary HAGEL. On two or three of the other points that you made on the cost, I presume you are talking about the 2005 base closing?

Senator SHAHEEN. Yes.

Secretary HAGEL. As I am sure you know, the focus on that, and Chairman Levin knows this very well, was as much on reorganization as anything else. Mr. Hale, the Comptroller, can give you specific numbers. But we are generating considerable savings today, and we will in the out-years, from base closings. If I recall, it is around $12 billion a year on savings, which we can document. We can show you that.

The fact is, Senator, that we cannot continue to afford to carry infrastructure that we do not need. I wish we could do it all. I wish we could keep every platform we have everywhere, but we cannot do it all. It does not make sense taking money away from infrastructure that we do not need and is not relevant. It takes money away from what is relevant, our people, our modernization, and our readiness.

We think BRAC is a smart position to have. We have called for it again. We are going to continue to work through all this. I have some options as Secretary of Defense in law, legally through a section in Article 10 of reorganization and so on. But I just think we have to come at this, like I said and Chairman Dempsey said, from the beginning with a complete understanding of what our needs for the security of this country are and going to be, then the requirements in order to fulfill our missions to secure this Nation, and our interests around the world. That is how we are coming at it.

Senator SHAHEEN. I totally agree, Mr. Secretary. That is why I hope we will soon see the report on the European Infrastructure

Consolidation (EIC) because I think that is information that would be helpful to this committee.

Secretary HAGEL. If I might, Senator, I will ask the Comptroller if he wants to add anything to the report or anything I have said.

Mr. HALE. Another round of BRAC will be very different than 2005. It will be aimed at saving money. It will probably cost, roughly based on historical precedents, about $6 billion. We will save $2 billion a year in perpetuity. If we do not do that, we are basically wasting $2 billion a year. We need your help on this one.

Senator SHAHEEN. Do you have any information on when we might expect the report on the EIC?

Mr. HALE. I do not know the exact date, but I will say we need to do both. We will cut a lot of Europe and will continue to as it is appropriate, but we also know we have domestic infrastructure that is unneeded. We need to go after both. I know how hard this is, but I do not want to see us wasting money.

Senator SHAHEEN. I appreciate that, but it would be helpful for us to have that information so we can help work with you.

Thank you.

Chairman LEVIN. Senator Shaheen, thank you very much.

Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman, and I thank the witnesses for all being here today.

First of all, I would like to say, Mr. Secretary, that I appreciate your comments that you made last month with regard to modernizing our nuclear capabilities and also with your attention that you have given the issues that we have with intercontinental ballistic missiles. Thank you for that and for prioritizing those.

In the President's speech in Berlin last year, he opened the door to additional reductions in nuclear forces. Since that time, we have heard numerous testimony and we have heard from commanders that further reductions should only come as part of a negotiated agreement with Russia. Is that your view?

Secretary HAGEL. Yes.

Senator FISCHER. General Dempsey, do you agree with that?

General DEMPSEY. I do.

Senator FISCHER. As I understand it, the Russians are not interested in further reductions at this time. Is that true as well, Mr. Secretary?

Secretary HAGEL. There are not any further conversations on this issue, as far as I know.

Senator FISCHER. General Dempsey, do you also agree with that?

General DEMPSEY. I do.

Senator FISCHER. Are we talking about or planning any additional reductions, whether it is going to be warheads or launchers? That is premature, would you say? Is it not really practical at this time?

Secretary HAGEL. We continue to work to comply, as the Russians do, with the New Strategic Arms Reduction Treaty (START) treaty. That is our focus and that is what we are continuing to do.

Senator FISCHER. Would you agree with that, General Dempsey?

Are you saying that any addititional reductions in those warheads or launchers are really premature?

Secretary HAGEL. Beyond the New START treaty?

Senator FISCHER. Right.

Secretary HAGEL. Yes.

Senator FISCHER. Thank you.

Also, last week, Mr. Secretary, you announced force structure changes. As you can imagine, a lot of us have heard about it, and not just from Active military and Reserve, but also our National Guard members. Our Governors were here last week or the week before as well. What I heard was the perception out there that possibly the Guard really was not engaged in how this decision was made. Can you speak to that for us?

Secretary HAGEL. Yes. First, I met with the Governors Council when they were in town, as you may know, and our senior representatives spent most of the day with the Governors and their staffs.

Second, just incidentally, I had lunch with Nebraska's Governor, and we talked about these issues, as well as others.

As I have already noted, the priority of the National Guard and Reserve in our force structure posture remains a critical part of our future and our national security, and we are planning for that. The National Guard has its representative as the Chief who sits at the table. The Chairman of the Joint Chiefs convenes those meetings. So the active participation and voice of the National Guard is very clearly heard on all matters. General Frank J. Grass, USA, has been an important addition to all these issues, recognizing that he represents the National Guard. There was no leaving out the National Guard on any decision, recognizing there were differences ultimately. But make no mistake, the priority of the National Guard's and the Reserve's future is critical to the interests of this country.

Senator FISCHER. So I can reassure my Guard at home that their views were heard? It was a collaborative proposal then?

Secretary HAGEL. General Grass is doing a very effective job representing them.

Senator FISCHER. Thank you.

Back to Ukraine, everyone here has deep concerns with the situation there. Can you tell me what the goals are for the United States? What is our priority? Is our priority to return Crimea to Ukraine? How are we addressing what the priorities are for our country with regard to what is happening there?

Secretary HAGEL. Our objective, as the President laid out and what Secretary Kerry is doing, is to de-escalate the tension, the crisis, so that gives us an environment where we can work through the current situation.

As I noted in my opening comments, a number of diplomatic/economic tracks are now in play. The President initiated those with our European partners, the U.N., OSCE, NATO, and the Budapest Partners that signed the 1994 Budapest agreement. I do not know what the status of that is today, but Secretary Kerry was supposed to meet with Minister Lavrov today, but I do not know whether that has happened or not. The different tracks, diplomatic and economic, solve this problem diplomatically. We have interests, of course we do. That is the goal. As you asked, what are we pursuing and what are we doing? I think it is the right approach, the responsible approach.

Senator FISCHER. Would you say our goal is to de-escalate tensions or to see the Russians removed from Crimea?

Secretary HAGEL. We have made our position clear. We have recognized the new government. We have said that the Russians, who have a basing agreement with Crimea, should return their troops to their barracks. There is a threshold of how many troops they can have in Crimea. This needs to be de-escalated where the tensions are down, the troops go back to their base, and the new government is allowed to govern and prepare for the elections which are set in May. That is the right approach.

The integrity, the sovereignty of Ukraine has been violated. We have made that very clear, and that is the issue and will be the issue until that is resolved.

Senator FISCHER. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Chairman LEVIN. I am going to call on Senator Ayotte just for a quick moment to clarify something, and then I will get to Senator Blumenthal.

Senator AYOTTE. Thank you, Mr. Chairman.

I want to correct the record. I received the wrong numbers. I incorrectly suggested regarding the President's priorities that there was an increase in non-defense spending versus defense spending with regard to fiscal years 2014 to 2015. In fact, it is the reverse. There is a 1.0 percent reduction for defense and a 3.4 percent reduction for non-defense. To the extent I suggested that their priorities were reversed for the President, that was incorrect based on the numbers. I wanted to correct the record for that and any misimpression that was given as a result.

Secretary HAGEL. Senator, thank you very much.

Senator AYOTTE. Thank you.

Chairman LEVIN. Thank you so much, Senator Ayotte.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

Let me begin by joining my colleagues in thanking you, Mr. Secretary, General Dempsey, and Mr. Hale, for your extraordinary service and your focus on the strategic priorities, which I believe are the right ones for this Nation. For example, on the need for additional submarines at the rate of two per year in production, for the focus on air superiority in the JSF, for the concentration on the needs to keep our National Guard and our Reserve Forces strong, and other strategic interests that have been the subject of questioning so far. I could question about them as well.

But I want to focus for the moment on one man. He happens to be a resident of Connecticut, Mr. Conley Monk, who enlisted in the U.S. Marine Corps in November 1968 at the age of 20. He went to Parris Island, served in Vietnam from July until November 1969, where he was barraged by mortar fire, attacked by guerillas, gassed, and subject to rifle fire. He received a high proficiency rating for his conduct and performance on the field and some months after leaving Vietnam, he began to suffer from anxiety attacks, flashbacks, and insomnia, symptoms that we now know are associated with post-traumatic stress disorder (PTSD). Of course, PTSD was not even diagnosed until 1980. He was involved in altercations and other incidents that led to his confinement to the brig, and he

was given the choice to leave the military with an other than honorable discharge and he chose to do so.

That year, when he received that discharge, his condition was unrecognized but, of course, now would be recognized as such, thanks to the changes in policy. I commend them and I know that, General Dempsey, you have been instrumental in achieving them. Secretary Hagel, thank you for endorsing them. But the fact is that there are thousands, we do not know how many, of men who were discharged with other than honorable status and have suffered the stigma, shame, and loss of benefits. They were wounded twice, first on the battlefield and then in civilian life, first by PTSD and then by an other than honorable discharge which denied them medical treatment for the very wounds that they suffered, as well as employment benefits, housing, other veterans benefits.

To be very blunt, Mr. Monk sued you and your colleagues, as did John Shepard before him. I have been involved in supporting the legal action, which I hope can be avoided by your engagement on this issue. As it happens, you were very forthcoming in the confirmation hearings, Mr. Secretary, and agreed to review this situation. I am asking you now to commit to changing the system because Mr. Monk has waited for 18 months for the Board for Corrections of Naval Records (BCNR). The BCNR has not dealt with his application. He has begun a class action on behalf of himself, other organizations, and veterans. This system really needs to be changed and overhauled. I would like your commitment that you will address this situation as soon as possible.

I supported you because of my confidence that you cared about veterans such as Mr. Monk, and the Department of Veterans Affairs (VA) is sympathetic and supportive of his situation but, obviously, cannot change his discharge. That is solely within your power. I continue to be confident, by the way, in your commitment to our veterans and our troops. I continue to have tremendous respect and admiration for your record of service and your commitment to them. This comment on my part is not by way of criticism. I know you have a lot of things on your mind and it has been a busy year, but I am asking for your commitment now.

Secretary HAGEL. Senator, thank you, and thank you for your generous comments.

You have my absolute commitment. As a matter of fact, I asked our General Counsel yesterday about this lawsuit. I assume you are referring to the larger Vietnam Veterans of America?

Senator BLUMENTHAL. Exactly.

Secretary HAGEL. I took note of it. I asked our General Counsel to get back to me this week on it. I will get into it. Our staff will get the specifics on Mr. Monk from your staff. But I am already addressing the larger issue and taking a look at it, and I will do it personally.

Senator BLUMENTHAL. If I could ask, since I am going to be running out of time, for the General Counsel to contact me and perhaps brief me further on what steps you are preparing to take?

Secretary HAGEL. He will. Thank you.

Senator BLUMENTHAL. Thank you.

Let me just briefly deal with the interoperability of medical electronic records for the DOD and the VA. I know this subject also

has been on your mind. Could you update me as to what can be done as soon as possible, not only to make this system interoperable but also to, in effect, integrate it, make it seamless, and truly serve the medical interests of our veterans, as well as our Active Duty members?

Secretary HAGEL. Senator, when I went to DOD a year ago, this was a high priority, and I restructured the entire system within DOD because I became quickly frustrated, like I think everyone has, that we were not making progress and should have been making progress. We all spent a lot of money on this. I essentially put it under the direction of the USD for AT&L, Frank Kendall. We brought in a new team a few months ago. That new team has been briefing the Hill constantly, particularly the House of Representatives and the Senate Committees on Veterans Affairs. We have now gone out to the private sector on requests for proposals (RFP). We are going to have an interoperable system. We work very closely with the VA. I have DOD personnel at DOD and for months I have been working with them on the seamless transition of records. This is aside from this particular project. We have DOD personnel out in the State of Washington, assigned out there to the VA. Secretary Shinseki and I work very closely on this.

We are going to get there. That is the goal. We will attain that. We will be putting an RFP out in the next couple of months, this year, of course, but sooner rather than later. We have had three different industry meetings. We have asked for those RFPs. They are out. We have gotten the response, and we want to make sure that we have an interoperable system with the VA, but also the private sector as well. We have now computerized the health care records, but we have some other things that we need to do as well. So I get it. We are doing it. If your staff would like a specific briefing on this, we can do that.

Senator BLUMENTHAL. I was just going to ask you whether that would be possible, and I would appreciate it.

My time has expired, but I would just like to say when the General Counsel contacts me about the Vietnam veteran PTSD situation, keep in mind I am not asking about only Mr. Monk. I am asking about the literally thousands of others who suffer from PTSD, a condition that was undiagnosed until 1980. Many of them still suffer the shame and stigma of an other than honorable discharge, which in my view should be corrected so that they can have the benefits of having served our Nation.

Secretary HAGEL. I understand that and I know your long record on this. Thank you.

Senator BLUMENTHAL. Thank you.

Chairman LEVIN. On that last item, it is a critically important item that Senator Blumenthal has been raising. In addition to directly reporting to him of what your decision is relative to that matter, would you let the committee know? I will share that with all the members of the committee. Senator Blumenthal has touched the issue which is very significant, and I think strikes a chord with all of us.

Secretary HAGEL. Yes, I will.

Chairman LEVIN. Thank you.

[The information referred to follows:]

My staff has reached out to your staff to discuss this issue.

Chairman LEVIN. Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

Thank you all for your service.

We will try to get through a lot of ground here.

Sixty-five detainees were released from Parwan Prison by the Karzai Government. I want to thank General Dempsey and Secretary Hagel for speaking out strongly, and supporting General Dunford. Secretary Hagel, I know you have been intimately involved in this issue.

Do both of you believe it would help if Congress spoke about the consequences to our force and to the Afghans of continued release of detainees of this nature?

Secretary HAGEL. Senator, I do think it would be very helpful. You probably understand it as well as anybody in this body for reasons we know. I appreciate your leadership, as I have told you and as I have said publicly. But Congress' voice on this would be very important because this is a huge threat to our people.

Senator GRAHAM. I worry about more to come in the last hours of the Karzai administration. Senator Levin and I have a bipartisan resolution condemning these actions and threatening to cut off economic assistance, if they continue. I would like to urge my colleagues to find a way to get that passed as soon as possible. I do want to thank you both there.

Sequestration was not your idea, was it, Secretary Hagel?

Secretary HAGEL. No. Let the record show.

Senator GRAHAM. Nor was it yours, General Dempsey?

General DEMPSEY. No, Senator, it was not.

Senator GRAHAM. Whatever differences we may have, the problem that we are discussing was created by Congress and the White House. Please do not misunderstand what is going on here. The military has never suggested this road map we have set out for them. It was part of the U.S. Congress Joint Select Committee on Deficit Reduction's punishment clause, and here we are. I just want to let everybody know that you did not create this problem. You are going to have to help us solve it and live with it.

But having said that, we will talk about some things about the budget. Reforming and dealing with personnel cost is a must, no matter how much money you have in the budget. Do you agree with me, General Dempsey?

General DEMPSEY. I do, Senator. There are some things we should do, sequestration aside, and that is one of them.

Senator GRAHAM. I agree. I want to be generous to our military men and women. I want TRICARE to be a great deal, but a sustainable deal. TRICARE growth is on the path, Mr. Hale, of being unsustainable, is it not?

Mr. HALE. I would rather put it that if we can slow the growth there, we can spend the money where we need it more.

Senator GRAHAM. The problem is that as it grows, it crowds out the rest of the budget. We have not had a premium increase since 1995. Is that correct?

Mr. HALE. Actually, a couple of years ago, you did allow some modest fee increases in TRICARE Prime.

Senator GRAHAM. Structurally it has not changed much.

Mr. HALE. That is correct.

Senator GRAHAM. I want to compliment you for putting all these tough issues on the table. Whether or not I agree with each proposal, I hope Congress will back you up as to how we sit down and look at future retirement benefits, grandfather everybody, and whether or not you should be able to retire at half pay for the rest of your life when you are 42. That is why I am waiting on the commission when it comes to TRICARE reforms, to look at everything, including commissaries. Count me in on reforming the military. Count me out when it comes to gutting the military.

With that understanding, I would like to talk a little bit about our budget here. Mr. Hale, what percentage of GDP are we spending on our national defense in this budget?

Mr. HALE. In 2015, it will be about 3.2 percent for DOD.

Senator GRAHAM. Historically in times of peace, is that low or high?

Mr. HALE. It depends on what history you are looking at, but I know where you are going. If you go back 10 to 20 years, it was a lot higher.

Senator GRAHAM. Help me get there because I only got——

[Laughter.]

Mr. HALE. It was higher in the past. I would argue it is not a very good measure to determine the size of the budget, but it was definitely higher in the past.

Senator GRAHAM. Apples to apples, it has been well over 5 percent in times of peace.

Do you consider this, General Dempsey, a time of peace?

General DEMPSEY. No, Senator. It would be hard to describe it that way.

Senator GRAHAM. It would be hard to describe this as a time of peace. The budget, 3.2 percent, is dramatically below what we would spend on our military in time of peace. We will see if we can reconcile that.

Now, let us talk a little bit about the ongoing conflict. Have you talked with anyone in Ukraine on the military side, Secretary Hagel, that would indicate that if Russia continues to advance and there is a military conflict, if they move eastward toward Kiev, that they would request armaments from NATO?

Secretary HAGEL. I have not spoken with anyone who has suggested that or asked that.

Senator GRAHAM. We hope it does not happen. Let us say that Putin, for some reason, moves forward and he moves forward toward Kiev beyond Crimea. Would you support providing arms to Ukraine, if they asked NATO?

Secretary HAGEL. If it is a NATO decision, that would take all 28 members of NATO.

Senator GRAHAM. What would our vote be?

Secretary HAGEL. I do not know. It would depend on the circumstances. You know the NATO relationship with Ukraine.

Senator GRAHAM. What if they asked us unilaterally?

Secretary HAGEL. To provide them armaments and equipment?

Senator GRAHAM. Yes, as Russia marches toward Kiev, under that scenario.

Secretary HAGEL. That would be a presidential decision, and he would make that decision. We would give him recommendations.

Senator GRAHAM. I hope it does not happen, but I just want Russia to know that we are not going to sit on the sidelines forever here. If they have an escalation plan in their thinking, I would like them to know what comes their way, if the Ukrainian people are willing to fight and die for their freedom. I do not want any American boots-on-the-ground, but that is something we need to think about as a Nation.

When it comes to 420,000 or 440,000 people in the Army, what percentage of that 440,000 would actually be trigger-pullers, people who go in and knock down doors and shoot people?

General DEMPSEY. The Chief of the Army will appear before you. One of his institutional reforms is to rebalance tooth-to-tail.

But maybe the other way to answer that question, Senator, is that the Army provides a lot of capabilities to the joint force, a lot of enablers and a lot of logistics. At any given time in any force, you can count on about a third of it being deployable.

Senator GRAHAM. A third of it being deployable.

If we decided as a Nation to have 500,000 people in our standing Army and 360,000 people in the Guard would that be an irresponsible decision? Would we be throwing money away, given the threats we have?

General DEMPSEY. I would have to go back and do the kind of analysis that we have done to get to 450,000.

Senator GRAHAM. I just want the point to be that the analysis of numbers is budget-driven, not threats. You are living in a budget confine, right? You are coming up with numbers to do the best you can with the money you have. I am asking you and Secretary Hagel, if the country wanted a 500,000-person Army, would that be a waste of money if you had all the money in the world to spend, is that too much?

General DEMPSEY. Can I first react to the characterization of this as entirely budget-driven? If it were entirely budget-driven, we would have accepted the levels of sequestration and built the budget accordingly. We have not. We have said that is too far and that we can provide the Nation's security needs at a higher level.

Whether we would go higher again, I think I would have to do the analytics to figure out what to do with that.

Senator GRAHAM. Secretary Hagel?

Secretary HAGEL. I think Chairman Dempsey is exactly right. That is what we would have to determine.

Senator GRAHAM. Would you like to have a 500,000-man Army to defend the Nation, Secretary Dempsey?

General DEMPSEY. I hope you just did not call me "Secretary." [Laughter.]

Senator GRAHAM. Excuse me, I am sorry.

General DEMPSEY. Then I would have to answer the question. [Laughter.]

Senator GRAHAM. I do not want to demote you here, I apologize. [Laughter.]

General DEMPSEY. You know what, Senator? What I would really like is budget certainty and the flexibility to use the money I have

responsibly, show you what that does, and then ask you: is this what you want to do?

Senator GRAHAM. Final question. If in year 10 of sequestration, our national security spending on defense is at 3 percent or less of GDP, what kind of risk would that entail and is that smart?

Secretary HAGEL. I think the way we have to answer that, or analyze an answer for you, would be as we have done as we have prepared that QDR. What do we need? What do we require to defend the national interests of this country and protect this country? I do not know where that comes in. Does that come in at 4 percent or 3.5 percent or 3.2 percent? I think that is where you start, Senator, and then you match what those resources would be in order to accomplish the mission of securing this country.

Senator GRAHAM. Will you send me a statement doing that actually? I want you to do that exercise. Use 3 percent of GDP spending as the amount of money you will have, compare the risk——

Secretary HAGEL. For how long?

Senator GRAHAM. For the next 20 years.

Secretary HAGEL. For a certainty of 20 years?

Senator GRAHAM. Yes.

Chairman LEVIN. Okay. While you are thinking of an answer to that——

Secretary HAGEL. We can run models. Sure.

Chairman LEVIN. If you could get the committee and Senator Graham those models, that would be great.

[The information referred to follows:]

Based on conservative assumptions, the real gross domestic product (GDP) in 2034 is projected to be approximately $28.8 trillion in fiscal year 2014 dollars. The methodology used by the Congressional Budget Office, extended to 20 years, projects defense spending in 2034 to be about 2.2 percent of GDP which is over $600 billion in fiscal year 2014 dollars. This would represent real growth in defense spending relative to today. If instead, defense spending is sustained at 3 percent of GDP, it could experience further growth, and thus lower risk.

However, funding projections alone cannot determine risk. For example, a lot depends on the future security environment and how successful we will be over the next 20 years in deterring aggression and helping to bring about a safer world. We must also recognize the likelihood of technological and strategic surprise during this period. The other crucial variable is whether the Department of Defense (DOD) will be able to get its internal cost structure under control, including changes to military compensation and the military health system, as well as infrastructure consolidation and other institutional reforms. Additionally, a lot depends on the purchasing power of defense dollars. The defense sector has historically experienced higher rates of inflation than other sectors. Through the Better Buying Power initiative and other efforts, DOD is working to improve on that record.

Chairman LEVIN. Now, the vote has started. I am going to run over to the Floor, vote, and come back. Senator Donnelly is next. When you are done, Senator Donnelly, would you turn this over to the next Senator who is here on this list that will be given to you? Then we will keep going from there. If there is no Senator who is back from voting, then we will take a short recess. Senator Donnelly?

Senator DONNELLY. Thank you, Mr. Chairman.

General Dempsey, Secretary Hagel, and Secretary Hale, thank you again for all your service.

In regards to the BSA in Afghanistan, and I apologize if I am asking you a question you have already been asked, is there a time when it becomes unworkable to do it? Is there, in your mind, a date

like July or August, where you look up, we still have nothing, and you say the sands are out of the hour glass? Mr. Secretary?

Secretary HAGEL. The President has asked us for options, ranges of options, a scope of options, which we have provided, and the range of those options are, as Chairman Dempsey noted earlier, what we think it would require to do a train, assist, and advise mission, a counterterrorism mission, all the way if we come out. As far as the cutoff date, General Dunford and his leaders have framed up the general timeframe on this, and I will let Chairman Dempsey respond in any detail. But we, of course, had to look at that general timeframe just for the reasons you mentioned, because if we do not have a BSA, which the President made very clear to President Karzai, we have no alternative.

Senator DONNELLY. General, I think you know I am familiar with the timeframe. But when you are looking at September 15, do you have time to get this done?

General DEMPSEY. Here is how I would answer it, Senator. We are in a condition of low risk right now. Our retrograde is going on pace. So the risk of having retrograde be affected is low. By about the middle of the summer, it goes to moderate. By the fall, it goes to high.

Senator DONNELLY. Okay.

In regards to the ANSF, what is your assessment now of their ability? Once we go, we have trainers left. If a BSA is put in place, what's their ability to do the job? Are we continuing to stay on our metrics, as we had planned out to December 2014? What are your thoughts as to how they do once we are gone?

General DEMPSEY. Tactically, they are capable today of sustaining the fight against those that are fighting them.

Institutionally, that is to say, how they budget, how they pay, how they resupply, and how they procure, they are nowhere near being ready to do that on their own. That is the level at which I think we need to focus not only in the time remaining to us, but in the time beyond the end of 2014.

Senator DONNELLY. I know all of your commitment to this. I just wanted to mention it again. We have seen an article on suicides in the Army Reserve and in the Guard, down in Active but up again there. Any additional focus you can put on this would be extraordinarily important. If you need more resources in this area, let us know. This is a resource challenge for you as well, financially. But there are so many challenges for our Active Duty. You have done such extraordinary leadership jobs. Anything we can do to try to lift this burden off would be very important. Do you have all the resources you need in that area right now?

General DEMPSEY. Yes, I think we do, sir, and generally because we have made the deliberate effort to place them there. But it requires constant recalibration. If it ticks up, we have to try to understand why.

Senator DONNELLY. Secretary Hagel, when we look at Ukraine and our NATO allies, and you hear or read, and I do not know how accurate it is, that some are not as eager to put up a stiff spine as others, how is coordination going with our European allies and NATO allies there?

Secretary HAGEL. I think the European allies understand this threat rather clearly, especially those on the border of Ukraine. The President has been very clear about our support of the people of Ukraine, their independence, and the integrity of their sovereignty, and I think Secretary Kerry has been very clear on that point.

We have recognized the interim government, and as I said earlier, support the process toward elections. Let the people of Ukraine decide their future. You know the OSCE's announcement of their $15 billion commitment that they have made. In collaboration with the European allies, as well as others, Secretary Kerry noted a $1 billion U.S. commitment. I hope that Congress would move on that with some dispatch. The IMF is looking at different options.

All of our allies, and particularly the Europeans, are all part of this effort. The whole diplomatic/economic track that is being used right now is the responsible way to approach that. There is very clear participation and active participation with our allies here.

Senator DONNELLY. Thank you.

The stiff spine of all of you is critically important, obviously, and we appreciate it very much.

With that, I will conclude my questions. Senator Lee is next in the queue.

Senator LEE. Thank you, Mr. Chairman.

Thanks to all of you for joining us. Thanks for your service on behalf of our country, it is deeply appreciated.

Secretary Hagel, the administration has yet to make an Overseas Contingency Operations (OCO) request, I believe, because the President has yet to make a determination as to the specifics regarding a residual force in Afghanistan.

Estimates that we hear on what might remain in Afghanistan run along a spectrum. At one end of the spectrum, we hear high estimates suggesting there might be 10,000 troops or so remaining after the withdrawal. Others suggest that it might be closer to zero. But even at the higher end of these estimates, if it were at the 10,000 range, this would still represent nearly a two-thirds decrease in our presence in Afghanistan next year. Can we expect, in light of that, to see a corresponding decrease in the OCO request for next year?

Secretary HAGEL. Thank you, Senator, for your question.

I am going to ask the Comptroller to answer the specifics because that part of the budget, the OCO part of the budget, has many things in it. There are readiness issues and so on. It is not just Afghanistan. You have correctly noted we are waiting to see if we get some better clarity on the future post-2014.

But let me ask the Comptroller to go a little deeper.

Mr. HALE. A decrease but not proportional, Senator Lee, and as Secretary Hagel said, there are items in there that will not come down in proportion to boots-on-the-ground. Reset, fixing equipment as it comes out, ANSF are possibilities, and there are others as well. I am not prepared to give you a number. It will come down, but I would not expect it to be proportional.

Senator LEE. Okay.

Secretary Hagel, you have outlined some very specific reductions in end strength within the Army, its Reserve units, and within the Marine Corps. You were a little less specific on your reductions to DOD civilian employees and civilian contractors. Can you give us an update on your plan to cut 20 percent of major headquarters operating budgets and other ways of making cuts in civilian personnel?

Secretary HAGEL. Yes, and we can give you a very detailed progress report, which we can give your staff a briefing on.

But to answer your question, General Dempsey and I both led the effort for all headquarters across the world, joint service, combatant command, and obviously, starting with my office. That plan is underway. That plan is progressing. We are continuing to follow it out. I would be glad to give you a more detailed report.

Senator LEE. Thank you, I would appreciate that.

[The information referred to follows:]

The Department of Defense (DOD) proposes an institutional reform in the fiscal year 2015 budget to reduce management headquarters operating budgets by 20 percent. This reform is part of DOD's greater efficiency efforts recognizing the need to consolidate duplicative efforts, reduce overhead, and achieve better alignment in support of a smaller force of the future. It is estimated to save $5.3 billion over the 5-year period from fiscal years 2015 to 2019.

This savings estimate included savings from all headquarters; the Office of the Secretary of Defense (OSD), the Joint Staff, the Military Services, combatant commands, defense agencies, and field activities. Specifically for OSD, former Secretary of the Air Force Mike Donley led a review of each of the principal staff agencies. Based on his review, the following changes were directed. The Deputy Chief Management Officer (DCMO) is responsible for monitoring and reporting progress on these initiatives.

- Strengthening the Office of the DCMO to meet Office of Management and Budget and congressional expectations for better coordination and integration of DOD's business affairs by realigning the Office of the Director of Administration and Management (DA&M) and its subordinate elements and resources within the DCMO structure, better enabling DCMO to fulfill its responsibilities.
- Strengthening the capability of Office of the DOD Chief Information Officer's (CIO) to address the growing ability of other information technology (IT) and cyber challenges, to improve oversight of IT resources, and to further enable successful implementation of the Joint Information Environment through the realignment of the oversight of business systems from the DCMO to the DOD CIO, allowing each organization to focus on its core responsibilities.
- Restructuring the Office of the Under Secretary of Defense (USD) for Policy to balance workload across its Assistant Secretaries of Defense (ASD), sustain emphasis on the Asia-Pacific region, and strengthen focus on security cooperation.
- Directing the Acting USD for Personnel and Readiness to undertake a study to rebalance internal resources across the office's three ASDs, to better position this office to address major concerns related to DOD downsizing, such as readiness, total force management, and compensation.
- Directing the USD for Intelligence to establish its post-September 11, post-Operation Iraqi Freedom/Operation Enduring Freedom steady-state configuration and level of effort.
- Combining the Office of the Assistant to the Secretary of Defense for Intelligence Oversight with the Defense Privacy and Civil Liberties Office under the DA&M.
- Realigning the Office of Net Assessment (ONA) under the Office of the USD for Policy, preserving it as a distinct organization that reports to the Secretary, through the Under Secretary, to better ensure that ONA's long-range comparative analyses inform and influence DOD's overall strategy and policy.

- Approving plans for eliminating the five remaining non-presidentially appointed, Senate-confirmed Deputy USDs, fulfilling the direction from Congress.

The operating budget for OSD was reduced by 20 percent. This reduction did not apply to budget items such as Capital Security Cost Sharing which helps pay for embassy security and the Combatant Commanders' Exercise and Engagement Training Transformation fund. These items are not management headquarters and were therefore excluded from the 20 percent reduction.

The reductions are programmed on a ramp of generally 4 percent per year with a full 20 percent savings being realized in fiscal year 2019. This allows the reductions to be monitored on an annual basis.

DOD is taking steps to provide increased transparency of management headquarters data. This will also help ensure that these reductions are realized. Any potential growth in management headquarters relative to the President's fiscal year 2015 budget submission will be reviewed by the Deputy Secretary of Defense.

Section 904 of the National Defense Authorization Act for Fiscal Year 2014 requires a report on headquarters reductions which is due this summer. DOD is preparing this report, which will include more specific details on planned savings.

Several other studies with a focus of further reducing the fourth estate are ongoing, and we anticipate additional reductions, where appropriate, in future budget submissions.

DOD's total civilian full-time equivalent (FTE) reduction (including the management headquarters reduction) reflected in the fiscal year 2015 budget is 5 percent over a 5-year period from fiscal year 2014 to fiscal year 2019. Below is DOD's detailed civilian FTE profile over this time period.

FY 2015 Budget - DoD Civilian FTEs

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Change FY14-19	% Change FY14-19
Army:									
U.S. Direct Hires	235,464	242,709	238,300	229,558	225,084	219,043	218,681	-24,028	-10%
Foreign Direct/Indirect Hires	20,644	20,643	19,917	19,787	19,307	19,148	19,002	-1,641	-8%
Total	256,108	263,352	258,217	249,345	244,391	238,191	237,683	-25,669	-10%
Navy:									
U.S. Direct Hires	176,906	182,128	183,494	183,021	181,754	179,736	178,153	-3,975	-2%
Foreign Direct/Indirect Hires	10,010	10,484	10,505	10,485	10,485	10,485	10,484	0	0%
Total	186,916	192,612	193,999	193,506	192,239	190,221	188,637	-3,975	-2%
Marine Corps:									
U.S. Direct Hires	17,313	16,687	17,476	17,006	16,479	16,429	16,429	-258	-2%
Foreign Direct/Indirect Hires	3,640	3,499	3,539	3,609	3,608	3,602	3,602	103	3%
Total	20,953	20,186	21,015	20,615	20,087	20,031	20,031	-155	-1%
Air Force:									
U.S. Direct Hires	167,359	166,382	163,149	166,671	168,134	167,267	167,416	1,034	1%
Foreign Direct/Indirect Hires	8,236	9,404	9,355	9,285	9,306	9,165	9,041	-363	-4%
Total	175,595	175,786	172,504	175,956	177,440	176,432	176,457	671	0%
Defense-Wide:									
U.S. Direct Hires	129,139	134,641	131,558	130,813	130,020	128,838	123,743	-10,898	-8%
Foreign Direct/Indirect Hires	4,182	4,500	4,418	4,365	4,365	4,365	4,365	-135	-3%
Total	133,321	139,141	135,976	135,178	134,385	133,203	128,108	-11,033	-8%
Total DoD:									
U.S. Direct Hires	726,181	742,547	733,977	727,069	721,471	711,313	704,422	-38,125	-5%
Foreign Direct/Indirect Hires	46,712	48,530	47,734	47,531	47,071	46,765	46,494	-2,036	-4%
Total	772,893	791,077	781,711	774,600	768,542	758,078	750,916	-40,161	-5%

Mr. HALE. May I briefly comment on the civilian full-time equivalents? They will come down about 5 percent, Senator Lee, from 19 percent to 14 percent. They are coming down. We need your help here. The way to cut civilians is BRAC because if you get

rid of a brigade combat team, you do not get rid of civilians. You close the base where they work. If you no longer need it, then you can get rid of them. If we are going to see sustained reductions, we need your help in allowing us to close unneeded infrastructure.

Senator LEE. Thank you.

Mr. Secretary, the recent action by Russia in Crimea is alarming and it is part of a series of disappointments that we have seen since the Russian reset between the Syrian crisis, the situation with Edward Snowden, repeated Intermediate-Range Nuclear Forces (INF) violations by Russia, and now we have this situation in Ukraine. We have had a disappointing series of setbacks with Russia as it relates to our relationship with Russia.

I want to talk to you a little bit about energy policy and how this might factor into that. It is of concern to me that some of the countries, including many of the democracies in many parts of the world, that should be more inclined to stand up to Russia are perhaps not in a position to do so because of the fact that they are heavily dependent on Russia for their energy needs, given their dependence on Russian-produced oil and natural gas.

Do you not think that it would be in the national security interests of the United States to open up our domestic production of oil and natural gas specifically for purposes related to our national security? Is it not in our national security interests if we could open up our own production of oil and natural gas and make sure that we are able to export those commodities to a significant degree in the international market? The government in Russia, the plutocracy in Russia, is funded by this dependence on Russian oil and natural gas. Would that not help ameliorate this problem?

Secretary HAGEL. The short-term crisis that we are dealing with, Senator, is probably not going to be ameliorated with that dimension. However, your larger point is an important one about energy and production of energy. It is not insignificant that North America is going to be, essentially, as we fulfill the capabilities of our technology, the number one producer of energy in the world. As to the markets opening and what kind of leverage it gives us or not gives us on relationships with Russia or anyone else, markets always and economics always dictate different dynamics of any foreign policy equation.

Senator LEE. Finally, Mr. Secretary, in light of the deterioration of our relationship with Russia, as I have just described, will the United States continue to pursue a new nuclear weapons treaty with Russia as the President outlined in his speech in Berlin last June?

Secretary HAGEL. We are pursuing compliance with the New START treaty. There is no new treaty.

Senator LEE. Any new reductions in our nuclear forces?

Secretary HAGEL. I think the President has made clear that would not be unilateral. We would do it in conjunction, as we have in all past reductions.

Senator LEE. I assume you would agree that recent events would give us certain pause in approaching that.

Secretary HAGEL. Certainly, but this President has started, and I think every President, with the Ronald Reagan theme of "trust

but verify." That is why you have verification procedures in place for all these treaties which are critical.

Senator LEE. I understand, and I would only add that given their failure to comply with the agreements that we have, I have significant concerns about that.

But I see my time has expired. I thank you for your testimony. Thank you, Mr. Chairman.

Senator KAINE. Thank you to the witnesses for being here, your service, and the testimony today.

I want to associate myself with Senator Lee's comments. I think the U.S. energy position gives us a significant national security opportunity. Just contemplate U.S. sales of natural gas, for example, to the six nations to whom we give waivers that need to buy oil from Iran. Our natural gas gives us the ability to help wean away those countries from reliance on Iranian oil. Similarly, the nations that purchase oil from Russia and often feel constrained because they do not have other sources to purchase oil or natural gas, we would have an enormous opportunity there.

Be that as it may, I just want to make a point, and this is really for Secretary Hale, as a follow-up question for the record. As I read the testimony about the President's budget, you are seeking in this FYDP relief from sequester but not the full elimination of sequester. By my math, if we do exactly what you have asked us to do and we combine that with the earlier sequester relief that was contained in the 2014–2015 budget deal, DOD will still be absorbing 54 percent of the sequester cuts that were imposed pursuant to the BCA of August 2011. We are going to ask that question for the record because I think it is important for folks to know that DOD is not coming here and saying, "give us relief from the entirety of sequester." You have made a bunch of very difficult decisions, and while you think any sequester, like I do, is foolish, you nevertheless are accepting the reality of more than half the sequester even in your presidential budget submission today.

Am I in the ball park on that, Secretary Hale?

Mr. HALE. Yes. There are a thousand ways to calculate it, but I think you are in the general ball park. There have been cuts associated and in the non-defense side too, I might add, associated sequestration.

Senator KAINE. But we will submit a question for the record to specify exactly what cuts DOD has absorbed, even if the desired state of affairs occurs and we support the President's budget submission.

Second, with respect to carriers, Secretary Hagel, your testimony on page 6 today of the prepared testimony basically says the President's budget plan enables us to support 11 carrier strike groups, including the USS *George Washington* and its carrier air wing. Before I get into some particulars about it, is it the policy position of both DOD and the White House to continue to support an 11-carrier Navy?

Secretary HAGEL. Yes, it is.

Senator KAINE. That is not just a policy position of the White House and DOD. It is also a statutory requirement, 10 U.S.C. 5062(b). It is a congressional statutory policy as well. Is that correct?

Secretary HAGEL. That is correct.

Senator KAINE. So any reduction of the carrier force from 11 to 10 would not just be a matter of a budget line item, but it would also require a change in the statutory language, is that not correct?

Secretary HAGEL. That is correct.

Senator KAINE. Now, in your opening testimony, and the chairman got into this topic a bit—you testified here but also in the speech that you gave last Monday that if the President's budget is enacted, the *George Washington* will be overhauled, just to focus on carriers for a second. I looked at the President's budget when I received it to determine how the 2015 and 2016 budgets and beyond actually accomplished that. As the chairman indicated, I was a bit confused about that. I gather that the same could be said about the Marine Corps force end strength, the Guard end strength, the Army end strength, and the carrier issues. If I just look at the initial budget submission, I would probably be confused if the President's budget is enacted, would those priorities, in fact, be funded?

Could you explain how, either in the budget document or documents to come or directives that have been put out within DOD, the enactment of the President's budget will make sure that those requirements, the statutory requirement in carriers, in particular, will be accomplished?

Secretary HAGEL. I will. I am going to ask the Comptroller to go into the more detailed explanation.

As I had explained earlier, there are four, force structure, Army, Reserve, and carrier in the FYDP plan in those decisions that you just went through—there are about four of them, some force structure, Army, Reserve, and carrier. In the budget, we planned for current law in 2016 with sequestration. But I have sent directives to the Chiefs saying that if we get an indication, which we hope we will, that sequestration will not continue picking up in 2016, then we have time to plan. We do not have to make that decision right now because there is an air wing associated with this. There are people, there are a number of things associated with this particular issue. We have time to make those adjustments.

So I understand the confusion on how we did it and why we did it. Let me stop there and ask Secretary Hale for further clarification. Thank you.

Mr. HALE. With respect to the chairman, I think what we did is not a disconnect. It is prudent planning. The law of the land is sequestration. We do not know what Congress is going to do. For those force elements where we need time to plan, like carriers and Army Active end strength, we have put the sequester goal in the out-years of our 5-year plan. We have also said, as the Secretary has said, and have done it now in writing, if Congress gives us an indication they will appropriate at the President's budget for fiscal year 2015 level over the period 2016 through 2019, we will stop the drawdown of the Army. We will keep the carriers at 11, and we will go back in next year's plan and make the changes we have to to accommodate that.

Does that help?

Senator KAINE. It does. I may ask a follow-up specifically on the record for that because the unequivocal nature of that commitment

is an important one. If we battle hard to get sequester relief, we want that commitment to be an unequivocal one.

Mr. HALE. But there is an "if" statement there. We have to have some indication from Congress that you are going to appropriate.

Senator KAINE. Then you have just anticipated my next question. Mr. Chairman, this concerns me a little bit. If there is an indication from Congress, then we will do something different. Here is a little timing challenge. We just did a 2-year budget to give you more certainty and to give the private sector economy more certainty. It is not the intention of the Senate Budget Committee on which I sit to do a different fiscal year 2015 budget. We just tried to give you more certainty for 2014 and 2015, including sequester relief that we fought very hard for. You are asking us for some additional certainty for the out-years when it is not the current intent of the Senate to do a different budget.

We do not have to answer that question today, but I am wondering precisely what kind of indication would be sufficient given that we have just done a budget within the last 2 months and are not likely to return to one soon?

Secretary HAGEL. Senator, I get everything you said. I ask the same questions.

Back to what the Comptroller said, for us, the responsibility we have, he used the term "prudent." I cannot commit, nor any leader, carriers or force structures when, in fact, the law does not allow me to do that in the current numbers. We had to build some flexibility into this because, just like every hard choice that we have brought forward, Congress will make some recommendations, appropriations, and tough choices. The structure we have, the program we have, the ideas and the plans we have in the total, in the whole are in the balance for the next 5 years. If we do not have those numbers in order to keep that carrier and to keep that force structure at 440,000 to 450,000, then we will have to take it somewhere else. Maybe the decision is to do that. I do not know. We tried to balance this, Senator, to make sense for all of our needs. It is imperfect.

Let me just add one thing. We have never been this way before. I do not think in Chairman Levin's long distinguished career in the Senate he has seen such a time. I certainly have never seen such a time of unpredictability, not just in the world and threats and uncertainty, but in budgets and resources. Where is all this going? In an enterprise the size of DOD is an imperfect set of dynamics and we are trying to plan in a responsible way.

Senator KAINE. Mr. Chairman, I have one more question, but I am over on my time. Senator Vitter is up and I will wait.

Chairman LEVIN. Have you voted?

Senator KAINE. Yes, I have.

Chairman LEVIN. Thank you.

Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman.

Thanks to all of our witnesses. Thanks for your service.

Like a number of other folks, I am really concerned that the latest QDR is significantly budget-driven, and I do not think it is supposed to be. I can see a budget submission being budget-driven.

That is part of the definition. I think the QDR is supposed to be fundamentally different.

Why was, for instance, this QDR only designed to look out 5 years? Is the mandated norm not 20 years?

Secretary HAGEL. It is, and I think reading through that, there are projections for the future.

Senator VITTER. It is my understanding that they are not clear 20-year projections.

Secretary HAGEL. We did not give specific 20-year projections. That is pretty hard to do, Senator, a 20-year projection.

Senator VITTER. Is that in some meaningful form not required by law, a 20-year outlook?

Secretary HAGEL. That is right, and we have done that. But we did not do it in the same specificity that we did in a 5-year outlook simply because I do not know, I do not know if anybody knows, what the world is going to look like. What we have tried to do, first of all, is comply with the law. It was not budget-driven; it was budget-informed.

I directed, soon after I went to DOD a year ago, a Strategic Choices Management Review, which built a whole set of strategies to implement the President's DSG, which we have used as the guidance here for the QDR. It is not blind to the budget. Of course not. The reality is that a strategy is only as good as the resources to implement it. I know that it is not a budget. I know that. But it was informed by a budget.

Senator VITTER. As a supplement to this hearing, can you submit for us how this QDR fulfills the mandate of looking out 20 years? Because it is my understanding it is very different from previous QDRs and does not do that.

Secretary HAGEL. I will be happy to provide it.

Senator VITTER. You do agree that that is the legal requirement?

Secretary HAGEL. As I said, we complied with the law.

Senator VITTER. If you could just outline how you did that.

[The information referred to follows:]

The 2014 Quadrennial Defense Review (QDR) was crafted in accordance to 10 U.S.C. 118, including the requirement to look out 20 years. As articulated in Chapter I of the QDR, the Department of Defense examined global and regional trends in the security environment that shaped the overall defense strategy. Long-term assessments of the security environment were used as the basis of defense planning scenarios set in both the 2020 and 2030 timeframes, which were used to inform decisions about the future defense program. During the QDR, programmed and alternative forces were assessed against a wide range of plausible threats, which could manifest themselves in the near- (present to 5 years), mid- (5 to 10 years), and longer-term. QDR analyses tested the ability of U.S., allied, and coalition forces to cope with potential challenges emerging during the next 20 years.

General DEMPSEY. Could I add, Senator, if you would not mind?

Senator VITTER. Sure.

General DEMPSEY. This QDR was done in an environment that was a bit of an aberration. We could put a finer edge on what that means. But we had just completed in 2012 a DSG document that does some of the things you are talking about, that looks out. That is where this phrase "rebalance to the Pacific" came and so forth, which is a long-term project, not an overnight affair. So the QDR used the DSG as the foundation document and built upon it, but the themes, the tenets, the principles, and the mission areas refer

back to the DSG. There is a coherence here that we can lay out for you in a longer answer.

Senator VITTER. Okay.

General, do you think this QDR assumes or offers low to moderate risk?

General DEMPSEY. As I said in my assessment, Senator, if we achieve the promises that are extant in the QDR with institutional reform and all of the things that come with that, then we can lower the risk over the QDR period with the force structure we have to moderate risk, but it is going to take some heavy lifting.

Senator VITTER. So we are not there yet, and we need to get things exactly right under the QDR to achieve moderate risk, in your opinion?

General DEMPSEY. That is my opinion.

Senator VITTER. General, I assume you would agree. I think General Odierno has said repeatedly that 450,000 is the lowest level we can maintain reasonably in the Army. Do you agree with that?

General DEMPSEY. Yes, I do, Senator. Two to 3 years ago, we were asked by this body where the risk becomes too high. Where is the floor? Each Service went about the task of trying to answer that question. The Chief of Staff of the Army has answered that question, and I agree with his answer.

Senator VITTER. To compound the last two questions, do you think going below that floor would impose greater than moderate risk on us?

General DEMPSEY. In certain mission areas. It would not affect our responsiveness in our defense in space, in cyber, in the air, and the maritime domain, but it would increase risk in the land domain.

Senator VITTER. Last week, the head of U.S. Strategic Command said Iran may still be capable of fielding a missile that could hit the United States by 2015. What do we have built into this budget submission to deal with that possibility?

Secretary HAGEL. First, as you know in looking over the general numbers on the budget submission, we have added to modernization of our ballistic missile defense (BMD). We announced last year that we would build an additional 14 interceptors. We are adding to cyber. We are adding to defense of the Homeland. We are working with the European allies on our European-phased approach in our missile defense there. We are addressing those vulnerabilities and those threats.

Senator VITTER. Let me ask it a little bit differently. A missile to hit the United States by 2015 is a possibility, but not a certainty, I think, is the testimony. If over time we determined it was a probability or a near certainty, would we need to do something additional to maintain moderate to low risk in that category?

Secretary HAGEL. You are always assessing risk, threats, and the capability to respond to stay ahead of those threats.

Senator VITTER. I am saying if we determine that was going to happen, not just the possibility, is there enough in this plan and in this budget to face that with moderate to low risk, or would you want to be doing something additionally?

Secretary HAGEL. We may do something additionally. But this is a timeframe on where we think the threats are, with all the dif-

ferent dynamics in play. Those future threats and the capabilities we will need to respond to them were the forward part of the budget presentation.

Did you want to say something?

General DEMPSEY. We believe that our BMD program, as it is articulated in our strategy and then captured in terms of resources in the budget, is adequate to the challenges we think we could face over that period. If they do break out in 2015, we think we have adequate land-based and sea-based BMD capabilities. If they broke out in a way that was unexpected to us, which is always a possibility, we would have to go back and take a look at it again.

Senator VITTER. But what I am hearing is you think we are covered if they achieve that capability in 2015.

General DEMPSEY. Yes.

Senator VITTER. Something more aggressive would cause you to have to look back.

General DEMPSEY. That is correct.

Senator VITTER. Okay. That is all I have.

Chairman LEVIN. Thank you, Senator Vitter.

Senator Wicker.

Senator WICKER. Thank you, Mr. Chairman.

General Dempsey, I believe you stated you had been speaking to your Russian counterpart about Crimea. Is that correct?

General DEMPSEY. Yes, about Crimea and about Ukraine, in general.

Senator WICKER. Secretary Hagel, have you had conversations with the Russian Defense Ministry with regard to Crimea and Ukraine?

Secretary HAGEL. Yes.

Senator WICKER. The Russian position, no one in the world believes it, is that these are not Russian troops which have occupied Crimea. Did either of these gentlemen you spoke to speculate as to who these forces belong to? Did you ask who the Russian leadership says these people belong to?

General DEMPSEY. I actually did, Senator, and the answer was that they were not regular forces. They were well-trained militia forces responding to threats to ethnic Russians in Crimea.

Senator WICKER. Well supplied, no doubt.

General DEMPSEY. I did suggest that a soldier looks like a soldier looks like a soldier, and that distinction had been lost on the international community.

Senator WICKER. Can you tell us, General, based on our best information, where these troops came from?

General DEMPSEY. I cannot at this time tell you where the military forces inside of Crimea came from. I can tell you that we have been tracking other activities in the western and southern military districts, but let me roll back with the Intelligence Community and try to get you a better answer than that.

[The information referred to follows:]

[Deleted.]

Senator WICKER. Okay.

Secretary Hagel, can you enlarge on that at all?

Secretary HAGEL. No, I think the Chairman said it all.

Senator WICKER. So it is not that you cannot tell us in this setting? Is it, right now, you do not know?

Secretary HAGEL. Tell us what, Senator?

Senator WICKER. Where these troops came from.

Secretary HAGEL. You mean the specific Russian divisions?

Senator WICKER. Yes.

Secretary HAGEL. I do not know the specific areas where they came from exactly.

Senator WICKER. While the international community is watching, Secretary Hagel, other than just absolute logic, what evidence can you give to this committee and to the listening general public that these are, in fact, Russian troops?

Secretary HAGEL. What logic can I give?

Senator WICKER. No, other than logic.

Secretary HAGEL. I am not contesting that. I am not suggesting otherwise.

Senator WICKER. It is the Russians that are contesting it, and I would like for you to tell for the record what information we have as the U.S. military and as the DOD that contradicts the Russian position on this.

Secretary HAGEL. We could get that information for you. It is pretty clear that they are Russian troops.

Senator WICKER. I think it is clear, but, General Dempsey, what evidence do we have?

General DEMPSEY. We do not have any evidence, as yet. I think evidence could likely become available over time. But I will tell you that if you are asking for my military judgment, these are soldiers who have been taken out of their traditional uniforms and repurposed for placement in Crimea as a militia force. But my judgment is that they are soldiers.

Senator WICKER. From both of you, we are not quite ready to cite chapter and verse how we know this for a fact, are we?

General DEMPSEY. That is correct.

Senator WICKER. Let me just say I hear some talking heads in the media trying to make a distinction between Crimea and eastern Ukraine, and it is disturbing to me. I will let you respond. It is disturbing to me to hear some people suggest that Crimea is a semi-autonomous part of Ukraine and it is gone from the Ukrainian republic now and the Russians will have it. I think that is an unacceptable position for the United States to take. Do you agree, General Dempsey?

General DEMPSEY. I do. The 1994 Budapest Agreement, when Ukraine turned over its nuclear weapons, guaranteed its sovereignty and, as part of that territorial integrity, included Crimea. I do not find any ambiguity at all about that.

Senator WICKER. Secretary Hagel, it is going to be the firm position of the United States that Russia needs to withdraw its troops, Crimea is part of Ukraine, and that that issue is not up for debate. Is that correct?

Secretary HAGEL. Russia has a basing rights agreement with Ukraine in Crimea. I think the President has been pretty clear on our position that the sovereign integrity of a sovereign nation has been violated.

Senator WICKER. Right. Let me make sure that you are saying what I think you are saying. Russia has a base there and they are entitled to the rights given to them under the agreement between Ukraine and Russia.

Secretary HAGEL. They have troops there.

Senator WICKER. But that does not give them any right whatsoever to occupy that part of the Crimean peninsula that is not on the base. Am I correct?

Secretary HAGEL. That is right.

Senator WICKER. General Dempsey, we have had some information about the Russians violating the INF Treaty. You were not the Chairman of the Joint Chiefs of Staff in 2010, but if you had been aware of any potential Russian violations of the INF Treaty during Senate consideration of the New START treaty, you would have recommended that that information be briefed to the Senate. Would you not?

General DEMPSEY. Yes. I would have probably made a recommendation that it be briefed in a closed, classified setting because the sources and methods of intelligence are fairly significant. But I certainly would have recommended that all available information be made available to you, the decisionmakers.

Senator WICKER. When did you become aware of this violation?

General DEMPSEY. I am aware of the allegation of a violation, and I am aware that the report will actually be submitted next month. I have not seen the report as of yet.

Senator WICKER. Thank you, sir. Thank you to both of you for your service.

I appreciate it, Mr. Chairman.

Senator MCCASKILL. Thank you all.

I know people have talked about you, Secretary Hale, and I thought of you several times over the previous weeks when there have been people who have accused me of my position on the sexual assault matter being because I am soft on the military. I thought of you because I do not know that you would characterize me that way. We have had some difficult exchanges over accountability within the military. I want to give you a little bit of time during my questioning to talk about the audit.

I was really taken aback. Once the Marine Corps asserted audit readiness in 2008, it took 5 years. When the marines say they are ready, you assume they are ready, and that audit took 5 years and multiple audits for them to finally get a clean opinion. I am a little worried that the rest of DOD understands what audit readiness means. I want to make sure we do not waste time and money chasing this prematurely when the basics have not been done.

Do you have a sense that the Government Accountability Office report that went through the five key steps for readiness are now being addressed by the other branches as we prepare to roll out a declaration of audit readiness?

Mr. HALE. Yes, I think so, Senator McCaskill. We learned a lot from the Marine Corps. But I also want to be upfront with you. We probably will not get a clean opinion the first year that we assert audit readiness. The auditors come in. They need to get comfortable with us. They need to learn our business, and we need to learn from them.

But what I will tell you is, we need to get this DOD under audit with an external, independent auditor. We will learn so much more than if we continue as simply trying to do it within DOD.

I believe that there is a gray area here, but if we are in that gray area where we think we are close enough, we ought to get going even if it takes a couple of years.

Senator MCCASKILL. Believe me, I would be astounded and frankly worried about the auditors if you got a clean opinion in 1 year, but 5 years? Hopefully, we can do better than 5 years.

Mr. HALE. I think we can do better than that.

Senator MCCASKILL. Okay.

Thank you so much for your years of service in several different capacities to the greatest military in the world. I am very grateful. Lots of times, the folks with uniforms on, especially people who do what you do—it is not the glamorous job at DOD. It is a very unglamorous job, and you should get a lot of credit for the time and energy you have spent at it.

Let us talk a little bit about the OCO and Afghanistan. Here is what I am really worried about, Secretary Hagel. I am worried that the Special Inspector General for Afghanistan Reconstruction has indicated to you that no more than 21 percent of Afghanistan will be accessible for oversight by the end of this year. That is a 47 percent reduction since 2009. I hate to sound like a broken record, but the amount of money we put in infrastructure reconstruction in these countries, and the notion that we would continue to do that worries me, knowing upfront that there could be no oversight.

I will be looking very carefully at the budget when it arrives after the elections to see if we are finally realizing that building their power grid and their water systems and their highways in an insecure environment is not a good use of our money. I would like you to comment on that.

Overall, both you and General Dempsey, I continue to ask, where is the data that this stuff works in a counterinsurgency? By the way, most of the stuff we spent in Iraq is not operational, is in ruins, or it was blown up. I do not think we have had a great deal more success in Afghanistan. We started assuming that the military doing infrastructure projects was an effective way to fight in a counterinsurgency situation. I do not know that we can prove it works. Can you give me something that would give me comfort that we do not repeat this again in the next counterinsurgency encounter we have?

Secretary HAGEL. Senator, you have just laid out the whole set of realistic questions that concern all of us. We are dealing with the future of Afghanistan here in this context. From what we have learned in past experiences, as you correctly note, in Iraq, there are a lot of questions, and our Inspector General keeps bringing them up. These are factors that are going to have to, and will be, and are being, considered on future development assistance. Is it verifiable? Can it work? Where is the oversight? How do we know? All the questions, but you are right.

General DEMPSEY. First, Senator, I do not know who called you soft on the military, but if you give me their email addresses, I would like to assure them that that is not the case. [Laughter.]

Second, your question is a good one. I have a directorate in the Joint Staff responsible for lessons learned, and I will go back and dig up what we have on metrics demonstrating the connection between developmental projects and stability. It is something we have struggled with, especially early on in these two conflicts. We were playing catch-up right from the start. I think it is true, though, that in a counterinsurgency, the fundamental task is to separate the insurgents from the population, and certainly development, aid, and economic growth is one of the ways to do that. But I will give you a fuller answer for the record.

[The information referred to follows:]

A review of our Joint Lessons Learned Information System and 15 organizations [1] outside of the Joint Staff yielded anecdotal evidence of both a positive and a negative relationship between reconstruction activities and stability outcomes.

Currently the Department of Defense has two ongoing rigorous, evidence-based studies: a 2012 independent review of the Commander's Emergency Response Program (CERP) in Afghanistan and a National Defense Authorization Act for Fiscal Year 2014 directed comprehensive examination of the lessons learned from the execution of CERP in both Iraq and Afghanistan.[2]

These studies will be completed in December 2014 and will provide a more analytical understanding of the complex relationship between development and stability.

Senator MCCASKILL. Yes. I think it is really important we figure this out. I am not against aid. This thing morphed from the Commanders' Emergency Response Program to the Afghanistan Infrastructure Fund. We have gone back and forth. Is this a Department of State function? Is this a DOD function? Is this Active military or is this contractors? I am not sure that we have clear answers. I do not think we are looking carefully enough at the lessons learned to direct us going forward.

Finally, I have some other questions for the record, but I am almost out of time.

I know we have an answer from the readiness folks about how many O–6s we would need if the Gillibrand proposal became law. We now have a total that at least 74 O–6s would be needed just for disposition authority. Could you give us more guidance as to where you would have to pull them from? Would they come out of military judges, because you do not have enough? Would they come out of senior prosecutors? Would they come out of the defense attorneys? Would they come out of the staff judge advocate corps? What would be the plan in terms of filling that need if the proposal

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[1] Polled organizations included:
Joint Staff
Office of the Secretary of Defense for Policy
U.S. Central Command
U.S. Special Operations Command
the Services
International Security Assistance Force
several military academia institutions
Special Inspector General for Iraq Reconstruction
Special Inspector General for Afghanistan Reconstruction
Government Accountability Office
Commander's Emergency Response Program
Center for Strategic and International Studies
International Security Assistance Force's Counterinsurgency Advisory and Assistance Teams
Center for Complex Operations
Peacekeeping and Stability Operations Institute

[2] Department of Defense funds infrastructure reconstruction projects in Iraq and Afghanistan through two mechanisms, Commander's Emergency Response Program and the Afghanistan Infrastructure Fund

to shift all of those disposition authorities to lawyers in the military, in fact, became law?

Secretary HAGEL. We will provide that.

[The information referred to follows:]

The Military Services have not determined with precision how the judge advocate disposition authority billets would be staffed were S.1752 ("Military Justice Improvement Act of 2013") be enacted into law. The Services have, however, determined the likely number of judge advocate disposition authorities each would require. It is useful to compare that figure to each Services' existing O–6 (colonel or Navy captain) judge advocate billets.

U.S. Army

The Army is both the largest and the most geographically dispersed of the Armed Forces. In every fiscal year since 2005, the Army has tried more general courts-martial than the other four Armed Forces combined. The Army estimates that implementing S.1752 would require 50 full-time judge advocate disposition authority billets, which equals 40 percent of the current 124 Active Duty Army O–6 judge advocate billets.

Almost half of the Army's O–6 judge advocate billets—62 of 124—are as chief legal advisors to military commands and organizations. Fifty-nine of these are staff judge advocate positions (one of which is dual-hatted as the deputy commander of the U.S. Army Materiel Command and one of which is dual-hatted as the deputy chief counsel of the U.S. Army Research Development and Engineering Command).

Twenty-six of the 124 billets are in the judiciary, including 17 trial judges, 8 appellate judges, and the executive officer to the Chief Judge.

Fifteen of the 124 billets are in headquarters leadership billets, including 8 chiefs of U.S. Army Legal Services Agency Divisions and the U.S. Army Legal Services Agency Deputy Chief, 5 chiefs of Office of The Judge Advocate General (JAG) divisions, and the Office of The Judge Advocate General executive officer.

Six of the 124 billets are senior training and education positions, including 5 senior leadership positions at The Judge Advocate General's Legal Center and School, and another at the U.S. Army War College.

Four of the 124 billets are senior joint positions at the Department of Defense (DOD), including 2 in the Defense Legal Services Agency, 1 heading the Office of Legal Policy of the Under Secretary of Defense for Personnel and Readiness, and 1 as the Deputy Legal Counsel to the Joint Chiefs of Staff.

Four of the 124 billets are senior Headquarters Department of the Army positions at DOD, including the Chief of the Investigations and Legislative Division of the Office of the Chief Legislative Liaison, 2 legal advisors in the Office of the General Counsel, and the Legal Advisor to the U.S. Army Inspector General Agency.

The remaining seven billets include the Commander of the U.S. Army Claims Service, three chief counsel of contracting commands and one deputy chief counsel of a contracting command, the Deputy Chief Counsel of the U.S. Army Aviation and Missile Command, and one billet in the Office of Military Commissions.

U.S. Navy

The Navy estimates that implementation of S.1752 would require 9 full-time judge advocate disposition authority billets, which equal 11 percent of the current 81 Active Duty Navy O–6 strength. Ten of the 81 Active Duty Navy JAG Corps captains are qualified as Experts under the Military Justice Litigation Career Track qualification program. Detailing nine of them as judge advocate disposition authorities would leave only one Military Justice Litigation Qualification Expert captain, meaning that almost all of the O–6 litigation supervision and judicial billets would have to be filled with officers who have not obtained the highest Military Justice Litigation Qualification.

Twenty-one of the Navy's 81 O–6 judge advocates are staff judge advocates to military commands (including 3 combatant commands) and senior leaders.

Fourteen of the 81 judge advocates are commanding officers or officers in charge of legal service offices, including 9 commanding officers of Region Legal Service Offices, 4 commanding officers of Defense Service Offices, and 1 officer in charge of a Defense Service Office detachment.

Twelve of the 81 judge advocates are in the judiciary, including 6 trial judges, 5 appellate judges, and the Chief Judge of the Department of the Navy.

Eleven of the 81 judge advocates are in senior Office of The Judge Advocate General leadership positions, including 9 division directors in the Office of the Navy Judge Advocate General, the Senior Detailer, and the Executive Assistant to the Judge Advocate General.

Five of the 81 judge advocates are in senior Department of the Navy legal positions, including 2 in the Office of the Inspector General, 2 in Environmental Law, and 1 in Legislative Affairs.

Three of the 81 judge advocates are chiefs of staff of litigation-related organizations: the Chief of Staff of Victims' Legal Counsel, the Chief of Staff of the Region Legal Service Office, and the Chief of Staff of the Defense Service Office.

Three of the 81 judge advocates are in White House and National Security Council Staff positions.

Three of the 81 judge advocates are on the Office of the Chief of Naval Operations Staff and the Joint Staff.

The remaining nine judge advocates are the Commanding Officer of the Naval Justice School, the Director of the Defense Institute for International Legal Studies, three training/education Instructors, one in a Sending State Office, and two students.

U.S. Marine Corps

The Marine Corps estimates that implementation of S.1752 would require 8 full-time judge advocate disposition authority billets, which equals 25 percent of its 32 Active Duty Marine Corps O–6 judge advocate billets.

Half of the Marine Corps O–6 judge advocate billets—16 of 32—are as staff judge advocates.

Six of the 32 billets are leaders responsible for the delivery of legal services, including 4 Officers in Charge of Legal Service Support Sections (the Marine Corps' regional prosecution centers), the Officer in Charge of the Victim Legal Counsel Organization, and the Chief Defense Counsel of the Marine Corps.

Four of the 32 billets are in the judiciary, including 2 circuit trial judges and 2 appellate judges.

Two of the 32 billets are in senior Office of the Judge Advocate General of the Navy positions: the Assistant Judge Advocate General for Military Justice and the Director of the Navy-Marine Corps Appellate Government Division.

Two of the 32 billets are in the Office of Military Commissions.

The remaining two billets are in senior leadership positions in the Headquarters Marine Corps Judge Advocate Division: the Deputy Staff Judge Advocate to the Commandant of the Marine Corps and the Deputy Director of the Judge Advocate Division.

U.S. Air Force

The Air Force estimates that implementation of S.1752 would require 7 full-time judge advocate disposition authority billets, which equals 5.6 percent of the current 125 Active Duty Air Force O–6 judge advocate billets.

Almost half of those billets—59 of 125—are staff judge advocates to military commands or organizations, including 10 Air Force Major Commands, U.S. Cyber Command, and U.S. Africa Command.

Seventeen of the 125 billets fill leadership roles on Air Force Major Command staffs as deputy staff judge advocates and division chiefs of international and procurement law, as well as military justice.

Sixteen of the 125 billets are in the judiciary, including 9 trial judges and 7 appellate judges.

Seventeen of the 125 billets are senior leadership positions in the Air Force Legal Operations Agency, including the Vice Commander, the Commandant of the Judge Advocate General's School, 5 directors, and 8 division chiefs, including the Special Victims' Counsel Chief.

Seven of the 125 billets are headquarter leadership positions, including 5 Air Staff Directors within the Office of the Judge Advocate General, the Senior Air Staff Counsel to the Air Force Inspector General, and the Executive to the Judge Advocate General.

Two of the 125 billets are senior joint positions within DOD, including the Deputy Legal Counsel to the Joint Chiefs of Staff and the Senior Military assistant to the Department of Defense General Counsel.

Two of the 125 billets are senior leadership positions in the Office of the Secretary of the Air Force, including the Senior Military assistant to the Secretary of the Air Force and the Senior Legal Advisor to the Secretary of the Air Force Personnel Council.

The remaining five billets include the Chief Defense Counsel and the Deputy Chief Prosecutor within the Office of Military Commissions, the General Counsel of the Army and Air Force Exchange Service, the Deputy Staff Judge Advocate to U.S. Transportation Command, and the Deputy Staff Judge Advocate to U.S. Forces Korea.

General DEMPSEY. Could I add, though, Senator? Just to be clear, we really appreciate your leadership on this issue and we appreciate what Senator Gillibrand is doing too. If I thought it was just about resources, if I thought that was the answer, I would line up behind it. But fundamentally it is not about the resources. It is about accountability and responsibility in the right place in the system, and that is the commander.

Senator MCCASKILL. There is no question about that. The reason I bring it up is because the amendment, for some inexplicable reason, prohibits any additional resources to be used. I do not know why that is in the amendment, but it is. You could not add more resources to it if you wanted to, if the proposal became law. That is why I think it is very important for us to know where these O–6s are going to come from.

Chairman LEVIN. Senator Cruz?

Senator CRUZ. Thank you, Mr. Chairman.

Mr. Secretary, General, thank you for being here. Thank you for your service. Thank you for your testimony today.

Secretary Hagel, last week you stated, with respect to the National Guard versus Active Duty military, that increasing or protecting the Guard from cuts is not reasonable, and in particular, you stated that, "we must prioritize readiness, capability, and agility." Setting aside readiness and agility for the moment, in your judgment, are the National Guard or the Reserve units truly less capable than their Active Duty components? Would you care to elaborate or explain your views on that?

Secretary HAGEL. I am sorry. Are they less capable, did you say? I am not sure I said less capable. Let me go back and get to the first part of your question, then I will get to the second part.

I have said here a number of times this morning, Senator, the National Guard and the Reserve are going to continue to be a vital part of the national security enterprise. I have said that. I think Chairman Dempsey has been clear. We are all clear on that.

Then if that is the case, as we are looking at framing a balanced way forward on our strategic interests, guidance, and how we protect this country, then we had to assess everyone's role. One of the points that I made, I had to carefully look at suggestions, recommendations, reductions, adaptations in every force, Air Force, Marine Corps, across the board which I did, at the recommendation, by the way, of our Chiefs. So it was not done unilaterally.

I noted in my testimony that, comparing the Active, Reserve, and National Guard reductions, we protect the National Guard and Reserve in those reductions versus percentage of cuts to the Active, whether it is aviation brigades or whichever metric you want to apply to it. I hope that is clear.

As to the second part of your question, when you look out at the future needs, assessments, threats, and challenges, the National Guard, as we know, has a couple of roles. Our Active Duty has but one responsibility and that is to be active, ready, agile, and go now if they need to. That is not the case with the National Guard and Reserve, not that they are not capable. They did a tremendous job in Iraq and Afghanistan. But there are different responsibilities, so we tried to balance those. I met with the Governors Council last week on this. We have talked to Governors about their responsibil-

ities as to how they use their National Guard. That is some explanation that would be helpful to you, Senator, as to why the recommendations were made the way they were.

Senator CRUZ. Thank you, Mr. Secretary. I will share my view that certainly both the Guard and our Reserve are a critical part of our readiness and capability to defend this Nation.

The first question is connected with the second question. Your budget proposed that the Army cut six brigade combat teams by 2019. That is an astounding amount of land combat power that is being proposed to be reduced, and in my view, the world has only become more dangerous, not less dangerous. I am very troubled by these cuts, diminishing our ability to defend our national security. It seems to me there are a great many other areas in the DOD budget that ought to be much higher candidates for cuts than reducing the men and women who are directly on the front lines who go directly to our warfighting capacity.

For example, DOD continues to spend billions of dollars unnecessarily on alternative energy research programs. The Navy recently spent $170 million on algae fuel that costs four times as much as regular fuel, meaning potentially $120 million wasted. Instead of buying that algae fuel, which even the National Research Council says is currently not sustainable, DOD could instead field nearly a battalion's worth of Active Duty soldiers or even more National Guard troops.

So the question I would ask, Secretary Hagel, is why in your judgment does it make more sense to cut Army infantry troops rather than cutting spending on algae fuel for the Navy?

Secretary HAGEL. I have just asked the Comptroller to give me a specific number.

Mr. HALE. I will get it soon. I do not have that one in my head. I will get it for you for the record.

[The information referred to follows:]

The Navy has not spent $170 million on algae fuels. The Department of Defense (DOD) previously invested in algal biofuels research, and in 2011 the Navy purchased algal biofuels (as part of a larger $12 million biofuels purchase) for the Rim of the Pacific Exercise Great Green Fleet demonstration in 2012. As a result of this demonstration, the Navy concluded that JP–5 and F–76 fuels containing 50/50 blends of hydro-processed esters and fatty acid-based biofuels are suitable for operational use.

I believe the $170 million you are thinking of relates to the Advanced Drop-in Biofuels Production Project, which is being executed under the authorities of Title III of the Defense Production Act (DPA) (and is now budgeted at $160 million after various cuts). This project, co-sponsored by the Department of Energy, Department of Agriculture, and DOD, partners with the private sector to accelerate the development of cost-competitive advanced alternative fuels for both the military and commercial transportation sectors. Last May, four companies were selected to further develop their plans for refineries capable of supplying biofuel at a cost of less than $4 per gallon. For all phases of the project, private sector partners must provide a dollar-for-dollar match to any government funding they receive. None of the companies selected propose to use algae as a fuel feedstock.

The DOD Alternative Fuels Policy for Operational Platforms, issued on July 5, 2012, creates clear guidelines on DOD's current and future alternative fuels investments and purchases. To date, DOD has only purchased alternative fuels for testing, certification, and demonstration purposes. The policy also formalized what was already the practice for all of the Military Services: that DOD will only purchase alternative fuels for use in military operations when they are cost-competitive with conventional fuels. This includes fuels that DOD procures from DPA award recipients.

Secretary HAGEL. But I do not think it is billions of dollars.

Mr. HALE. I do not think it is multiple billions.

Secretary HAGEL. It is not billions of dollars.

Senator CRUZ. It is $170 million.

Secretary HAGEL. Okay, but that is a little different than billions. But that is not the essence of your question. I get it.

We did have to look at different reductions in different areas. But on the first point on our troops, it is dangerous to make those cuts with brigades. We have hard choices to make, Senator, based on the reality of what is before us. But readiness, capability, and modernization are critically important to the troops who are asked to go in and who will continue to have the edge, and will always have the edge, over any adversary, over any enemy. That takes constant training. That is money. That is operations. That is all that goes into readiness.

The technical edge and capability that they need to have and we want them to have takes money. What goes into that, the research and the science, also take money.

We tried to balance everything in a way that made sense, again, to fulfill the requirements necessary to defend this country.

Senator CRUZ. Let me ask one more question because my time is expiring.

DOD spent $117 million, again, nearly enough to field a battalion of Army combat power, on renewable energy projects that now face major delays or cancellation. For example, the Air Force spent $14 million on wind turbines in Alaska, and it turns out there is not any wind there. The Inspector General has recommended the Air Force shut downs the entire project altogether.

Despite these problems, you mentioned a minute ago that $160 million was not billions. The Army is planning on awarding $7 billion in renewable energy projects in coming years. That is real money.

It seems to me that the energy needs of our military should be derived by what is the most cost-effective and efficient energy to carry out our warfighting capacity. We ought to be looking at cutting overhead and unnecessary programs like algae fuel rather than reducing our warfighting ability, reducing the men and women who are able to serve in the Army and defend our Nation. Do you agree or disagree?

Secretary HAGEL. We are cutting overhead. We are doing the things that you suggested, and you are right.

As to the Army's billions of dollars of a commitment to a program, I do not know specifically what you are talking about. We will find out. We will get back to you.

[The information referred to follows:]

For the Army to be combat ready, it must have access to secure, affordable energy. All Army energy efforts whether on our installations or in our maneuver formations are first and foremost focused on enhancing mission capability. This holds true for the Army's renewable energy projects. Every installation renewable energy project is designed to enhance energy security at a cost that is projected to be equal to or less than conventional grid power.

The Army now spends over $1 billion annually on utility bills for our installations. Over the next 30 years, absent efficiency gains and/or lower cost energy, it is projected that the Army's total utility bill over this time period will be in excess of $40 billion. The Army's plan is to reallocate a portion of this amount to fund renewable energy projects on our installations. These projects are executed in concert with the

private sector, with industry providing engineering and technical expertise along with capital funds to cover the costs of construction. Power is purchased from these projects using funds in the Army utility account. There are no additional appropriations required and no diversion from other accounts used for training or equipping.

The $7 billion figure refers to the total contract ceiling of the Army Renewable Energy Multiple Award Task Order Contract (MATOC). Awards were made to a total of 48 companies, including 20 small businesses. MATOC projects will be owned, operated, and maintained by the selected task order awardees. The award recipients that are qualified through this process will be able to compete for future renewable energy task orders issued under the MATOC. As previously described, power purchased through the MATOC will be funded through the existing Army utility account over a term of up to 30 years, requiring no additional appropriated dollars.

The Army currently has over 175 megawatts of renewable energy projects in the acquisition phase, all of which are expected to avoid future utility costs. Additionally, each of these projects enhances the energy security at our installations. Some projects will provide coverage of total installation energy requirements from on-site generation. Others will provide energy in emergency situations, making our installations' platforms more resilient, able to project military power, or respond to domestic emergencies. These and future investments in renewable energy will add to, not detract from, Army readiness.

Secretary HAGEL. Yes, the cheapest, most reliable, and most effective energy, since DOD is the largest energy consumer in the world, is a requirement, and we have to have the ability and the readiness and the access to that energy.

I understand your point, and we have tried to cut where we do not need that kind of capability. More to the point, some of it may be a bit of a luxury, but research is important. I take your point and we will get to you on the specifics.

Senator CRUZ. Thank you, Mr. Secretary. I appreciate that. Thank you, gentlemen. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Cruz.

I do not know if I am going to ask the exact same question that you are. I have a hunch that I am, Senator Kaine, but I think I am going to yield to you first, and then if you do not cover that issue the way I was going to cover it, I will do it later.

Senator KAINE. Thank you, Mr. Chairman.

As I finished my first round of questions, I was asking you what would be an indication of support for the President's budget that would trigger the willingness of DOD to move forward on those priorities. It is not likely that the Senate will pass a budget because we just passed a 2-year budget. I do not know that we need to get into that one now, but that is something that I think we need to continue to discuss and explore.

I want to ask a question now about the worst-case scenario. I am opposed to sequestration. One of the first votes I casted when I arrived here was to not let sequestration go into effect in February 2013. I have worked on the Senate Budget Committee with my colleagues to provide as much sequester relief as we could find in 2014 and 2015, and I am going to keep doing it. I am going to keep trying to battle for what the President's proposed budget is with the $115 billion plus the $26 billion in sequester relief.

However, the worst-case scenario: if Congress does not provide either an indication of support or actual support in lifting sequester cuts, it would still be the case that there is a statutory requirement for 11 carriers that, absent change in the statutory language, would be the law of the land. Is that not correct?

Secretary HAGEL. Senator, as I have said, and you would expect us to do, we will follow the law.

Second point on this specific issue, carriers, or any other tough decision that has to be made: if we do not have the resources, then there will be further cuts somewhere, but those will be made just like this proposal we are all discussing specifically this morning, as well as the entire inventory. We follow the authorization and appropriations directive of Congress. We follow the law. These are recommendations.

Senator KAINE. To follow up again, this is the worst-case scenario, you have one law, the sequester or the BCA caps. You have a second set of laws, that 11 carriers would be an example of one. There are other line items within the DOD budget that have a statutory requirement as well. There are other DOD spending items that are not statutorily mandated. But you might say that some of the non-mandated items, for purposes of our particular strategic challenge, might be more important than some of the statutory ones in terms of your own recommendation.

But I just want to get down to it. If the worst-case happens, absent a change in the statute, we cannot switch national policy from 11 carriers to 10 carriers. Is that not correct?

Secretary HAGEL. Which I have already noted, that is right, yes.

Senator KAINE. That is all of the questions I have, Mr. Chairman. Thank you for that opportunity for a second round.

Chairman LEVIN. Thank you, Senator Kaine.

Senator Inhofe.

Senator INHOFE. Yes, thank you, Mr. Chairman.

I do want to clarify a couple of things. What I was trying to do in my first 7 minutes was to make it very clear that I knew that it was not you two. I use your quotes. Your quote, Secretary Hagel, "American dominance on the seas, in the skies, and space can no longer be taken for granted." Yours, General Dempsey, when you said that, "we are on a path where the force is so degraded and so unready that it would be immoral to use force."

There is one area where we all agree, and I am talking about the uniforms and the secretaries and everybody else. We are down to an unacceptably low level compared to the threat that is out there. I attempted to get that across.

Senator Graham came along with this 3.2 percent of GDP when it had been 5 percent during the times of peace. Since that time looking at the President's budget into the future, it goes, starting next year, down from 3.2 to 3.0, 2.8, 2.7, 2.6, 2.5 and on down until it is 2.3. That is the plan that is out there right now. In terms of priority, it is totally unacceptable.

I think that he did such a good job of using that, and certainly the line of questioning that came from our Senator from Texas, I would like to add to the examples that he used. $120 million for a solar farm in Fort Bliss. The $75 million in fiscal year 2014 appropriations for alternative energy research. The Navy contributed $160 million towards biofuel initiatives, retrofitting and building refineries in both fiscal year 2012 and fiscal year 2013. In 2011, it spent approximately $26 a gallon. He covered that one. He mentioned one I was not aware of and that is $117 million for Alaska wind energy.

Now, when you start adding all this up, you are talking about really serious money. It may be true there is a big difference between millions and billions, but right now, this is the problem that we have. It is not you guys. It is the administration that does not have the priorities that you have stated, Mr. Secretary, that they have in terms of defending America as the number one priority. I used the examples. Yes, it may sound a little extreme that the amount of money he spent on his climate stuff would buy 114 new F–35s. I want to make sure all of that is in the record, and that was my intent, to make sure that people out there know that we have a really serious problem in terms of the direction this administration is taking our military in the face of, in my opinion, the greatest threat that we have ever faced in the history of this Nation.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator Sessions.

Senator SESSIONS. Thank you, Mr. Chairman, and thanks to all of you for your service.

I am the ranking member on the Senate Budget Committee, and sometimes our committees overlap, Mr. Chairman, in the concepts and issues that we face.

I would say that there is no doubt that the restrictions in spending growth that we placed on DOD were greater than any other department. There is no doubt that you took real cuts and we are facing a dangerous cut this year. I am glad something could be worked out. I was not able to support the solution as written, but we needed to do something this year because it would have been very damaging, in my opinion, to the military. I want to say that.

I hope, Secretary Hagel, that you, like most leaders in your announcement about spending, were putting everybody on notice a little bit. I hope that when you look at the numbers that have been put back in, the $35 billion this year, which DOD gets half of in actual money next year, that maybe all those cuts will not be as necessary as you suggested. Actually, I do not think you declared every one of those things would happen. But I think it is important for us to begin to distill where we are, how much you are going to have to reduce programs, personnel, and equipment, as well as what it will look like in the future.

I think it is a healthy thing for you to lay out where you see things now, but I am hoping that you will not have to do all of those things, number one.

Number two, I think you have already discussed the danger of anybody in the world believing that we are on such a pell-mell reduction that we are not going to be able to field an effective military force in the future. I believe you can do that even though I would like to see some of your reductions avoided.

Have you commented on that? If you have, I do not want to repeat that question. But I think it is important that the world knows that we are going to be leaner, more efficient, more productive, and we are going to meet the challenges that we have to meet around the world.

Secretary HAGEL. I am glad you asked the question, Senator, and it is an important point and we really have not focused on it today.

First, Chairman Dempsey, myself, and others have said publicly that the United States of America possesses the most lethal, strongest, most powerful military today in the history of the world. We will continue to have that kind of a military. We need that kind of a military to protect our interests.

Now, that said, we also recognize what is coming, more sophisticated threats, asymmetric threats. You know those kinds of threats. We have to make sure that we have the resources to keep this military the best-led, best-trained, best-educated, best in form, with the most significant technological edge of any military we have ever had and that has ever been in the world. We can do that, but we are going to have to make some hard choices.

You reference here in your comments the prioritization of what we are going to require in order to secure the interests of our country and the security of our country. To your point about this country still having the capability to defend itself and do the things that our citizens believe we can do, expect us to do, we have that capacity. We are going to continue to have that. But at the same time, the reality of limited resources puts further risk into how we do that.

Senator SESSIONS. Secretary Hagel, thank you for talking to me about the announcement you made about the littoral combat ship (LCS). I hope that is a reduction we do not eventually have to make.

I would just ask this. I may submit some written questions about it. But as I understood your statement, you believe that we need a different kind of ship after 32 LCSs were completed, but you also indicated that the LCS would be able to compete on price and capability with any other ship at that point. Is that correct? What would the Navy need as it brings its fleet back up to the 300 level?

Secretary HAGEL. To begin with, we need the capability that the LCS was designed to give us, the anti-submarine and mine sweeping capability. We are going to continue to go forward with the production commitment of 24. The Chief of Naval Operations recommended, in addition to that, another 8 to fill that capacity out, so I have authorized that number of 32.

I have also said if we would build the full 52 LCS fleet, that represents our future Navy, a sixth of a 300-ship Navy. With the emerging technologies in weapons systems around the world and the LCS has limited capabilities, limited survivability, and limited combat power. But it was not designed for all that. Should we be examining whether we need a more up-gunned LCS that is more lethal and more survivable? I have asked the Navy to come back to me later this year, which they say they can do based on the testing and the analysis. There are two hulls being produced now, Senator. Maybe there is combination of the two. I do not know. I have put it back with the Navy. You come back to me, tell me what you think you would recommend we need.

Senator SESSIONS. I understand. I just happened to be here as a new Senator and found myself as chairing the Seapower Subcommittee of this Full Committee of the U.S. Senate. What an august thing that was.

Admiral Vern Clark advocated for this ship. We approved it. Over the years, it remains a prime priority of the Navy, so cur-

tailing it, I think, is a mistake. But regardless of that, I feel like you will work your way through it, and I hope that you will not do anything that would adversely impact the ability of that ship to compete with other ships or whatever new capabilities and missions you think you need in the future.

I may submit a few written questions on it.

But thank you for sharing with me and being able to discuss that.

Thank you, Mr. Chairman. I am very sorry that I was not able to be here throughout this important meeting.

Chairman LEVIN. Thank you, Senator Sessions.

Just one effort to clarify this big budget picture, and that has to do with this additional $115 billion for the last 4 of the 5 years of the FYDP, which is being requested. What we again have been told orally is that if that money is forthcoming and paid for, funded, that then the Active end strength, for instance, in the Army would be 440,000 to 450,000. The Guard would be 335,000. These are higher numbers than what is otherwise going to be the case. The same thing with carriers. There would be 11 instead of 10.

Then when I asked whether or not you will give us the detail for the $115 billion that is going to show those higher numbers, the answer was no. What I do not understand is, if you are going to give us detail for the $115 billion, why would that detail not reflect the higher numbers for end strength and for the carrier? Why would that not be reflected in that detail? If you were not going to give us any detail, then I understand your answer, but you are going to give us detail.

Secretary HAGEL. I am going to answer again and then let the Comptroller go into it.

Chairman LEVIN. Then I will give up because it is late, and your explanation may work with some other folks. It has not yet worked.

Secretary HAGEL. I do not know. Later explanations are not particularly more edifying than earlier explanations.

But again, what drove the decision to do it this way was the reality of the uncertainty. I get the law. I get all that. Remember, these are recommendations that I make. Congress will make decisions. I had the recommendations of our leadership on this. I could not commit to all of these things, not having some assurance that I would have the capability with the resources to be able to fund these things.

Chairman LEVIN. I understand that. But my question is this. You are going to give us, with that same uncertainty and without that assurance, a list as to where that $115 billion would go.

Secretary HAGEL. Yes.

Chairman LEVIN. How can you give us a list of where the $115 billion would be spent if there is all this uncertainty, which there is? I think you are wise to be realistic. You get the reality of uncertainty. You cannot commit to these things, these larger numbers, without greater certainty. But you are still going to give us a list as to how you would spend it. I do not know, given the uncertainty, how you can give us any list. If you are going to give us a list, why can you not give us the higher end strength numbers and the carrier? That is what I am trying to understand.

Secretary HAGEL. Okay. Let me ask the Comptroller.

Mr. HALE. I will take one more shot. It is a good question and a fair one, Mr. Chairman.

The problem with the particular areas, carriers and end strength, takes a long time to plan. Sequestration remains the law of the land. We felt it was prudent to put a few of those items where we needed to think ahead how to do it at the lower levels, with the understanding that if we get an indication that you will appropriate at the President's budget level, we will change that plan. We can, I believe, within the resources. But we felt we should, for the sake of prudence, plan for these major items that take time to plan ahead in a worst case.

Does that help?

Chairman LEVIN. No.

Mr. HALE. Not much.

Chairman LEVIN. Just take the Army.

Mr. HALE. I am willing to surrender.

Chairman LEVIN. What is the end strength level for the Army in the 2015 FYDP? What is that number?

Mr. HALE. Through fiscal year 2017, at fiscal year 2017 they will be at 450,000. In 2018 and 2019, they go down to 420,000.

Chairman LEVIN. That is in the FYDP?

Mr. HALE. It will be, yes. You do not have it yet, but yes.

Chairman LEVIN. Thank you.

Senator SESSIONS. What is the Army now?

Mr. HALE. It will be, at the end of this year, about 510,000.

Senator SESSIONS. So by the end of next year, it will be——

Mr. HALE. No. By the end of fiscal year 2017, it will be down to about 450,000 under our FYDP plan.

Chairman LEVIN. Under the FYDP, under the 5-year plan, it then goes down to 420,000.

Mr. HALE. Correct. Planning ahead, if you give an indication of appropriating at the President's budget for fiscal year 2015 level, we will stop that drawdown at around 450,000.

Chairman LEVIN. That is something you are telling us, but that is not reflected in either the current budget document or in the document you are going to be giving to us as to how that $120 billion is going to be spent. Right?

Mr. HALE. That is right because we felt we had to plan ahead.

Chairman LEVIN. Got you.

Senator SESSIONS. Secretary Hagel, I have looked at the numbers. I know DOD has taken serious reductions, but you got the hole filled in this year. You were going to take a $20 billion reduction, and that would have been devastating. You have avoided that and got an increase. You got extra money put in next year. Under the BCA, after that, DOD in the other discretionary accounts is supposed to grow 2.5 percent a year.

I am going to be looking at these numbers. I know you are going to have to tighten belts across the board and we allowed this tough decision to be made. Before we are talking about putting even more money in, in addition to Senator Murray's and Representative Ryan's legislation, we are going to have to see the numbers and be pretty specific about it. We are going to be looking at it. I just would say that to you.

Mr. HALE. If I could just respond briefly. Last year's President's budget, in our view, fully funded the January 2012 strategy. We are $31 billion below last year's plan in fiscal year 2014 this year and $45 billion below it in the budget——

Senator SESSIONS. The President's plan, but what was the difference in the numbers?

Mr. HALE. We have been flat for the last 3 years in nominal terms. It has been coming down in real terms.

Senator SESSIONS. Does that include the increase that was in Murray-Ryan?

Mr. HALE. Yes.

Senator SESSIONS. You are flat this year from last year, not an increase?

Mr. HALE. Correct.

Chairman LEVIN. They have been flat for 3 years.

Senator SESSIONS. Admiral Mullen told us the deficits are the greatest threat to our national security. He has been proven right.

Chairman LEVIN. We have greater threats right now to our national security than our deficits. Our deficits are going down, but the threats are going up. I happen to disagree with Senator Sessions on that one.

Senator SESSIONS. The reason defense is going down is because of the deficit.

Chairman LEVIN. What you are asking for is very reasonable in terms of this additional $26 billion just for defense and $56 billion overall for defense and non-defense.

We are going to be given the pay-for in the next couple of weeks, I believe, from the administration. Many of us have pay-fors which are perfectly reasonable to pay for what we need to do as a country, including closing some of these loopholes which are egregious, these offshore tax loopholes, these loopholes which allow the most profitable corporations in the country and the world to avoid paying taxes by shifting their intellectual property to tax havens, the loopholes which allow the hedge fund managers to be paying half the tax rate that the people who work for them pay. There are some unjustified tax loopholes in this tax code which we should close even if we had no deficit. But given the fact that we have real needs, including our security needs, which we must fund adequately, there are places we can fund this $26 billion for defense and the $56 billion overall.

I hope that we will take the lead that the administration has given us on this budget and fund the full $56 billion. There will be differences over how, but whether we should do it, it seems to me, is absolutely clear. We will need some bipartisan cooperation in order to achieve that.

You three have been terrific in terms of your patience. We are grateful for your service. We will thank you, I guess, for the last time, Secretary Hale, perhaps. There is a big smile on your face, which I do not know if that shows on the television or not. [Laughter.]

With our thanks, we will now stand adjourned.

[Whereupon, at 1:25 p.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

BIOFUELS PROJECT

1. Senator LEVIN. Secretary Hagel and General Dempsey, what are the strategic advantages gained, if any, behind the Defense Production Act (DPA) Title III biofuels project, and do you support the President's goal of executing this project?

Secretary HAGEL. Catalyzing a domestic capability to produce cost-competitive, commercial-scale renewable fuels is an investment in the Nation's energy, economic, and environmental security. America needs a diversified, balanced portfolio of energy options. This is particularly true for the Nation's transportation sector, which relies almost exclusively on liquid, petroleum-based fuels.

This is why I support the President's goal of executing the Advanced Drop-in Biofuels Production Project, using the authorities of Title III of the DPA. The project, co-sponsored by the Department of Energy (DOE), the Department of Agriculture, and the Department of Defense (DOD), partners with the private sector to accelerate the development of cost-competitive advanced alternative fuels for both military and commercial transportation sectors.

DOD has a long history of contributing to national innovations to meet its defense mission. In this case, to guide these investments, we have issued a DOD Alternative Fuel Policy for Operational Platforms, which ensures that DOD will make bulk purchases of alternative fuels only if they are cost competitive and do not harm performance, compatibility, or greenhouse gas emissions.

General DEMPSEY. America needs a diversified, balanced portfolio of energy options. This is particularly true for the Nation's transportation sector, which relies almost exclusively on liquid, petroleum-based fuels. Even as we have experienced very promising developments in the domestic oil and natural gas markets during this decade, oil prices remain tied to the global petroleum fuels market, and we remain dependent on imports for nearly 40 percent of the petroleum we consume. As long as that is the case, America will be tethered to the persistent economic and security challenges associated with global oil markets. That is why an enduring strategy to increase energy efficiency and develop a competitive domestic renewable fuels industry will help strengthen our national security, lower costs for consumers, and reduce environmental impacts.

DOD has a long history of contributing to national innovations to meet its defense mission. As the Nation's single largest consumer of energy, DOD is pursuing these efforts with a strategic eye to its future. The military will need alternatives to petroleum to keep our supplies diverse, especially for the current fleet of ships, airplanes, and combat vehicles that will be with us for decades to come. It therefore makes sense for DOD, for its own interests and as a party of the overall national energy strategy, to play a role in these projects.

2. Senator LEVIN. Secretary Hagel, can you explain the DOD policy on alternative fuel purchases and the objectives of that policy?

Secretary HAGEL. To create clear guidelines on DOD's alternative fuels investments and purchases both now and in the future, on July 5, 2012, DOD released its Alternative Fuels Policy for Operational Platforms. The policy states that DOD's primary alternative fuels objectives are to ensure operational military readiness, improve battle-space effectiveness, and promote flexibility of military operations through the ability to use multiple, reliable fuel sources. All DOD investments in this area are subject to a rigorous, merit-based evaluation and are reviewed as part of DOD's annual operational energy budget certification process. Specifically, the policy:

(1) Lays out a process to coordinate future testing and certification activities.
(2) Sets important criteria for potential field demonstrations that require use of a new fuel beyond the certification process.
(3) Establishes criteria for ongoing bulk fuel purchases to meet our operational requirements, beyond certification, and demonstration activities.

To date, DOD has only purchased alternative fuels for testing, certification, and demonstration purposes. The policy also formalizes what is already the practice for all of the Military Services: that DOD will only purchase alternative fuels for use in military operations when they are cost-competitive with conventional fuels.

RENEWABLE ENERGY PROJECTS

3. Senator LEVIN. Secretary Hagel, I understand that the Army is planning renewable energy projects with an energy capacity valued at $7 billion in the coming years. Can you explain the nature of the contractual agreements contemplated, the direct funding cost, if any, to DOD for these agreements, and the savings projected to be achieved through these agreements?

Secretary HAGEL. The $7 billion figure refers to the total contract ceiling of the Army Renewable Energy Multiple Award Task Order Contract (MATOC). The power purchased through the MATOC will be funded through the existing Army utility account over a term of up to 30 years, requiring no additional appropriated dollars.

The Army now spends over $1 billion annually on utility bills for our installations. During the next 30 years, absent efficiency gains and/or lower cost energy, it is projected that the Army's total utility bill will be in excess of $40 billion. The Army's plan is to reallocate a portion of this amount to fund renewable energy projects on our installations. These projects are executed in concert with the private sector, which provides engineering and technical expertise along with capital funds to cover the costs of construction. Power is purchased from these projects using funds in the Army utility account. There are no additional appropriations required and no diversion from other accounts.

Awards under the MATOC were made to a total of 48 companies, including 20 small businesses. The award recipients that are qualified through this process will be able to compete for future renewable energy projects issued as task orders under the MATOC. MATOC projects issued as task orders will be owned, operated, and maintained by the selected task order contractors.

QUESTIONS SUBMITTED BY SENATOR KAY R. HAGAN

MAINTAINING TECHNOLOGY SUPERIORITY

4. Senator HAGAN. Secretary Hagel and General Dempsey, am I correct in understand that DOD made numerous difficult decisions in this budget request specifically in order to ensure that our modernization programs will preserve our technical superiority, since that is such an important objective?

Secretary HAGEL. As DOD developed the budget request, careful consideration was taken to balance readiness, force structure, and modernization, to include preserving our research and development (R&D) activities within the available budget. Our decade-long focus on counter insurgency campaigns of Iraq and Afghanistan, combined with fiscal constraints, have dampened the rate of new technological advances due to the emphasis on readiness and capability of today's forces. R&D investments made now in technology are necessary to provide this country the military capabilities of the future. Our budget request includes critical funding for R&D for areas such as the next generation high-performance engine and the next generation ground combat vehicle (GCV).

General DEMPSEY. Yes, the President's fiscal year 2015 budget proposal outlines a range of realistic and responsible adjustments in specific areas DOD believes must be made to restore balance in the Joint Force, and ensure our modernization programs are adequately funded.

These decisions include, but are not limited to:

- Air Force: Modernizing next-generation Air Force combat equipment—including fighters, tankers, and bombers—to maintain global power projection capabilities. To free resources for these programs as well as other investments in critical capabilities, the Air Force will reduce or eliminate capacity in some single-mission aviation platforms such as the A–10.
- Army: Restoring a balanced force over time for the Army—requiring reduction of all of its components, restructure of Army aviation, and concluding development of the GCV at the end of the current technology development phase of the program—to make available resources to invest in improvements to warfighting capabilities. These include selective upgrades of combat and support vehicles and aircraft, and investments in new technologies required for 21st century warfare.
- Navy: Maintaining a credible, modern, sea-based strategic deterrent and sustaining and enhancing asymmetric advantages over adversary threats. To free resources for these investments the Navy will reduce funding for contractor services by approximately $3 billion per year to return to 2001 levels of contractor support.

• Marine Corps: Investing in critical modernization of amphibious capability by the Marine Corps. Resources for these investments will be freed up by a reduction in end strength to 182,000 Active-Duty marines.

5. Senator HAGAN. Secretary Hagel and General Dempsey, am I correct in understanding that if sequestration continues after fiscal year 2015, it will make it very difficult to maintain our technological advantage in the future?

Secretary HAGEL. Yes, technological superiority is not assured and continued sequestration will reduce the Nation's ability to maintain technological advantages in the future. Potential adversaries saw, with great interest, our demonstrated capabilities during this decade-long war and took action to improve their own capability and technology. The fiscal constraints of sequestration will negatively impact R&D funding, particularly if reductions in R&D are proportionally tied to force reductions. DOD needs to maintain engineering design teams that develop advanced defense systems, and to protect our R&D investments in capabilities and systems that will allow us to dominate future battles. Furthermore, R&D is not a variable cost. It drives the rate of modernization. It takes time to develop a new system, test it, and put it into production. Time lost from delayed R&D is not recoverable and enables adversaries the time to develop counter capabilities and methods.

General DEMPSEY. Yes, if sequestration continues after 2015, the risks to our technological advantage will grow significantly. Our military would be unbalanced and eventually too small and insufficiently modern to meet the needs of our strategy. This will lead to greater risk of longer wars with higher casualties for the United States along with our allies and partners.

Critical modernization programs would be broken under sequestration-level cuts, creating deficiencies in the technological capability of our forces despite the requirement that they be able to respond to a wide array of threats. These threats include substantial anti-access/area denial (A2/AD), cyberspace and space system challenges, as well as threats posed by adversaries employing innovative combinations of modern weaponry and asymmetric tactics. Development and fielding of critical warfighting capabilities, including advanced fifth-generation fighters, long-range strike assets, refueling aircraft, surface and undersea combatants, and precision weapons, would be at significant risk. Tradeoffs in critical capabilities would have to be made resulting in the delay, curtailment, or cancellation of some high-priority modernization programs, as well as many lower-priority programs.

6. Senator HAGAN. Secretary Hagel and General Dempsey, what do you believe would be the impact on our security if we were unable to maintain our military technology dominance over potential adversaries?

Secretary HAGEL. Over the past several decades, the United States and our allies have enjoyed a military capability advantage over any potential adversary. Today, we are seeing this advantage erode. Other nations are advancing in technologies designed to counter our demonstrated advantages. This is true in areas like electronic warfare, missiles, radio frequency, and optical systems operating in non-conventional bandwidths, counter space capabilities, longer range and more accurate ballistic and cruise missiles with sophisticated seekers, improved undersea warfare capabilities, as well as in cyber and information operations. While the United States still has significant military advantages, U.S. superiority in some key areas is at risk. Loss of superiority in these areas could result in an increased possibility of conflict and increased risk to national security.

General DEMPSEY. The risks associated with the protection and advancement of our national interests will become significant if we are unable to preserve our military technology dominance over our potential adversaries. The return of sequestration-level reductions in fiscal year 2016 would likely leave our military unbalanced, and by 2021, too small and insufficiently modern to meet the needs of our strategy, leading to greater risk of longer wars with higher casualties for the United States, as well as our allies and partners.

QUESTIONS SUBMITTED BY SENATOR MAZIE K. HIRONO

OPPORTUNITY, GROWTH, AND SECURITY INITIATIVE TO RESTORE MODERNIZATION

7. Senator HIRONO. Secretary Hagel, with the Opportunity, Growth, and Security Initiative (OGSI) investment of $26 billion, there are a variety of opportunities to include investments into sustainment, restoration, and modernization funding for our naval shipyards which are critical to our fleet, amongst them the Pearl Harbor

Naval Shipyard. How will DOD prioritize the use of these investment funds for our shipyards versus other needs of DOD?

Secretary HAGEL. Similar to the Bipartisan Budget Act (BBA), the President wants to work with Congress, first, to provide a fully-paid for increase to the discretionary caps, and, second, to determine how best to allocate the additional funding. The OGSI provides Congress a fully-paid-for roadmap for how to make additional investments in both domestic priorities and national security, while providing specific examples of where additional investments are needed, including approximately $4.6 billion for facilities sustainment, restoration, and modernization. The administration looks forward to working with Congress to determine the specific investments that would be funded.

8. Senator HIRONO. Secretary Hagel, military construction (MILCON) funding in the Future Years Defense Program (FYDP) starting in fiscal year 2015 was requested at lower levels compared to the FYDP starting in fiscal year 2014. Approximately what amount of the $26 billion of OSGI, if made available, would replace the delta from the originally planned MILCON profile?

Secretary HAGEL. Similar to the BBA, the President wants to work with Congress, first, to provide a fully-paid for increase to the discretionary caps, and, second, to determine how best to allocate the additional funding. The OGSI provides Congress a fully-paid-for roadmap for how to make additional investments in both domestic priorities and national security, while providing specific examples of where additional investments are needed, including approximately $3 billion of MILCON funding. The administration looks forward to working with Congress to determine the specific investments that would be funded.

RISK TO COMBATANT COMMANDERS IN A VOLATILE SECURITY ENVIRONMENT

9. Senator HIRONO. Secretary Hagel and General Dempsey, in your testimony, you mentioned more than once that we are facing risk and uncertainty in a dynamic and volatile security environment. You also mentioned that a smaller force strains our ability to respond simultaneously to more than one contingency operation. With the U.S. Pacific Command commander, as well as other combatant commanders, facing uncertainty in the future and with the potential need to respond to multiple contingencies, where will the future force assume the greatest risk?

Secretary HAGEL. Depending on budget levels, the future force would assume greatest risk in the near-term due to low levels of readiness. Many units today lack the training for full-spectrum operations. This will improve over time. Over the longer-term, as force structure is reduced, the risk will shift toward the ability to fight and win multiple contingencies while maintaining Homeland defense. The future force would assume the greatest risk in its most stressed case in which two overseas contingencies occur simultaneously and without notice. Such a low-probability but high-consequence event would stress the future force's ability to respond effectively to both contingencies, and to do so in a timely manner.

Without notice, the force may not be ideally positioned within a region to respond to a threat. Depending upon the nature, scale, and duration of the conflicts, the future force may lack some capabilities that combatant commanders would want in their campaign plans. Key enablers, such as intelligence, surveillance, reconnaissance (ISR) and long-range strike platforms might be in particularly short supply.

General DEMPSEY. First, I would like to reemphasize that today the U.S. military can conduct all of the missions outlined in my Quadrennial Defense Review (QDR) assessment. However, under certain circumstances, we could be limited by capability, capacity, and readiness in the conduct of several of these missions. Therefore, the U.S. military can meet the updated National Defense Strategy (NDS), although with higher levels of risk in some areas.

In the next 10 years, I expect the risk of interstate conflict in East Asia to rise, the vulnerability of our platforms and basing to increase, our technology edge to erode, instability to persist in the Middle East, and threats posed by violent extremist organizations to endure. Nearly any future conflict will occur on a much faster pace and on a more technically challenging battlefield. In the case of U.S. involvement in conflicts overseas, the Homeland will no longer be a sanctuary either for our forces or for our citizens. Our operational plans require capability, capacity, and force readiness for a more difficult conventional fight and cannot be executed with a large force that is not ready in time or a ready force that is too small.

Further, reductions in our capacity are unlikely to be completely mitigated by increased reliance on our allies and partners, as their military power is mostly in decline. Higher risk will also be assumed in achieving our objectives given the reality

of our global responsibilities while the military objectives associated with meeting long-standing U.S. policy commitments are extraordinary and are growing in difficulty. Our present military advantage is diminishing and our ability to meet ambitious strategic objectives is complicated. As part of providing my best military advice, the Chiefs and I are working with the Secretary of Defense to refine and prioritize U.S. military objectives to align with the size and capabilities of our programmed force in order to drive down risk.

10. Senator HIRONO. Secretary Hagel and General Dempsey, if DOD would be unable to respond to multiple contingencies, what associated risks would the combatant commanders assume?

Secretary HAGEL. If U.S. forces were to be sized to respond to only one major contingency, we would find it difficult to sustain a credible deterrent posture in regions important to U.S. interests. If U.S. forces became engaged in a large-scale conflict, adversaries elsewhere may believe they could then act aggressively against U.S. and allied interests. Such a posture would undermine our status as the security partner of choice, reducing U.S. influence globally and risking instability. At sequester-level cuts, the U.S. military would be too small to implement the military strategy effectively, leading to greater risk of longer wars with potentially higher casualties for the United States and its allies and partners in the event of a conflict. This would likely embolden adversaries and undermine the confidence of allies and partners, which in turn could lead to an even more challenging security environment than we already face.

General DEMPSEY. As stated in the 2014 QDR, if deterrence fails U.S. forces will be capable of defeating a regional adversary in a large-scale, multi-phased campaign while simultaneously denying the objectives of, or imposing unacceptable costs on—a second aggressor in another region. Accordingly, we will continue to provide a range of options to deter and respond to potential contingencies. In general, a smaller Joint Force will become more reliant on rapid Reserve mobilization, on maintaining high readiness levels for its Active Forces, and on adapting our operational concepts to better utilize our full range of technological and other advantages. Allies and partners may help to mitigate some of the risk, although it is not likely they will be able to cover all of our shortfalls. In the end, however, a contingency response that is not as vigorous or timely will entail a higher level of risk to the Nation and to the forces committed. In essence, we may be able to do fewer things simultaneously, and new contingencies may force us to take risk in other regions or for other security threats. Combatant commanders will need to be prepared for frequent adaptation in achieving objectives, in the ways they achieve results, and in the way they apply available resources.

ASIA-PACIFIC REBALANCE INVESTMENTS

11. Senator HIRONO. Secretary Hagel and General Dempsey, the Asia-Pacific rebalance recognizes that future demographic, economic, and security concerns will need to be leveraged over time to address all facets of the rebalance. In light of this, we are investing more resources in our relationships in the region, engaging more at every level, and shifting assets to the region. Please outline specific examples of investments that we are making to ensure our partners and allies are assured of the Asia-Pacific rebalance.

Secretary HAGEL. DOD is engaging in several lines of effort to ensure we sustain our position in the Asia-Pacific region.

These lines of effort are:

1. Modernizing alliances and partnerships. DOD is modernizing its alliances with our treaty allies. This includes working with Japan to revise the U.S.-Japan guidelines; updating the U.S.-Republic of Korea (ROK) Special Measures Agreement; supporting negotiations now under way to facilitate increased rotational presence of U.S. forces in the Philippines; supporting negotiations with Australia to establish a long-term agreement on a continuous U.S. rotational presence; and, with Thailand, continuing to implement the 2012 update of the Joint Vision Document.
2. Enhancing defense posture. DOD continues to work towards a posture that is geographically distributed, politically sustainable, and operationally resilient. These efforts include the continued realignment of U.S. forces within the ROK, moving forward on the Futenma Replacement Facility with Japan in Okinawa, and working jointly with Japan to develop Guam as a strategic hub. In addition, Singapore hosted the first rotation of a Littoral Combat Ship (LCS) last year.

3. Updating operational concepts and plans. DOD continues to develop and update the plans and concepts that will enable innovative use of our forces, if needed. Most relevant to the Asia-Pacific region is our continued work on the Joint Operational Access Concept and the Air-Sea Battle. Both are evolutions of more established concepts, and represent progress in creating a more effective joint force.
4. Investing in the capabilities needed to secure U.S. interests throughout the region. DOD is investing in a range of activities and initiatives that will contribute to U.S. capabilities in the Asia-Pacific region. In particular, we continue to invest in the fifth generation Joint Strike Fighter (JSF), the *Virginia*-class submarine and the Virginia Payload Module (VPM), the P–8A maritime patrol aircraft, the Broad Area Maritime Surveillance unmanned air system, the Unmanned Carrier Launched Air Surveillance and Strike System, a new long-range bomber, and the KC–46 tanker.
5. Strengthening multilateral cooperation and engagement. Over the past 5 years, DOD has invested significantly in the multilateral regional fora that are increasingly the center of gravity for security and foreign policy discussions. This includes DOD attendance at meetings of, and support for exercises by the Association of Southeast Asian Nations (ASEAN)-led ASEAN Regional Forum, and the ASEAN Defense Ministers' Meeting Plus.

General DEMPSEY. In support of the rebalance to the Asia-Pacific, DOD will continue to work to modernize and update alliances; expand and deepen partnerships; and increase engagement throughout the region to enhance security and promote the capacity to respond to shared challenges. In the Asia-Pacific region, our strategy emphasizes the importance of our existing alliances, investing in long-term strategic partnerships within Asia, and expanding our networks of cooperation with emerging partners to ensure collective capability and capacity for securing common interests.

DOD will work with allies to modernize capabilities and concepts to position the United States to face future challenges together. With existing allies, we will pursue the following initiatives and associated investments:

- Japan. Ensure the political sustainability of our presence in Okinawa, modernize U.S. forces in Japan (e.g., P–8 antisubmarine aircraft and MV–22 tilt-rotor utility aircraft deployments, the addition of E–2D airborne early warning aircraft to Carrier Air Wing 5 in fiscal year 2016, as well as periodic F–22 fighter rotations), jointly develop Guam as a strategic hub, and deploy additional transportable radar surveillance (agreement secured).
- Korea. Evaluate the conditions for operational control transition and continue progress on Strategic Alliance 2015 and basing adjustments. Implement signed agreements to strengthen cooperation in space, cyberspace, and intelligence.
- Australia. Rotationally deploy Marine Corps and Air Force forces to Darwin and the Northern Territories respectively. Begin negotiations on a binding access agreement to support enhanced Marine Corps and Air Force rotational force presence. Continue to advance space cooperation with agreement to move an advanced, DARPA-developed Space Surveillance Telescope to Australia.
- Philippines. Negotiate Enhanced Defense Cooperation Agreement. Further assist in developing the Philippines' Maritime Domain Awareness and Maritime Security. Continue to support Philippines' counterterrorism efforts.
- Thailand. Implement Joint Vision Statement 2012, addressing the four pillars for U.S.-Thai cooperation; promoting stability in the Asia-Pacific and beyond, supporting Thai leadership in Southeast Asia, enhancing bilateral and multilateral interoperability and readiness, and building relationships and increasing coordination at all levels. Institutionalize Defense Strategic Talks for senior DOD policymakers.

DOD will seek to enhance and deepen partnerships with countries throughout the Asia-Pacific to improve the region's capacity to respond to common challenges. Key initiatives/investments include:

- Singapore. Operationalize ISR/Maritime Security Capacity Building Concept; pursue U.S.-China-Singapore trilateral engagements; explore approaches for cooperation in intelligence, cyber, and information management.
- Indonesia. Enhance defense cooperation to increase the Indonesian military's capacity and capability to conduct external missions, particularly maritime security, humanitarian assistance/disaster relief, and peace-

keeping. Continue DOD support for Indonesian defense reform efforts and strengthen nascent defense trade cooperation.

• India. Increase defense cooperation and trade. Begin negotiations on renewal of the 2005 (10-year) "New Framework Agreement" on defense cooperation. Explore nascent areas of engagement (i.e. space, cyber, counter-IED). Enhance policy oversight to the Defense Policy Group sub-groups, shoring up and protecting routine military-to-military engagements.

• China. Work with China to build a military-to-military meeting schedule for the coming years, continue the Strategic Security Dialogue and Defense Consultative Talks.

• Malaysia, Vietnam, Brunei, and the Pacific Islands. Increase U.S. operational access through enhanced outreach, including additional combined exercises, port visits, and other initiatives.

• ASEAN. Strengthen support for ASEAN's defense institutions. Institutionalize the ASEAN Defense Ministers Meeting (ADMM) Plus as the premier regional defense forum. Establish clear and shared objectives with our ADMM plus counterparts through dialogue such as the Secretary of Defense's April meeting with ASEAN Defense Ministers in Hawaii.

• Bangladesh, Nepal, Sri Lanka, and Southeast Asia. Expand engagement and security cooperation.

• New Zealand. Continue to revitalize the defense relationship with New Zealand following the 2012 lifting of restriction on military-to-military interactions. Expand mutual cooperation on initiatives developed during expanding annual military-to-military dialogues such as Defense Policy Dialogue and Bilateral Defense Dialogue. Build on New Zealand participation in exercises such as Rim of the Pacific.

• South China Sea. Continue to emphasize multilateral approaches and claimant state capacity building efforts in the region. Enhance regional capacity for maritime domain awareness and maritime security. Shape/enable claimant nations' ability to monitor and observe sovereign spaces and respond to activities within the South China Sea.

• Burma. Focus on incentivizing continued support for democratic reforms. Continue efforts to begin limited and calibrated engagement with the Burmese military.

CYBERSECURITY VITAL TO NATIONAL SECURITY

12. Senator HIRONO. Secretary Hagel, cybersecurity plays a vital role in the security of our Nation and to DOD. With $5.1 billion in the fiscal year 2015 request, there are many opportunities to incorporate both Active and National Guard cyber units to play critical roles in cybersecurity. With cyber infrastructure in place with other government agencies on Oahu already, it would make sense for Reserve military forces to form a cadre of talented cyber warriors in the Pacific. The Hawaii Air National Guard is interested in standing up a new cyber unit. How do you envision the National Guard's contribution to this effort?

Secretary HAGEL. We have seen from more than 12 years of conflict the critical role the Reserve components, including the National Guard, play on the battlefield. As we emerge from these conflicts and face new and evolving threats in areas such as cyberspace, we will rebalance across the Joint Force to ensure that we have ready and capable forces. Part of that rebalance will include determining the right roles and missions for our Reserve component forces in cyberspace. We are working with the Department of Homeland Security and the States through the Council of Governors to improve our cooperative efforts on cybersecurity, which will aid DOD in prescribing appropriate roles for Reserve component forces. DOD is currently undertaking a cyber mission analysis as directed in the National Defense Authorization Act (NDAA) for Fiscal Year 2014 that will address these questions. I am personally engaged and will ensure that we complete this analysis on time.

SPECIAL OPERATIONS FUNDING

13. Senator HIRONO. Secretary Hagel and General Dempsey, even as we draw down in Afghanistan, the proposal is to increase the number of Special Operations Command (SOCOM) personnel from 66,000 to 69,700. Will the primary missions of these personnel change?

Secretary HAGEL. The primary missions of Special Operations Forces (SOF) will not change. Our SOF operators will continue to execute the full spectrum of operations as necessary to meet national security requirements. What will change is the

mix of those operations. As DOD redistributes forces from Afghanistan to support the Geographic Combatant Command plans, U.S. forces will become less engaged in combat operations and more engaged in building partner capacity, conducting humanitarian assistance, promoting theater security cooperation, and conducting limited peacekeeping, counternarcotics, and counterproliferation operations. These are missions we have continued to conduct globally during the last 13 years of war, but to a lesser degree due to requirements in Afghanistan and Iraq. DOD will continue to conduct counterterrorist operations as needed, and when directed, but the other missions mentioned above will take on a more prominent role for SOF.

General DEMPSEY. The increase in SOCOM personnel will not change the primary missions of SOF even as we draw down in Afghanistan. Both factors, the force growth and draw down, will allow us to rebalance our commitment of these forces to support the enduring and emerging requirements of our geographical combatant commanders. Those missions will continue to span the full-range of military operations; a non-exhaustive list would include activities such as direct action, building partner capacity, and military information support operations.

14. Senator HIRONO. Secretary Hagel and General Dempsey, what do you envision the role of SOF to be in the future, and will it include items such as theater security cooperation, humanitarian assistance, and training with other military forces?

Secretary HAGEL. While U.S. forces are drawn down in Afghanistan, SOF will be reallocated into other theaters to support the Geographic Combatant Commands. As these redeployments progress and the types of operations diversify, DOD will remain committed to conducting counterterrorism operations where and when necessary. General Dempsey and I will continue to work closely with our partners and build their capabilities, enabling them to take a greater leadership role for security in their areas. Operations such as peacekeeping, small-scale stability operations, humanitarian assistance, counternarcotics, and counterproliferation will likely increase. Benefitting from 13 years of wartime experience, DOD will adapt to the new operating environment and employ a networked approach while capitalizing on the use of small-scale, distributed operations, fully integrated into combatant commanders' plans.

General DEMPSEY. I anticipate the role of SOF to continue to address the broad span of security challenges facing our combatant commanders, including their theater security cooperation requirements and any foreign humanitarian assistance issues. In close coordination with other departments and agencies, and committed to supporting human rights vetting, training with other military forces remains fundamental as part of an approach to persistent engagement and building enduring partnerships.

ACCOUNTABILITY OF COMMANDERS

15. Senator HIRONO. Secretary Hagel and General Dempsey, we hold our military commanders accountable to a much higher standard due to the level of trust and responsibility they have to care for their subordinates. What is your view on incorporating accountability for commanders based on command climate survey results for future command selection boards and incorporating the command climate survey results onto the commanders' fitness reports?

Secretary HAGEL. DOD has always held commanders accountable for the climate within their commands. However, to gauge command climate requires much more than just a survey report. It involves an assessment of several factors ranging from simple observations to performance on field exercises and training missions. In other words, command climate is only one of several dimensions of the high caliber of leadership we demand in today's commanding officers. For example, it is at least as important how a commander works to address and prevent issues that may create or lead to a destructive climate. Therefore, to include the survey results in the commander's fitness report would place too great of an importance on the survey, while minimizing other factors which are used to assess our commanders' leadership and abilities.

General DEMPSEY. Yes, we do hold our military commanders to very high standards for the very reasons you mention. We have always held commanders accountable for the climate within their commands. However, to gage command climate requires much more than just a survey report. It involves an assessment of several factors ranging from simple observations to performance on training, exercises, resource management, in combat, and beyond. What is most important is how the commander works to prevent issues that create or can lead to an unhealthy climate.

QUESTIONS SUBMITTED BY SENATOR TIM KAINE

SEQUESTRATION IMPLICATIONS

16. Senator KAINE. Secretary Hagel and Secretary Hale, as a result of the Budget Control Act (BCA), DOD was placed under reduced discretionary spending caps that have since been adjusted by the American Taxpayer Relief Act (ATRA) and BBA. These across-the-board cuts and reduced discretionary spending limits have had significant negative implications for readiness, operational capacity, and our military personnel and their families. The President's budget request for fiscal year 2015 contains $496 billion, consistent with the BBA. In addition, the fiscal year 2015 budget request includes an additional $26 billion through OGSI, the $115 billion adjustments through the FYDP, and additional spending cap adjustments through fiscal year 2021, the last year of the original BCA's sequestration mechanism. Considering the adjustments that have been made with respect to ATRA and BBA, what dollar amount and percentage of the original sequestration cut is DOD poised to absorb if no changes to the discretionary spending limits are enacted before fiscal year 2021?

Secretary HAGEL and Secretary HALE. The sequestration level reductions required by the BCA of 2011 between fiscal year 2013 and fiscal year 2021 were over $900 billion compared to the President's budget for fiscal year 2012. The changes to the original BCA, which were enacted by Congress for fiscal years 2013, 2014, and 2015, increased DOD's budget above the original sequestration levels by approximately $50 billion. DOD's President's budget request for fiscal year 2015 would provide approximately $150 additional billion above sequestration levels for fiscal year 2016 to fiscal year 2021. If the proposals in the President's budget for fiscal year 2015 were enacted through fiscal year 2021, DOD would absorb over $700 billion (approximately 80 percent) of the original reduction of over $900 billion compared to the fiscal year 2012 budget.

While the relief provided in fiscal years 2014 and 2015 is helpful in supporting readiness and some procurement accounts, DOD could still see up to 80 percent of the original BCA sequestration level reductions if nothing is done to eliminate sequestration in fiscal year 2016 and beyond. This will directly impact the current and future readiness of our Armed Forces.

17. Senator KAINE. Secretary Hagel and Secretary Hale, with the adjustments made in ATRA and BBA coupled with the proposed OGSI and additional cap adjustments through fiscal year 2021 in the President's fiscal year 2015 budget request, what dollar amount and percentage of the original BCA sequestration cuts would DOD absorb if both proposals were enacted into law?

Secretary HAGEL and Secretary HALE. The sequestration level reductions required by the BCA of 2011 between fiscal year 2013 and fiscal year 2021 were over $900 billion compared to the President's budget for fiscal year 2012. The changes to the original BCA, which were enacted by Congress for fiscal years 2013, 2014, and 2015, increased DOD's budget above the original sequestration levels by approximately $50 billion. DOD's President's budget request for fiscal year 2015 would provide approximately $150 additional billion above sequestration levels for fiscal year 2016 to fiscal year 2021. If the proposals in the President's budget for fiscal year 2015 were enacted through fiscal year 2021, DOD would absorb over $700 billion (approximately 80 percent) of the original reduction of over $900 billion compared to the fiscal year 2012 budget.

While the relief provided in fiscal year 2014 and 2015 is helpful in supporting readiness and some procurement accounts, DOD could still see up to 80 percent of the original BCA sequestration level reductions if nothing is done to eliminate sequestration in fiscal year 2016 and beyond. This will directly impact the current and future readiness of our Armed Forces.

18. Senator KAINE. Secretary Hagel and Secretary Hale, within the FYDP the adjustments made in ATRA and BBA coupled with the proposed OGSI and FYDP through fiscal year 2019, what dollar amount and percentage of the original BCA sequestration cuts would DOD absorb if both proposals were enacted into law?

Secretary HAGEL and Secretary HALE. The sequestration level reductions required by the BCA of 2011 were over $750 billion between fiscal year 2012 and fiscal year 2019 compared to the President's budget for fiscal year 2012. The changes to the original BCA, which were enacted by Congress for fiscal years 2013, 2014, and 2015, increased DOD's budget by approximately $50 billion. DOD's President's budget request for fiscal year 2015 provides $115 billion above the sequestration level for fiscal year 2016 to fiscal year 2019. If the proposals in the President's budget for fiscal

year 2015 were enacted through fiscal year 2019, DOD would absorb over $500 billion (approximately 70 percent) of the original reduction of over $750 billion compared to the fiscal year 2012 budget.

19. Senator KAINE. Secretary Hagel and Secretary Hale, the statutory requirement 10 U.S.C. section 5062(b) mandates that DOD requires the Navy to a force of not less than 11 operational aircraft carriers. Should DOD not fund the 11 aircraft carrier fleet in its fiscal year 2016 budget submission, would DOD submit a legislative proposal requesting a change to statute?

Secretary HAGEL and Secretary HALE. If the fiscal year 2016 fiscal environment requires the Navy to reduce the carrier force, a legislative proposal would be submitted.

20. Senator KAINE. Secretary Hagel and Secretary Hale, you repeatedly mentioned your desire for an "indication" that the sequester will be eliminated in fiscal year 2016 in order to fund to the requested top line of the FYDP. Short of enacting legislation that would repeal or replace the defense discretionary cuts set to take effect beyond fiscal year 2015, and given that Congress will likely not pass another budget until late in fiscal year 2015, can you elaborate on what signal from Congress would allow DOD to better plan for fiscal year 2016, including an 11 aircraft carrier fleet, higher Army Active, Guard, and Reserve component end strength, and Marine Corps Active end strength?

Secretary HAGEL and Secretary HALE. DOD could better plan for the fiscal year 2016 budget and beyond if a budget resolution were approved by early fall of 2014, which would indicate an intention to fund the defense discretionary budget above the funding limitations in current law.

QUESTIONS SUBMITTED BY SENATOR ANGUS S. KING, JR.

ARMY FORCE STRUCTURE

21. Senator KING. Secretary Hagel and General Dempsey, the FYDP requests an Army Active-Duty Force that, under a long-term sequestration scenario, could go as low as 420,000, a National Guard Force that could go as low as 315,000, and an Army Reserve Force that could go as low as 185,000. What analysis did DOD use to support both the total end strength numbers and the force structure mix between the Active Army and the Army National Guard?

Secretary HAGEL. DOD developed the 420,000, 315,000, and 185,000 figures for the Active Army, the National Guard, and the Army Reserve, respectively, based on extensive analysis of the demands of existing strategy and the expected resourcing available under a long-term sequestration scenario. A key factor driving a reduction in the current size of the Army is that, in line with the existing strategy, DOD no longer sizes the force to conduct large-scale, prolonged stability operations.

In the Strategic Choices and Management Review (SCMR), the QDR, and the development of the fiscal year 2015 President's budget, DOD assessed the force capacity and capabilities needed for our key missions related to Homeland support, deterrence and warfighting, and sustained global peacetime presence. DOD assesses higher end strength levels (440,000 to 450,000, 335,000, and 185,000 for the 3 components) offer reduced risk, but these levels are not affordable within BCA funding levels.

General DEMPSEY. Building on the 2012 Defense Strategic Guidance (DSG), the SCMR analysis and 2014 QDR informed the defense rebalancing efforts in a period of increasing fiscal constraint. These cross-cutting efforts thoroughly assessed, prioritized, and balanced force capacity, capability, and readiness, resulting in the development of the President's budget for 2015. All of the Services, including the Reserve components, were represented during the SCMR, QDR, and program budget review processes. The analysis leads me to conclude that long-term sequestration drives us below force levels necessary to meet our security interests.

22. Senator KING. Secretary Hagel and General Dempsey, when making this analysis, how did you determine the relative cost and value in support of the NDS of Active Army and Army National Guard Forces with regard to their military capabilities, readiness levels, mobilization and deployment policies, availability, and costs, including incremental increase in costs to meet readiness and capabilities levels necessary to deploy?

Secretary HAGEL. Determining the right size and mix of Army components turns foremost on the ability to provide ready forces when needed to accomplish the mis-

sion. Though cost is often singled out for discussion, it is one of many factors used to determine the right mix of Active and Reserve component forces. Over the past year, DOD has conducted extensive analysis to assess the most cost-effective way to meet demands of the strategy within the constraints of our budget. This analysis took into account the unique and crucial capabilities of the Active component and the cost advantages of the Reserve component in carrying out selected, important missions.

DOD has found that no single component is the most cost-effective across all missions. The Active Army is mainly sized to provide the combat forces and the selected key enabler assets for a no-notice conventional war, quick reaction forces for global crises, and peacetime presence in the form of forward stationed and rotational forces. The Army National Guard is sized to provide Homeland support, selected peacetime presence, early enabler forces such as logistics and transportation forces for a major conventional war, and late arriving combat forces should a war go longer than planned.

General DEMPSEY. We intend to maintain the Reserve components as a full spectrum force capable of supporting their Homeland defense and other important missions and balanced against combatant command requirements. We carefully weighed warfighting requirements to meet operational plans to help determine the right mix of Active and Reserve component forces as well as those missions best suited for each component.

23. Senator KING. Secretary Hagel and General Dempsey, what is your assessment of the risk associated with these planned changes to the Total Army achieving the requirements of the NDS and providing support to civil authorities for Homeland defense or domestic emergency?

Secretary HAGEL. DOD has worked diligently to meet our Nation's pressing security needs, despite declining budgets. Our Total Army must provide global peacetime presence, be prepared to conduct no-notice major combat operations, and support the Homeland.

The fiscal year 2015 President's budget supports our National Security Strategy. The reduced capacity and capabilities associated with BCA funding levels present higher risk levels, especially in our ability to conduct a major conventional war. In developing the budget, DOD paid particular attention to Homeland support needs, providing robust Army capacity, in particular. Given the necessity of budget cuts, I had to make tough decisions in concert with my top advisors (civilian and military) on how to best allocate key assets to balance risk across our strategic missions.

An example is the Army helicopter restructure plan, which concentrates all Apache attack helicopters in the Active component to ensure sufficient capability for a no-notice conventional war and adds over 100 Blackhawk helicopters to the Reserve component. Unlike the Apaches, Blackhawks are highly useful in responding to natural disasters and other State-level challenges. General Jacoby, the U.S. Commander of U.S. Northern Command (NORTHCOM), noted the advantages of this plan related to Homeland support in his recent testimony to Congress.

General DEMPSEY. My assessment of the risks posed by changes to the Total Army is informed by a Joint perspective that takes into account the synergy resident in Joint Operations. The risk to the three pillars of the QDR defense strategy will likely rise overall in the near-term because of readiness, regardless of approach, but our near-term efforts will reduce overall risk in the mid-term. The first pillar, Protect the Homeland, will experience less risk due to planned changes in the Total Army. The Army's major contributions as part of the Joint Force, are to defend against ballistic missiles, conduct chemical, biological, radiological, nuclear, and explosive missions, and to provide landpower for DOD support to Civil Authorities (DSCA). The first two missions are largely capability-driven and the proposed Army changes will not impinge on those capabilities. Additionally, I feel there is sufficient capacity to respond to threats so the risk to successfully executing those missions is low. The forces supplied for DSCA missions, most immediately and most proficiently, come from the National Guard operating under title 32 and, if necessary, Title 10. I am very confident that the risk to accomplishing DSCA mission objectives is low.

When we discuss the other two pillars of the QDR defense strategy, there will be heightened risk. We will be less likely to be able to provide the necessary capacity of ready forces to help Build Security Globally. Over time, implementing the Army's Regionally Aligned Forces approach and readiness gains will decrease military risk to this pillar. The Total Army changes will have an impact on risk to the Project Power and Win Decisively pillar. The defense strategy takes risk in long-term stability operations, which are a fundamental feature of some major warplans. However, I believe that the risk to the initial stages of major campaigns will entail lower

risk in the mid-term as the Army has time to reset and train for full spectrum operations.

24. Senator KING. Secretary Hagel and General Dempsey, what role did the Chief of the National Guard Bureau, Director or Acting Director of the Army National Guard, and their staffs play in the analysis, formulation of these end strength and force structure recommendations, and your decision to include them in your fiscal year 2015 FYDP?

Secretary HAGEL. The development of the fiscal year 2015 FYDP was a collaborative process with close involvement of all key stakeholders, including the Army National Guard and the National Guard Bureau. In developing the Army FYDP position, the Army National Guard provided representatives to every internal resourcing working group, and the Director of the Army National Guard participated in numerous decision meetings chaired by the Secretary of the Army. Additionally, the Vice Chief of Staff of the Army met with a number of Adjutant Generals on multiple occasions to garner their input.

After the Army submitted its Service position to the Office of the Secretary of Defense (OSD) for review, the National Guard Bureau was a key participant in the DOD-wide discussion of issues. Issues, options, and rationale submitted by the National Guard Bureau were extensively discussed in working groups and in three- and four-star level deliberative sessions comprised of the Joint Staff, NORTHCOM, the OSD Staff, the Military Departments, and the National Guard Bureau. The recommendations from these key DOD stakeholders informed the decision on the Army National Guard end strength, force structure, and aviation restructure.

General DEMPSEY. The National Guard was involved in numerous processes within DOD that examined end strength and force structure recommendations for the fiscal year 2015 FYDP, most notably the SCMR and the QDR. Additionally, senior leaders and staff from both National Guard Bureau and the Army National Guard regularly contribute to budget development through the Program Objective Memorandum process, the Deputy's Management Action Group, and Joint Chiefs of Staff Tank sessions.

25. Senator KING. Secretary Hagel and General Dempsey, how does your end strength and force structure plan accommodate the input or recommendations of the Chief of the National Guard Bureau or the Director or Acting Director of the Army National Guard?

Secretary HAGEL. The Army National Guard and National Guard Bureau were key stakeholders in the development of the fiscal year 2015 President's budget. These organizations submitted issues, alternatives, and rationale that were discussed extensively in working groups and decision forums.

Since no one Army component is the most cost-effective across all missions, there was no compelling rationale to make deep cuts in one component in order to preserve another. During the debate over resourcing options relating to force capacity and capability, my focus was on retaining our technological edge and maintaining adequately trained forces. If too many units are retained, DOD will be unable to adequately train and equip them, resulting in a hollow force that none of us desire.

General DEMPSEY. Our force structure plan takes into careful consideration the recommendations brought forward by every member of the Joint Chiefs of Staff. This plan balances our current requirements with the pressing need to modernize our force, given limited resources. Specifically, the Chief of the National Guard Bureau provided input with respect to the Guard's domestic support requirements. Consequently, the plan prescribes relatively modest changes to National Guard force structure.

CLIMATE CHANGE IMPACTS

26. Senator KING. Secretary Hagel, the 2014 QDR discusses some of the challenges posed by climate change, and Secretary of State Kerry recently called climate change "perhaps the world's most fearsome weapon of mass destruction." How much should climate change be a driver of our national security concerns, and what steps is DOD taking to deal with its implications?

Secretary HAGEL. Climate change is a significant concern for DOD, affecting the operating environment as well the roles and missions that U.S. Armed Forces are directed to undertake. Increasing storm intensity will increase demands for humanitarian assistance and disaster response. The effects may increase the frequency, scale, and complexity of DOD's critical support to U.S. civil authorities. Rapidly melting Arctic ice creates new shipping lanes and expands the Navy's operating

area. Climate change may also affect the weapons systems DOD buys, where we buy from, how they are transported and distributed, and how and where they are stockpiled and stored.

Last year, DOD published the DOD fiscal year 2012 Climate Change Adaptation Roadmap, which identifies key vulnerabilities of certain missions to specific aspects of climate change and incorporates consideration of climate risk into existing guidance documents, such as updated policies on master planning and revised guidance on natural resources management. One significant effect of climate change is on critical U.S. facilities, such as the Norfolk Naval Base, which is already facing the challenges of sea-level rise. Moreover, although operational forces are not the focus of DOD's greenhouse gas reduction efforts, changes in how we use energy in weapons systems could enhance capabilities and reduce mission risks.

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

BUDGET CONTROL ACT

27. Senator INHOFE. Secretary Hagel, you have stated: "We will look for a signal from Congress that sequestration will not be imposed in fiscal year 2016 and that the funding levels projected in the FYDP will be realized. If that happens, we will submit a budget that implements our desired force levels." What is the latest date for Congress to provide that signal for funding the desired force levels proposed in the fiscal year 2015 budget, and that also ensures the President's fiscal year 2016 budget is submitted on time on February 5, 2016?

Secretary HAGEL. DOD could better plan for fiscal year 2016 budget and beyond if a budget resolution were approved by early fall of 2014, which would indicate an intention to fund the defense discretionary budget above the funding limitations in current law.

28. Senator INHOFE. Secretary Hagel, what is the vehicle for that signal DOD is looking for?

Secretary HAGEL. DOD could better plan for fiscal year 2016 budget and beyond if a budget resolution were approved by early fall of 2014, which would indicate an intention to fund the defense discretionary budget above the funding limitations in current law.

COMMISSARIES

29. Senator INHOFE. Secretary Hagel, the President's budget request slashes the annual $1.4 billion commissary subsidy by $1 billion over 3 years—down to $400 million. This is a big hit to the commissary system. Lower subsidies will lead to higher commissary prices for beneficiaries. I'm told the average savings commissaries provide to beneficiaries over commercial grocery stores is about 30 percent today. How much will average savings decline for military families if DOD reduces subsidies like the President desires?

Secretary HAGEL. Servicemember savings at all commissaries would be reduced from about 30 percent on average to about 10 percent. Even though patrons will be charged more to partially fund commissary operations, DOD continues to believe that commissaries serve an important role in the lives of military families, which is the reason no commissary is being closed.

30. Senator INHOFE. Secretary Hagel, it seems to me that a young enlisted person with a family will be slammed hardest with higher commissary prices. That servicemember will see a big cut in purchasing power if much of his commissary savings vanish, and he'll consider that a big cut in overall compensation. If the President is so concerned about income inequality in our country as he says he is, then why does he want to penalize a young enlisted servicemember, someone on a lower income scale, by reducing his commissary savings and hurting his ability to provide for his family? Where is the fairness in that?

Secretary HAGEL. DOD remains committed to keeping the faith with those who are serving today, but the proper balance must be found to ensure we maintain our force structure, readiness, and modernization capabilities while adequately compensating our personnel. Commissaries provide a valued service to our people, especially younger military families and retirees. For this reason, DOD is not directing any commissaries to close. DOD has no desire to penalize any servicemember. DOD commissaries can continue to provide a reasonable savings compared to the retail grocery business even after these changes.

TRICARE

31. Senator INHOFE. Secretary Hagel, the President's budget request includes higher TRICARE co-pays and deductibles for military retirees under age 65, first ever TRICARE for Life enrollment fees, first ever co-pays for health care services provided in military hospitals, higher pharmacy co-pays, and co-pays for Active Duty family members. DOD has told us that TRICARE beneficiaries use more health services than persons in comparable civilian health plans. How will TRICARE fee increases and introduction of first ever TRICARE fees impact utilization of health care services?

Secretary HAGEL. Our proposed TRICARE design is based on an industry proven structure that directs patients to the right level of care and reduces overutilization with the right provider at the right time. The proposed financial incentives are intended to direct patients in two ways: first, it promotes primary care services over urgent care over emergency care (today, for example, no cost-sharing for emergency room (ER) care has led to as much as double the use of ER services compared to that of commercial health plan subscribers). Second, the financial incentives also promote care in military facilities over other venues (and network care over non-network care). This change modernizes TRICARE to reflect contemporary health plan design, simplifies administration, and improves the management of the health benefit.

It is important to note that copayments for civilian care for Active Duty families were included in the military health plan since 1967 (originally 20 percent of the allowable charge), and continued for 33 years. In 2001, Congress eliminated co-payments for Active Duty families enrolled in TRICARE Prime. This proposal restores copayments for Active Duty families but at modest levels, and below rates first established nearly 50 years ago.

32. Senator INHOFE. Secretary Hagel, with targeted co-pay increases you are trying to motivate beneficiaries to use DOD's least costly health option—military treatment facilities (MTF). But, you also propose first-ever co-pays in military hospitals and clinics. How does the introduction of co-pays in MTFs encourage beneficiaries to use MTFs instead of civilian healthcare?

Secretary HAGEL. The financial incentives included in this proposal are structured to promote care in MTFs (which has either no or the lowest out-of-pocket costs for beneficiaries) over network care (which have moderate but higher out-of-pocket costs) over non-network care (which has the highest out-of-pocket costs). They are also structured to encourage beneficiaries to use primary care over more costly—regardless of MTF or private facility—emergency care. As demonstrated in the private sector, the co-pay structure influences behavior to utilize the most efficient and effective resource for care.

33. Senator INHOFE. Secretary Hagel, are MTFs currently structured and staffed to accept a large influx of beneficiaries who may choose to use those facilities in the future?

Secretary HAGEL. The Military Health System (MHS) wants our beneficiaries to use the direct care system whenever and wherever we have the capacity and capability to serve their health care needs. The leadership of MHS believes that they have this capacity and capability to accept more care delivered within the direct care system. DOD's proposal provides beneficiaries with financial incentives to select MTFs over civilian network care. Of course, the size of our medical facilities and the specialty care available varies from location to location, but we want our beneficiaries to select MTFs wherever possible.

34. Senator INHOFE. Secretary Hagel, in your analysis, how many new beneficiaries can MTFs accept before demand for services outstrips the capacity of MTFs to provide care?

Secretary HAGEL. Our MTF capacity depends on a number of factors, including the size of the facility, the specialty care available, and the type of patient (e.g., very healthy to very complex). The bottom line is that DOD wants our beneficiaries to select MTFs wherever they have the capacity and capability to serve the health care needs of servicemembers and their families.

35. Senator INHOFE. Secretary Hagel, you have said that DOD will simplify and modernize TRICARE in the future. After you simplify TRICARE, will you still need Managed Care Support Contractors, with their vast provider networks, to manage healthcare delivery in the private sector, and if so, how will that work?

Secretary HAGEL. Yes, DOD intends to maintain contracted TRICARE networks. The proposals put forward provide clear advantages for beneficiaries to use TRICARE networks. The proposed approach also simplifies the process by which beneficiaries can access civilian network providers by eliminating the requirement for prior authorizations before seeking care.

36. Senator INHOFE. Secretary Hagel, how much money does TRICARE simplification save DOD?

Secretary HAGEL. DOD projects $10.8 billion in savings between fiscal years 2016 and 2025 compared to the current TRICARE design.

SERVICEMEMBER REACTION TO BENEFIT REDUCTIONS

37. Senator INHOFE. General Dempsey, what has been the reaction of the Services' Senior Enlisted Advisors (SEA) towards reductions in commissary and TRICARE benefits? Are SEAs 100 percent on board with these changes?

General DEMPSEY. Overall, the SEAs recognize the need to more efficiently manage the operation of our commissaries and that the proposed increase in TRICARE out-of-pocket costs are necessary to ensure the force remains in balance. It is my sense that our force is incredibly accepting of change. They are less understanding of uncertainty and piecemeal solutions. They want and deserve predictability.

38. Senator INHOFE. General Dempsey, how will compensation and benefit changes impact recruitment and retention in the future?

General DEMPSEY. DOD's military and civilian leaders conducted substantial analysis to arrive at our proposed package of compensation adjustments. DOD concluded that, even after making these changes and slowing the growth in military compensation, DOD will still be able to recruit and retain a high quality force and offer generous, competitive, and sustainable benefits.

HOUSING EXPENSES

39. Senator INHOFE. Secretary Hagel, you announced that tax-free housing allowance growth will slow from its current rate of 100 percent of housing expenses until it covers an average of 95 percent of housing expenses with a 5 percent out-of-pocket contribution. How much savings will DOD realize from the 5 percent out-of-pocket contribution to housing expenses?

Secretary HAGEL. DOD estimates that significant cost savings will be realized through removing renter's insurance from the basic allowance for housing (BAH) computation and gradually increasing the out-of-pocket percentage to 5 percent over 3 years (2015 to 2017). These changes are estimated to provide approximately $391 million in cost savings for fiscal year 2015, with cost savings increasing to approximately $1.3 billion in fiscal year 2019.

40. Senator INHOFE. Secretary Hagel, why was 5 percent chosen as the optimal out-of-pocket contribution level?

Secretary HAGEL. DOD's proposal to gradually slow the growth rate of the tax-free BAH was a difficult but necessary decision if, in this era of constrained budgets, DOD is to achieve a proper balance between competitive pay and benefits for servicemembers and the quality of service they experience. These changes will be phased in over several years to allow our military members time to adjust, and will generate estimated savings of $390 million in fiscal year 2015 and approximately $1.3 billion in fiscal year 2019.

DOD's military and civilian leaders carefully considered several possible options to generate savings—savings needed to help close serious resource shortfalls in training, maintenance, and equipment—in the BAH program. Of the options considered, slowing BAH growth until an average member's out-of-pocket expenses for rent and utilities reached 5 percent would achieve an appropriate and reasonable balance between DOD's need to achieve savings in the BAH program, and the need to continue to offer generous, competitive, and sustainable package of military pay and benefits. The other options were discarded either because they generated almost no savings, or because they caused too much of an impact on members' pay. DOD believes that even after making these changes to BAH and the other proposed compensation changes, it will still be possible to recruit and retain a high-quality ready force.

To be clear, these choices were not easy and no one will dispute that they are not popular. But if DOD continues on the current course without making the modest

compensation adjustments DOD has proposed now, the choices only grow more difficult and painful down the road. I believe that Congress and DOD owe it to the men and women in uniform, who do so much for their country, to adopt these proposals and thereby ensure that they have the training and equipment they need to succeed in battle now and into the future.

41. Senator INHOFE. Secretary Hagel, the budget request notes that DOD will no longer be providing reimbursements for renter's insurance. At what point did DOD begin to reimburse for renter's insurance?

Secretary HAGEL. Renter's insurance first became part of housing allowances with the introduction of the Variable Housing Allowance in 1980.

42. Senator INHOFE. Secretary Hagel, what was the reason for originally providing reimbursements for renter's insurance?

Secretary HAGEL. Renter's insurance was originally included in the Variable Housing Allowance, and later carried over to the BAH, to provide equity between what servicemembers received in base housing and what would be covered in compensation for off-base housing. Because servicemembers could claim reimbursement for personal property damaged in government-owned housing, renter's insurance was included in establishing rates for locality-based housing allowances.

SAVINGS REALIGNMENTS

43. Senator INHOFE. Secretary Hagel, Under Secretary of Defense (Comptroller) Robert Hale indicated that the fiscal year 2015 BBA savings of $500 million had already been realigned into other accounts prior to the partial repeal of section 403 of the BBA. Why was this money moved in advance of the budget request for fiscal year 2015?

Secretary HAGEL. As part of the fiscal year 2015 budget review process, DOD adjusted the budget estimates to reflect the savings associated with section 403 of the BBA (Public Law (P.L.) 113–67) shortly after it became law on December 26, 2013. With the subsequent enactment of section 10001 of the Consolidated Appropriations Act, 2014 (P.L. 113–76) on January 17, 2014, which exempted medically retired members and their families as well as survivors of members who die while on Active Duty from the adjusted cost-of-living allowance formula enacted by section 403, DOD again adjusted the budget estimates to add back the roughly $55 million per year impact of the exemptions. However, by the time P.L. 113–82 was enacted on February 15, 2014, grandfathering all personnel who entered service before January 1, 2014, from the section 403 formula, it was too late for DOD to add back the associated funding impact as budget systems were already locked and final production of the fiscal year 2015 budget request materials had begun.

44. Senator INHOFE. Secretary Hagel, can you identify the specific accounts these funds were realigned into?

Secretary HAGEL. Given that DOD was in the process of adjusting the budget estimates by the roughly $45 billion reduction from the fiscal year 2015 level in the fiscal year 2014 President's budget request to the BBA level when the section 403 savings adjustments were incorporated, it is not possible to identify the specific accounts these funds were realigned into. However, it is likely that the funds were reallocated to help fill holes in various readiness and modernization efforts.

45. Senator INHOFE. Secretary Hagel, why was this money moved quickly after the passage of the BBA while DOD knew that Congress was working on plans to repeal section 403?

Secretary HAGEL. Due to the lead times required to produce the annual budget request, DOD was attempting to reflect current law at the time of the budget submission by incorporating changes in a timely manner after enactment. Unfortunately, by the time it was clear additional legislation partially repealing section 403 would be passed and enacted, budget systems were already locked.

MILITARY RETIREMENT

46. Senator INHOFE. Secretary Hagel, you noted in your speech that you agree with me that we must wait for the results of the Military Compensation and Retirement Modernization Commission (MCRMC) before pursing further military retirement reforms. I was very pleased to hear that. Do you still stand firm on the prin-

ciple of grandfathering those currently serving and retired into any changes you may propose as a result of the Commission work?

Secretary HAGEL. Yes. Just as Congress mandated grandfathering for military retirement when it established the MCRMC, I support full grandfathering. To do otherwise would indeed break faith with our servicemembers.

47. Senator INHOFE. General Dempsey, you have noted previously that you believe piecemeal changes to reform can cause harm and that a holistic approach is the best model. I agree with you. Can you explain why making piecemeal changes would hurt the morale of our military personnel?

General DEMPSEY. Individuals join the military for a variety of reasons, but all understand that their service entitles them to certain pays and other benefits. Members also understand if they continue serving for a full career, they may become entitled to retired pay and to the continuation of other benefits they enjoyed during a career.

Enlistment contracts and other agreements to serve explicitly state that there are no guarantees that these pays and benefits will remain. Instead, members serve and accept as a matter of faith that the Government of the United States (particularly Congress and DOD) will care for them and their families while they put the Nation's interests ahead of their own. The government may make changes to any aspect of military compensation and benefits at any time; and, depending on the nature or extent of the change(s), these may be seen as perfectly acceptable to the Force. For example, slowing the military pay growth, to include the most recent 1 percent annual basic pay raise, has generally been accepted without rancor by the Force. However, if changes are perceived as cuts that are too large, or beyond what is considered normal, the government jeopardizes the continuing goodwill of those who serve. Such unacceptable reductions made to longstanding pays and benefits can result in disappointment, frustration, and anger, which in turn can lead to reduced productivity or even discontinued service. This is especially true if these changes are abrupt and unexpected. For those too near retirement to let their feelings dictate leaving, the view that the government broke faith with them may result in poorer performance, antagonistic feelings, and even negative influences on prospective recruits. For these reasons, DOD remains concerned about how changes to military compensation and benefits are considered and implemented, as it focuses on maintaining the All-Volunteer Force. As DOD considers changes to compensation, it recognizes that pay and benefits are an area where we must be particularly thoughtful to ensure we are able to recruit and retain the force needed for tomorrow.

MISCONCEPTIONS OF HEALTH CARE FOR LIFE

48. Senator INHOFE. General Dempsey, you previously stated that there is no guarantee of health care for life in the military. You also stated that you were unsure how our servicemembers got the idea that they would be guaranteed health care for life. How do you think servicemembers got the idea that they would have health care for life guaranteed to them?

General DEMPSEY. Though efforts to locate authoritative documentation of such promises have not been successful, many military health care beneficiaries, particularly military retirees, their dependents, and those representing their interests, state that they were promised "free health care for life at military facilities" as part of their "contractual agreement" when they entered the Armed Forces.

My sense is the belief of "free for life" is rooted in inaccurate word of mouth exchanges rather than any fact. Congressional report language and recent court decisions have rejected retiree claims seeking free care at military facilities as a right or entitlement. These have held that the current medical benefit structure made up of military health care facilities, TRICARE, and Medicare provide lifetime health care to military members, retirees, and their respective dependents. Nevertheless, claims continue to be made, particularly by those seeking additional benefits from DOD or attempting to prevent an actual or perceived reduction in benefits.

49. Senator INHOFE. General Dempsey, what can the Services do differently in the recruitment stage to inform individuals of their future benefits prior to joining the Services?

General DEMPSEY. Each of the Services packages its recruiting materials differently. However, in general, the health packages presented are based on the existing plan at the time of recruitment and should be represented as such. DOD and

the Services do not and cannot present hypothetical or implied benefits to prospective recruits.

EFFICIENCY SAVINGS

50. Senator INHOFE. Secretary Hagel, the President's budget states DOD is expecting to achieve approximately $94 billion in efficiency savings over the next 5 years. Two of the key initiatives which are listed as contributing to this goal are the acquisition reforms created by the Better Buying Power and achieving the statutory auditable financial statements objectives. Exactly how much of the $94 billion will be achieved from each of these respective initiatives?

Secretary HAGEL. The acquisition reform initiatives of all the Military Services will result in contracting efficiencies estimated to save $30 billion over the fiscal year 2015 to fiscal year 2019 period. The Navy accounts for over half of these savings, concentrating on R&D, knowledge-based, and communication services contracts. DOD's audit readiness initiative's primary focus is on budgetary information and accountability of mission critical assets. Meeting these priorities will help ensure that DOD makes the best use of every dollar, but does not result in actual savings that are included in the $94 billion of efficiency savings.

51. Senator INHOFE. Secretary Hagel, the President's budget states DOD is expecting to achieve approximately $94 billion in efficiency savings over the next 5 years. The efficiency savings will also be created by a reduction in contracting funding. Is the number of contractors to be reduced or the amount spent on contractors to be reduced?

Secretary HAGEL. The contracting efficiencies are estimated to save $30 billion over the fiscal year 2015 to fiscal year 2019 period. These savings are measured in dollars and result from overall reductions in contract funding commensurate with reductions in force structure and implementation of cost-effective contracting initiatives.

52. Senator INHOFE. Secretary Hagel, why is the Navy going to bear a disproportionate burden of this funding reduction?

Secretary HAGEL. DOD is committed to achieving budgetary savings from more effective use of resources across all components. DOD has reviewed all budgetary areas for potential improvements and identified efficiency savings across all areas. Each component has initiatives tailored to their specific acquisition programs. The Navy initiated specific acquisition reform initiatives concentrated on R&D, knowledge-based, and communication services contracts. Whereas, the Army identified reductions that could be made associated with reduced military manpower.

53. Senator INHOFE. Secretary Hagel, going forward, how will DOD and the Services perform the functions previously performed by contractors?

Secretary HAGEL. DOD's challenge is to define the right mix of military, civilians, and contracted services needed to reflect new strategic priorities and evolving operational challenges. DOD's sourcing of functions and work among military, civilian, and contracted services must be consistent with workload requirements, funding availability, readiness, and management needs, as well as applicable laws and guidance. Going forward, DOD continues to be committed to defining the right workforce mix and properly insourcing functions previously performed by contractors that are either inherently governmental functions or are more efficiently performed by civilians.

54. Senator INHOFE. Secretary Hagel, in May 2010, then-Secretary of Defense Robert Gates launched a DOD-wide initiative to save $100 billion from fiscal years 2012 to 2016 by cutting overhead and reducing unnecessary programs. How much money was actually saved through this initiative?

Secretary HAGEL. DOD is committed to cutting overhead and reducing unnecessary programs. The military departments continue to track their progress in achieving fiscal year 2012 efficiency initiatives, which are estimated to total $105 billion over the fiscal years 2012 to 2016 period. Their current plans as of December 2013 indicate that each military department is projected to achieve 93 percent or more of their initial goals or $104 billion over the fiscal years 2012 to 2016 period.

55. Senator INHOFE. Secretary Hagel, what steps were taken to ensure you are not double-counting these cuts with the current round of efficiencies?

Secretary HAGEL. The efficiency initiatives identified in each President's budget reflect the proposed cuts relative to the funding levels estimated in the immediately preceding budget. Accordingly, the proposed cuts for each budget or each round of efficiencies do not double count the funding reductions previously proposed and reflected in prior budgets; the money is gone from those programs.

56. Senator INHOFE. Secretary Hagel, is your $94 billion in efficiency savings a realistic goal given prior efficiencies initiatives?

Secretary HAGEL. Yes, the efficiency savings proposed in the fiscal year 2015 budget are ambitious, but reflect a realistic goal. The components continue to track their progress in achieving their prior efficiency initiatives for the fiscal year 2012 budget ($150 billion) and the fiscal year 2013 budget ($60 billion). The Military Departments' current plans as of December 2013 indicate that 93 percent or more of their fiscal year 2012 budget goals over the fiscal years 2012 to 2016 period are estimated to be achieved, and the defense-wide agencies also project that 84 percent or more of their fiscal year 2012 budget goals are estimated to be achieved over this time period. DOD is committed to cutting overhead and implementing more effective use of resources.

SCIENCE AND TECHNOLOGY

57. Senator INHOFE. Secretary Hagel, you have stated that, "the development and proliferation of more advanced military technologies by other nations means that we are entering an era where American dominance on the seas, in the skies, and in space can no longer be taken for granted." Do you believe the President's budget will allow the United States to maintain the technological superiority we have enjoyed for decades?

Secretary HAGEL. While I believe that maintaining technological superiority is vital to our national security, the fiscal year 2015 budget has increased risk to maintaining this superiority. In the fiscal year 2015 budget request, DOD's top line in the base budget remains flat at $496 billion in fiscal year 2015, the same as the fiscal year 2014 enacted budget. In developing the budget, there are three major accounts DOD can trade: force size, readiness, and modernization. We cannot reduce force size instantaneously, especially while we still have combat troops deployed in Afghanistan. Our budget reduces force size through the FYDP, but those savings will not be realized until the force size comes down later in the FYDP. This means readiness and modernization accounts will pay for the bulk of the decrease. In the fiscal year 2015 budget request, we had to make hard choices in these two accounts. In constant dollars, research, development, test, and evaluation (RDT&E) declines 1.1 percent from fiscal year 2014 to fiscal year 2015 and another 1 percent over the FYDP. This level shows a real intent to protect modernization within the budget submission. Under the BCA, the risk would be much larger.

58. Senator INHOFE. Secretary Hagel, how did you conclude that $12 billion annually is enough to spend on science and technology (S&T)?

Secretary HAGEL. Deciding the level of investment for S&T is all about risk management for the future force. One thing that is important for S&T is relative stability in the investment level. The cost to develop new systems is not tied to force size, so we cannot cut back on S&T as the force size comes down without real consequences. Based on historical averages, it was concluded that the right S&T investment is around $12 billion. Over this FYDP, S&T investment is a little lower until force size balances out. Our fiscal year 2015 request drops to $11.52 billion, which is a reflection of the current tough budget conditions. The S&T program has developed a number of key, emerging technologies, with advances in future capabilities, such as directed energy where DOD is deploying a high energy laser on the USS *Ponce* in the summer of 2014 and a new class of turbine engines that offers the promise of a 25 percent reduction in fuel use. S&T investments have also led to the development of new classes of high performance radars, as well as rapid development of unmanned aerial systems. In short, maintaining stability in S&T is important to our future force capability.

59. Senator INHOFE. Secretary Hagel, Under Secretary of Defense for Acquisition, Technology, and Logistics Frank Kendall has said, "Complacency is a problem" and "China is modernizing in a very strategic and focused way that directly challenges our capabilities." Is China a greater technological threat now than it was 5 years ago? Is this because of China's modernization or because of cuts to our own military?

Secretary HAGEL. There are several factors allowing China (and other nations) to close the technology-based capability differences with the United States. First, China has focused its modernization in specific areas such as electronic warfare, ballistic and cruise missiles, and counter-space capabilities, to name a few. By working against specific U.S. systems, the Chinese have been able to close the gap with respect to those systems. The second reason is that the United States has spent the last decade focused on counterinsurgency. These two factors, coupled with the current budget pressures, led me to conclude what I stated in my February 24, 2014, budget rollout: "the development and proliferation of more advanced military technologies by other nations means that we are entering an era where American dominance on the seas, in the skies, and in space can no longer be taken for granted." This risk is due to both the rate of China's modernization and cuts to DOD funding.

60. Senator INHOFE. Secretary Hagel, can you explain how your A2/AD strategy will account for this increased threat?

Secretary HAGEL. U.S. long-term economic and security interests are inextricably linked to developments in the Asia-Pacific region, and DOD will continue to prioritize investments in those capabilities most relevant to the region. U.S. defense investment continues to emphasize preserving our status as the preeminent military power in the Asia-Pacific region, despite resource constraints. The President's budget submission for fiscal year 2015 accomplishes this by investing in advanced combat aircraft, including the F–35 and the Air Force's Long-Range Strike Bomber program, as well as modern surveillance systems, resilient space and command and control architectures, and undersea warfare to increase the Joint Force's ability to counter A2/AD challenges. The strategy also calls for developing new operational concepts, such as dispersal basing, for projecting power in the A2/AD environment. Additionally, DOD will continue to deepen collaboration with key allies and partners as they develop future forces and capabilities to counter more sophisticated adversaries.

MODERNIZATION OF AIRCRAFT CARRIERS

61. Senator INHOFE. Secretary Hagel, in previous remarks you have indicated that a final decision on whether or not to retain 11 carriers and perform the refueling overhaul for the USS *George Washington* will not be made until next year as part of DOD's fiscal year 2016 budget. What is included in the fiscal year 2015 FYDP for decommissioning, and can you provide that amount by fiscal year?

Secretary HAGEL. The President's budget 2015 submission includes funding for inactivation of the ship and associated system equipment, including the aircraft and personnel. This budget profile assumes that inactivation of USS *George Washington* (CVN 73) commences in October 2016.

[In millions of dollars]

	Fiscal Year					FYDP
	2015	2016	2017	2018	2019	
MPN	323.7	198.5	165.5	90.7	33.0	811.4
DHAN	14.8	9.5	6.3	2.7	0.7	34.0
APN - Termination Fees for MH–60Rs	-	250.0	-	-	-	250.0
O&M NR/RPN - Fleet Logistics	11.8	-	-	-	-	11.8
O&M N - Air Operations	109.2	-	-	-	-	109.2
O&M N - 1B1B (Ship Ops)	30.6	11.2	-	-	-	41.8
O&M N - 1B4B (Ship Maintenance)	97.0	-	-	-	-	97.0
O&M N - 2B2G (Inactivation)	46.0	211.0	719.0	50.0	35.0	1,061.0
Funding Request in PB15	633.1	680.2	890.8	43.4	8.7	2,416.1

This profile includes $46 million in fiscal year 2015 for advance planning to support defueling preparations and is work common to either path: inactivation or overhaul.

The Military Personnel-Navy funding profile supports full manning of the CVN 73 and the associated Carrier Air Wing (CVW) in fiscal year 2015, with declining manning across the FYDP representing the profile necessary to man CVN 73 during inactivation and reduce the Navy inventory by one CVW beginning in fiscal year 2016. The Defense Health Accrual-Navy account is a non-appropriated transfer fund that is DOD's contribution to the Medicare-Eligible Retire Health Care Fund for the

future Medicare-Eligible health care costs of current servicemembers. The cost is based on the average personnel strength and actuarial rate estimates.

The reduction of 1 CVW eliminates the need for 16 MH–60Rs in fiscal year 2016, cancelling the multiyear procurement and resulting in termination costs for line shutdown. This action is reversible and will be a fiscal year 2016 budget decision dependent on whether funding is reduced to BCA levels in fiscal year 2016 and beyond.

Fleet logistics funding represents a reduced Reserve aviation posture associated with a smaller carrier fleet. Air operations and ship operations represent the full cost of operating CVN 73 until arrival in Norfolk in December 2015. Ship maintenance funding represents a minimal maintenance event sufficient to operate safely on the return to Norfolk.

62. Senator INHOFE. Secretary Hagel, what is the amount, by fiscal year, that would be needed to retain this ship and ensure it serves out its 50-year service life?

Secretary HAGEL. The total FYDP cost to retain and overhaul USS *George Washington* (CVN 73) with its associated air wing, logistics, manpower, and training is $8.1 billion. Less the inactivation funding already included in the fiscal year 2015 budget submission the additional FYDP cost is $7 billion, as detailed in the table below.

	Fiscal Year					FYDP
	2015	2016	2017	2018	2019	
CVN	$816.2	$2,226.0	$2,244.2	$243.3	$310.7	$5,840.4
CVW	(43.3)	870.6	225.1	210.0	212.0	1,474.4
Logistics/Manpower/Training	69.4	181.5	166.3	168.2	207.3	792.6
Cost to retain	842.2	3,278.1	2,635.7	621.5	730.0	8,107.4
Less Inactivation Funding	(46.0)	(211.0)	(719.0)	(50.0)	(35.0)	(1,061.0)
Net Cost to retain CVN 73	$796.2	$3,067.1	$1,916.7	$571.5	$695.0	$7,046.4

Because the advance planning contract that supports either inactivation or refueling has not yet been awarded, changes to the cost estimate and schedule will need to be reevaluated as part of the fiscal year 2016 budget preparation.

ACQUISITION OF THE DDG–51

63. Senator INHOFE. Secretary Hagel, the DDG–51 is currently being acquired under a 5-year (fiscal years 2012 to 2016) multiyear procurement contract. Is DOD planning to cut in the next flight upgrade, Flight–3, for the DDG–51 during the current 5-year multiyear procurement contract? If so, won't this significant configuration change reduce some of the projected cost savings?

Secretary HAGEL. DOD plans to begin procurement of the Flight III upgrade using an Engineering Change Proposal (ECP) beginning with one of the two Flight IIA ships procured in fiscal year 2016, and continue Flight III upgrades with the two *Arleigh Burke* (DDG 51) Flight IIA ships procured in fiscal year 2017. These three Flight III upgraded ships are currently identified as Flight IIA ships in the multiyear procurement (MYP) contract. However, the cost savings certified with the MYP request did not include planned Flight III ECP costs in the savings calculation. The Flight III ECP, including the Air and Missile Defense Radar (AMDR) and the upgraded AEGIS Weapon System to support AMDR, will be procured using contracts negotiated separately from the ship MYP contract actions. These planning assumptions isolated the Flight III ECP costs from affecting the projected savings for the ship MYP.

ACQUISITION OF LITTORAL COMBAT SHIP

64. Senator INHOFE. Secretary Hagel, this budget reflects your decision to undertake a contract pause for the LCS program and pause at 32 ships. Are the first 2 ships which were procured with RDT&E funding counted as a part of that 32-ship fleet?

Secretary HAGEL. Yes. My February 24, 2014, memorandum states no new contract negotiations for beyond 32 ships will go forward until completion of a directed study on small surface combatant options. This includes the first two LCS procured

using RDT&E funds. Changes necessary to the small surface combatant program of record in fiscal year 2019 and beyond will be informed by the study I directed.

65. Senator INHOFE. Secretary Hagel, does your budget include any development funding in fiscal year 2015 to begin preliminary concept design of a new FF–X frigate?

Secretary HAGEL. No. Funding begins in fiscal year 2016 for the Future Small Surface Combatant to conduct a design and feasibility study leading to an award around fiscal year 2022. The FYDP includes a total of $80 million of RDT&E for this effort. These funds will be used if the study determines the need for a new ship design. Additional funds outside of the FYDP will be necessary to complete this effort.

CYBER ACQUISITION

66. Senator INHOFE. Secretary Hagel, I understand the budget includes over $5 billion in fiscal year 2015 for cyber. Can you explain how that figure was determined?

Secretary HAGEL. The fiscal year 2015 cyberspace operations budget request is approximately $5.1 billion. There is no single, unified cyber budget in DOD, but we have undertaken efforts over the last few years to develop better mechanisms for identifying cyberspace operations funding within DOD's budget construct. DOD uses the Office of Management and Budget's taxonomy, which supports common government-wide reporting of cyber-related activities. DOD's estimate was developed in coordination with DOD components and is comprised of resources associated with the components' defensive and offensive cyber activities, to include funding that supports U.S. Cyber Command and the Service's cyber commands, information assurance and operational resiliency, computer network defense, cyber identity and access management, cryptographic key production and management, cross domain capabilities, cyber workforce development, cyberspace operations, and cyber S&T.

67. Senator INHOFE. Secretary Hagel, can you provide what was spent on cyber in prior years as well as what is now projected over the fiscal year 2015 FYDP?

Secretary HAGEL.

- Fiscal Year 2013: $4.1 billion*
- Fiscal Year 2014: $5.1 billion*
- Fiscal Year 2015: $5.1 billion
- Fiscal Year 2016: $5.4 billion
- Fiscal Year 2017: $5.4 billion
- Fiscal Year 2018: $5.3 billion
- Fiscal Year 2019: $5.4 billion

Note: All dollars are in current year dollars

SPACE/UNMANNED AERIAL VEHICLES

68. Senator INHOFE. Secretary Hagel, I understand the budget includes approximately $7 billion in fiscal year 2015 for space. How much is included in the budget for the acquisition and support of unmanned aerial vehicles (UAV)?

Secretary HAGEL. The fiscal year 2015 budget request includes $7.2 billion for space acquisitions and $2.4 billion UAV acquisitions.

69. Senator INHOFE. Secretary Hagel, can you explain how both the space and UAV estimates were determined, and provide what was spent in prior years, as well as what is now projected over the fiscal year 2015 FYDP?

Secretary HAGEL. The space and UAVs estimates meet DOD's space and UAV requirements, and represent the best allocation of resources and requirements in these critical areas. The amounts requested or planned for space and UAV acquisitions from fiscal year 2013 through fiscal year 2019 are shown below:

*Fiscal Year 2013 and Fiscal Year 2014 amounts include Overseas Contingency Operations funds

[In billions of dollars]

	Fiscal Year						
	2013	2014	2015	2016	2017	2018	2019
Space	$7.3	$7.1	$7.2	$6.9	$7.3	$7.4	$7.2
UAV	3.3	2.1	2.4	3.2	2.6	2.7	2.3

70. Senator INHOFE. Secretary Hagel, given greater emphasis on both space and UAVs, is it time to consider restructuring the budget to have separate appropriations for space and UAV acquisitions?

Secretary HAGEL. It is not necessary to have separate appropriations for space and UAV acquisitions. Over the last decade, DOD has made a concerted effort to clearly identify the acquisition of space and UAV programs in specific procurement budget lines and R&D program elements in order to provide more transparency and better tracking of those investments. The current budget structure provides adequate oversight and the necessary flexibility to properly execute these important programs.

VIRGINIA PAYLOAD MODULE

71. Senator INHOFE. Secretary Hagel, the budget includes funding for the development of the *Virginia*-class submarine extended payload module. This effort would lead to a 25 percent increase in the ship's length. What would be the first year of procurement for the VPM?

Secretary HAGEL. This advance engineering work will enable the Department of the Navy to consider incorporating the VPMs in the Block V *Virginia*-class contract scheduled for award in early fiscal year 2019.

72. Senator INHOFE. Secretary Hagel, is funding included in the FYDP for procurement of the *Virginia*-class submarine extended payload module?

Secretary HAGEL. No, funding is not included in the FYDP for procurement of the *Virginia*-class submarine with the VPM. The President's budget for fiscal year 2015 requests continued VPM R&D, providing an option to start procurement as part of the Block V contract scheduled for award in early fiscal year 2019.

F/A–18 PROCUREMENT

73. Senator INHOFE. Secretary Hagel, a couple of years back, the Navy expressed concerns over a fighter gap. The Navy was concerned delays to the JSF F–35 carrier variant would lead to a fighter aircraft gap as earlier models of the F/A–18 reached the end of their service life. Is there still a problem that would require continued procurement of F/A–18E/F models?

Secretary HAGEL. No. The Navy continues to manage its JSF inventory to ensure it meets future requirements. To mitigate delays in the F–35 program, the Navy increased its procurement objective of F/A–18E/F from 462 aircraft to 563 aircraft. Also, the Navy successfully extended the life of over 100 F/A–18A–D with its High Flight Hour Inspection program and is working to extend the life on another 100+ aircraft. Due to the additional F/A–18E/F inventory and extended service life on the F/A–18A–D, the Navy believes there is sufficient life in its existing JSF inventory making any projected shortfall manageable until F–35 reaches full operational capability. Therefore, the Navy does not have a requirement to procure additional F/A–18E/F aircraft at this time.

QUADRENNIAL DEFENSE REVIEW

74. Senator INHOFE. Secretary Hagel, on page 25 of the 2014 QDR it states: "Consequently, we will complete a comprehensive assessment of all installations to assess the potential impacts of climate change on our missions and operational resiliency and develop and implement plans to adapt as required." What does that mean and how much is that going to cost?

Secretary HAGEL. DOD is currently conducting a baseline survey to identify vulnerabilities to extreme weather events today and to what degree. The survey includes current vulnerabilities to inundation/flooding, temperature extremes, drought, wildfire, and wind, as well as identifying current sea level impacts, poten-

tial vulnerabilities if levels rise, and the reference datum used for the analysis. This will enable us to identify where more comprehensive and region or installation specific assessments are needed to determine what adaptive responses are the most appropriate.

To date, DOD has spent about $60,000 on surveying our installation's vulnerability to current impacts of extreme weather. When we have completed the baseline surveys of all sites (anticipated in late 2014), the Services will then identify their priorities for further assessment. The cost of this next phase of vulnerability assessment will depend upon the number of sites and will be phased across the FYDP, potentially as part of the overall mission assurance assessment process. Installation specific adaptation plans will be developed as needed, but will be integrated with installation master planning criteria already in place.

QUESTIONS SUBMITTED BY SENATOR ROGER F. WICKER

SHIPBUILDING

75. Senator INHOFE. Secretary Hagel, the Honorable Robert O. Work, the Deputy Secretary of Defense, told this committee in his confirmation hearing on February 25, 2014, that he believes the U.S. shipbuilding industrial base is solid but under pressure. In fact, there are thousands of vendors who support shipbuilding nationwide, whose future is in jeopardy under the administration's budget request. Further, there are some 3,500 shipbuilders who would lose their jobs over the next couple of years at Ingalls Shipyard under DOD's budget plan. I am very concerned about the shipbuilding industrial base, and strongly believe that if we lose these folks who have spent several decades in this business, our national defense is at risk. As a result of this misguided approach which is entirely budget driven, and not driven by strategy, our Navy and Marine Corps will be woefully unprepared to protect and defend our country, support our allies across the globe, and respond to critical humanitarian needs and disasters. While you have indicated an obvious gap in the LCS capability and survivability, do you anticipate expanding the number of ship procurement in the DDG–51 restart program, a much better platform?

Secretary HAGEL. In order to meet the DSG, which includes the Navy's force structure assessment requirement of 306 ships, the Navy must maintain 52 total small surface combatants and 88 large surface combatants. Because of these requirements, DOD does not plan on increasing the number of *Arleigh Burke* DDG 51 ships as a result of my decision to review the LCS program prior to contracting for more than 32 ships. LCS capability and survivability will be reviewed in order to ensure the Navy has a small surface combatant that meets the requirements against emerging threats. Regardless of the configuration of the small surface combatant that follows LCS, this procurement program must still produce 52 total small surface combatants. This procurement result will be just as beneficial for the shipbuilding industrial base as a whole while also ensuring the DSG requirements are met.

76. Senator INHOFE. Secretary Hagel, does your budget include any development funding in fiscal year 2015 to begin preliminary concept design of a new FF–X frigate class platform?

Secretary HAGEL. No. Funding begins in fiscal year 2016 for the Future Small Surface Combatant to conduct a design and feasibility study leading to an award around fiscal year 2022. The FYDP includes a total of $80 million of RDT&E for this effort. These funds will be used if the study determines the need for a new ship design. Additional funds outside of the FYDP will be necessary to complete this effort.

77. Senator INHOFE. Secretary Hagel, you have asked the Navy to conduct further capability assessment and undertaken a contractual pause for the LCS program. When that assessment is complete, do you anticipate a retrofit for the existing LCS platforms for any gaps identified?

Secretary HAGEL. Until the capability assessment is completed and an understanding of the operational differences and affordability of the planned changes is known, it is too early to determine if the current ships will be retrofitted.

78. Senator INHOFE. Secretary Hagel, as the Marine Corps pivots back to their expeditionary roots, they have expressed a need for more amphibious ships. Do you anticipate expanding the number of *San Antonio*-class ships to meet that requirement?

Secretary HAGEL. DOD is currently looking ahead to when the LSD 41 *Whidbey Island*-class and LSD 49 *Harpers Ferry*-class amphibious ships begin to retire. In anticipation of replacing those ships, DOD is evaluating the concept for future amphibious operations and the resources required to transport and support the Marine Corps in amphibious operations. The Analysis of Alternatives will complete this spring and includes leveraging the LPD 17 *San Antonio* design as an option; however, no materiel solution has been identified at this time.

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

MISSILE DEFENSE

79. Senator AYOTTE. Secretary Hagel and General Dempsey, in section 227 of the NDAA for Fiscal Year 2013 and section 239 of the NDAA for Fiscal Year 2014, there is a requirement for DOD to develop a contingency plan for the potential deployment of a third missile defense site on the east coast of the United States. Are you aware of this requirement?

Secretary HAGEL. Yes. The Missile Defense Agency (MDA) complied with section 227(a) of the NDAA for Fiscal Year 2013 (P.L. 112–239), and it is currently fulfilling the requirement for an Environmental Impact Statement (EIS) as set forth in section 237(b). On January 31 and February 4, 2014, Vice Admiral James D. Syring, USN, Director, MDA, briefed congressional professional staff members on the current status of the siting study. This resulted in the public release of four sites MDA included in the EIS. MDA, in conjunction with the warfighter, is developing the section 227(d) contingency plan; section 227(c) is not applicable as none of the sites under consideration have an existing Ballistic Missile Defense System related EIS. As required by section 239 of the NDAA for Fiscal Year 2014 (P.L. 113–66), Vice Admiral Syring will provide the congressional defense committees an update in July 2014.

General DEMPSEY. Yes. As directed by Congress, DOD identified four possible locations in the eastern United States to conduct environmental impact studies for possible construction of a third interceptor site. The environmental impact studies are ongoing and should take approximately 2 years to complete.

Additionally, DOD continues to assess the current and future ballistic missile threat to the Homeland as well as our current and planned ballistic missile defense capabilities. This analysis supports a holistic review of all potential options, including a third interceptor site and sensor capability and architecture improvements. Ultimately, the results will inform DOD's investment strategy to provide both an operationally effective and fiscally responsible ballistic missile defense of the Homeland as well as to develop the contingency plan requested in the NDAA for Fiscal Year 2013.

80. Senator AYOTTE. Secretary Hagel and General Dempsey, will you ensure that U.S. Strategic Command (STRATCOM) is working with MDA and NORTHCOM to develop this contingency plan without delay?

Secretary HAGEL. MDA closely coordinates all aspects of the continental United States interceptor site effort with STRATCOM, NORTHCOM, and the Joint Functional Component Command for integrated missile defense. The siting study and the EIS will inform the contingency plan. MDA expects to finalize the plan once the EIS is complete. The contingency plan includes, but is not limited to, site specific cost estimate(s), integrated master schedule(s), facility requirements document, and acquisition strategy.

General DEMPSEY. Yes. DOD is committed and focused on providing an operationally effective and fiscally responsible ballistic missile defense for the Homeland to counter the threat. DOD's leadership is actively involved in this process and is coordinating closely with all stakeholders to include STRATCOM, MDA, and NORTHCOM, to develop a sound contingency plan for a third interceptor site. Additionally, we are assessing the current and potential threats as well as our own capabilities to ensure we can effectively defend the United States against the evolving ballistic missile threats.

81. Senator AYOTTE. Secretary Hagel and General Dempsey, when can we expect to receive this contingency plan?

Secretary HAGEL. As the NDAA requires, the MDA will provide an update on the plan within 180 days. The plan will be finalized as the EIS progresses over the next 24 months.

General DEMPSEY. DOD will provide a detailed briefing of the current status of efforts on the timeline as directed by section 239 of the NDAA for Fiscal Year 2014. Due to the ongoing environmental impact studies and missile defense analytical reviews, it is premature to speculate on an exact date for contingency plan release. However, as the NDAA requires, MDA will provide an update on the plan within 180 days of the completion of the site evaluation study, and the plan will be finalized as the EIS progresses over the next 24 months.

GENERAL OFFICER RETIREMENT PAY

82. Senator AYOTTE. Secretary Hagel and General Dempsey, the NDAA for Fiscal Year 2007 made significant changes to the pay authorities for flag officers. The 2007 legislation provided incentives for senior officers to continue serving by extending the basic pay table from a cap at 26 years to provide increases in longevity pay out to 40 years of service. According to one press report by USA Today using 2011 numbers, this could result in a four-star officer retiring with 38 years of experience receiving $84,000, or 63 percent, more per year in retirement than previously allowed. The 2007 changes not only increased longevity pay for senior officers but also allows senior officers retiring with 40 years of service to receive 100 percent of their Active Duty pay. Unlike the cap on annual pay, there is currently no cap on retired pay for these senior officers. Was the purpose of this legislation to encourage combat experienced one- and two-star admirals and generals to continue to serve during a time of war?

Secretary HAGEL. At the time the legislation was enacted, DOD was losing 75 percent of the general and flag officer corps 3 or more years prior to their mandatory retirement date. Research published by RAND in 2004 indicated compensation was inadequate for longer careers.

At the time of the change, with the exception of cost-of-living increases, most O–9s and O–10s were serving for over a decade without increases in salary or retired pay. RAND determined the opportunity costs of continued service to lifetime earnings were substantial.

Comparing the 5-year period before the legislative changes to the 5-year period following the changes, indicates that O–9 and O–10 officers are staying for longer careers.

DOD does not object to review of or recommendations regarding retired pay calculations for general and flag officers. However, because of the complexity of the military retirement system, any proposal for change should be done in the context of a holistic review of the system and should come from the congressionally-established MCRMC.

General DEMPSEY. We think the MCRMC should look at all elements of military compensation reform, including all pay grades.

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At the time of the change, most O–9s and O–10s were serving for over a decade without increases in salary or retired pay, with the exception of cost-of-living increases. RAND determined the opportunity costs of continued service to lifetime earnings were substantial.

83. Senator AYOTTE. Secretary Hagel and General Dempsey, do you believe this program is still necessary, given the fact that we have withdrawn from Iraq and we are withdrawing most of our troops from Afghanistan?

Secretary HAGEL. DOD does not object to review of or recommendations regarding retired pay calculations for general and flag officers. However, because of the complexity of the military retirement system, any proposal for change should be done in the context of a holistic review of the system and should come from the congressionally-established MCRMC.

General DEMPSEY. We do not object to review of or recommendations regarding retired pay calculations for General and Flag Officers. However, we think the MCRMC should look at all elements of military compensation reform, including all pay grades.

84. Senator AYOTTE. Secretary Hagel what is the justification, if any, for keeping this in place?

Secretary HAGEL. DOD does not object to review of recommendations regarding retired pay calculations for general and flag officers. However, because of the com-

plexity of the military retirement system, any proposal for change should be done in the context of a holistic review of the system and should come from the congressionally-established MCRMC.

85. Senator AYOTTE. Secretary Hagel, is DOD recommending the repeal of this provision? If not, why not?

Secretary HAGEL. DOD does not object to review of or recommendations regarding retired pay calculations for general and flag officers. However, because of the complexity of the military retirement system, any proposal for change should be done in the context of a holistic review of the system and should come from the congressionally-established MCRMC.

BASE REALIGNMENT AND CLOSURE

86. Senator AYOTTE. Secretary Hagel, on February 24, you said that if Congress blocks your request for another Base Realignment and Closure (BRAC) round, DOD "will have to consider every tool at our disposal to reduce infrastructure." What specific tools are you referring to?

Secretary HAGEL. DOD has the authority to close and realign military installations outside of a congressionally-authorized BRAC round provided that action does not trigger the thresholds established in either section 2687 or section 993 of title 10, U.S.C. If the action exceeds the thresholds in the statute, DOD still has the authority to undertake the action, but only after satisfying the study and congressional reporting requirements and waiting the specified period of time required by each section.

87. Senator AYOTTE. Secretary Hagel, if Congress does not authorize a BRAC round for 2017, do you commit that you won't undercut the will of Congress and attempt to implement a BRAC through other means?

Secretary HAGEL. DOD only has the authority to undertake a BRAC round if Congress authorizes it to do so. If Congress rejects our 2017 request, DOD will have to explore the viability of using the authority that Congress has already provided DOD to close and realign military installations—section 2687 of title 10.

BOWE BERGDAHL

88. Senator AYOTTE. General Dempsey, in January, it was reported that the United States received footage of Sergeant Bowe Bergdahl, USA. Can you provide an update on Sergeant Bergdahl's situation, as well as DOD's efforts to find him and bring him home?

General DEMPSEY. DOD is aware of a proof-of-life video. Searching for and rescuing captured servicemembers are top priorities for the U.S. Armed Forces. We remain fully committed to the safe return of Sergeant Bergdahl. DOD and other U.S. Government agencies are continuing to undertake efforts to facilitate his return. The Secretary has designated the Office of the Secretary of Defense for Policy as DOD's lead for coordinating and synchronizing DOD's extensive activities ranging from interface with the Bergdahl family, to recovery efforts, to interagency coordination.

DOD AUDIT

89. Senator AYOTTE. Secretary Hagel, in your prepared statement, you say that, "DOD remains committed to becoming fully audit-ready by 2017, and to achieving audit-ready budget statements by September." Do you believe the Air Force will meet this objective by September?

Secretary HAGEL. I am optimistic the Air Force will meet DOD's goal of having audit-ready budget statements by September 30, 2014. The entire DOD is, indeed, committed to being fully audit-ready by 2017. As a prelude to that goal, I expect most of DOD's budget statements to be asserted as audit-ready or be under audit by the end of this fiscal year.

Although significant audit-readiness challenges remain across DOD, the Air Force is particularly challenged because of having to work largely in a legacy environment. Further, the Air Force's Financial Improvement and Audit Readiness (FIAR) consulting contract was under protest for nearly 8 months. That said, Air Force senior leaders are committed to doing everything possible to be audit-ready by the end of fiscal year 2014, and my team will continue to monitor Air Force progress and offer support or assistance, as required.

The Air Force long-term plan to mitigate legacy system challenges is the full deployment, by 2017, of the Defense Enterprise Accounting Management System for Air Force general funds. As well, to minimize delays resulting from the FIAR support contract protest, the Air Force implemented a rigorous and systematic process for testing key financial controls. With its use in fiscal year 2013, the Air Force tested over 10,000 transactions in different business areas, applying over 57,100 test attributes. Success rates improved from 40 to 90 percent or better on many of the samples. These overall test results and my staff's constant collaboration with the Air Force give me confidence that the Air Force will reach its audit-readiness goals by September 2014.

QUESTIONS SUBMITTED BY SENATOR DAVID VITTER

ARMY DRAWDOWN

90. Senator VITTER. Secretary Hagel and General Dempsey, in the QDR, General Dempsey acknowledged the Nation is accepting the most risk in our land forces, pointing out that "time is a defining factor," and you "strongly recommend a comprehensive review of the Nation's ability to mobilize its existing Reserves." Considering last year's force structure realignments, including the Army 2020 process to reduce the Active end strength from 570,000 (45 brigade combat teams) to 495,000 (33 brigade combat teams) and new plans to go to 440,000 or potentially fewer, do you believe the Army is cutting too much too quickly, causing an over-reliance on the Army Reserve component during a potential future conflict?

Secretary HAGEL. DOD relies on the total force—Active, Reserve, and National Guard—to meet the needs of the defense strategy. Today, total Army end strength is more than 1,000,000. However, the force is out of balance. We cannot afford to sustain a ready and modern Army of this size. Reducing total end strength to 980,000 will allow us to restore balance over time among capacity, readiness, and modernization. As a result, the force will be able to support the defense strategy, albeit with increased risk to some missions.

The pace of planned Army reductions will enable the Army to realize savings rapidly while not breaking the Army force, although the Army will experience readiness and modernization shortfalls in the near-term. DOD needs the flexibility to size and structure all elements of the Total Force in a manner that most efficiently and effectively meets mission requirements.

General DEMPSEY. We have assessed our ability to execute the strategy with the force structure programmed by the Services, and we've determined we can do it, but at higher risk. As a result of the extensive analysis we performed to determine the appropriate mix of Active, National Guard, and Reserve Forces, we intend to maintain the Reserve components as a full spectrum force in addition to their Homeland defense and other important missions. We carefully weighed warfighting requirements to meet operational plans to help determine the right mix of Active and Reserve component forces as well as those missions best-suited for each component.

As force structure changes are made within both Active and Reserve components, we will continue to assess the impact of these changes and make adjustments as necessary to maintain the health of the force, retain an effective balance of Active and Reserve Forces, and maintain the capability necessary to meet our defense strategy.

91. Senator VITTER. General Dempsey, it is my understanding that in order to meet the new end strength numbers, the Army is planning to accelerate some previously planned end strength reductions. Do you believe that, as future changes take shape and effect, it is important for DOD to take into account ongoing restructuring changes from the 2013 realignment before moving forward with further cuts?

General DEMPSEY. The restructuring from the 2013 realignment were considered as the Services determined the force structure necessary for the execution of the defense strategy. Now that the necessary end state has been identified, it is critical to carry out the reductions as quickly as possible to help restore the force balance across capacity, capability, and full spectrum readiness as soon as possible.

QUESTIONS SUBMITTED BY SENATOR MIKE LEE

REPORT ON EFFICIENCIES

92. Senator LEE. Secretary Hagel, a Government Accountability Office (GAO) report published this January on the 2012 DOD initiative to realize $178 billion in

efficiency savings over 5 years stated that the establishment of performance measures and collection of performance data has, " . . . largely occurred on an ad hoc basis and vary by efficiency initiative because DOD has not established a requirement for performing such evaluations. As a result, DOD lacks a systematic basis for evaluating the impact of its efficiency initiative on improving program efficiency or effectiveness." Can you give me a status update on this efficiency initiative, and is DOD creating performance metrics to measure the effectiveness of its efficiency programs?

Secretary HAGEL. DOD is committed to cutting overhead and implementing more effective use of resources. The $178 billion of savings in the fiscal year 2012 President's budget over the fiscal years 2012 to 2016 period was later adjusted to $150 billion after removing economic assumptions. The $150 billion consists of about $105 billion for the military departments and the remainder for the defense-wide initiatives. According to the military departments' current plans as of December 2013, each military department is projected to achieve 93 percent or more of their initial goals or $104 billion over the 5-year period. According to the defense-wide agencies' current plans, most of their initial goals are projected to be achieved without delays. The initial efficiencies did not include reporting of performance metrics to measure the efficiency initiatives, but DOD is committed to and strives to better measure performance metrics on current initiatives.

CONSOLIDATING INFRASTRUCTURE

93. Senator LEE. Secretary Hagel, you have asked for a BRAC round in 2017. If Congress does not allow for a BRAC round, how much will you be spending per year on unnecessary infrastructure?

Secretary HAGEL. DOD has a parametric projection of the savings associated with a BRAC round in 2017. If DOD is able to reduce our infrastructure by 5 percent—a reasonable assumption given the excess capacity identified in previous studies and plans for further force structure reductions—then estimate recurring savings of approximately $2 billion a year.

94. Senator LEE. Secretary Hagel, how would this BRAC round be different than the BRAC in 2005, which, according to GAO, cost about $14.1 billion, or 67 percent, over the original estimate? What changes would you institute to ensure that such a cost increase does not happen again?

Secretary HAGEL. Simply put, we cannot afford another $35 billion BRAC round. However, the key factor that drove the cost of the last BRAC round was the willingness of DOD, the BRAC Commission, and Congress to accept recommendations that were not designed to save money. The reality is that there were really two parallel BRAC rounds conducted in 2005: one focused on transformation and one focused on efficiency.

Last year, an analysis of the payback from BRAC 2005 recommendations was conducted and found that nearly half of the recommendations from the last round were focused on taking advantage of transformational opportunities that were available only under BRAC—to move forces and functions where they made sense—even if doing so would not save much money. In BRAC 2005, 33 of the 222 recommendations had no recurring savings and 70 recommendations took over 7 years to pay back. They were pursued because the realignment itself was important, not the savings.

This "Transformation BRAC" cost just over $29 billion and resulted in a small proportion of the savings from the last round, but it allowed DOD to redistribute its forces in ways that are otherwise extraordinarily difficult outside of a BRAC round. It was an opportunity that DOD seized and Congress supported while budgets were high. The remaining recommendations made under BRAC 2005 paid back in less than 7 years, even after experiencing cost growth.

This "Efficiency BRAC" cost only $6 billion (out of $35 billion) with an annual payback of $3 billion (out of $4 billion). This part of BRAC 2005 paid for itself speedily and will rack up savings for DOD in perpetuity. It was very similar to previous BRAC rounds and very similar to what we envision for a future BRAC round. In today's environment, a $6 billion investment that yields a $3 billion annual payback would be extraordinarily welcome. In today's environment, we need an "Efficiency BRAC."

95. Senator LEE. Secretary Hagel, is DOD considering consolidation and reduction of infrastructure at foreign bases outside of Europe?

Secretary HAGEL. DOD is in the midst of a comprehensive review of our European infrastructure to create long-term savings by eliminating excess infrastructure, re-

capitalizing 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. This analysis should be completed in late spring and a classified report outlining the findings will be completed soon thereafter.

While DOD continues to shift its operational focus and forces to the Asia-Pacific region, it does not intend to conduct a similar consolidation effort in the Pacific because there are not as many bases there and existing bases are widely spread-out.

RELIGIOUS LIBERTY

96. Senator LEE. Secretary Hagel, last year there were concerns about materials from the Southern Poverty Law Center (SPLC) being used by the Defense Equal Opportunity Management Institute (DEOMI) which listed groups that support traditional marriage, such as the Family Research Council, Catholic Family and Human Rights Institute, and the Traditional Values Coalition as hate groups in the same category as the Ku Klux Klan and neo-Nazis. A DOD spokesperson last month stated that they have removed some of the SPLC material from their instruction, but will still use it as a resource. Why is DOD continuing to use a group that defines traditional marriage supporters as hate groups as a training resource?

Secretary HAGEL. DOD does not endorse the SPLC nor references or uses SPLC materials in our student training materials. DOD includes disclaimers, as appropriate, when referencing all non-DOD material in our DEOMI education and training materials for instructors. Likewise, DOD does not endorse, support, maintain, or retain lists of hate groups advanced by the SPLC or any other entity. However, in order to maintain academic rigor in our equal opportunity educational programs and to obtain a strategic global perspective, DOD uses information from various non-DOD sources (including the SPLC) to inform its DEOMI instructors on certain relevant topics.

NEW STRATEGIC ARMS REDUCTION TREATY IMPLEMENTATION

97. Senator LEE. Secretary Hagel, when will DOD make a decision on the strategic nuclear forces structure to comply with the New Strategic Arms Reduction Treaty (START)?

Secretary HAGEL. The administration will make a decision on the New START treaty force structure prior to the beginning of fiscal year 2015. As soon as a decision has been reached, Congress will receive a full briefing.

98. Senator LEE. Secretary Hagel, it has been over 3 years since the New START treaty was ratified. Why has the decision on force structure taken so long to make?

Secretary HAGEL. A decision is not required until the end of fiscal year 2014 in order to meet the New START treaty implementation deadline. We are using the available time to consider the full range of options and to allow for maximum flexibility in the event that unforeseen events occur prior to the New START treaty implementation deadline.

99. Senator LEE. Secretary Hagel, when did DOD start planning for its new force structure to implement the New START treaty?

Secretary HAGEL. DOD has been conducting both direct and indirect planning and evaluation for a final New START treaty force structure decision since the Senate provided its advice and consent to ratification on December 22, 2010. DOD will make a decision on the New START treaty force structure before the beginning of fiscal year 2015.

100. Senator LEE. Secretary Hagel, why have you endorsed further reductions, as the President called for in his 2013 Berlin speech, when we have not made structure decisions to comply with the New START treaty?

Secretary HAGEL. After a comprehensive review of our nuclear forces, the President determined that we can ensure the security of the United States and our allies and partners and maintain a strong and credible strategic deterrent while safely pursuing up to a one-third reduction in deployed strategic nuclear weapons from the level established in the New START treaty. The nature of any such negotiated cuts remains to be determined. The administration remains committed to maintaining a robust nuclear triad for the foreseeable future and any further negotiated cuts with Russia, however unlikely at present, would not alter that commitment.

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

THURSDAY, MARCH 6, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

U.S. CENTRAL COMMAND AND U.S. AFRICA COMMAND

The committee met, pursuant to notice, at 9:35 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, Manchin, Donnelly, Kaine, King, Inhofe, McCain, Wicker, Ayotte, Fischer, and Lee.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. The committee meets this morning to receive testimony on the President's fiscal year 2015 budget proposal from General Lloyd J. Austin III, USA, the Commander of U.S. Central Command (CENTCOM), and General David M. Rodriguez, USA, the Commander of U.S. Africa Command (AFRICOM).

Gentlemen, we thank you for your testimony and, even much more important, for your service to our country. Please convey to all of those with whom you work this committee's thanks for their service and sacrifice, as well as our thanks to your families.

The geographic commands that you lead present our Nation with significant ongoing diplomatic, political, and security challenges, but our entire military faces a more fundamental challenge, and that is significant budget reductions, with the looming possibility of renewed and damaging sequestration. We need to hear from our witnesses today about the impact of budget pressures on their commands and their people, an impact that we know is significant.

General Austin, President Obama recently took an important step on Afghanistan, informing President Karzai that, although the United States remains committed to an ongoing partnership with Afghanistan after this year, that President Karzai's refusal to sign a Bilateral Security Agreement (BSA) that he had already agreed to means that we must begin planning for the full withdrawal of U.S. troops that would be necessary in the absence of such an agreement. I continue to believe that it is in our interest to con-

tinue supporting Afghanistan's National Security Forces (ANSF) beyond 2014 in order to secure the hard-won and impressive gains of the past decade. I also believe that we should give up on President Karzai, who has proven himself to be an unreliable partner, and, instead, we should await his successor's decision on whether to sign a BSA.

Another significant challenge is the situation in Syria, a crisis not just for the people of Syria, but for our friends and allies coping with serious tragedy and serious instability. General Austin, we hope to hear your thoughts on the conflict's impact, in Syria and beyond, on Syria's compliance, or lack of compliance, with its commitments regarding chemical weapons, and on options for U.S. policy, going forward.

Instability in Syria has had significant consequences for Iraq, where the flow of extremist elements from Syria, combined with the Maliki Government's own misguided pursuit of narrow sectarian goals, have contributed to a violent and a disturbing conflict. So, General Austin, we'll ask you about how the United States can help bring about an end to the conflict, what role we can play in supporting Iraqi security forces, and how we might encourage the Maliki Government to govern more inclusively.

Al Qaeda and its affiliates remain a persistent threat for CENTCOM and AFRICOM, and we'd appreciate an update from both of you on U.S. efforts to confront this threat, both through U.S.-led counterterrorism operations and through support to our friends and allies, including our efforts to help partners build their own capacities to protect their people from the threat of transnational terrorists.

A particular area of focus for the committee this year is intelligence, surveillance, and reconnaissance (ISR) assets, given the Department's decision to reduce its planned capacity for around-the-clock unmanned combat air patrol. We will seek input from our combatant commanders on this issue, from all of them. Our witnesses today will be especially important to our work, given the importance of ISR capabilities in their area of responsibility (AOR).

General Rodriguez, in addition to the threats posed by violent extremists, there are a multitude of other security challenges in your AOR, including responding to requests from the State Department for additional security forces and evacuation support, training African peacekeepers for their deployments to the many multilateral peacekeeping operations across the continent, assisting in the training and equipping of dozens of militaries on the continent, and enabling and supporting the multilateral effort to remove the leaders of the Lord's Resistance Army (LRA) from the battlefield, and also supporting the French military in their operations against extremists in Mali and operations to halt further atrocities in the Central African Republic. So, we are interested in any targeted funding or authorities that may be needed for carrying out those missions that are in your responsibility.

Both of your testimonies this morning are important to our consideration of these and other issues. We thank you for joining us today, for your service.

I will turn now to Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

We've spent a lot of time recently talking about the growing threats in the U.S. national security around the world. Nowhere are these threats more significant than in the two areas that are before us today. The men and women of AFRICOM and CENTCOM are tasked with confronting some of the most vexing threats our Nation faces. However, massive cuts in the national security budget are making their jobs even more difficult.

This is certainly true in AFRICOM. General Rodriguez, we spent a lot of time talking about this. Your AOR encompasses now 54 countries, if my count is right, since the South Sudan came in, and spans over 12 million square miles. These countries are confronted with a wide array of challenges, ranging from a growing al Qaeda threat to feeble governments and rising violence. Despite a surplus of challenges across the continent, AFRICOM suffers from persistent resource shortfalls, as no assigned forces lack sufficient ISR and mobility support, and relies on manpower from other combatant commanders. Additionally, a lack of basing and strategic access to the continent continues to hamper your ability to engage with partners and respond to the crises and contingencies in a timely manner.

General Austin, the challenges you face are no less daunting. Iran continues to pose one of the greatest threats to our Nation. I have often said this is something that we have known for a long time. It seems like the public and a lot of the media come along, and they are surprised. But, we have known—our intelligence has told us the coming capability by 2015 of delivery-system end, as well as a weapon. Additionally, Iran is developing more complex anti-access and area-denial weapons, and current nuclear negotiations have done nothing to halt the pursuit of an Intercontinental Ballistic Missile and nuclear weapons capability.

The rest having to do with Karzai, I agree with the chairman.

So, that'll be the end of my statement.

Chairman LEVIN. Thank you so much—thank you, Senator Inhofe.

Let me first say that we have three votes starting at 11:20 a.m. today, so we'll try to make a guess as to how many Senators are able to get here, and then we will figure out what the length of time for the first round will be at that point.

Let me start with you, General Austin.

STATEMENT OF GEN LLOYD J. AUSTIN III, USA, COMMANDER, U.S. CENTRAL COMMAND

General AUSTIN. Good morning. Chairman Levin, Ranking Member Inhofe, distinguished members of the committee, I want to thank you for the opportunity to appear here today to discuss the current posture and state of readiness of CENTCOM.

I appreciate your continued and strong support of our men and women in uniform and their families, and I look forward to talking about them and about the exceptional contributions that they are making on behalf of this command and our Nation.

I am pleased to be here alongside my good friend, General David Rodriguez. I will join him in making a few brief opening comments, and then I will be prepared to answer your questions.

I have been in command of CENTCOM for about a year now, and it has been an incredibly busy and productive period. We dealt with a number of significant challenges, to include the revolution in Egypt, the civil war in Syria that is severely impacting neighboring countries, Iranian aggression and malign activity, the perennial fight against al Qaeda and other violent extremist organizations, and, of course, our top priority, which is the operation in Afghanistan.

The central region is an area fraught with turmoil, political instability, social upheaval, and economic stagnation. While some may view it as a perpetual trouble spot, I do not believe that to be the case. When I look around the region, I do see great potential for lasting improvement. But, progress requires a clear understanding of the challenges and the particular circumstances.

Much of what is occurring in the CENTCOM AOR is a manifestation of the underlying currents at play in that strategically important part of the world, and foremost among them are the growing ethnosectarian divide, the struggle between moderates and extremists, the rejection of corruption and oppressive governments, and an expanding youth bulge comprised of young, educated, unemployed, and often disenfranchised individuals. By understanding these currents, which are the root causes of the disruptive and destructive behaviors in the region, we and others are able to help mitigate the effects. We are also able to identify and pursue the many opportunities that are present amidst the challenges. That has been, and will remain, our focus at CENTCOM.

What occurs in the central region has shown to have significant and lasting impact on the global economy and on our vital interests and those of our partner nations. Thus, it is critical that we continue to do what is necessary to maintain our influence and access, and to contribute to strengthening the regional security and stability. We are also focused on building the capacity and capability of our allies while further improving our military-to-military relationships.

I have traveled extensively over the past year throughout the Middle East and South and Central Asia, and I have talked at great length with senior government and military officials about the challenges, any opportunities present in the region, and I can assure you that the opinion and the support of the United States is still widely sought and highly valued. Our regional partners have seen what we are able to accomplish, and they respect and appreciate our leadership. Our military relationships are as strong as they have ever been, and they are, indeed, the foundation of America's strategic partnerships with almost every country in our AOR.

The year ahead provides significant opportunities for the United States, together with our partners and allies, both in the region and beyond, opportunities to achieve diplomatic and military successes that will further contribute to improved security and stability in our AOR.

Certainly, while we remain pragmatic, we are also hopeful that the opportunity provided by the P5+1 and the Joint Plan of Action, for example, will have a positive outcome and one that could fundamentally change the region for the better. We are likewise encouraged by the tremendous progress made by the Afghans and the opportunity that exists to establish a lasting partnership with the people of that country. It is a partnership that we want to have, going forward. The people of Afghanistan have made it clear that they want the same thing. These are just two examples. The reality is that there are a number of opportunities present in the region, and the CENTCOM team stands postured and ready to do our part to pursue them while also addressing the various challenges that exist in that complex and most important part of the world.

Ours is a very challenging mission, and it is made even more difficult by the realities of the fiscal environment. But, given the enormity of the stakes, we will do what is required, and we will continue to work closely with, and support the efforts of, our colleagues across the interagency to ensure a whole-of-government approach that provides for a lasting and positive outcome.

Ladies and gentlemen, America's soldiers, sailors, airmen, marines, and coastguardsmen, and their families, have worked exceptionally hard over the past 13 years. I have had the great honor of serving beside them in combat. I have been privileged to lead them as they did difficult work under some of the most difficult conditions in the world. I have been humbled by their acts of absolute selflessness as they made enormous sacrifices on almost a daily basis in support of the mission and in support of one another. I am incredibly proud of them, and I know that you are, as well.

Chairman Levin, Ranking Member Inhofe, members of the committee, thank you for continuing to provide the capabilities, authorities, and resources that we need to effectively execute our mission in the strategic environment that I have described. Most important, again, thank you for the strong support that you've consistently shown to the service men and women and their families, particularly those associated with CENTCOM. I look forward to answering your questions.

[The prepared statement of General Austin follows:]

PREPARED STATEMENT BY GEN LLOYD J. AUSTIN III, USA

INTRODUCTION

The Central Region, comprised of 20 countries in the Middle East and Central and South Asia, is geographically vast and holds as much as 60 percent of the world's proven oil reserves and plentiful natural gas reserves. Both of which will remain vital to the global energy market, to the economic health of our allies and partners, and to the United States. This strategically important region also claims major sea lines of communication for international commerce and trade, including the critical maritime chokepoints of the Strait of Hormuz, the Suez Canal, and the Bab el-Mandeb Strait. The region is rich in history and culture, and there are numerous ethnic groups, languages, and traditions represented. It is also home to three of the world's five major religions. All things considered, events that occur there have considerable and far-reaching impacts. The past has clearly shown that when the region experiences any degree of strife or instability, every country there and others around the globe—to include the United States—feel the effects. Specifically, what happens in the Central Region influences the global economy and affects, in ways big and small, our vital interests and those of our partner nations, namely, as President Obama affirmed before the United Nations in September 2013: the free flow of resources through key shipping lanes; the defense of our Homeland

against the pervasive and persistent threat of terrorism and extremism; and, the prevention of the proliferation of weapons of mass destruction. Thus, it is critical that we do what is necessary to bolster security and stability in this most important part of the world. It is for this same reason that we continue to confront external aggression against our allies and partners.

In this context, in 2014, the United States finds itself at a strategic inflection point. Though problems abound in the Central Region, perspective is everything. In the decisive year ahead resides a real chance for the United States, together with our partners and allies, to achieve diplomatic and military successes and thereby generate much-needed positive momentum in the Middle East and Central and South Asia. To do so, we must widen our collective perspectives and look beyond the challenges that exist and seize the many opportunities that are present throughout the region. The U.S. Central Command (CENTCOM) team is fully committed to doing so and to ensuring that our efforts contribute to an effective whole-of-government approach to advancing and safeguarding U.S. vital interests in the region and around the globe.

We, at CENTCOM, remain always ready to seize available opportunities, while responding to contingencies and providing support to our partners and allies. We remain always vigilant to ensure that we avoid strategic surprise. At the same time we remain engaged and present, while doing all that we can to improve security and stability throughout the Central Region, in part by helping our partners to build military capability and capacity. This work is being done each day by the dedicated and hardworking men and women of this command, including more than 94,000 U.S. soldiers, sailors, airmen, marines, coastguardsmen, and civilians selflessly serving and sacrificing in difficult and dangerous places. They—and their families—are doing an extraordinary job. They are and will remain our foremost priority.

This past year has been an active one for CENTCOM. In Afghanistan, we expect to complete our transition from combat operations to our train, advise, and assist (TAA) and counterterrorism (CT) missions by the end of 2014. The Afghans have taken the lead on nearly all security operations and are showing considerable capability and fortitude. While our diplomats continue to pursue a bilateral security agreement (BSA) with the Government of the Islamic Republic of Afghanistan (GIRoA), our retrograde and base closures remain on schedule.

Pending further policy decisions, while we are readying for the TAA and CT missions, we remain prepared to implement the full-range of options with respect to our post-2014 presence. Meanwhile, we continue to provide critical assistance to the Egyptian Armed Forces in the Sinai. We also have been doing what we can to manage the effects of the ongoing civil war in Syria. Of particular concern is the growing refugee crisis affecting millions of people in Syria and neighboring countries, namely Lebanon, Turkey, Jordan and Iraq. We also developed strike options in response to Syrian President Bashar al Assad's use of chemical weapons. The credible threat of the use of military force ultimately contributed to the diplomatic option currently being implemented. We are hopeful that a positive outcome to the crisis in Syria will be reached. We continue to undertake contingency planning to address a variety of potential scenarios. This also holds true of our efforts with regard to Iran, where we support the U.S. Government policy combining diplomacy, economic pressure, and the resolve to keep military options on the table. In the past several months, we supported embassy ordered departures from Egypt, Lebanon, Yemen, and South Sudan. We continue to do all that we can to counter the growing terrorist threat emanating from the region, and we are assisting our partners in their efforts to build greater capability and capacity to defend their sovereign spaces. Finally, we conducted and participated in 52 multilateral and bilateral training exercises held in the CENTCOM area of responsibility (AOR), along with many of our allies and partners.

As we look ahead, our goal is to build upon our past achievements. We recognize that we must do all that we can to address the challenges and also pursue the opportunities present in the Central Region. At CENTCOM, we are appropriately postured, and have adopted a theater strategy and a deliberate approach that we are confident will enable us to accomplish our mission.

CENTCOM'S MISSION

CENTCOM's mission statement is: "With national and international partners, CENTCOM promotes cooperation among nations, responds to crises, and deters or defeats state and non-state aggression, and supports development and, when necessary, reconstruction in order to establish the conditions for regional security, stability and prosperity. "

STRATEGIC ENVIRONMENT

Developing nations within the region are plagued by poverty and violence, mired in political discord, beset by ethnic and religious tensions, stressed by resource competition and economic stagnation, and strained by a 'youth bulge' that both impels and reinforces popular discontent, and drives demands for political and social reforms. All combine to imperil our vital national interests and those of our trusted partners and allies.

"Underlying Currents"

To effectively address the challenges present in the Central Region, we must understand and take into account the full range of forces, or what I refer to as the "underlying currents," at play in this strategically important part of the world. Attitudes and behaviors in the Middle East are driven by these political, economic and socio-cultural currents. They are fueling many of the tensions and conflicts across the CENTCOM AOR. Each of them, or some combination thereof, is directly contributing to the chaos, volatility, and violence that we are seeing in many regional countries. The principal underlying currents are:

Growing ethno-sectarian divide—we are seeing a significant increase in ethno-sectarian violence in the Middle East. More so than in the past, groups are coalescing around ethnic or sectarian issues, rather than national identity. This is causing a fracturing of institutions (e.g., governments, militaries) along sectarian lines and associated rifts among mixed populations (e.g., Sunni, Shia). If allowed to continue unabated, this type of regional sectarian behavior soon could lead to a decades-long sectarian conflict stretching from Beirut to Damascus to Baghdad to Sanaa.

At present, we are seeing this divide playing out between several ethno-sectarian groups. The one that is growing the widest and most dangerously is the Sunni-Shia divide. At the same time, there is the ongoing Arab-Kurd divide, which has worsened in Iraq. Lastly, there is the ongoing Arab-Israeli divide. These and other similar confrontations, such as those between Pashtun and other ethnicities in Afghanistan and Pakistan and between Muslims and Hindus, are emotionally charged and will prove difficult to resolve. There is deep-seated distrust among these groups and this continues to hinder any attempts at reconciliation. These relationships are also affected, in many cases, by territorial disputes, proxy activity, violence, and regional instability.

Struggle between Extremists and Moderates—of significant concern is the growing struggle across the region between Extremists and Moderates. The growing activism of radical elements is of particular concern to the United States and our partner nations because the beliefs and practices espoused by many of these groups do not align with our values or the values of the majority of the populations in that part of the world. The dangers polysyllabic extremism are on the rise throughout the Central Region. To effectively address this threat it is necessary to counter the ideas that often incite extremism. We also need to do all that we can to limit ungoverned spaces by ensuring that countries develop the capability and capacity to exercise greater control over their sovereign territories. Central to our strategy are our efforts to promote moderate elements and participatory governance and build security capacity to facilitate improved stability.

Rejection of corruption and oppressive governments—The Arab Spring movement reflects a widespread desire for freedom and reform. People want change and they want to have a say in their fate. In many ways, the global expansion of technology triggered this upheaval because more people were able to see alternatives on the television and the Internet, and this made them increasingly intolerant of their own circumstances and oppressive governments. The conditions that caused this shift to come about still exist throughout the CENTCOM AOR. In fact, it is likely that what we have seen to date is only the beginning of a long period of change. Citizens in many countries are rejecting autocratic rule and publicly expressing their opinions and frustrations with their governments and leaders. Social media sites, such as Facebook and Twitter, have provided people with a public voice, and they are expressing their discontent and the strong desire for political reform with increased frequency. The desire for change and for increased freedom and reforms is likely to become even more pronounced in the Central Region in coming months and years.

The "Youth Bulge"—Stability in the region is further complicated by the growing population of young, educated, largely unemployed and, in many cases, disenchanted youth. This "youth bulge" in many respects breeds and reinforces discontent and drives demands for political and social reforms. This demographic is of particular concern given its size; over 40 percent of the people living in the region are between the ages of 15 and 29. These young, energetic, and dissatisfied individuals want change. They want greater autonomy, the right of self-determination, and

increased opportunity. They are will to voice their opinions publicly without fearing the consequences of their actions. Unfortunately, these disillusioned young people also represent ripe targets for recruitment by terrorist and extremist groups.

We must be able to recognize and understand these and possible other "underlying currents" at play in the Central Region if we hope to effectively manage the challenges that are present and also pursue opportunities by which to shape positive outcomes in that part of the world. It may not be possible to halt or reverse the trends. However, the effects may be mitigated if properly addressed.

TOP 10 U.S. CENTRAL COMMAND PRIORITIES

Looking ahead to the next year, CENTCOM will remain ready, engaged and vigilant-effectively integrated with other instruments of power; strengthening relationships with partners; and supporting bilateral and multilateral collective defense relationships to counter adversaries, improve security, support enduring stability, and secure our vital interests in the Central Region. In support of this vision, the command remains focused on a wide range of issues, activities, and operations relevant to the CENTCOM AOR, including our Top 10 priority efforts:

- Responsibly transition Operation Enduring Freedom and support Afghanistan as a regionally integrated, secure, stable and developing country;
- Prevent the proliferation of weapons of mass destruction and, as directed, disrupt their development and prevent their use;
- Counter malign Iranian influence, while reducing and mitigating the negative impact of proxies;
- Manage and contain the potential consequences of the Syrian civil war and other "fault-line" confrontations across the Middle East to prevent the spread of sectarian-fueled radicalism threatening moderates;
- Defeat Al Qaeda (AQ), deny violent extremists safe havens and freedom of movement, and limit the reach of terrorists;
- Protect lines of communication, ensure free use of the global commons, and secure unimpeded global access for legal commerce;
- Develop and execute security cooperation programs, leveraging military-to-military relationships that improve bilateral and multilateral partnerships and build interdependent collective partnered "capacities";
- Lead and enable the continued development of bilateral and multilateral collective security frameworks that improve information sharing, integrated planning, security and stability;
- Shape, support, and encourage cross-combatant command, interagency, and partner/coalition programs and approaches, while making the best use of military resources; and,
- Maintain and improve our ready and flexible headquarters, capabilities, protected networks, and forces enabled by required freedom of movement, access, and basing to support crisis response

U.S. CENTRAL COMMAND CHALLENGES AND OPPORTUNITIES

There are significant opportunities present amidst the challenges that reside in the Central Region.

Challenge (Afghanistan)

Operations in Afghanistan remain our top priority. Our goal is to conduct a successful transition in Afghanistan while also helping to achieve a capable and sustainable Afghan National Security Force (ANSF). Equally important are our continued efforts in support of ongoing CT missions. We must maintain pressure on terrorist networks to avoid resurgence in capability that could lead to an attack on our Homeland or our interests around the globe. If the United States and Afghanistan are unable to achieve a BSA, we will move rapidly to consider alternatives for continuing a security cooperation relationship with Afghanistan. Unfortunately, in the wake of such a precipitous departure, GIRoA's long-term viability is likely to be at high risk and the odds of an upsurge in terrorists' capability increases without continued substantial international economic and security assistance.

We are currently focused on four principal efforts: (1) Completing the transition and retrograde of U.S. personnel and equipment out of Afghanistan; (2) Maintaining the safety and security of U.S./Coalition troops and personnel; (3) Supporting continuing CT efforts that are contributing to the defeat of al Qaeda (AQ) and other violent extremist groups, including the Haqqani Network; and, (4) Advising, training and assisting the ANSF, while also helping them to prepare to provide security in support of the April 2014 scheduled national elections.

Our retrograde operations remain on-track, with the vast majority of movement conducted via ground through Pakistan. We have several means for conducting retrograde available to us, including multiple ground routes through Pakistan and the Northern Distribution Network (NDN) in Central Asia, Russia, and the Caucasus. We use multiple modes of transport to maximize our efficiency and, in some cases, retrograde solely via air routes. However, movement in this region is quite difficult, principally due to terrain and conditions on the ground. While base closures and materiel reduction are proceeding as planned, our Services' equipment reset will likely continue into 2015.

The surest way to achieve long-term stability and security in this region is a self-sustaining security force. Our continued presence—if a BSA is concluded—complemented by NATO's presence, will enable us to assist our Afghan partners through a critical period of transition. It would also serve to further reassure allies and partners of U.S. and Western military staying power.

It truly is remarkable all that U.S., Afghan, and coalition forces have accomplished in Afghanistan over the past 12+ years. The ANSF has dramatically improved its capability and capacity. Today, their forces are comprised of nearly 344,000 Afghans [352,000 authorized], representing every ethnicity. They are leading nearly all security operations throughout the country and actively taking the fight to the Taliban. The campaign also has had a positive impact on education, literacy levels, and women's rights throughout much of the country. Some of these effects, particularly the increase in literacy levels, are irreversible.

There is still much work to be done by the government and people of Afghanistan. Enduring success will require the Afghan Government to continue to enhance its capabilities in the wake of a successful transfer of power following the scheduled national elections to be held in April 2014. This represents the critical first step in the country's political transition. They will also have to make a more concerted effort to counter corruption. If the Afghan leadership does not make the right decisions going forward, the opportunities that they have been afforded could easily be squandered. Furthermore, the return of instability and diminished security and even tyranny will affect Afghanistan, as well as the surrounding Central Asian states and the region as a whole. We have been in Afghanistan for nearly 13 years, representing the longest period of continuous conflict fought by our Nation's All-Volunteer Force. Together with our Afghan and coalition partners, we have invested lives and other precious resources to improve security and stability in that country. Going forward, we want to do all that we can to preserve those hard-earned gains.

Opportunity (Afghanistan)

Our intent is to maintain an enduring relationship with the Afghan military as we work together to preserve improved security and stability in the region. Our continued presence—if a BSA is concluded—will enable us to train and advise Afghan security forces and further improve their capability and confidence during a critical period of transition. Our presence would also allow us to maintain much-needed pressure on al Qaeda.

There also exists an opportunity to normalize our relationships with Afghanistan and Pakistan, while also improving relations between these two countries in a way that will enhance regional security. We should encourage them to find common ground in their efforts to counter the increasingly complex nexus of violent extremist organizations operating in their border regions.

The past 12+ years in Afghanistan have witnessed incredible growth and maturation in CENTCOM's collaborative partnerships with U.S. European Command (EUCOM) and the North Atlantic Treaty Organization (NATO). Now, as operations wind down in that country, we should look to identify areas of common interest that would benefit from our continued collaboration. Certainly the convergence of our shared interests with those of Central and South Asia (CASA) states, specifically in the areas of CT, counter-proliferation (CP), and counter-narcotics (CN), provides a place from which to effectively engage and shape regional stability, especially in the context of a reduced U.S.-international presence in Afghanistan post-2014.

Challenge (Syria)

We are also focused on the conflict in Syria. It represents the most difficult challenge that I have witnessed in my 38-year military career. What started as a backlash against corruption and oppressive authoritarian rule has now expanded into a civil war. Nearing its third full year, the conflict appears to have reached, what I would characterize as a "dynamic stalemate" with neither side able to achieve its operational objectives.

The conflict is further complicated by the presence of chemical weapons (CW), the tremendous influx of foreign fighters and a humanitarian crisis that affects millions

of people in Syria and in neighboring countries; and is exacerbated by the Assad regime's deliberate targeting of civilians and denial of humanitarian access. We are collaborating with our interagency partners in developing solutions to the pressing humanitarian crisis that threatens the stability of Lebanon, Jordan, Turkey and Iraq. Meanwhile, the credible threat of the use of military force, initiated by the United States in response to the regime's use of CW, prompted President Assad to agree to destroy all such weapons in Syria under the direct supervision of the Organization for the Prohibition of Chemical Weapons. Thus far, the Assad regime has missed milestones set by the international community to transport priority chemicals to the Syrian coast for removal and destruction. The regime must follow through on its obligation to eliminate its chemical weapons program. Meanwhile, we remain committed to facilitating a negotiated political solution, which remains the only way to sustainably resolve the conflict.

Support and engagement by the United States and others is needed to bolster the broader regional effort in response to the conflict in Syria. This sentiment was consistently echoed by regional leaders during my recent engagements. Nearly all partners, both in and out of the region, have expressed growing anxiety with respect to the violent extremists operating from ungoverned space within Syria. The flow of foreign fighters and funding going into Syria is a significant concern. When I took command of CENTCOM in March 2013, the Intelligence Community estimated there were ~800–1,000 jihadists in Syria. Today, that number is upwards of 7,000. This is alarming, particularly when you consider that many of these fighters will eventually return home, and some may head to Europe or even the United States better trained and equipped and even more radicalized. At the same time, extremists are exploiting the sectarian fault line running from Beirut to Damascus to Baghdad to Sanaa. Left unchecked, the resulting instability could embroil the greater region into conflict. Several nations are pursuing independent actions to address this threat. We will continue to support our partners in order to protect our vital interests and theirs as well.

Opportunity (Syria)

Much effort is being put forth by U.S. Government elements and others to achieve the desired diplomatic or political solution to the crisis in Syria. This work must continue in earnest. The widespread violence and tremendous human suffering that is occurring in Syria and in neighboring countries will likely have far-reaching and lasting consequences for the region. In the near-term, work to remove or destroy declared CW materials from Syria is underway. Successfully removing these weapons would create additional decision space that could enable us to do more to address other difficult challenges present inside that country. If the flow of foreign fighters could be curbed significantly, and the support provided to the regime by Lebanese Hezbollah (LH), Iranian Qods Forces and others was stopped or greatly reduced, it could lead to a break in the stalemate and an eventual resolution to the conflict.

Challenge (Iran)

We continue to pay close attention to Iran's actions. As a result of the understandings reached with the P5+1, Iran has taken specific and verifiable actions for the first time in nearly a decade that halted progress on its nuclear program and rolled it back in key respects, stopping the advance of the program and introducing increased transparency into Iran's nuclear activities. Despite this progress, significant concerns do remain. In addition to the threat posed by Iran's nuclear program, there is growing anxiety in the region and beyond concerning the malign activity being perpetrated by the Iranian Threat Network (ITN), which consists of Qods Force, Ministry of Intelligence and Security, regional surrogates, and proxies. We are seeing a significant increase in Iranian proxy activity in Syria, principally through Iran's support of LH and the regime. This is contributing to the humanitarian crisis and significantly altered political-societal demographic balances within and between the neighboring countries of Lebanon, Turkey, Jordan, and Iraq. There is also widespread unease with respect to the counter-maritime, theater ballistic missile and cyber capabilities possessed by Iran. Each of these represents a very real and significant threat to U.S. and our partners' interests. Going forward, we should look to employ nuanced approaches in dealing with these distinct challenges, while providing the means necessary to enable our partners to do their part to address them, both militarily and diplomatically.

Opportunity (Iran)

Progress towards a comprehensive solution that would severely restrict Iran's nuclear weapons 'breakout' capacity has the potential to moderate certain objectionable Iranian activities in non-nuclear areas (e.g., ITN, theater ballistic missile, cyber). If the P5+1 are able to achieve a long-term resolution with respect to Iran's nuclear

program, that would represent a step in the right direction, and present an unprecedented opportunity for positive change.

Challenge (Counterterrorism)

While we have made progress in counter-terrorism (CT), violent extremist ideology endures and continues to imperil U.S. and partner interests. Al Qaeda and its Affiliates and Adherents (AQAA) and other violent extremist organizations (VEOs) operating out of ungoverned spaces are exploiting regional turmoil to expand their activities. Among the VEOs present in the region, AQAA pose the most significant threat. In recent years, AQ has become more diffuse, entrenched, and interconnected. While AQ core is less capable today, the jihadist movement is in more locations, both in the Central Region and globally. This expanding threat is increasingly difficult to combat and track, leaving the U.S. Homeland and our partners and allies more vulnerable to strategic surprise. At the same time, we are increasingly concerned about the expanding activity of extremist elements operating in sovereign spaces, to include Iraq, Egypt and Syria. These elements threaten U.S. interests because they foment regional instability and create platforms from which to plot actions targeting our Homeland. Many of these extremist elements are highly capable and clearly maintain the intent to conduct future attacks on the U.S. Homeland and our interests around the globe. In particular, we must keep pressure on AQ elements operating in Eastern Afghanistan, in Pakistan's federally Administered Tribal Areas (FATA) and Yemen, and elsewhere. CENTCOM will continue to support our partners' CT efforts. Our collaboration, particularly through joint combined exercises and training events, helps to build our partners' capability and confidence, and thereby contributes to increasing governance over ungoverned spaces. This, in turn, helps to deny terrorists and extremists freedom of movement.

Opportunity (Counterterrorism)

The main strength of most VEOs is their extremist ideology, which shows no signs of abating. Ideology transcends personalities and persists even after key leaders are killed. This threat cannot be eliminated simply by targeting individuals. To defeat AQ and other VEOs, we must defeat the ideas that often incite extremism, while also guarding against ungoverned spaces and conditions that allow those ideas to flourish. Our continued presence and active engagement is the most effective way that we can help our partners build greater capability and capacity to meet these threats. We must also look at realigning our critical resources, recognizing that by developing a structure that provides for greater agility and speed of action we will go a long way towards improving our posture and security in the face of this growing threat.

U.S. Engagement in the Central Region

There is a widely-held misperception that the United States is disengaging from the Middle East in order to focus our efforts and attention elsewhere around the globe. To the contrary, the United States fully intends to maintain a strong and enduring military posture in the Central Region, one that can respond swiftly to crisis, deter aggression and assure our allies. However, the differing perception held by some must not be overlooked. If not effectively countered, the perceived lack of U.S. commitment could affect our partners' willingness to stand with us and thereby create space for other actors to challenge U.S. regional security interests. We must assure our regional partners of our continued, strong commitment and demonstrate our support through our actions and active presence.

A REGIONAL PERSPECTIVE

Today, the Central Region is experiencing a deep shift, the total effects of which will likely not be known for years to come. In some parts of the Levant, into Iraq, and even as far as Bahrain, we see a more obvious and accelerating Sunni-Shia sectarian contest. The increasing violence, unresolved political issues, and lack of inclusive governance have weakened Egyptian and Iraqi internal stability, as well as each country's regional leadership potential. The outcomes of the situations in Egypt, Iraq, Bahrain, Yemen and Syria will largely determine the future regional security environment. Poor outcomes will create additional seams and ungoverned spaces that will be exploited by malign actors, including al Qaeda.

Around the Region: 20 countries, 20 stories

If we want to achieve lasting effects in the Central Region we must view the challenges present in the 20 countries that make up the CENTCOM AOR in the context of the "underlying currents" at play and in view of the interconnectedness of behaviors and outcomes. Equally important, we must take care not to simply respond to

or manage the challenges that exist. We must also pursue the many opportunities present in the region, understanding that it is principally through these opportunities that we will achieve diplomatic and military successes in specific areas. These successes will, in turn, serve as "force multipliers." The compounding progress and momentum achieved will enable us to increase stability in the region and enhance security on behalf of the United States and our partners around the globe.

Below are synopses of the current state of affairs in each of the 20 countries in the CENTCOM AOR minus Afghanistan, Syria, and Iran which were addressed in the previous section, "CENTCOM Challenges and Opportunities" (see pages 9–15):

The Gulf States

We enjoy strong relationships with our partners in the Gulf States and will continue to engage with them, both bilaterally and as a collective body through the Gulf Cooperation Council (GCC). This collaboration enhances U.S. security, as our capabilities are made more robust through enhanced partner capacity and, ultimately, working "by, with, and through" the GCC. This is currently on display and paying dividends at the Combined Air Operations Center in Qatar and the Combined Maritime Operations Center in Bahrain. It is important that we continue to support Gulf States' efforts as they work to address crises emanating from Syria, Yemen, Iraq and elsewhere; internal political challenges; growing ethno-sectarian and extremist violence; demographic shifts; and, Iranian hegemonic ambitions. We remain focused on improving their capabilities specific to ballistic missile defense, maritime security, critical infrastructure protection and counterterrorism. We have also strongly advocated increased ballistic missile defense cooperation among the GCC states and are beginning to see increased interest and progress.

In December, at the Manama Dialogue held in Bahrain, Secretary of Defense Hagel announced several new initiatives designed to further strengthen cooperation between the United States and our GCC partners. First, DOD will work with the GCC on better integration of its members' missile defense capabilities, acknowledging that a multilateral framework is the best way to develop interoperable and integrated regional missile defense. Second, the Defense Department intends to expand its security cooperation with partners in the region by working in a coordinated way with the GCC, including the sales of U.S. defense articles to the GCC as an organization. Third, building upon the U.S.-GCC Strategic Cooperation Forum and similar events, Secretary Hagel invited our GCC partners to participate in an annual U.S.-GCC Defense Ministerial, which will allow the United States and GCC member nations to take the next step in coordinating defense policies and enhancing our military cooperation. All of these initiatives are intended to help strengthen the GCC and regional security, and CENTCOM intends to fully support them. Through our continued presence in the region, training and equipping programs, and further expansion of multilateral exercises and activities, we are setting conditions for increased burden-sharing. Ultimately this will enable us to remain better postured to respond to crises or contingency operations, while also providing a counterbalance to the potential threat posed by Iran.

For decades, security cooperation has served as the cornerstone of the United States' relationship with Saudi Arabia. Now, as we face compounding security challenges in the Middle East, Saudi Arabia is taking a more independent and outspoken role in safeguarding its interests in the region. Still, despite recent policy disagreements pertaining to Syria, Egypt and Iran, the United States and Saudi Arabia continue to work closely together to contend with violent extremist groups operating in ungoverned spaces, proliferation of weapons of mass destruction (WMD), the humanitarian crisis emanating from Syria and other challenges threatening regional security and stability. Our support of Saudi Arabia in enhancing its defense capabilities will serve to further deter hostile actors, increase U.S.-Saudi military interoperability and, in so doing, positively impact security and stability in the region, as well as the global economy.

A long-time partner and strong ally in the region, Kuwait provides critical support for U.S. troops and equipment, and it is playing a significant role in the retrograde of equipment from Afghanistan. For the first time, Kuwait committed to hosting the U.S. multilateral exercise, Eagle Resolve 2015, which will further bolster regional cooperative defense efforts. Kuwait continues to struggle with significant political challenges that threaten internal stability. Meanwhile, they have made progress in reconciling longstanding issues with neighboring Iraq, thereby contributing to improved stability in the region. Looking ahead, we can expect to enjoy strong relations with the Kuwaiti military, built upon many years of trust shared since the liberation of Kuwait in 1991.

The United Arab Emirates (UAE) is a valued, contributing partner with whom we share a historically strong military-to-military relationship. The UAE remains sol-

idly committed to a collective defense of the region and has taken the lead in providing air and missile defense capabilities for the Gulf. The Emiratis recent combined U.S. Army Tactical Missile Systems live-fire exercise demonstrated yet another important capability added to its formation. Given their potential to enhance the AOR's stability by providing leadership and military capability, they most certainly merit our continued close engagement and tangible foreign military sales (FMS) support.

We share a close and robust partnership with Qatar. They host and provide critical support to two of our forward headquarters and facilities. Over the past several months, Qatar has experienced some friction with GCC partners, namely Saudi Arabia and UAE, principally due to Qatar's perceived support of the Muslim Brotherhood in Egypt and radical jihadist groups operating in Syria. Despite this, Qatar represents a voice able and willing to take a lead in the GCC's ongoing pursuit of improved regional stability and security. Qatar's multiple FMS requests and renewed Defense Cooperation Agreement provide tangible examples to this end. They warrant our continued close engagement and support.

Bahrain remains an important partner and one of the greatest bulwarks against Iranian malign influence in the region. We have a longstanding close military-to-military relationship with Bahrain, one of four partners with whom we share a bilateral defense agreement, in addition to UAE, Kuwait, and Jordan. Bahrain provides key support for U.S. interests by hosting the U.S. Navy's Fifth Fleet and U.S. Naval Forces Central Command, and by providing facilities and infrastructure for U.S. forces engaged in regional security operations. Despite their efforts in The National Dialogue, Bahrain's Sunni-dominated government and Shia opposition have failed to achieve a political compromise. This effort has been complicated by radical elements supported by Iran. Frequent public protests have created further opportunities for external actors to enflame tensions. This has led to miscalculation, nonproportional responses to perceived threats, and a hardening of both government and opposition positions. We must maintain a pragmatic policy that supports Bahrain while encouraging adherence to human rights. We are starting to see a logical hedging by Bahrain as it seeks assistance from others, specifically China. The current PMS holds may be perpetuating this behavior. In the wake of the successful Manama Dialogue, held in December 2013, we have an opportunity to work with the Bahrainis to address these and other challenges and, in so doing, further improve internal and regional security and stability.

Oman continues to play a steadying role and provides a voice of moderation in the region. The country also provides the United States and our allies and partners with critical regional access.

We value our shared appreciation of the situation in the Gulf. At the same time, we recognize that Oman seeks to maintain a constructive relationship with its close neighbor, Iran. Recent terror threats from al Qaeda in the Arabian Peninsula (AQAP) have stimulated closer cooperation between Oman and the United States specific to counterterrorism. We will continue to support and, where possible, expand upon these collaborative efforts.

Iraq, positioned between Iran and Saudi Arabia, remains at the geo-strategic center of the Middle East and the historically preeminent Shia-Sunni fault-line. Over the past year, the country's security situation has deteriorated significantly with violence reaching levels last seen at the height of the sectarian conflict (2006–2008). The principal cause of the growing instability has been the Shia-led government's lack of meaningful reform and inclusiveness of minority Sunnis and Kurds. The situation is further exacerbated by the active presence of al Qaeda (through the Islamic State of Iraq and the Levant) and the steady influx of jihadists coming into Iraq from Syria. This has come to a head most recently in key areas ofAnbar Province. In response to this immediate threat, CENTCOM, with Congressional support, was able to meet urgent materiel requirements through the PMS process (e.g., small arms, rockets, Hellfire missiles). Leveraging this opportunity, we continue to expand security cooperation activities aimed at strengthening our military-to-military ties. Examples include inviting the Iraqis to participate in regional exercises, such as Eager Lion, and facilitating support for Iraq from nations other than Iran, such as Turkey and Jordan. Now one of the world's largest producers of oil, Iraq has the potential to become a prosperous country and a leader and proactive enabler of regional stability. However, it will be unable to achieve its potential without first achieving a sustainable level of stability and security. This will require major internal political reform, and the sincere inclusion of the Sunnis and Kurds into the political process that will significantly curb violence across the country.

In Yemen, President Hadi worked faithfully through the political transition plan mandated by the 2011 GCC-brokered agreement. The successful conclusion of the National Dialogue was a major achievement. However, it represents one of many

steps required to establish a more representative government. While Hadi continues to exhibit sound leadership and a strong commitment to reform, he is facing an increasingly fragile security situation impacted by secessionists in the south, a growing AQAP threat and escalating violence between proxy-funded Houthis and Salafists. We are working closely with the Yemeni Ministry ofDefense to restructure the military and security apparatus to effectively deal with these national security threats. We will persist in our efforts to strengthen our relationship in the face of the very serious threat posed by terrorists groups operating out of ungoverned spaces. We also will continue to provide support to the national unity government and to the Yemeni Special Forces focused on reducing those opportunities that enable violent extremists groups to hold terrain, challenge the elected government and prepare to conduct operations elsewhere in the region and against the U.S. Homeland.

The Levant

Over the past 3 years, countries bordering Syria have absorbed more than 2 million refugees. This is causing considerable internal domestic problems. However, these partner nations continue to show tremendous compassion and resiliency in response to this devastating humanitarian crisis. We will keep doing all that we can to support them. Meanwhile, the expanding brutality, as illustrated by the Assad Regime's 21 August 2013 chemical weapons attack in the suburbs of Damascus, has drawn the focus and ire of the international community. Fracture of opposition forces and the increasing prominence of radical Islamist elements on the battlefield further adds to the tremendous complexity of the problem set in Syria. The direct involvement of Iran and LH fighters also is complicating and enflaming this expanding conflict. This growing crisis must be addressed and will require the efforts of regional partners and the international community, recognizing that, allowed to continue unabated, it will likely result in a region-wide conflict lasting a decade or more.

The Government of Lebanon's recent formation of a cabinet ended a 10-month political stalemate. While this positive development could lead to a better functioning government, violence is unlikely to subside until the Syria conflict is resolved. Currently, Lebanon is threatened by growing instability inside the country, as evidenced by increasing incidents of sectarian violence, including car bombs. This is due to a variety of contributing factors, including poor governance, Lebanese Hezbollah's involvement in the Syria conflict, which has resulted in a cycle of retaliatory violence, and the significant influx of Sunni refugees from Syria. This is negatively impacting the delicate sectarian balance in the country. The Lebanese Armed Forces (LAF), a multi-confessional and national security force, is striving to contain the spread of violence. However, its ability to do so is increasingly strained. We continue to work closely with our military counterparts in addressing their growing security demands. Our expanded support of the LAF, specifically through foreign military financing (FMF), the Global Security Contingency Fund and other train and equip funds, represents our best method for enhancing their capability and capacity to meet current and future security challenges.

Jordan remains one of our most reliable regional partners, as demonstrated by our formal defense agreement, their direct support to Afghanistan, participation in multilateral exercises and support for the Middle East Peace process. Jordan continues to struggle with growing instability, primarily stemming from the crisis in Syria. The influx of hundreds of thousands of Syrian refugees has placed a heavy burden on Jordan's Government and economy. There is also increasing concern regarding the growing threat to the region posed by violent extremists. As a consistent moderate voice, Jordan is an exemplar in the region. We will continue to work closely with Jordan to address our shared challenges. I have dedicated a forward presence, CENTCOM Forward-Jordan, to assist the Jordanian Armed Forces in their efforts. The U.S. goals are to help ease the burden on the Nation's economy and enhance its overall stability and security situation.

While Egypt is an anchor state in the Central Region, it has experienced a considerable amount of internal turmoil in recent months. The change in government in July 2013, was prompted by growing popular unrest with the Morsi government because it proved unwilling or unable to govern in a way that was fully inclusive. The interim government has made some strides towards a more democratic and inclusive government, primarily through the lifting of the state of emergency (14 November 2013) and the successful conduct of a public referendum on the constitution (14–15 January 2014). However, despite the progress made on the political roadmap, the interim Egyptian government has made decisions inconsistent with inclusive democracy—through restrictions on the press, demonstrations, civil society, and opposition parties. The interim government has yet to tackle the dire and pressing economic

problems that are greatly affecting the country and its people. Absent significant economic reforms or sustained levels of external financial support from the Gulf, Egypt's economy will continue to falter. As the political transition continues, Egypt is also facing heightened extremist attacks in the Sinai and the Nile Valley. The military and security services have heightened counterterrorism operations in the Sinai, but continue to struggle to contain this threat.

We maintain a historically strong military-to-military relationship with the Egyptian Armed Forces and will continue to work with them to advance our mutual security interests. Given the importance of Egypt's stability to overall security and stability in the region, we should continue to support the political transition and encourage pursuit of necessary economic reforms. CENTCOM will continue to work closely with the Egyptian military to improve its ability to secure Egypt's borders and to help it to counter the threat posed by extremists in the Sinai and the Nile Valley.

Central and South Asia

The Central and South Asia (CASA) states are in the midst of a crucial period as ISAF reduces its presence in Afghanistan and completes the shift from combat operations to the current train, advise and assist mission in support of Afghan security forces. There is growing uncertainty regarding long-term U.S. and NATO commitment to Afghanistan and the region post-2014. There is also concern with respect to Afghanistan's ability to preserve the gains achieved and to maintain long-lasting security and stability in the absence of U.S. and coalition forces. As a result, we are seeing a number of complex hedging activities by Afghanistan and neighboring states looking to protect their individual interests. This behavior highlights the importance of adjusting our strategy in the CASA region as we look to support our partners and also confront the significant threats of narcotics trafficking, proliferation of WMD and terrorism.

We continue to look for opportunities to mature military-to-military relationships among the Central Asian states, ideally helping them to move beyond rivalries and towards finding common ground for increased bilateral and multilateral cooperation.

Al Qaeda continues to operate in Pakistan's FATA and, to a lesser extent, areas of eastern Afghanistan. Continued pressure on Al Qaeda in Afghanistan and Pakistan also increases the chances that AQ will be displaced to less restrictive areas in the CASA region that would provide AQ and other violent extremists with safe havens from which to facilitate terror networks, plan attacks, pursue WMD, etc. Meanwhile, other regional actors, to include Russia, China, and Iran, are attempting to expand their spheres of influence in the CASA region for security and economic purposes. Longstanding tensions between Pakistan and India also threaten regional stability as both states have substantial military forces arrayed along their borders and the disputed Kashmir Line of Control.

In Pakistan, we face a confluence of persistent challenges that have long hindered the efforts of the Pakistan government to fight terrorism and our ability to provide needed assistance. Central to Pakistan's struggles is its poor economy and burgeoning "youth bulge." Given these conditions, radicalism is on the rise in settled areas and threatens increased militant activity and insurgency in parts of Pakistan where the sway of the state traditionally has been the strongest. At the same time, terrorist attacks and ethno-sectarian violence threaten the government's tenuous control over some areas. Further compounding these internal challenges is Pakistan's strained relationships with its neighbors.

The U.S.-Pakistan military-to-military relationship has improved over the past 2 years, reflecting increased cooperation in areas of mutual interest including the defeat of AQ, reconciliation in Afghanistan and support for Pakistan's fight against militant and terrorist groups. Greater security assistance, training, support and operational reimbursement through the Coalition Support Fund have enhanced Pakistan's ability to conduct counterinsurgency (COIN)/CT operations. In November 2013, we held the second strategic-level Defense Consultative Group meeting, focused primarily on implementing a framework for promoting peace and stability based on common COIN and CT interests. The Out-Year Security Assistance Roadmap will focus on enhancing Pakistan's precision strike, air mobility, survivability/counter-improvised explosive device capability, battlefield communications, night vision, border security and maritime security/counter-narcotics capabilities. Additionally, we are nesting these initiatives within our Military Consultative Committee, which finalizes our annual engagement plan and the CENTCOM exercise program. The end result will be a synchronization of activities aimed at helping Pakistan build capabilities in support of our common objectives across all security cooperation lines of effort. While we continue to strengthen our cooperation in areas of mutual

interest, we are engaging with Pakistan where our interests diverge, most notably with respect to the Haqqani Network which enjoys safe haven on Pakistan soil.

Our relationship with Uzbekistan is advancing in a deliberate, balanced way driven by shared regional security concerns. We have resumed Special Forces training and initiated a non-binding 5-year framework plan. Our bilateral training conducted in June 2013 focused on CT and CN and renewed collaboration in support of shared interests. The Uzbeks also continue to provide support for operations in Afghanistan, principally by allowing access to NDN routes. While the Uzbeks prefer to work bilaterally, we see significant potential in their expressed desire to contribute positively to regional stability. Our security cooperation programs are carefully managed so as not to upset the regional military balance.

Our relationship with Tajikistan continues to improve against the backdrop of significant security challenges. They are supporting operations in Afghanistan by allowing transit along the Kyrgyz Republic, Kazakhstan and Tajikistan route of the NDN. Additionally, they have shown their support for broader security initiatives, including CT, CN and border security. Tajikistan's lengthy border with Afghanistan and the associated access to ungoverned spaces presents difficulties for the country's security forces. Enhancing Tajikistan's ability to secure this border against narcotraffickers and VEOs is vital to ensuring internal and regional stability. Our modest investment of resources in support of their force modernization efforts is primarily focused on enhancing the country's capability to address security challenges while encouraging the continued professional development of its defense. This will contribute to the protection of our shared interests from the threat of VEOs.

We are redefining our relationship with the Kyrgyz Republic as we ascertain the full impact of the planned July 2014 closure of the Manas Transit Center and termination of our Framework Defense Cooperation Agreement. A new Framework Agreement will be necessary to maximize U.S.-Kyrgyz Republic security cooperation. Until such an agreement is reached, our security cooperation activities will likely decrease. While these challenges have limited our ability to further develop our military-to-military relationship, we continue to pursue all opportunities where our interests align, particularly in the areas of CT and border security.

Our relationship with Kazakhstan continues to mature and has great potential for expansion. In 2012, we signed a 5-Year Military Cooperation Plan (2013–2017) and a 3-Year Plan of Cooperation in support of Kazakhstan's Partnership for Peace Training Center. Kazakhstan's Ministry of Defense is transforming its forces from a traditional Soviet-style territorial defense role into a western-modeled expeditionary, professional and technologically advanced force capable of meeting threats in the post-2014 security environment. Kazakhstan is the most significant regional contributor to stability and security in Afghanistan. They have pledged grants to the ANSF fund after 2014, while also offering technical service support for ANSF equipment and providing educational opportunities in Kazakhstan for young Afghans. In August 2013, we conducted Steppe Eagle, an annual multinational peacekeeping exercise co-sponsored by the United States and Kazakhstan. This exercise facilitated the continued development of the Kazakhstan Peacekeeping Brigade. Once the brigade is operational, Kazakhstan intends to deploy subordinate units in support of U.N. peacekeeping operations as early as this year. Kazakhstan remains an enduring and reliable partner, well positioned to serve as bulwark for increased stability within the region.

Turkmenistan is a valued partner and enabler for regional stability. Of note is their support of Afghanistan where they are contributing through a series of bilateral development projects. They also permit DOD humanitarian assistance overflights. While the United States and Turkmenistan share numerous regional interests, their policy of positive neutrality governs the shape and pace of our security assistance relationship. Turkmenistan remains committed to self-imposed restrictions on military exchanges and cooperation with the United States and other nations in order to maintain its neutrality. Our security assistance relationship has seen modest growth as we help Turkmenistan to further develop its border security forces and the capabilities of the Turkmen Caspian Sea Fleet. However, we do not foresee any changes to their policy, so it is likely our interactions, though productive, will remain limited.

Central Asia's position, bordering Russia, China, Iran, and Afghanistan, assures its long-term importance to the United States. By improving upon our military-to-military relationships we will be better able to maintain access and influence, counter malign activity, protect lines of communication and deny VEOs access to ungoverned spaces and restrict their freedom of movement. Going forward, initiatives will be tailored to transform our current limited transactional-based relationships into more constructive cooperative exchanges based on . common interests and

focused on training and equipping them to conduct more effective CT, CP, and CN operations.

OUR STRATEGIC APPROACH

CENTCOM' s goal is to effect incremental, holistic improvements to Central Region security and stability, in part, by shaping the behaviors and perceptions that fuel regional volatility. The intent is to generate a cumulative impact that de-escalates conflicts, mitigates confrontations and sets conditions for durable peace, cooperation, and prosperity throughout the region. Our strategic approach is defined by the "Manage-Prevent-Shape" construct.

Our priority effort is to Manage operations, actions and activities in order to de-escalate violent conflict, contain its effects, maintain theater security and stability and protect U.S. interests and those of our partners. At the same time, we recognize that our charge is not simply to wage today's wars for a period. Rather, our goal is to achieve lasting and improved security and stability throughout the Middle East and Central and South Asia. We do so by managing the current conflicts, while also taking measures to Prevent other confrontations and situations from escalating and becoming conflicts. At the same time, we are pursuing opportunities and doing what we can to effectively Shape behaviors, perceptions and outcomes in different areas. These efforts cross the entire theater strategic framework (near-, mid-, long-term actions).

Our ability to effectively employ our Manage-Prevent-Shape strategic approach is largely dependent upon the capabilities and readiness of our forward deployed military forces, working in concert with other elements of U.S. power and influence. These elements include our diplomatic efforts, both multilateral and bilateral, and trade and energy. Equally important are our efforts aimed at building regional partners' capability and capacity and also strengthening our bilateral and multilateral relationships, principally through key leader engagements and training and joint exercise programs. The long-term security architecture of the Central Region demands that our partners be capable of conducting deterrence and defending themselves and our common security interests. This can only be accomplished if we maintain strong military-to-military relationships and build on existing security frameworks; recognizing that we cannot surge trust.

Leverage Partnerships

In an effort to counter the "underlying currents" that are the root cause of violence and instability in the Central Region, we must leverage the ability and willingness of key regional leaders to influence behaviors. By encouraging certain states to adopt more moderate positions, for example, while promoting the efforts and voices of others that are already considered moderate, we may be able to limit the impact of radical Islamists. Likewise, by limiting the availability of ungoverned spaces, we may diminish the reach and effectiveness of violent extremists operating in the region. We cannot force a universal change in behaviors. But, we can set the right conditions and promote the efforts of influential states and regional leaders who may, through their words and actions, achieve significant and lasting improvements.

Building Partner Capacity

Building partner capacity (BPC) is a preventative measure and force multiplier. Our goal is for our partners and allies to be stronger and more capable in dealing with common threats. Joint training exercises, key leader engagements and PMS and FMF financing programs all represent key pillars of our BPC strategy. When compared to periods of sustained conflict, it is a low-cost and high-return investment that contributes to improving stability throughout the Central Region while lessening the need for costly U.S. military intervention. Tangible by-products include increased access, influence, enhanced interoperability and improved security for forward-deployed forces, diplomatic sites and other U.S. interests. Working "by-with-and through" our regional partners, whenever possible, also serves to enhance the legitimacy and durability of our actions and presence and allows for increased burden sharing.

Training and Joint Exercise Programs

The CENTCOM Exercise Program continues to provide meaningful opportunities to assist with BPC, enhance unity of effort and shape occasions for key leader engagements throughout the AOR. During fiscal year 2013 and first quarter of fiscal year 2014, four of the five CENTCOM component commands developed or continued existing exercises covering the full spectrum of CENTCOM Theater Security Cooperation Objectives. This past year, CENTCOM executed 52 bilateral and multilat-

eral exercises. Our successful training efforts included the Eagle Resolve exercise, which was hosted by Qatar and included naval, land, and air components from 12 nations, as well as 2,000 U.S. servicemembers and 1,000 of their counterparts. Our Eager Lion 2013 exercise in Jordan involved 8,000 personnel from 19 nations, including 5,000 U.S. servicemembers. The International Mine Countermeasures Exercise 2013, conducted across 8,000 square nautical miles stretching from the North Arabian Gulf through the Strait of Hormuz to the Gulf of Oman, united some 40 nations, 6,500 servicemembers, and 35 ships in defense of the maritime commons.

In addition to military-to-military engagement, the exercise program achieved a number of objectives, including: demonstrating mutual commitment to regional security; combined command, control and communications interoperability; integrating staff planning and execution of joint combined operations; the development of coalition warfare; the refinement of complementary warfare capabilities; the enhancement of U.S. capability to support contingency operations; and the maintenance of U.S. presence and basing access and overflight in the region. Fiscal year 2014–2016 exercise focus areas will be: enhanced U.S./coalition interoperability; CT/critical infrastructure protection; integrated air and missile defense; counter WMD; and, maritime security, with an emphasis on mine countermeasures.

CRITICAL NEEDS AND CONCERNS

The realities of the current fiscal environment will have a lasting impact on CENTCOM headquarters (HQs), our 5 component commands and 18 country teams, and these realities must be confronted soberly, prudently and opportunistically. The cumulative effects of operating under successive continuing resolutions and budget uncertainty have created significant obstacles to both CENTCOM headquarters and the CENTCOM AOR in terms of planning and execution. Persistent fiscal uncertainty hinders efficient and timely implementation of operational, logistical, tactical and strategic milestones and objectives.

REQUIRED CAPABILITIES

For the foreseeable future, turbulence and uncertainty will define the Central Region, and vitally important U.S. national interests will be at stake. Therefore, it is necessary that CENTCOM be adequately resourced and supported with the authorities, equipment, capabilities and forces required to address existing challenges and to pursue opportunities. Among the specific capabilities required are:

Forces and Equipment

Forward-deployed rotational and permanently-assigned joint forces, fighter and lift assets, surveillance platforms, ballistic missile defense assets, naval vessels, ground forces, and cyber teams that are trained, equipped, mission-capable and ready to respond quickly are indispensable to protecting our vital interests and reassuring our partners in the region. It is likewise essential that we maintain the strategic flexibility required to effectively respond to contingencies.

Information Operations (IO)

Our adversaries continue their reliance on the information domain to recruit, fund, spread their ideology and control their operations. Our investments in IO thus far have made it CENTCOM's most cost-effective method and the top non-lethal tool for disrupting terrorist activities across the Central Region. Our military information support operations programs provide critical non-kinetic capabilities designed to conduct a range of activities. Our Regional Web Interaction Program, for example, provides non-lethal tools to disrupt ongoing terrorist recruitment and propaganda. The requirement to employ IO will persist beyond major combat and counter-insurgency operations. We will need to maintain the technological infrastructure, sustained baseline funding and continued investment to allow for further development of this valuable tool.

Ballistic Missile Defense (BMD)

The theater ballistic missile threat is increasing both quantitatively and qualitatively. The threat from short-, medium-, and intermediate-range ballistic missiles in regions where the United States deploys forces and maintains security relationships is growing at a rapid pace, with systems becoming more flexible, mobile, survivable, reliable, and accurate. This trajectory is likely to continue over the next decade. We must be ready and capable of defending against missile threats to United States forces, while also protecting our partners and allies and enabling them to defend themselves. Our capability and capacity would be further enhanced through the acquisition of additional interceptors and BMD systems. However, the global demand exceeds supply. Therefore, the United States should continue to pur-

sue investments in relocatable ground- and sea-based BMD assets balanced against U.S. Homeland defense needs.

Intelligence, Surveillance, Reconnaissance (ISR) Assets

We have enjoyed, for the most part, air supremacy for the last 12+ years while engaged in Operations Iraqi and Enduring Freedom. Now, we are out of Iraq and in the process of transitioning forces from Afghanistan. However, VEOs, principally Al Qaeda and other proxy actors continue to pose a significant and growing threat in the Central Region. Ascertaining the intentions and capabilities of these various elements is not an easy task. As airborne ISR and other collection assets diminish in the region, our knowledge will lessen even further. Now, more than ever, a persistent eye is needed to gain insight into threats and strategic risks to our national security interests. In many ways, collection in anti-access/area denial environments presents the toughest problem for the future. It simply cannot be overemphasized that human intelligence, satellite and airborne assets, and other special collection capabilities remain integral to our ability to effectively counter potential threats.

Combined military intelligence operations and sharing is a critical component of CENTCOM operations. Over the past decade, intelligence community sharing policies have enabled near-seamless operations with traditional foreign partners. Over the last year, we have seen an increase in military intelligence collaboration with regional allies who bring new and unique accesses and insights into the actions and plans of our adversaries. These increasingly important regional partnerships are possible because of the close working relationship CENTCOM's intelligence directorate maintains with the Office of the Director of National Intelligence. The progressive intelligence sharing authorities that we possess were provided by Director Clapper's team. I will continue to ask the intelligence community's senior leaders to emphasize the production of intelligence in a manner that affords CENTCOM an opportunity to responsibly share it in a time-sensitive environment with our most trusted partners in order to enable increased bilateral and multilateral planning and operations.

Appropriately Postured

We sincerely appreciate Congress' continued support for capabilities required to sustain future operations in the Central Region and to respond to emerging situations; these include: prepositioned stock and munitions; a streamlined overseas military construction process that supports our necessary posture and security cooperation objectives; continued contingency construction and unspecific minor military construction authorities; increased sea-basing capabilities; and airfield, base, and port repair capabilities needed to rapidly recover forward infrastructure in a conflict. These capabilities enable our effective and timely response to the most likely and most dangerous scenarios in the Central Region. They also support our efforts to shape positive outcomes for the future.

Cyber Security

In the coming month and years, CENTCOM will need to be able to aggressively improve our cyber security posture in response to advanced persistent threats to our networks and critical information. As the cyber community matures, we will plan, coordinate, integrate and conduct network operations and defensive activities in cooperation with other U.S. Government agencies and partner nations. Key requirements, resourcing and training and awareness for adequate cyber security remain at the forefront of CENTCOM's cyber campaign. This campaign entails a multi-disciplined security approach to address a diverse and changing threat, adequate resourcing at appropriate operational levels to enable the rapid implementation of orders and a command and control framework that aligns with the operational chain of command.

DOD requires redundant and resilient communications in this AOR. We ask for your continued support in sustaining the investments we have made to make our information technology and communications infrastructure resilient, as these programs are currently 97 percent Overseas Contingency Operations (OCO) funded. In addition, we are assisting our regional partners in building their capacity and expertise in the cyber domain as we are heavily reliant on host nation communications infrastructure across the Central Region. With Congress' backing, we will continue to focus on cyber security cooperation as a key part of our theater strategy.

Enduring Coalition Presence at CENTCOM headquarters

We enjoy a robust coalition presence at CENTCOM headquarters that currently includes 55 nations from 5 continents. These foreign officers serve as senior national representatives, providing CENTCOM with a vital and expedient link to our operational and strategic partners. Their presence and active participation in the com-

mand's day-to-day activities assists the commander and key staff in retaining military-to-military relations with representatives of a country's chief of defense. Coalition presence also enables bilateral and multilateral information sharing, while maintaining a capability to rapidly develop plans to support military and humanitarian operations. It is a capability that we should retain, though I am currently looking to reshape and refocus the coalition as an enduring entity, post-2014. While their continued presence will require an extension of current authorities and funding, it represents a strong investment that aligns with and directly supports CENTCOM' s mission in what is a strategically critical and dynamic area of responsibility.

REQUIRED AUTHORITIES AND RESOURCES

We appreciate Congress' continued support for the following key authorities and appropriations. They remain critical to our partnerships, access, interoperability, responsiveness and flexibility in the dynamic CENTCOM area of responsibility.

Building Partner Capacity

Continued support for flexible authorities is needed to effectively react to urgent and emergent threats. Global Train and Equip and Global Security Contingency Fund authorities demonstrate the ability of DOD and the Department of State to work together to effectively build partner capacity. The NDAA for Fiscal Year 2014 extends authority for DOD to loan specific equipment to partners through Acquisition and Cross-Servicing Agreements (ACSA) through December 2014. We strongly endorse and support making this authority permanent and global as an integral part of all ACSAs since it facilitates greater integration of coalition forces into regional contingencies and enhances security cooperation. Finally, continued support for our exercise and engagement efforts is necessary to maintain and enhance partnerships that are critical to ensuring and defending regional stability, which supports our national military and theater campaign strategies within the CENTCOM AOR.

Foreign Military Financing and Sales (FMF and FMS)

Our need for continued congressional funding of FMF programs that support CENTCOM security cooperation objectives cannot be overstated. We appreciate congressional support for interagency initiatives to streamline the PMS and FMF process to ensure that we remain the partner of choice for our allies in the region and are able to capitalize on emerging opportunities.

Coalition Support (CF)

Authorities, such as Global Lift and Sustain, are critical to our ability to provide our partners with logistical, military, and other support, along with specialized training and equipment. Continuing to provide this support is vital to building and maintaining a coalition, which in turn reduces the burden on U.S. forces and increases interoperability.

DOD Counter-Drug and Counter-Narcotics Authorities

CENTCOM uses existing worldwide DOD Counter-Drug (CD) authorities to provide support for Afghanistan security force development of U.S. Government agency law enforcement. These authorities provide wide latitude to support our law enforcement agencies in building reliable CD security partners. Funding under these authorities represents one of the largest sources of security assistance for Central Asia, and it provides leverage for access, builds security infrastructure, promotes rule of law, and reduces funding for violent extremists and insurgents in the Central Region. The majority of CENTCOM's CD funding is through OCO appropriations; however, the program must endure in order to sustain these cooperative law enforcement activities in Afghanistan and Central Asia. Finally, to maintain the additional gains we have made in disrupting the flow of VEOs and illicit narcotics trafficking, we must maintain our counter-narcotics programs in the Central Asian states.

Resourcing Afghanistan Transition

In addition to the efforts referenced above, several key authorities and appropriations are essential to maintaining our momentum in the Afghanistan transition and will remain critical in the future environment as we shape the region to prevent crises; these include:

The Afghanistan Security Forces Fund (ASFF) is the cornerstone of our strategy and essential to ensuring the ANSF are capable of providing for the security and stability of their country after the conclusion ofOperation Enduring Freedom. It is from the authorities and funding ofASFF that we provide assistance to the ANSF

through the procurement of equipment and supplies, services, specialized training, and facility and infrastructure support, as well as salaries for the 352,000 members of the ANSF and 30,000 Afghan local police. Continued sustainment of the ANSF will prove the key component of the post-2014 train and advise mission in Afghanistan.

We will also need to honor our commitments to the Afghan people and complete the critical infrastructure projects we began under the Afghan Infrastructure Fund (AIF), as part of the Afghan counterinsurgency campaign. These projects focus on power, water and transportation as we transition out ofAfghanistan and set the conditions for a long-term security relationship. Many key AIF projects will reach completion post-2014.

Commander's Emergency Response Program (CERP) funds enable commanders on the ground to provide urgent humanitarian relief and reconstruction to maintain security and promote stability during transition. We need this funding to continue, albeit at a much reduced level, as long as U.S. forces are on the ground in Afghanistan to ensure our commanders have the full spectrum of capabilities at their disposal.

Overseas Contingency Operations (OCO)-funded Accounts. For over a decade, the full range of military operations in the Central Region has been funded through contingency appropriations. By nature, OCO funding is temporary. However, many of our missions in the region will endure despite their initial ties to Operations Iraqi Freedom, New Dawn, and Enduring Freedom. To do so we will need to develop an enduring approach to resourcing the defense strategy in the CENTCOM AOR.

THE U.S. CENTRAL COMMAND TEAM

Over the course of my 38-year military career, one truth has held constant: provided the right resources and equipment, people can and will successfully accomplish any mission given to them. During three deployments to Iraq and one to the most incredible and selfless things in support of operations and one another. They continue to humble and inspire me each and every day.

At CENTCOM, people absolutely are our most important assets. The soldiers, sailors, airmen, marines, coastguardsmen, and civilians, and their families who make up our world-class team are doing an outstanding job, day-in and day-out, selflessly serving and sacrificing in support of the mission at our headquarters in Tampa and in forward locations throughout the Central Region. We absolutely could not do what we do without them, and they will maintain our strong and unwavering support. In addition to making sure that they have the necessary resources, equipment, and authorities, we remain 100 percent committed to doing everything we can to take care them, both on-and off-duty.

Suicide Prevention

Suicide Prevention remains a top priority across all levels of leadership at CENTCOM HQs and throughout the CENTCOM AOR, to include among the ranks of our deployed servicemembers. We are fully committed to ensuring access to the full range of available resiliency building and suicide prevention assets and resources. We continue to partner with our Service force providers to educate leaders and servicemembers, both at home and abroad, on behavioral health issues, available resources and ongoing efforts to decrease the stigma often associated with seeking and receiving treatment. All efforts retain the singular focus that the loss of even a single servicemember from suicide is one too many.

Sexual Assault Prevention and Response

Over the past year, the Sexual Assault Prevention and Response program has taken center stage in our endeavor to provide an environment free from sexual assault and discrimination. Ongoing efforts throughout CENTCOM focus on increased training and awareness in coordination with victim advocates and victim assistance, and we will continue to actively pursue, investigate and prosecute sexual assaults as warranted. In the unfortunate event that a sexual assault occurs, the victim's physical and emotional needs are immediately addressed, whether or not he or she opts for restricted or unrestricted reporting of the assault. The military cannot afford such attacks from within and you can be assured that this is and will remain a top priority for all personnel assigned to or associated with this command.

CONCLUSION

The year ahead is certain to be a decisive one throughout the Middle East and Central and South Asia. The region is more dynamic and volatile than at any other time. What will unfold will inevitably impact the global economy, as well as the security of U.S. vital interests and those of our partner nations. Therefore, it is imper-

ative that we continue to do all that we can to help keep things in CENTCOM's AOR as stable and secure as possible. To this end, in the coming year, we will pursue stronger relationships with and among our partners and allies. We will view the various challenges in the region through a lens that takes into account the "underlying currents" at play. We will manage existing conflicts, while helping to prevent confrontations and situations from becoming new conflicts. At the same time, we will vigorously pursue opportunities, recognizing that it is through them that we will shape positive outcomes and achieve improved security, stability and prosperity in the region and beyond. We also will actively support the efforts of our colleagues in other U.S. Government departments and agencies; realizing that, while we may employ different methods, we are in pursuit of many of the same goals and objectives.

The tasks ahead will prove extremely challenging, yet they are absolutely worthy of our collective efforts and sacrifices. Given the enormity of the stakes, we must—and we will—work together to enable a Central Region where improved security leads to greater stability and prosperity for all people, throughout this strategically important part of the world and around the globe, including here at home.

CENTCOM: Ready, Engaged, Vigilant!

Chairman LEVIN. Thank you very much, General Austin.

General Rodriguez.

STATEMENT OF GEN DAVID M. RODRIGUEZ, USA, COMMANDER, U.S. AFRICA COMMAND

General RODRIGUEZ. Chairman Levin, Ranking Member Inhofe, distinguished members of the committee, thank you for the opportunity to update you on the efforts of AFRICOM.

I am honored to be testifying with my good friend and fellow soldier, General Austin, today; and, in light of the growing connections between our AOR, I think it is fitting that we are appearing before this committee together.

AFRICOM is adapting our strategy and approach to address growing opportunities and threats to U.S. national interests in Africa. In the near term, we are working with multinational and interagency partners to address the immediate challenges of violent extremism and regional instability, including threats to U.S. personnel and facilities.

In the past year, we have seen progress in regional and multinational cooperation in counterterrorism, peacekeeping, maritime security, and countering the LRA. The activities of the African Union mission in Somalia, French, African Union, and United Nations activities in Mali, and the African Union's Regional Task Force Against the LRA, are examples of this progress.

Despite this progress, al-Shabaab remains a persistent threat in East Africa and is conducting more lethal and complex attacks, as demonstrated by the Westgate Mall attacks in Nairobi last September and an attack on the Somali presidential palace last month.

Terrorist groups in North and West Africa are more actively sharing resources and planning attacks; and, while piracy rates are stable after a steep decline in East Africa, they remain at concerning rates in West Africa in the Gulf of Guinea.

Our tailored contributions to building capacity and enabling partners are critical to mitigating immediate threats in countries like Somalia and Mali. By supporting the gradual development of effective and democratic African security institutions and professional forces that respect civilian authority, our shaping activities also reduce the likelihood of U.S. involvement in future interventions in Africa.

Our expanding security challenges in Africa and their associated opportunity costs make it vitally important that we align resources with priorities across the globe, strengthen and leverage partnerships, and increase our operational flexibility. Sharpening our prioritization and deepening partnerships will help to mitigate risks and increase our effectiveness in the dynamic security environment we face.

Now, our Nation is going to face tough decisions about risks and tradeoffs in the future, and AFRICOM will continue to work collaboratively with other combatant commands and the joint staff to provide our best military advice to inform decisions about managing risk in our AOR and beyond.

I thank this committee for your continued support to our mission and the men and women of AFRICOM. I am also grateful for your support to their families, whose quiet service and sacrifice enable their loved ones to work hard every day to make a difference for our Nation.

Thank you, and I am prepared to take your questions.

[The prepared statement of General Rodriguez follows:]

PREPARED STATEMENT BY GEN DAVID M. RODRIGUEZ, USA

INTRODUCTION

U.S. Africa Command is adapting our strategy and approach to address increasing U.S. national interests, transnational security threats, and crises in Africa. The African continent presents significant opportunities and challenges, including those associated with military-to-military relationships. Regional instability and growth in the al Qaeda network, combined with expanded responsibilities for protecting U.S. personnel and facilities, have increased our operational requirements. While our activities can mitigate immediate security threats and crises, reducing threats to the United States and the costs associated with intervention in Africa will ultimately hinge on the long-term development of effective and democratic partner nation security institutions and professional forces that respect civilian authority. The development of democratic security institutions and professional forces will be most effective if undertaken in the broader context of civilian-led efforts to strengthen governance and the rule of law. Together, these efforts will support enduring U.S. economic and security interests.

In the near term, we are working with African defense leaders, multinational organizations, European allies and interagency partners to address the immediate threats of violent extremism and regional instability. African partners are increasingly leading regional security efforts, and we are making significant progress in expanding collaboration and information-sharing with African and European partners as we help to build capacity and enable partner activities. We are working closely with other combatant commands and U.S. Government agencies to increase our operational flexibility.

The opportunity costs associated with addressing immediate threats and crises have made it more challenging to pursue our broader objective of expanding the positive influence of effective and professional African security forces. We accomplish this primarily through military-to-military engagement with countries that have the greatest potential to be regional leaders and influencers in the future. This includes countries already on positive long-term trajectories, as well as those that face a long road ahead in building trusted security institutions that enable responsive governance and economic progress. Strengthening relationships with current and potential regional powers is key to shaping the future security environment to advance our enduring national interests of security, prosperity, values, and promoting international order.

Our expanding operational requirements and their associated opportunity costs make it vitally important that we align resources with priorities across the globe, strengthen and leverage partnerships, and further enhance our operational flexibility. In fiscal year 2013, we conducted 55 operations, 10 exercises, and 481 security cooperation activities, making Africa Command an extremely active geographic command. We are pleased with what we have been able to accomplish with modest responses tailored to support local requirements, despite being one of the smallest

combatant commands. Modest investments, in the right places, go a long way in Africa.

STRATEGIC ENVIRONMENT

Africa is on the rise and will be increasingly important to the United States in the future. With 6 of the world's 10 fastest growing economies, a population of 1 billion that will double by 2050, and the largest regional voting bloc in multilateral organizations, Africa's global influence and importance to the national interests of the United States and our allies are significant—and growing. Perceptions of the United States are generally positive across the African continent, providing natural connections on which to build and pursue shared interests.

In spite of many upward trends, Africa's security environment remains dynamic and uncertain. While the continent's expanding political, economic, and social integration are positive developments as a whole, they are also contributing to Africa's increasing role in multiple transnational threat networks, including the global al Qaeda network and drug trafficking networks reaching into the Americas, Europe, the Middle East and South Asia. Countering the growing activity of the al Qaeda network in Africa and addressing instability in key nations are our primary near-term challenges. The collective aftermath of revolutions in Libya, Tunisia, and Egypt, including uncertain political transitions, spillover effects, and exploitation by violent extremist organizations of under-governed spaces and porous borders, are key sources of instability that require us to remain vigilant in the near term. In the long term, our military-to-military engagement can help to reinforce and shape relations with those countries that have the greatest potential to positively influence security on the African continent, now and in the future.

Growth of the al Qaeda Network in Africa

Instability in North and West Africa has created opportunities for extremist groups to utilize uncontrolled territory to destabilize new governments. The network of al Qaeda and its affiliates and adherents continues to exploit Africa's under-governed regions and porous borders for training and movement of fighters, resources, and skills. Like-minded extremists with allegiances to multiple groups increasingly collaborate in recruitment, training, operations, and financing across Africa and beyond. Terrorists are learning their trade abroad, returning to their countries with hard-earned skills that increase their lethality. North Africa is a significant source of foreign fighters in the current conflict in Syria. Syria has become a significant location for al Qaeda-aligned groups to recruit, train, and equip extremists, who may also present threats when they return home. The increasingly syndicated and active violent extremist network in Africa is also linked to core al Qaeda, which is on a downward trajectory, and al Qaeda in the Arabian Peninsula, which is resurging and remains intent on targeting the United States and U.S. interests overseas. Multinational efforts are disrupting terrorist training, operations, and the movement of weapons, money, and fighters, but the growth and activity of the violent extremist network across the African continent continue to outpace these efforts. Additional pressure in east Africa and the Sahel and Maghreb regions, including efforts to counter violent extremist ideology and promote improved governance, justice, and the rule of law, are required to reduce the network.

Regional Instability

Current conflicts across the African continent vary widely in character, but share a few basic traits: complexity, asymmetry, and unpredictability. The internal instability associated with weak states can trigger external consequences that draw responses from the United States, African partners, and the broader international community. Weak governance, corruption, and political instability are often mutually reinforcing. Food insecurity and access to natural resources, including water, can exacerbate state weakness, drive human migration, and heighten social disruptions and regional tensions. The cumulative effects of instability in Africa draw considerable resources from countries and regional organizations on the continent, as well as the broader international community; nearly 80 percent of United Nations peacekeeping personnel worldwide are deployed in missions in Africa. In some countries, the failure of governments to deliver basic services to the people and enforce the rule of law has fueled distrust and fear in the government and security forces. Where a country lacks good leadership, external actors have only a modest capacity to positively influence the country's future. Where there is leadership that has the best interests of the country at heart, the United States and other partners can apply judicious measures to help the country move forward.

Regional and Global Integration

Political shocks and post-revolutionary transitions in North Africa continue to reverberate throughout the greater Mediterranean Basin and, by extension, the Middle East, Europe, and Sub-Saharan Africa. Africa is increasingly important to our European allies, who are directly affected by the rising economic and political influence of some African countries, as well as the symptoms of instability emanating from other countries. Many European allies view Africa as the source of their greatest external security threats, including terrorism, illegal migration, human smuggling and trafficking, and drug and arms trafficking. Our support to allies in addressing mutual security challenges in Africa may influence their willingness and ability to help shoulder the burden in future conflicts in other areas of the world. The African continent's energy and strategic mineral Reserves are also of growing significance to China, India, and other countries in the broader Indian Ocean Basin. Africa's increasing importance to allies and emerging powers, including China, India, and Brazil, provides opportunities to reinforce U.S. security objectives in other regions through our engagement on the continent. While most African countries prefer to partner with the United States across all sectors, many will partner with any country that can increase their security and prosperity. We should be deliberate in determining where we leave gaps others may fill.

MISSION

Africa Command, in concert with interagency and international partners, builds defense capabilities, responds to crisis, and deters and defeats transnational threats in order to advance U.S. national interests and promote regional security, stability, and prosperity.

APPROACH

We believe efforts to meet security challenges in Africa are best led and conducted by African partners. We work with partners to ensure our military efforts support and complement comprehensive solutions to security challenges that leverage all elements of national and international power, including civilian efforts to gradually strengthen governance, justice and the rule of law.

We work closely with African and European partners to shape the security environment, share information, address immediate mutual threats, and respond to crisis. We coordinate with U.S. Government agencies and U.S. Embassies to ensure our activities support U.S. policy goals and the efforts of U.S. Ambassadors. We also work closely with other combatant commands, especially European Command, Central Command, Special Operations Command, and Transportation Command, to mitigate risk collaboratively, including through force-sharing agreements; by sharing intelligence, surveillance, and reconnaissance assets; and by posturing forces to respond to crisis. The trust and teamwork between multinational and interagency partners is vital to the success of collective action.

Military activities are executed by Defense Attache Offices, Offices of Security Cooperation, and six subordinate headquarters, some of which are shared with U.S. European Command: U.S. Army Africa and Southern European Task Force, U.S. Naval Forces Europe and Africa, U.S. Marine Forces Europe and Africa, U.S. Air Forces in Europe and Air Forces Africa, U.S. Special Operations Command Africa, and Combined Joint Task Force-Horn of Africa.

Africa Command's activities support partner efforts in six functional areas: countering violent extremist organizations and the networks that support them; building defense institutions and forces; strengthening maritime security; supporting peace support operations; supporting humanitarian and disaster response; and countering illicit flows of drugs, weapons, money, and people. The command assists in the development of defense institutions and forces as part of a broader U.S. Government effort. Our contributions also support the development of the African continental and regional security architecture. The capacities we help to build can strengthen the ability of our partners to combat wildlife poaching and illegal, unreported, and unregulated fishing. Our long-term advisory relationships with militaries in fragile states help build and support local capacities as our partners make gradual progress toward stability, in their own ways and at a pace they can sustain.

Africa Command's primary tools for implementing our strategy are military-to-military engagements, programs, exercises, and operations, which are supported by our strategic posture and presence on the continent.

- Our engagements support bilateral relationships managed by U.S. Ambassadors and play a critical role in strengthening military-to-military relations in a region where we have little forward presence.

- Our programs and combined exercises strengthen defense institutions and the effectiveness of U.S. and partner forces. They also build trust and confidence, enhance interoperability, and promote adherence to the rule of law and respect for human rights. When planned appropriately, combined training and exercises can also help to preserve and enhance the readiness of U.S. and partner forces.
- Our operations are closely coordinated with regional and interagency partners and other combatant commands. When possible, our operations are planned and executed with the military forces of local partners, with the United States in a supporting role. In certain cases, our tailored advise, assist, and accompany teams help to enhance the effectiveness of partner operations, with lower risk to U.S. forces.
- Our strategic posture and presence are premised on the concept of a tailored, flexible, light footprint that leverages and supports the posture and presence of partners and is supported by expeditionary infrastructure. Our single enduring presence in the region is at Camp Lemonnier in Djibouti, which provides a critical platform for our activities, as well as those of Central Command, Special Operations Command, and Transportation Command. The operational challenges of conducting our activities across Africa, and their associated risks, are significant. Our limited and highly dispersed presence on the continent makes intelligence, surveillance and reconnaissance; mobility; medical support; and personnel recovery capabilities especially important to our mission, and I expect these requirements to grow in the future. As we look to future requirements, diversifying our posture to include a maritime capability would increase operational flexibility in support of crisis response and other high-priority missions.

To address future requirements and mitigate risk to our national interests in Africa, we are pursuing the following actions, which focus on increasing collaboration with partners, enhancing operational flexibility, and closing key gaps:

- Strengthening strategic relationships and the capabilities and capacities of partners, including by investing in developing defense institutions and providing robust training and education opportunities.
- Expanding communication, collaboration, and interoperability with multinational and interagency partners, to enable increased alignment of strategies and resources and avoid inefficiencies.
- Adapting our posture and presence for the future to reduce risk to mission and personnel, increase freedom of movement, expand strategic reach, and improve our ability to respond rapidly to crisis. Leveraging and supporting the posture and presence of partners are critical elements of our approach.
- Working with the intelligence community to improve our ability to share information rapidly with multinational and interagency partners, with the goal of making this the norm, rather than the exception.
- Leveraging combined training and exercises to strengthen interoperability and maintain readiness of U.S. and partner forces.
- Utilizing flexible, tailorable capabilities, including the Army's Regionally Aligned Force; the Marine Corps' Special Purpose Marine Air Ground Task Force; and Special Operations Forces and General Purpose Forces advise and assist teams embedded in institutional, strategic, operational, and tactical headquarters to strengthen partner capability and support regional, African Union, and United Nations peace operations.
- Increasing operational flexibility by developing additional force-sharing agreements with other combatant commands and working with U.S. Embassies to seek diplomatic agreements to facilitate access and overflight.
- Working with the Joint Staff and Office of the Secretary of Defense to pursue the increased assignment and or allocation of forces by properly registering the demand signal for critical capabilities.
- Working with the Joint Staff and Office of the Secretary of Defense to address gaps in key enablers, including mobility and intelligence, surveillance, and reconnaissance, to support partnered and unilateral operations.
- Leveraging strategic communications and military information support operations as non-lethal tools for disrupting the spread of violent extremist ideology, recruitment, and messaging.

IMMEDIATE PRIORITIES

Countering Violent Extremism and Enhancing Stability in East Africa

Al Qaeda affiliate al-Shabaab remains a persistent threat in Somalia and East Africa. African Union Mission in Somalia (AMISOM) and Somali forces have been challenged in regaining the momentum against al-Shabaab, which responded to losses of territory by conducting asymmetric attacks in Somalia and Kenya.

AMISOM's recent increase in force strength and the integration of Ethiopia, which played a major role in multinational security efforts in Somalia last year, are positive developments that will help AMISOM and Somali forces to more effectively counter al-Shabaab, particularly if the international community is able to source key enablers.

U.S. and partner efforts in Somalia focus on strengthening the ability of AMISOM and Somali forces to disrupt and contain al-Shabaab and expand state-controlled areas to allow for the continued development of the Federal Government of Somalia. The international community is also supporting the development of security institutions and forces in Somalia, to set the conditions for the future transfer of security responsibilities from AMISOM to the Somali National Army and Police.

U.S. support to preparing AMISOM troop contributing countries for deployment to Somalia has enhanced partner capacities in peacekeeping and counterterrorism operations. The United States continues to support AMISOM troop contributing countries in preparing for deployment, primarily through contracted training funded by the Department of State and increasingly supported by military mentors and trainers. Our military efforts have expanded in the past year to include planning and coordination with AMISOM and multinational partners, primarily through a small U.S. military coordination cell in Somalia, which is also conducting assessments to inform future security cooperation proposals. Precise partnered and unilateral operations continue to play limited but important roles in weakening al-Shabaab, and the support and collaboration of Central Command and Special Operations Command, including through force-sharing arrangements, have been critical to the effectiveness of operations in Somalia.

In waters off Somalia, piracy rates remain stable following recent steep declines. Piracy and armed robbery at sea in the western Indian Ocean and Gulf of Aden have decreased significantly since 2011, reflecting the combined effects of multinational military operations, the capture and prosecution of many suspected pirates, and improved industry security measures, including the use of armed guards. In 2013, 0 ships were hijacked in 9 attempted attacks in the region, compared to 27 hijackings in 166 reported attempts in 2011. Success in counter-piracy efforts in the western Indian Ocean, another area of strong collaboration with Central Command, may offer useful lessons for the Gulf of Guinea, where maritime crime rates remain at concerning levels.

We will continue working with multinational and interagency partners, as well as other combatant commands, to support efforts to reduce the threat posed by al-Shabaab in Somalia and maintain improvements in maritime security in the western Indian Ocean. We will also look for opportunities to support the development of Somali defense institutions and forces.

Countering Violent Extremism and Enhancing Stability in North and West Africa

In North and West Africa, we have made some progress in forging regional and multinational cooperation to combat the spillover effects from revolutions in Libya, Tunisia and Egypt. These revolutions, coupled with the fragility of neighboring states, continue to destabilize the region. The spillover effects of revolutions include the return of fighters and flow of weapons from Libya to neighboring countries following the fall of the Qadhafi regime, and the export of foreign fighters from North Africa to the Syrian conflict. Terrorist groups in North and West Africa have expanded their operations, increasing threats to U.S. interests. al Qaeda affiliates and adherents, and other terrorist groups, have formed a dispersed network that disregards borders and uses historic trading routes to exploit vast areas of weak government control. al Qaeda affiliates and adherents operating in North and West Africa include al Qaeda in the Islamic Maghreb (AQIM), Ansar al-Shari'a in Benghazi, Ansar al-Shari'a in Darnah, Ansar al-Shari'a in Tunisia, and Moktar Belmoktar's al-Mulathameem Brigade, which has morphed into al-Murabitun.

Among the countries in the region that have recently experienced revolutions, Tunisia appears best poised to succeed in its transition to a new government, and its military has been a stabilizing factor through the transition. In Libya, the security situation is volatile and tenuous, especially in the eastern and south-western parts of the country. Militia groups control significant areas of territory and continue to exert pressure on the Libyan government, which is challenged to provide basic secu-

rity and services. We are supporting Libyan efforts to improve internal security by participating in a multinational effort to support modest defense institution building and the development of security forces, to include General Purpose and Special Operations Forces. We are currently in the planning stages and expect to begin program implementation later this year.

In many places in the region, U.S. assistance is having positive effects on strengthening the counterterrorism and border security capacities of regional partners and maintaining pressure on terrorist organizations. In Mali, French and African forces reduced the territory controlled by AQIM and other terrorist groups last year and provided space for democratic progress, including elections. Thirty-five countries, including 16 African countries, have pledged troops to the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). U.S. support has enabled MINUSMA and French operations to secure key cities and disrupt terrorist organizations. The Department of State has led U.S. efforts to support the preparation of African troop contributing countries for MINUSMA deployment with non-lethal equipment and pre-deployment training supported by U.S. military mentors and trainers. U.S. forces are also advising and assisting MINUSMA forces. Mali faces a key security transition this year as French forces reduce in the country and Malian and MINUSMA forces assume greater security responsibilities.

In addition to supporting partner efforts to stabilize Mali, our programs and exercises are helping our regional partners disrupt and contain the threat posed by Boko Haram. Boko Haram continues to attack civilian and government facilities in northern Nigeria and has extended its reach into parts of Cameroon, Niger, and Chad. Nigeria has relied on a primarily military approach to counter Boko Haram; we are working with Nigeria and drawing on lessons from U.S. experience in counter-insurgency efforts to support efforts to develop a more comprehensive approach that respects universal human rights and ensures perpetrators of violence are brought to justice.

We are actively increasing regional cooperation with African and European partners, including in information-sharing and combined training, exercises, and operations. Our cooperation builds security capacity and can help to reinforce our partners' willingness to advance our shared interests. Our enabling support to French operations in Mali is advancing collective security interests while also reinforcing this critical trans-Atlantic security relationship. In addition to participating in the strong and growing multinational cooperation across North and West Africa, we continue to work with the Department of State and the U.S. Agency for International Development through the Trans-Sahara Counterterrorism Partnership to build longer-term, comprehensive regional counterterrorism capacity.

Enhancing regional approaches will be essential to effectively addressing the root causes of instability and countering the growth and freedom of movement and action of terrorist elements across the network. As part of this, deepening our cooperation with African and European partners will enhance our mutual ability to leverage combined posture and presence to address immediate threats in the region. As we work with partners to support the development of democratic security institutions and professional forces, parallel progress in civilian-led efforts to strengthen governance, the criminal justice sector, and the rule of law will be critical to sustainable progress. We are grateful for Congress' continuing support for the foreign operations appropriations that make these latter efforts possible, and enable a "whole-of-government" approach in this critical region.

Protecting U.S. Personnel and Facilities

While we have the responsibility to help protect all U.S. personnel and facilities on the African continent, our activities this past year focused heavily on supporting the Department of State in strengthening the security of high threat, high risk diplomatic missions in 15 locations across North, East, West, and Central Africa. The sheer size of Africa and the continent's limited infrastructure constrain the rapid deployment of crisis response forces to many of these locations, posing significant risks to mission and personnel.

Our current response forces consist of Army Regionally Aligned Force and Marine Corps Special Purpose Marine Air Ground Task Force elements, a Fleet Anti-Terrorism Support Team, and a Commander's In-extremis Force. The majority of our response forces are based in Europe, with the exception of the Regionally Aligned Force element known as the East Africa Response Force, which is based at Camp Lemonnier, Djibouti.

Recent operations to support the Department of State in securing U.S. personnel and facilities in South Sudan tested our crisis response capabilities. As the situation in South Sudan unfolded, indications and warnings provided by intelligence, surveillance, and reconnaissance proved vital to understanding the situation and informing

the timely repositioning of assets. The East Africa Response Force provided security augmentation to the U.S. Embassy, and the Central Command Crisis Response Element and the Special Purpose Marine Air Ground Task Force-Crisis Response assisted in evacuation operations. This was a strong joint and interagency effort that included robust support from the Army, Navy, Air Force, Marines, and Special Operations Forces, as well as other combatant commands and the U.S. Intelligence Community. Our ability to deploy forces rapidly reflected the unique circumstances of the situation, including sufficient advance warning to allow the prepositioning of response forces near South Sudan, and was not representative of the speed with which we would typically be able to respond to requests from the Department of State to secure U.S. personnel or facilities throughout the continent.

We are working with the Department of State to refine crisis indicators, work toward a common understanding of decision points and authorities for evacuation operations, and identify options to improve response times. Developing additional expeditionary infrastructure to enable the rotational presence of response forces at locations where we currently have limited or no presence would increase our ability to reduce response times, given sufficient advance warning of crisis.

Enhancing Stability in the Gulf of Guinea

Despite modest increases in regional capabilities and cooperation in the past year, maritime criminal activities in the Gulf of Guinea remain at concerning levels. Maritime insecurity in the Gulf of Guinea continues to negatively affect commerce, fisheries, the marine environment, food security, oil distribution, and regional economic development.

Several West African littoral countries, including Nigeria and Senegal, are addressing maritime threats actively and encouraging greater regional cooperation. The Economic Community of Central African States and the Economic Community of West African States are also promoting regional cooperation to address maritime crime, including by establishing combined patrols. Regional cooperation and interoperability are essential, given the threat and the small size of naval forces relative to the area of waters to be patrolled.

Africa Command will continue to work with Gulf of Guinea partners to build capacity and conduct combined operations through initiatives like the Africa Partnership Station, the African Law Enforcement Partnership, and counter-narcotics programs. Our maritime security exercises facilitate regional maritime cooperation and interoperability. These efforts support and complement civilian initiatives that address the root causes of maritime crime by strengthening governance and criminal justice systems and promoting economic development.

The political will of African Governments and the development of comprehensive approaches to maritime security that emphasize civilian security and law enforcement elements will be critical to improving regional maritime security.

Countering the Lord's Resistance Army

The Lord's Resistance Army (LRA) is one of several persistent destabilizing influences in central Africa and has created significant humanitarian challenges. The African Union Regional Task Force against the LRA, led by Uganda and with advice and assistance from the United States, is reducing the threat posed by the LRA to populations in central Africa. In the last 6 months alone, U.S. forces provided enabling support to 33 partner operations that disrupted LRA activities and significantly increased pressure on the LRA. Military operations, combined with robust efforts by civilian agencies and non-governmental organizations, have resulted in increased defections, the capture of key LRA leaders, and decreased threats to civilian populations. Additional enablers would allow our partners to respond more rapidly to actionable intelligence and improve the effectiveness of their operations.

LONG-TERM PRIORITIES

To be effective in our pursuit of enduring effects, our activities must be nested within a broader U.S. Government effort. Often, they are also nested within a multinational effort. Our priorities for military-to-military engagement are the African countries with the greatest potential, by virtue of their population, economy, and national power, to influence the continent positively in future decades. With countries already on positive trajectories as regional leaders and influencers, we can focus on strengthening military-to-military relationships to build capacity together. For others whose success is less certain, engagement and shaping by the international community can help to gradually enhance governance and security trends.

We recognize that if integrated into comprehensive strategies, the activities we conduct to address our immediate priorities help strengthen partner capacities and shape the regional security environment for the longer term. They also influence re-

lationships and perceptions of the United States in ways that can affect our ability to address future challenges. As we address our immediate priorities, we must also dedicate efforts to tending to our long-term priorities. Working with the range of international and interagency partners to effectively shape a more peaceful and secure future will reduce the likelihood of the United States and our partners being perpetually entwined in addressing immediate security threats.

CONCLUSION

Africa's importance to our national interests of security, prosperity, democratic values, and international order continues to grow. While the security environment in Africa will remain uncertain for the foreseeable future, we have an imperative to find effective ways to address increasing threats to our security. We also have an opportunity to make judicious investments that make security more sustainable while also furthering enduring U.S. interests. The increasing convergence of U.S. security interests in Africa with those of African partners, European allies, and the broader international community provides opportunities to significantly enhance multilateral cooperation as we work toward long-term stability and security. Improving trust and collaboration, and maintaining patience and consistency in our collective efforts, will improve the likelihood of our collective success.

A dynamic security environment and economy of force region call for disciplined flexibility—the ability to flex based on a general alignment of resources to strategy, a clear understanding of the management of risks, and realistic assumptions about what our posture and relationships can support. Sharpening our prioritization across the globe, deepening cooperation with partners and allies to better leverage combined efforts, and adhering to disciplined flexibility will help to mitigate risks and increase our efficiency. Our Nation will have to make increasingly tough decisions about risks and tradeoffs in the future. The Africa Command team will continue to work collaboratively with other combatant commands and the Joint Staff to provide our best military advice to inform decisions about managing risk in our area of responsibility and beyond.

Thank you for your continued support to the soldiers, sailors, marines, airmen, coastguardsmen, civilians, and contractors of Africa Command.

We will go forward, together.

Chairman LEVIN. Thank you very much, General Rodriguez.

I think we can get a 7-minute round in before 11:20 a.m., so let's try that.

General Austin, relative to Afghanistan, last month President Obama informed President Karzai that, because of his refusal to sign the BSA, that President Obama was ordering our military to begin prudent planning for a full withdrawal of U.S. troops from Afghanistan, should such a drawdown be required by the end of this year.

First of all, do you agree, General, that the legal protections that are provided by the BSA are essential if we are going to have a U.S. military presence in Afghanistan after 2014?

General AUSTIN. Yes, sir, I do. It is important to have the adequate protections and immunities for our troops if they are going to continue to operate in theater.

Chairman LEVIN. General, as you plan for that possible total drawdown of U.S. military forces, when is the latest date by which the Bilateral Security Agreement could be signed without causing significant disruptions or risks to our ability to carry out a total-withdrawal option?

General AUSTIN. Sir, as we go into the summer months, I would say in midsummer, we will experience moderate risk. As we go beyond that timeframe—July-August timeframe—the risk increases substantially.

Chairman LEVIN. Okay, thank you.

Now, General, a number of us on this committee have been concerned about proposals to reduce the size of the ANSF. A recent

study by the Center for Naval Analyses concluded that proceeding with a drawdown of the ANSF, as announced at the Chicago Summit, would put our policy goals for Afghanistan at risk. This recent study by the Center for Naval Analyses recommends that, based on the likely security conditions in Afghanistan after 2014, that the ANSF should be maintained near their current size of around 374,000, which includes army, national police, and Afghan local police, at least through 2018.

Now, would you agree that, given the current conditions on the ground in Afghanistan, that a cut in the size of the ANSF could put at risk our policy goals in Afghanistan and the significant progress that has been made over the last decade?

General AUSTIN. I do agree, sir. I think it is prudent to maintain the current size for a period going forward, as I have indicated to you before. Again, our planning factor was 352,000 ANSF, plus the addition of a number of local police, as you have indicated, added to that, brings you up to that number of 372,000.

Chairman LEVIN. General Austin, relative to recent events—or, apparently, rhetoric at least—about the Pakistan army being prepared to move into North Waziristan in Pakistan to take on the safe havens which violent extremists have taken—put in place in that part of Pakistan, has the Pakistan military indicated any willingness to you or, as far as you know, have they indicated to people that you have confidence in, that they are willing to go after those extremists, including the Haqqani Network?

General AUSTIN. Yes, sir. I was just recently in Pakistan and met with the new Chief of Staff of the Army and the Chairman of their Joint Chiefs of Staff, and also Secretary of Defense. The leadership indicated that there is a willingness to conduct operations in North Waziristan if they cannot resolve things through negotiations. The Haqqani Network would clearly be a part of that. They have indicated that they would work with us to counter the actions of the Haqqani Network. So, I am encouraged by the new leadership that is on board there.

Chairman LEVIN. I hope it is true. It is long overdue.

My final question for you, General Austin, is whether or not—in order to change the momentum on the battlefield in Syria so that Assad is under greater pressure, should we train more vetted elements of the Syrian opposition to be capable of changing the balance of power on the battlefield?

General AUSTIN. Sir, that is a policy decision whether or not to do that. From my perspective as a military man, I think that our helping to train and equip additional opposition forces would be value added and would indeed put more pressure on Assad.

Chairman LEVIN. Thank you.

General Rodriguez, you have a significant requirement, I believe, for ISR in your AOR. I am wondering what percentage, if you can tell us, of your ISR needs or requirements are currently being met.

General RODRIGUEZ. Sir, last year it was 7 percent. It is up 11 percent now. But, I would also like to take that for the record, to give you a broader context of some of the other things that we are doing to mitigate that, that will help put that in better context.

Thank you.

[The information referred to follows:]

[Deleted.]

Chairman LEVIN. Is the bottom line, even with a better context, that you could use some significant additional ISR?

General RODRIGUEZ. Yes, sir, absolutely.

Chairman LEVIN. All right.

General Rodriguez, what do you see as the major impediments to AFRICOM working with the Somali National Army? Are there legal obstacles there? What are the impediments? Why is that not happening?

General RODRIGUEZ. Sir, for the first time in many years, we have put our first people on the ground in Somalia, so we have three people there working with African Union Mission in Somalia (AMISOM). One of the challenges in building the Somali National Army is the incoherence of the international effort. They have troop-contributing nations from AMISOM, they have Turkey, they have a European Union training mission, and it is not as coherent as it needs to be. We recommend that we continue to coordinate those efforts in a better manner. For that, we are looking to have a few more people on the ground to support that effort.

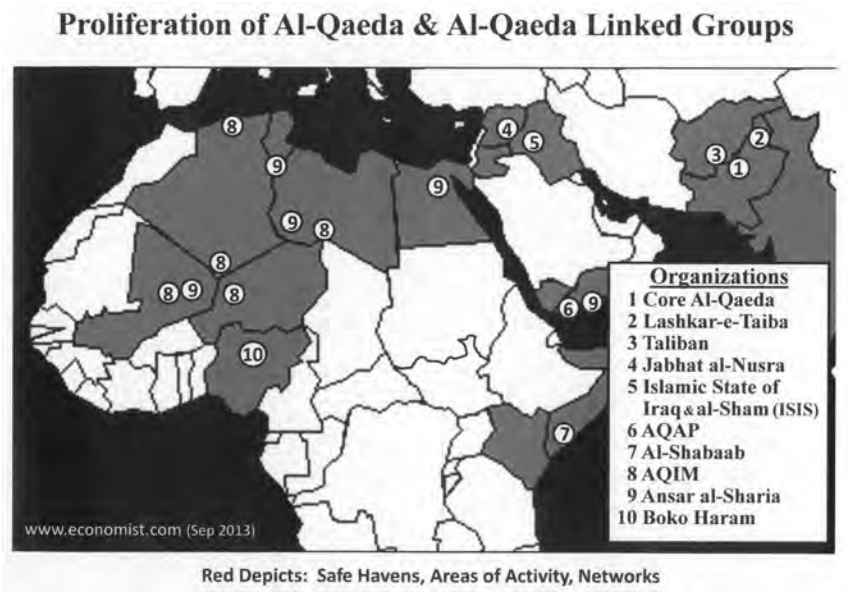
Chairman LEVIN. Thank you so much.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Ladies, do you want to bring up that chart, on both sides?

[The chart referred to follows:]



Senator INHOFE. First of all, let me ask both generals. Does it look to you like al Qaeda is on the run?

General AUSTIN. Sir, we have been able to apply pressure against the al Qaeda network. I think their activity has decreased. We've had good effects. Where we have not had constant pressure, we

have seen their activity increase in places in my region, like Syria, recently, in Iraq, and in other places around the corridor.

Senator INHOFE. Okay, that is fine.

General Rodriguez, you see the chart, which I showed you in my office, and I think you agree that is an accurate chart.

We break down the various terrorist organizations and place them on that chart. I think it is one that all of the members up here should look at.

Is that accurate?

General RODRIGUEZ. Yes, sir. Just for a little bit more precision, over in eastern Libya we have two groups of Ansar al-Sharia in Benghazi and Darna, and that is the fastest growing area for that type of——

Senator INHOFE. Yes. See, and this is the problem in Africa, because you can have an accurate chart and, 2 days later, it changes.

General RODRIGUEZ. Yes, sir.

Senator INHOFE. That is what is happening in Africa now. We have known for a long time, as the pressure takes place in the Middle East, that the squeeze is there, and terrorism goes down through the Horn of Africa and Djibouti, and starts spreading out. That is a problem you have.

When I look at Africa, and I look at how long it takes to get from one place to the other, I am very glad that we have AFRICOM. It used to be parts of three different commands. But, now that it is there, I have never thought of it as adequately resourced. You are a dependent upon CENTCOM and EUCOM for a lot of your ability to confront these problems. It seems to me that every time something comes up where we have a solution—look at the LRA situation. I first became acquainted with that up in Gulu. It looks like, hopefully, we are going to draw that to a close. But, when South Sudan's erupted, you had to pull a lot of the resources out of one area to go to another area. In fact, when I was there in January, at the AFRICOM headquarters, I was briefed that only 12 percent of the AFRICOM requests for ISR are being met, due to the resource shortfalls. Now, that is pretty troubling to me. Is that troubling to you?

General RODRIGUEZ. Yes, sir, it is. It also limits the flexibility. So, when South Sudan erupted, we had to take the effort away from the LRA, as well as some counterterrorist efforts in East Africa, to support those efforts.

Senator INHOFE. Yes. The distances. This is another problem. You talk about one country and moving to another problem area. You are not talking about next door. You are talking about hundreds and hundreds of miles between these things. Where do you think your biggest intelligence gaps are?

General RODRIGUEZ. Sir, our biggest intelligence gaps are out in northwest Africa that really stretches from northern Mali to eastern Libya.

Senator INHOFE. Yes. Which types of ISR assets are the ones that are troubling you the most in terms of shortfalls?

General RODRIGUEZ. Sir, the shortfalls range from wide-area surveillance, that the Joint Surveillance and Target Attack Radar System (JSTARS) provides to that platform, to the long-range remotely piloted vehicles that we need to be able to cover that vast range.

Senator INHOFE. Okay.

When they talk about having another Base Realignment and Closure (BRAC) round here, it seems like the easy thing, of course, because it does not have to come to anyone's particular State or district, is to do it in western Europe or in some of the European facilities. One of them that bothers me quite a bit is Vicenza, because I understand that could be scheduled for closing. Now, I know, General Austin, that is not in Central, that is right on the edge, though, in EUCOM. Do you share my concern over our ability—I can remember when, going into northern Iraq, we were not able to go through Turkey with our people. We had to drop them in from Vicenza. They have come to the rescue many times before. Do you have any thoughts about that particular installation, in what a potential loss that could be to your capabilities in your commands?

General AUSTIN. Sir, I think that, as you have indicated, we have called upon the European capability to augment what we are doing in the CENTCOM area, on a number of occasions. That includes our operations in Iraq, Afghanistan, and throughout. So, any loss of capability there, I think, we would all be concerned about.

Senator INHOFE. Do you agree with that?

General RODRIGUEZ. Yes, sir, I absolutely agree. We depend on all those bases, all that support from our European allies. It also helps us with our partners working together so that—I think that support's critical to the mission that we have in AFRICOM.

Senator INHOFE. Yes. Right down the road from there, from Vicenza, we spent a lot of money in getting—fixing up that deployment area, and we watch that on a regular basis. Now we have that, and, even though it is not located in Vicenza, it is there to serve Vicenza, in the event that they should be called on again, as they were before, to northern Iraq.

General Austin, about a month ago, I was in Afghanistan. The story is not told the way it should be told, in my opinion. I see all the great things that are going on there that were not there before. I know people do not like to—this is not nation-building, but when you stop and realize that about 10 million Afghans are in school now, 42 percent of them are women. There were none before. You have 17 universities now. There were only two under the Taliban. As we went through Kabul with our military aircraft, there wasn't one gate open. I can remember, there were no commercial airlines there before. So—12,000 miles of roads and all of that stuff. Do you agree that it has been much more successful there than a lot of people—and the polling looks good. The polling actually is 80 percent supporting of the Afghan National Army. What is your opinion of that?

General AUSTIN. Sir, I absolutely agree. To your point, as you look at the city of Kabul now—and the first time you went there was probably, what 500,000 people or so, and now it is millions of people. The infrastructure has improved, businesses are growing, the economy is expanding. I was there when we stood up the second battalion of army in Afghanistan, and now as you fast-forward, a combined Afghan security force of 340,000-plus that are well-equipped and well-trained. So, it is an impressive story, and I think that story is not being told adequately.

Senator INHOFE. Yes, I agree with that.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Thank you, gentlemen, for your service and for the service of your commands.

General Austin, with respect to Syria, we have, over the last several years, tried to organize a very senior-level response to the Assad regime. That has had various and decidedly mixed results. Is the emphasis now, or should the emphasis now, be looking at smaller units, smaller commanders on the ground, and then trying to build a more capable, coherent resistance that way? Should be abandon the top-down strategy and then go to a more bottom-up strategy?

General AUSTIN. Yes, sir, I think you actually have to do both. I think you—certainly, you cannot be successful without a coherent effort at the lower level. But, going beyond that, I think you have to have unity of command and unity of effort that links these elements together.

Senator REED. I agree, but I think that has been a very difficult goal to achieve. I think, frankly, we have not seen that coherence yet, not within the structures we have been dealing with explicitly and publicly, and most especially not on the ground. Part of that, I think, is vetting people in an area in which you are not going to find a lot of secular moderates who are also capable commanders—just an impression, at least. So, how do we organize this coherent counterforce to Assad, and at what level? I agree, nice to have a top-down strategy, but I think we are looking for a way to improve the coherence. Let me stop there.

General AUSTIN. Yes, sir. I think, to your point, you really do have to have vetted, trained, and well-equipped forces at the bottom level. So my forces have not been a part of that effort, but I think that more energy applied there, would create more capacity, going forward.

Senator REED. Thank you very much, General.

General Rodriguez, you have a wide geographic area of command. You have rising groups that are radicalized, et cetera. Can you generally characterize the focus of these groups? Is it local, is it regional? Are you—I am sure you are—paying careful attention to any groups that have transnational or international objectives? Can you give an idea of your focus on these issues?

General RODRIGUEZ. Yes, sir. We will start over in the east, sir. Al-Shabaab obviously has transnational intentions. The continuing efforts of the AMISOM partners has at least stymied that, despite the fact that they continue the asymmetric attacks, but they also have aspirations to attack western interests.

As you head around to the northwestern region, where we have about five of the terrorist organizations, they are from al Qaeda in the Islamic Maghreb in the west to Ansar al-Sharia, in Darna, in the east. Most of those are regional.

The concern for our European partners is the immigration of movement from those areas into southern Europe and then down, as you work in—the Nigerian area of Boko Haram, is mainly locally against Nigeria. It is spreading out a little bit, to two or three

countries out on the edge of that, mostly for support, but that's really a local effort. Then, the LRA is really just about that local effort also, sir.

Senator REED. Thank you very much. I think you remind us that one of the issues that we have to deal with is the exfiltration of individual fighters, et cetera, and that is something that is a diplomatic challenge more than, at this point, a military challenge.

General RODRIGUEZ. Yes, sir, it is. We are working with our partners across U.S. Special Operations Command (SOCOM) and CENTCOM to understand what goes on, because those foreign fighters, at this point in time, many of them moved to Syria, and we are concerned, obviously, that they harden their skills and their tactics, techniques, and procedures (TTP), then move back out to their home countries, which is also is a concern for us.

Senator REED. Thank you.

General Austin, again, I return to your area of operation, and that is—you have spoken, I think, already about the critical issues that are facing us in timelines in Afghanistan. Can you take regional perspectives and give us some insights about the present view of Pakistan? My sense was, years ago they were awaiting our departure; in fact, saw it as an opportunity for them to—and my impression lately is that they might have changed their perspective, given the radicalization of TTP and the blending of the terrorist groups that they are facing.

General AUSTIN. Thanks, sir. Certainly, I think that the threat that the TTP has presented certainly has changed their thinking in a number of areas, and they do consider that to be a significant threat.

I am very encouraged by the new leadership in Pakistan, the new military leadership. I recently met with the Chief of the Army, the Chairman of the Joint Chiefs. Again, I think they want a relationship, going forward, that is more than transactional. I think they want a long-term, good relationship. At least from the military side of the house, that is what I get. I think they are sincere about it. So, I am very encouraged by what I am listening to and some of what I am seeing.

Now, the jury is still out. We have a long way to go, but I think our relationship is trending positive in a number of areas.

Senator REED. Thank you very much.

Thank you, Mr. Chairman.

Thank you, gentlemen.

Chairman LEVIN. Thank you very much, Senator Reed.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I thank the witnesses for their wonderful service to our country. They are great leaders, and we are very proud of their outstanding work.

General Austin, in a hearing last week before this committee, the Director of National Intelligence, General Clapper, said, "President Assad remains unwilling to negotiate himself out of power." Do you agree with that statement?

General AUSTIN. I do, sir. I think he sees himself in a position of advantage right now.

Senator MCCAIN. In other words, the situation will probably endure unless the momentum on the battlefield changes more significantly against Bashar Assad. Would you agree with that?

General AUSTIN. I do, sir.

Senator MCCAIN. So, under the current circumstances, do you see any reason to believe that this change in momentum will occur?

General AUSTIN. I do not see that in the near term, sir.

Senator MCCAIN. Thank you. So, there really isn't a diplomatic solution.

General Austin, do we have intelligence that shows us where they are assembling these horrible barrel bombs that they are dropping on people?

General AUSTIN. We have a general idea of where they would be assembling them, sir. I will tell you that, because of a number of reasons, specific and detailed intelligence about what is going on inside of Syria is lacking, in my view.

Senator MCCAIN. The reason I asked that question is pretty obvious. It seems to me that if we could have a way of taking out, in a surgical effort, those places where they are being put together, it certainly would prevent a lot of horrible things that are being done to innocent civilians.

Do you believe that the best course of action now, as far as Afghanistan is concerned, is just to wait until the elections? Would you agree it is pretty obvious that further negotiations with Karzai are a waste of time?

General AUSTIN. Sir, it is very doubtful, in my view, that President Karzai will sign an agreement. So, I think the best course of action is to continue to look beyond and be prepared to negotiate with the next administration.

Senator MCCAIN. Thank you. Have you made a recommendation as to the size, troop strength, and mission of any residual force we would leave behind, in an agreement with Afghanistan?

General AUSTIN. Yes, sir, I have. The President is in the process of making a decision. I would ask not to reveal what my specific recommendation has—or, was. But, General Dunford and I have been consistent in saying that we think that a force the size of 8,000 to 12,000, plus Special Operations Forces, would be about the right size to conduct the type of things that we think ought to be conducted, going forward.

Senator MCCAIN. Do you have any idea why the administration wouldn't just convey that to Congress and the American people?

General AUSTIN. Sir, the President has a lot more things to consider than I do.

Senator MCCAIN. I see. I think that's a legitimate comment.

General Rodriguez, is al Qaeda a growing or receding threat in the AFRICOM area?

General RODRIGUEZ. Sir, in the AFRICOM AOR, it continues to grow in the northwest. It is in about a treading-water effort in East Africa. So, it is, overall, continuing to move out.

Senator MCCAIN. General Austin, is al Qaeda a growing or receding threat in the CENTCOM area?

General AUSTIN. Yes, sir. In those places where we have maintained pressure on the networks, I think we have retarded their

growth, but you've seen, in Syria, in Iraq, in a couple of other places, that their efforts have actually expanded, they have grown.

Senator MCCAIN. Must be very personally painful to you, as it is to me, to see the black flags of al Qaeda flying over the city of Fallujah, where we made such enormous sacrifice.

General AUSTIN. Yes, sir, it is. We would hope that the Iraqis do the right things to reestablish control over their sovereign territory. They have to get after this. Al Qaeda is a common enemy for both of us, and, if we can help them in any way, then I think we should.

Senator MCCAIN. The Syria-Iraq border has become a haven for, and transit point for, al Qaeda, isn't that correct?

General AUSTIN. It is, sir. One of the things that I just recently met by videoteleconferencing with the Iraqi senior general officer leadership, and one of the things I continue to hammer home with them is, they have to control the flow of foreign fighters across the border. Otherwise, the threat in Iraq will continue to grow.

Senator MCCAIN. That was my next comment about foreign fighters, for both you and General Rodriguez, because they are coming from all over. Surprisingly, a lot of them are coming from Tunisia, which I do not quite understand. But, General Clapper testified, 7,500 foreign fighters, and they are literally from all over the world. I think, General Austin, we would agree that there is some rejection of these foreign fighters by certain elements and people within Syria, so if there is such a thing as "digging for the pony," that is a little bit of good news. But, doesn't this really pose a significant long-term threat, when someday this conflict in Syria ends. I have no idea when. But, then they go home. They are better fighters, they are more indoctrinated, they have established a network. Isn't this something, and I am interested in General Rodriguez's comments, too, because a lot of them came from areas under his operational command that should be very concerning to us, long term? Could I ask both generals to answer?

General AUSTIN. It should be, and is, sir. It is not only concerning to us, as you've indicated, it is concerning to the leadership in the region. On two occasions, I have pulled together the Chiefs of Defense to discuss this issue and other issues in the region, and I can tell you firsthand that they are very concerned about what capability these foreign fighters bring back to their countries of origin. They want to work together to do some intelligence-sharing, increase situational awareness, and do what we can to retard the growth of this element inside of Syria. I think that is a good first step, if we can get folks knitted a bit closer together and working on this.

The SOCOM commander has joined in with me and is helping to lead this effort. So, I am hopeful, again, it will not solve the problem inside of Syria, but, if we can retard the growth a bit, I think it would be value added.

General RODRIGUEZ. Yes, sir, estimates are, a couple thousand have headed to Syria from across just North Africa itself. The countries are concerned. We have worked with a couple of them. Some of them have prevented people from leaving. But, the challenge is, the porous borders are going to continue in North Africa, and it is a concern for each and every one of them.

Senator MCCAIN. My time is expired, but have they prevented them from coming back?

General RODRIGUEZ. The challenge with preventing them from coming back has not been met very well because of the porous borders in eastern Libya. So, it is not going well.

Senator MCCAIN. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

General Austin, General Rodriguez, thank you for your extraordinary leadership for our country. We are incredibly grateful to you.

General Rodriguez, in regards to al Qaeda, when you look at their presence in the Middle East and those areas, and you look at their presence in AFRICOM, is it simply a growing presence in AFRICOM? Is there any zero-sum situation here, or do you see it growing in AFRICOM as well as the same are growing in the Middle Eastern region?

General RODRIGUEZ. Sir, if the challenges right now with the insecurity in Libya is where the al Qaeda adherents and affiliates are growing fastest. That extends across northwest Africa toward northern Mali, because of the vast ungoverned spaces out there. In eastern Africa, where the continued pressure is on AMISOM, that has not grown like it has in northwest Africa.

Senator DONNELLY. In regards to China and weapon sales there, in August 2012 the Washington Post stated, "Africa is quite an important market for the Chinese arms industry, and weapons from China have surfaced in a number of areas in AFRICOM." I was wondering how China's arms sales affect your mission, and whether we are trying to coordinate with them or discussing with them how to stop this.

General RODRIGUEZ. To date, we have not coordinated with China how to change the equation on the counterterrorism front. Most of their efforts do support some of the U.N. missions with security forces in Africa, and most of the effort from China that we see is economic effort to extract the minerals.

Senator DONNELLY. General Austin, if we wind up not having a BSA signed, how will a zero option affect Regional Command (RC)-East and RC-South in Afghanistan?

General AUSTIN. Sir, I think it would be problematic. It would be bad for the country of Afghanistan, as a whole. I think that, without our fiscal support, and certainly without our mentorship, we would see, immediately, a much less effective ANSF. Over the long term, we could possibly see a fracturing of that force.

I would go further to say that it would be problematic for the region. I think that what we would see over time and very quickly is hedging activity as each of the countries in that subregion really move to protect their interests. That would be somewhat destabilizing for the region, as a whole.

Senator DONNELLY. That was actually going to be my next question. In particular, with one country, with Pakistan, what do you think the difference between a zero option and a residual force

would mean to Pakistan? How do you think the leaders of that country—how would they view the two different options?

General AUSTIN. I can tell you what the leadership tells me, sir, when I talk to them, is that they are concerned about having a well-equipped force on their border that is losing control, losing oversight, losing leadership. What the future of that could possibly bring is very troubling for them. You would expect that they would begin to hedge a bit more to protect themselves along their borders.

Senator DONNELLY. I had asked this yesterday, but wanted to check with you, sir. In regards to a timeframe as we head toward December, if we are in August and the elections are still not squared away at that point and there are runoffs and we still do not have a BSA, is there a time where you look up and you go, "Come September 15th, we will not be able to implement our plan to transition to a residual force by the end of December," or, "Come October 1st, it makes it even more difficult"? The time situation has to be starting to be something that you look at and go, "How do we make this work?"

General AUSTIN. Yes, sir, and it is a question of risk and how much risk leadership is willing to accept. As you have indicated, as you go beyond August into the fall, the risk increases. My job is to continue to convey that level of risk—the level of risk, to the leadership. As we move down that road, it will be up to the leadership to make that decision.

Senator DONNELLY. In Iraq and with Maliki, how, if any, does CENTCOM mitigate the Iranian influence over Maliki, over his government? We just saw stories that Iraq was purchasing weapons from Iran. It seems, instead of trying to bring the groups together, they just seem to be getting further apart, which causes more fracture. Is there anything CENTCOM can do to try to mitigate that Iranian influence?

General AUSTIN. What we want to do, sir, is have a good relationship with Iraq, moving forward. We also want for Iraq to take a leadership position one day in the region. It has the capability to do that.

Iraq will have a relationship with Iran, because it shares a border with them. I think just having known Prime Minister Maliki for a long time, I think he understands that he has to have a relationship with them, but he also clearly understands that he needs to have, and wants, a relationship with the United States. I think he's constantly trying to strike a balance there.

Senator DONNELLY. If I could, just as a final question, the Army is now composed 90-percent-plus Shia. Is Maliki capable of making the tough choices that need to be made to try to keep the country together?

General AUSTIN. We certainly would hope so, sir. Certainly our Ambassador and our Assistant Secretary of State, Brett McGurk, both of them continuously provide him advice and counsel that we need to move forward and embrace the Sunnis a bit more. Most recently, we have seen him commit to training a couple of battalions of Sawa, or what we used to call Sons of Iraq——

Senator DONNELLY. Sure.

General AUSTIN. Tribal elements—and—in the hope of incorporating those elements into the police and into the army. We've

encouraged them to move out smartly with that, because I think that will convey some good intent, goodwill. Most recently, we have seen the startup of a training effort in Habbaniyah that's focused on training some of those tribal elements.

Senator DONNELLY. Thank you so much, to both of you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator Fischer, I believe, is next.

Senator FISCHER. Thank you, Mr. Chairman.

General Austin, first of all, I would like to thank both you and General Rodriguez for your service to our country, and also for the men and women who serve under you. We so appreciate the sacrifices they make, as well as their families make. So, please convey to them our thanks and our gratitude.

General, can you tell me what the status is with Syria's delivery of chemical weapons?

General AUSTIN. Yes, ma'am. To date, they are about 36 percent complete with the effort. They are behind the original projection, but I think there are many that would admit that we are probably further along than many would have thought that we would be while we are doing this in the midst of a civil war.

Senator FISCHER. You do not anticipate that they will meet that June 30th deadline, then? Or do you?

General AUSTIN. I think it is hard to say, ma'am. I am certainly hopeful that they will. I think it will be difficult. But, I think the important thing is for us to continue to emphasize the importance of getting this done. I think if we can get it done—certainly, it will not solve all the problems in Syria, but it will make a very complex set of problems one problem set less complex.

Senator FISCHER. Are the Syrians forthcoming in working on this problem and challenge that we are facing right now with the weapons, or do you feel they are holding back in any way?

General AUSTIN. I would defer to the Intelligence Community to provide you an assessment there.

I think that they have been, for the most part, forthcoming. To what degree, again, I think that is a question better answered by the Intelligence Community.

Senator FISCHER. Once the stockpile is removed, what is going to happen to those facilities?

General AUSTIN. I think that as a part of the agreement, the facilities are supposed to be disabled or destroyed.

Senator FISCHER. Okay.

The Central Intelligence Agency (CIA) Director, John Brennan, had testimony here earlier this year, and he indicated that al Qaeda-affiliated groups have safe havens in Syria and Iraq, where they train. Director of National Intelligence (DNI) Clapper stated that the Intelligence Community believes that these groups have aspirations to attack the United States. Do you agree with that?

General AUSTIN. I certainly would say, ma'am, that, with respect to the ungoverned space that currently exists in Syria—and we know that there are al Qaeda elements there—if that continues, we would certainly expect that, over time, there would be elements that would want to export terror to the region, to western Europe, and to our Homeland.

Senator FISCHER. Can you put a timeline on that, at all, when you feel this would become a definite threat to our Homeland?

What suggestions you would have in countering that?

General AUSTIN. No, ma'am. I cannot make a prediction. Anytime I see that number of extremists in one location, I am concerned about the immediate time going forward. Certainly, I cannot predict when a threat would materialize, but I would say, if you just look at the growth of these elements inside of Syria over the past year, they have grown at an exponential rate. Unless we do something to retard that rate of it, and prepare ourselves to counter this threat going forward, then I think we are going to have a significant issue.

Senator FISCHER. How do you characterize the level of Iranian and Russian support for the Assad regime?

General AUSTIN. I think the Iranians are really doing a lot with the Quds Force elements to enable the regime. I think, also, we have seen Hezbollah openly declare that they are in support of Assad. We know that the Iranians are supportive of Hezbollah. So, I would say that support is substantial.

Senator FISCHER. Have you seen any increase in the level of support in say, in the last year?

General AUSTIN. I think we have. I think that, as the opposition has grown in capability a bit, the reaction to that is an increase in proxy activity by Iran. So, they have doubled down, so to speak, on their level of effort.

Senator FISCHER. Okay, thank you, sir.

General Rodriguez, how would you characterize al Qaeda's network and coordination throughout Africa?

General RODRIGUEZ. They continue to deepen their coordination and their transfer of resources, as well as skills, throughout Africa.

Senator FISCHER. Do you think there's a free flow of arms and terrorists across many areas?

General RODRIGUEZ. Yes. The biggest challenge we have is all the arms, ammunition, and explosives from Libya that continue to move throughout the region in northwest Africa, ma'am.

Senator FISCHER. That flow of arms in and out of Libya, is that impacting the strength of al Qaeda throughout the continent?

General RODRIGUEZ. It is. It continues to support them throughout northwest Africa.

Senator FISCHER. How much support are they receiving from the drug trade? How do you counter that?

General RODRIGUEZ. Ma'am, we work with our interagency partners, as well as the nations, to try to stem that flow. That drug network has actually gotten a little bit worse recently, because it used to be really from South America up through western Africa; now from southeast Asia, it also comes east to west. So, that network continues to grow apace.

As far as how much that contributes to the resourcing, I think that more of the resourcing, quite frankly, is done locally from ransom, from criminal activities—some of that are drug, but it is not the primary thing that the al Qaeda or the terrorist network is fueled by.

Senator FISCHER. Okay.

General RODRIGUEZ. Thank you.

Senator FISCHER. Thank you very much. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Fischer.

Senator King.

Senator KING. Perhaps you gentlemen could discuss which was the superior class of West Point, 1975 or 1976. I notice that you share that experience. [Laughter.]

A lot of discussion of al Qaeda and Senator Inhofe's map, which I think is quite important for us to review. Given the growth of al Qaeda or like groups, what is our long-term strategy? The strategy of decapitating the organization in the last 7 or 8 years succeeded for a while, but clearly this phenomenon is metastasizing. Are we going to be able to defeat this threat by simply killing more people, or do we need some alternative strategy?

General Rodriguez, you are in the middle of that situation in North Africa.

General RODRIGUEZ. Yes, sir.

Senator KING. I want some larger thinking than just military drone strikes and other options of that nature.

General RODRIGUEZ. Yes, sir. Sir, it is going to take a comprehensive approach from all the interagency and the multinational efforts there to do it. It's going to be a long effort, because you have to build the capacity, long-term, for law enforcement to handle this. So, we are working hard to do that. But, I think the long-term way ahead is to build that capacity in those host nations to mitigate that threat.

In the interim, we have to continue to support the efforts to keep the pressure on them, because when the pressure is on them, they are not able to increase their capacity at the rate and speed that they have in a couple of places in a very free-flowing, well-resourced, and ungoverned space.

Senator KING. But, do we have any analysis of why people are joining these organizations, why young people are joining them, why they are getting people? Obviously, they have skilled people in bombmaking and those kinds of technologies. What is driving this? What is underneath it? Is it all religion? Is it poverty? How do we cut off the recruiting end of it?

General RODRIGUEZ. It is a combination of those things. Obviously, the ideology is a large part of it, but it is also the disenfranchised people who do not see opportunities for themselves or their families in the future.

Senator KING. A related question, General Austin. I would suggest, gentlemen, that we all need to collectively be thinking about this, because if you kill one, and two come back, that's an endless task.

General Austin—and I think you touched on this in answers to Senator Donnelly's questions—how do we get it through to Maliki that he has to stop suppressing the Sunnis or he, in fact, is creating an al Qaeda opportunity in places like Fallujah?

General AUSTIN. Sir, I think that is becoming ever more clear to the Prime Minister as each day goes by. I think that he is taking some steps to reach out to the Sunni population a bit more and incorporate more Sunnis into the police and the army. But, again, he has to do it faster. So, there is a lot of work to be done here. I think

he realizes that this work has to be done. We are just hopeful that he'll move quicker.

Senator KING. Generals, I am on the Intelligence Committee, I have to be a little careful here, but there's a difference in intelligence analysis about the future of Afghanistan. Are you confident that, if we maintain that 8,000 to 12,000 troop, with some financial support, that Afghanistan is not going to return to the Taliban within the foreseeable future?

General AUSTIN. If the Afghan Security Forces continue to progress—I do not think the Taliban can defeat the Afghan Security Forces. I do not think that there's anybody, sir.

Senator KING. That's a big "if." You started the sentence with "If the security forces continue to progress." Do you think that's likely?

General AUSTIN. I think it is likely if we continue to do the right things.

I would also say that probably nobody can guarantee that they are going to continue to move forward and things are going to get better, but certainly this approach, or an approach that allows us to remain with them and to continue to train and mentor them, gives us our best chance at being successful. I think that what we hope would happen here is that they would be able to provide the security for the country that would allow the political institution to mature. If that can happen and they can go after the corruption a bit more, I think things begin to fall into place. So, we are hopeful that they will.

Senator KING. I am hopeful, as well, and I certainly hope you're right.

Question to both of you, gentlemen. I presume your day starts with some kind of intelligence briefing about what is going on in your region. Does that briefing include material from the CIA, the National Security Agency (NSA), and the civilian intelligence agencies?

General Rodriguez?

General RODRIGUEZ. Yes, it does. We have a full complement of the Intelligence Community representatives in the headquarters, and it goes through the full range of the Intelligence Community capabilities from the NSA, DNI, everybody.

Senator KING. So, you feel there is good coordination. What worried me is the breadth of our intelligence activities, it is very costly. I want to be sure that the data's getting to you and you do not just see military intelligence, for example.

General RODRIGUEZ. No, sir, we see all of it.

Senator KING. That's very reassuring.

General Austin, I know Israel is not within your command, but the question I am going to ask relates, to some extent, to that. For many years, an irritant in the region—I think "irritant" is too minor a word—has been the situation with the Israelis and the Palestinians. To what extent do you believe that a settlement between the Israelis and the Palestinians would diminish tension in the Middle East, generally?

General AUSTIN. I think that it would be a significant accomplishment, sir, and I think it would diminish tensions throughout. It won't solve all the problems, but every leader that I talk to in the region really believes that if we can move forward on this, it

would be significant, it would be a clear sign of progress, a promotion of goodwill. I think, clearly, it would be much value added. Again, it will not solve every problem in the Middle East, but I think it would be very helpful.

Senator KING. Thank you. That's important testimony. I appreciate it, gentlemen.

Chairman LEVIN. Thank you, Senator King.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

General Austin, you have stated previously that we have a really difficult time understanding what is going on, on the ground in Syria. I think that is a fair statement. It is not a very transparent place, there is a civil war going on. Do you have a high, low, or medium confidence as to whether or not Assad is keeping some chemical weapon stockpiles out of our reach?

General AUSTIN. I have a low confidence level, sir.

Senator GRAHAM. Given his behavior, it is likely he would try.

General AUSTIN. That would be my next statement, sir, that he was the person that's responsible for the death of 140,000 people, so——

Senator GRAHAM. It is not much of a stretch, he may cheat on an agreement.

General AUSTIN. Yes, sir, he's our bona fide bad guy.

Senator GRAHAM. Yes, okay, good answer.

The Sunni Arab states are in your jurisdiction, is that correct, in your theater of operation?

General AUSTIN. Yes, sir.

Senator GRAHAM. What is the likelihood, based on your understanding of the region, that the Sunni Arab states would respond to any agreement with the Iranians that allowed an enrichment capability, even if it were under the guise of commercial peaceful purposes? If the Iranians were given the right to enrich by the international community, do you fear that one of the consequences would be that the Sunni Arab states would claim an equal right?

General AUSTIN. I do think that we would probably see that, sir. I think that there is a level that certainly they would be much more comfortable with. I think the way that this proceeds will all depend upon how transparent we are with them and how much we engage them up front, in terms of what we are trying to accomplish.

Senator GRAHAM. One of the fears I have—and I think that's a very good answer—I was in Munich Security Conference several weeks ago, back in January or February, and I asked the Sunni Arab leaders, "If the Iranians are given the right to enrich, would you claim an equal right?" They all told me yes. My concern is, the North Korean model did not work so well. Giving them capability in trying to contain it is a very difficult enterprise in countries like North Korea and Iran. Do you agree with that?

General AUSTIN. Yes, sir.

Senator GRAHAM. So, it seems to me that we need to understand that any agreement with the Iranians that allows them to enrich uranium is probably going to lead to proliferation of enrichment in the Mid-East, which I think would be clearly a disaster. That is just my personal view.

Detainees in Afghanistan. I want to compliment you, General Dempsey and Secretary Hagel for standing by General Dunford's side, having his back. The 65 detainees that were released by Karzai recently, do you agree with the estimation by General Dunford they represent a real threat to our security in Afghanistan?

General AUSTIN. I do, sir.

Senator GRAHAM. Do you believe it would be helpful if Congress spoke loudly and clearly about this issue, reinforcing the command's position?

General AUSTIN. I do, sir. Let me go one step further and thank you and the other Members of Congress for what you have already done. It clearly has been value added, in terms of conveying the message to the leadership in the region.

Senator GRAHAM. I think you had some really good questions coming from my colleagues on the Democratic side. The idea of a Afghanistan without a residual force, do you think we would have an Iraq in the making if we just basically left no one behind?

General AUSTIN. Sir, I think that conditions would change very rapidly in the region. I think, again, what I worry about is hedging activity from the other states in the region that would create regional instability. I worry about a new government, new leadership in a newly elected government here, trying to get their feet up under them, with a security apparatus that is unsure about where it is going and does not have the resources, there are a number of elements that could come together to cause concern.

Senator GRAHAM. Do you believe, given the track we are on with the Afghan security forces, an adequate residual force would embolden their confidence, would deter the Taliban's future plans, and would create momentum at a time we need it in Afghanistan?

General AUSTIN. I do, sir.

Senator GRAHAM. All right.

Now, you gave some testimony, in response to Senator Fischer, that I thought was accurate and compelling. The Director of National Intelligence has told this committee, and the country as a whole, that there are up to 26,000 al Qaeda fighters enjoying safe haven inside of Syria, and that the likelihood that an attack on our allies in western Europe, our interests in the region, and even the Homeland, is growing with the more numbers and the larger the sanctuary. You agree with that. Is that correct?

General AUSTIN. I do, sir.

Senator GRAHAM. So, I want every Member of the Senate to understand that we are being told by our military leaders and our Intelligence Community that there is a threat to the Homeland building, and our allies and our interests in the region, from 26,000 al Qaeda fighters enjoying safe haven in Syria.

Very quickly, how do we get them out of there without somebody confronting them?

General AUSTIN. Sir, they do not come out unless someone does something about it. The best solution is for some form of government to be established in Syria that will reestablish control over the sovereign territory of Syria.

Senator GRAHAM. Right. The Syrian military, whatever new military they have after this political transition, would have very little capability. You agree with that? At least in the early years?

General AUSTIN. I think they will be challenged, yes, sir.

Senator GRAHAM. I do not think we need boots-on-the-ground in Syria at all, quite frankly. But, I do believe we have capabilities that could be deployed against al Qaeda, in conjunction with people in the region, that could diminish the threat we face from al Qaeda. Do you agree with that?

General AUSTIN. I do, sir, and I think your point to the fact that this is a regional issue is really important. The more that we can get help from the regional partners there, I think the better outcome.

Senator GRAHAM. Yes. An al Qaeda presence in Syria is not good news for many people in the region, so they have an interest, along with ours. So, I have always believed you look at al Qaeda as Germany first and Assad as Japan, because we have two real problems inside of Syria. The one that presents the most direct threat to me is the al Qaeda presence. I hope we will deal with it.

Thank you for your service.

General Rodriguez, if sequestration fully goes into effect over the next 10 years, what kind of effect would it have on your command in AFRICOM to be relevant and to have an American presence to secure our interests? What are those interests?

General RODRIGUEZ. Senator, if sequestration goes through, I think everybody has talked about the incredible impact it would have on readiness of the forces to deploy. For the region in Africa, we would be hugely impacted by the air and the mobility assets that help us range the issues that we have in Africa. So, I would worry about that, mostly, if that continued, at the sequestration levels.

For Africa, what interests the United States has is the 6 of the 10 fastest growing economies which are in Africa. It is a huge economic impact on both the people in Europe as well as the people in the Far East. Then, the other thing is that the huge increase in personnel and people growth will create a powerhouse of opportunity for development in the future.

Chairman LEVIN. Thank you, Senator Graham.

Senator Manchin.

Senator MANCHIN. Thank you, Mr. Chairman.

Thanks again, to both of you, for your service and outstanding service to our country.

General Austin, starting with you. President Karzai insisted the United States must jumpstart peace talks with the Taliban insurgency and end raids and strikes before he signs the BSA. Pakistan, I think, tried to hold peace talks with the Taliban. We see how badly that had gone. The Taliban seemed to use false pretense in order to stall the negotiations, hoping that they can wait out until we withdraw. I am hoping that maybe you could give me an insight into what President Karzai thinks that he might accomplish by negotiating with the Taliban and if he must know there is no room for him or for democracy if the Taliban have their way. For him to go down this path so many years with us and take the turn that he is taken now, you can understand why those of us—some of us,

maybe, sitting here—have seen this to be a futility, the, "Why do we still fool with that place or that man or anybody that comes after him?"

General AUSTIN. Sir, I wish that I could give you some insight into what the President of Afghanistan is thinking, but, unfortunately, I cannot. I agree with you that the effort to negotiate a settlement with the Taliban will be a very challenging effort that will take some degree of time.

Again, there is reason to be hopeful, to your question about why we should be hopeful. I think that, based upon the things that we have done and what we see in Afghanistan right now, in terms of the progress, I think we can all be hopeful. But, again, I think we should look beyond and really begin to focus on trying to work with the next administration.

Senator MANCHIN. Maybe you can also give me an update on the negotiations with Iran, for us to go in there and have unfettered access. Are we getting unfettered access to seeing their centrifuges and what they are doing, the capabilities? Are they destroying any of their large, or, their highly-enriched uranium? Have we been as successful in that?

General AUSTIN. Sir, I defer to our representatives who are in that negotiation process currently to provide you with an accurate assessment of how we are doing and what we are doing. But, from the reporting that I am seeing, I think that we have every indication to believe that they are being cooperative, they are doing what the initial agreement called for them to do in the early stages, in terms of the down-blending of enriched uranium and access by the inspectors. But, again, they are in the middle of a negotiation.

Senator MANCHIN. I noticed you answered, concerning on Syria, what success we might be having, if any, or to what degree, on securing the chemical weapons and disposing of them. I know one of our colleagues were very hopeful that that is on a time track to be successful. If not, how far behind are we?

If we are looking at Syria with chemicals, we are looking at Iran with nuclear, and what would that proliferate the region if we allow Iran to have this? It is going to be, I would think, a proliferation for that whole part of the world.

General AUSTIN. Absolutely, sir. An Iran with a nuclear weapon is a very dangerous situation, not only for the region, but also for the world. Certainly, I have every reason to believe that our leadership's been clear about what our policy is—I have every reason to believe that we are going to stand by that policy, going forward.

Senator MANCHIN. I want to ask the question about Ukraine. Are we prepared to move, militarily, into Ukraine for the support of that government that we have acknowledged?

General AUSTIN. Sir, I would be out of my lane there to answer a question about Ukraine. Ask Phil Breedlove to probably——

Senator MANCHIN. I think both of you all know the strength of our Defense Department, with having the ability to go in that direction, if need be. Or have the Russians already calculated we will not go down that route?

General AUSTIN. I think our leadership's been clear early on that they are looking for other options to deal with this problem, other than the military options. Certainly, we have great capacity in our

military, but I think, from their perspective, from what I have seen and heard reported, that there are better tools to use in this endeavor.

Senator MANCHIN. Okay.

Then, General Rodriguez, South Sudan has seen thousands killed in fighting between government troops and rebel forces, and the United States has been active in supporting South Sudan's independence, but it is a very dangerous situation for the South Sudan's citizens, especially since peace talks between the rebels and the government seem to be on hold right now. What engagement does AFRICOM have in this situation? What do you think the United States could do to assist?

General RODRIGUEZ. Sir, we continue to engage the Sudan People's Liberation Army (SPLA) on a military-to-military level to continue to have them take into account their people and their forces, because part of the SPLA, of course, has splintered off to split with the rebels, so that we continue to encourage them to get together, just like the diplomatic corps is working to get the opponents and the leadership together there.

The best thing that we can do, militarily, is to continue to coordinate with our partners in the region to ensure that they do not do anything that will upset or make it worse. So, the Ugandans, who have forces in there, we are working with them to ensure that they do not do anything to have a negative impact.

Senator MANCHIN. Thank you.

One final question, sir, to either one. I think, on Syria, have we been able to identify any of the rebels that we would consider to be now friendly, or ones we should engage with or arm or work with?

General AUSTIN. This has been a challenge throughout, sir, but I would say that—my portfolio does not include——

Senator MANCHIN. We see all those stars there; we just think you have all the answers. [Laughter.]

General AUSTIN. Yes, sir. But, to be short, yes, there are elements in Syria that we can work with, going forward.

Senator MANCHIN. I'll finish up. I know that in Syria, at first, some of my colleagues said, "if we would have gotten involved first, we could have identified who would have been more of an ally for us to fight Assad's regime." Since that didn't materialize, and as it is splintered apart, I am concerned now—and the only thing I have heard said among people of knowledge, that if we start disbursing weapons, we can be assured of one thing: all sides will have American weapons.

General AUSTIN. Certainly, you have to be prudent about what you do and how you do it, sir, and I think the vetting of folks that you want to support is critical to this overall effort.

I would also say that it requires teamwork, not only on our part, but on the part of all the folks that are in the region, all the countries that are in the region. I think if there is better unity there, in terms of who to support and how to support them, I think that this gets better in a hurry.

Senator MANCHIN. Thank you both, very much.

Chairman LEVIN. Thank you, Senator Manchin.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

I want to thank both of you for your distinguished service to our country, and your leadership, particularly with the challenges we have heard about today for our country.

I wanted to ask you, General Austin, the Commission on Wartime Contracting found in—it was in a report issued in 2011 that as much as $60 billion of U.S. Government contracting funds had been wasted or misspent in Iraq and Afghanistan and was actually provided as the second largest source of income for insurgents, was actual U.S. contracting dollars. As a result of that, I think you know I worked with then-Senator Brown to introduce S. 341, what's called the "No Contracting with the Enemy" language to give DOD the authority to cut through the red tape to be able to terminate contractors that were colluding with insurgents much sooner in a much more efficient fashion.

Then, this year we have also updated that authority in work done in this committee. I worked with Senator Blumenthal to expand this authority to other combatant commands. We have already saved money doing this. Can you give me an update on where we are with terminating contracts, keeping money—taxpayers' dollars—out of the hands of our enemies with respect to this authority?

General AUSTIN. Yes, ma'am. To date, we have terminated 11 contracts, totaling about $31 million. There are others that are in the process right now that we continue to review. This is a comprehensive review that requires the input of a number of different elements.

I would say an important part of this process, though, is the prescreening that now goes on before we enter into the contract negotiation. I think that has been instrumental in slowing down or eliminating a number of opportunities that the enemy would have had to bleed off more money.

Senator AYOTTE. I am hoping to visit Afghanistan soon, and one of the concerns I have is that Task Force 2010 has now been moved out of Afghanistan, and I am concerned that, as I understand it, with the transition of many of our forces leaving, that we will actually, in some instances, be relying more heavily on contractors. Therefore, the screening process becomes very important, as you identified, but also the ability to terminate contracts if there is a mistake made on screening.

So, what is the thought process of taking Task Force 2010 out of Afghanistan, where I think there will be even more contractors that we really need to make sure that we are not allowing taxpayers' dollars to get in the wrong hands?

General AUSTIN. As we go forward and we are required to shrink our footprint, there are decisions that we have to make about what we must keep and what we cannot keep and what we can do from other locations. What we have to do is be more prudent about our policies and procedures, in terms of entering into the contracts at the front end. I think, again, this is helpful in also screening the contractors.

Certainly, it makes it more challenging if they are not in theater, but we are going to have to rely on our leadership a bit more to help out in this endeavor.

Senator AYOTTE. I would say this. In terms of the work done by Task Force 2010, I think it is really important that this is a core function, because, if we are going to ask taxpayers to provide any more money there, just to make sure that it is getting in the right hands. So, I hope that, as we look at the footprint, this may be something that we are considering, of having them on the ground to make sure that our dollars are used wisely.

I wanted to ask you, General Rodriguez—certainly, just hearing both of your testimony today about the growing presence and threat of al Qaeda is very chilling. You are serving during very challenging times. In your written statement, General Rodriguez, you said that al Qaeda affiliates and adherents operating in North Africa include Ansar al-Sharia in Benghazi and Ansar al-Sharia in Darna. So, these groups obviously are associated with al Qaeda. Is that true?

General RODRIGUEZ. Yes.

Senator AYOTTE. Recently, as I understand it, in January, the State Department designated Ansar al-Sharia in Benghazi and Ansar al-Sharia in Darna as foreign terrorist organizations. Is that true?

General RODRIGUEZ. Yes, ma'am.

Senator AYOTTE. The recent January Bipartisan Senate Intelligence Committee report that was issued on a bipartisan basis about the attacks on our consulate on September 11, 2012, that obviously killed four brave Americans, that said in that report, that individuals affiliated with Ansar al-Sharia participated in the attacks on our Consulate. There have also been press reports of members of Ansar al-Sharia quite openly operating within Libya, including, I guess, having coffee in cafes and things like that.

So, I guess my question to you, General Rodriguez, is—certainly, now based on the designation of Ansar al-Sharia in Benghazi as a foreign terrorist organization, as well as Ansar al-Sharia in Darna—to the extent that we have intelligence that these individuals participated in the attacks on our consulate on September 11, 2012, my question is: do we have the legal authority to make a targeted strike, as we have done, for example, in places like Yemen, against these individuals, who are clearly affiliated with al Qaeda, have participated in an attack that obviously killed four brave Americans in a terrorist attack? So, foreign terrorist organizations, designated as such, have killed Americans. Why haven't we taken a targeted attack? How come we haven't taken greater action there?

General RODRIGUEZ. Ma'am, the lead Federal agency for that is the Federal Bureau of Investigation. We continue to support them with all the collection that we do and we can do. I have to tell you, it is a tough area to operate in, because of the distance and the support.

The rest of the question, ma'am, I would like to take for the record and I will talk to you offline or——

Senator AYOTTE. Or in a classified setting?

General RODRIGUEZ. Yes, ma'am.

[The information referred to follows:]

General Rodriguez, PDASD Reid (SOLIC), and Brigadier General Cross (CJCS General Counsel) met with Senator Ayotte on April 9, 2014, in a classified setting

in the Capitol. The meeting answered the insert for the record (IFR) emanating from Senator Ayotte's question to General Rodriguez on March 6, 2014. The subject of the IFR and meeting was Foreign Terrorist Organizations in Libya.

Senator AYOTTE. I appreciate it. Thank you. I think this is an important issue, particularly now that we have clearly designated them a foreign terrorist organization.

General RODRIGUEZ. Yes, ma'am.

Senator AYOTTE. Thank you.

General RODRIGUEZ. You are welcome.

Chairman LEVIN. Thank you, Senator Ayotte.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chair.

Thanks, to both of our witnesses, for your helpful testimony today and your service.

General Austin, I think I am right on this, my memory from our earlier discussions, you were the Commander of U.S. Forces in Iraq at the time of the completion of U.S. withdrawal in December 2011, correct?

General AUSTIN. I was, sir.

Senator KAINE. I know, from talking with Iraqi Government leadership, how well your service there was regarded. The U.S. Government and military was in negotiation with Iraq at the time about whether the United States would maintain some residual force in Iraq past December 2011. But, because we could not reach an agreement with the Iraqi Government that satisfied even minimal criteria on our side, basically they really didn't want us to stay. We ended up doing that full withdrawal in December 2011. Do I have the facts basically correct?

General AUSTIN. Yes, sir.

Senator KAINE. So, you must have a little bit of a feeling now, as the head of CENTCOM, that you have seen this movie before, with respect to the discussion in Afghanistan about a BSA and the maintenance of some post-withdrawal residual force.

General AUSTIN. Yes, sir. There is a difference, though. If I may?

Senator KAINE. Please.

Senator KAINE. The difference is that whereas, the Iraqi people were not really excited about us staying there; the leadership, to include the Prime Minister, were not excited about it, either. The difference is that, in Afghanistan, the people want this. We have seen that, by the vote of a loya jirga. The leadership that we talk to, that is around the President, the senior military, all of them think that this is a good idea. We have even seen some of our adversaries in the region say it is a good idea, for the sake of the stability of the region. Certainly, there are other regional leaders throughout the region that really think that, in order to stabilize Afghanistan, going forward, and the region, this is something that we ought to do.

Senator KAINE. In fact, General Austin, not only is there relatively strong support in Afghan civil society for us remaining, there are some signs that Iraqi leadership has regrets about their decisions at the end of that period in 2011. You and I were together in Bahrain at a security council, the Manama Security Dialogue in December 2013, and Iraqi Foreign Minister Zabari was part of a panel and commented very openly, "Afghanistan should not make

the mistake that Iraq made, that we made, in dealing with the Americans and in trying to find a way to have a post-combat operation residual presence. We did not want it, and the United States withdrew, and we regret it now because of what is going on there." Foreign Minister Zabari has said this publicly, and has even indicated that he has made these same statements to President Karzai. You understand that, as well.

General AUSTIN. I have not heard that, specifically, until just now, sir, but there are indications that—there are folks now that see the tremendous value of having a good, strong relationship with us. I think, if you talked to the Prime Minister today, he would say that, "We have a relationship, we have a Strategic Framework Agreement that we have not fully exploited, and we ought to take a serious look at that." That can be the foundation to build upon, going forward, for other things.

Senator KAINE. I hope that the Afghan public, the military, the other leadership, loya jirga, et cetera—I do think their will is very strong that we continue in this residual presence. I think your answers to Senator McCain about, "It may not be productive to have additional discussions with President Karzai, but those discussions do need to continue with the new government"—I strongly support it.

General Austin, you have indicated, I believe, that you think Syria is one of the most complicated situations you have seen during your entire military career. DNI Clapper has testified recently before hearings in the Senate, and he indicated that he viewed the battlefield situation in Syria as a stalemate. Some of your earlier testimony was Assad's team thinks they are winning. But, do you basically look at the situation, as you understand it in Syria now—do you think either side can win in the foreseeable future? Assad may gain ground or lose ground. Or, do you tend to think that it is in a long-term stalemate mode?

General AUSTIN. I think operationally, sir, it is a stalemate, and I think that it will remain a stalemate for some time to come. It will wax and wane, in terms of activity, but, I think, by and large, for the foreseeable future, I expect that it will be a stalemate.

It is dynamic, however. Whereas, operationally, one side will have a temporary upper hand, another side—it will go back and forth. The humanitarian situation on the ground will continue to atrophy. I think that, if left unchecked, the foreign fighter population will continue to grow in that area. Again, the refugee situation will continue to put pressure on the neighboring states: Jordan, Lebanon, Iraq, and Turkey.

Senator KAINE. Thank you.

General Rodriguez, in responding to Senator King's question about the bigger picture, "What is the way to defeat this proliferation of al Qaeda-connected groups?"—you said, ultimately, you needed a multipronged strategy to deal with disenfranchised people, people who do not feel like they have hope. They live in countries where the systems of government or the economies do not lead them to believe that they have a path to success. That is the beginning of some of this recruiting effort.

AFRICOM is different than the other commands, in that you organize, in a very kind of multipronged way, with other partners,

whether it is U.S. Agency for International Development (USAID), intelligence agencies, trade agencies. Talk a little bit about how, in your work in AFRICOM, that form of organization where these multipronged agencies are engaged is helpful to the work that you do.

General RODRIGUEZ. Yes, sir, thank you.

The interagency feature of AFRICOM is a huge help, and because of the people from all of those agencies, whether it be USAID or the DNI, as you mentioned, we are able to do a good job of coordinating the efforts and reaching out to leverage all the capabilities of the U.S. Government and to help to communicate and coordinate across those boundaries that we all have.

Senator KAINE. Great. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Kaine.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Just one follow-up, because I have already had my turn, but on a subject, General Austin, that has not been talked about yet. I think we all agree that Israel is our best friend in the region, and we all understand that, back in 1979, when they had the Accords, that there has not been a problem between the countries of Egypt and Israel during that entire time. Currently, the Egyptian military appears to be engaged in a tough counterterrorism fight in the Sinai. I would ask you, first, would you agree that the Egyptians have significantly increased their efforts in the Sinai, and that the fight against extremists there is important to the security of both Egypt and Israel?

General AUSTIN. Sir, I would agree that they have intensified their efforts. I would also agree that this fight's important, not only for the country of Egypt, but potentially for the region as a whole.

Senator INHOFE. Okay. I appreciate that, and I agree with that. There's a lot of misunderstanding, back when we had the argument about the Apache helicopters. But, I'll ask you. From the military perspective, would the resumption of the delivery of the Apache helicopters assist the Egyptians in their efforts to fight terrorism?

General AUSTIN. First, sir, I'll say that I support the President's policy. But, from a military perspective, just looking at what the Egyptians have done in the Sinai and the equipment that they are using, the Apache has been very instrumental in their efforts there.

Senator INHOFE. Is that "yes"?

General AUSTIN. That's a yes, sir.

Senator INHOFE. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you.

Any additional questions? Senator King? Senator Kaine?

Senator KING. One.

Chairman LEVIN. Senator King.

Senator KING. One additional question.

General Austin, you heard my exchange with General Rodriguez about how do we deal with the larger question of the expansion of al Qaeda? I just wondered if you had thoughts on that, since you've been fighting this battle off and on for some time. How do we develop a long-term winning strategy?

General AUSTIN. I certainly agree with my colleague, here, Dave Rodriguez. We have been fighting together for a long time. I think we see things about alike.

This is a whole-of-government approach by many governments. So, I think this is an idea that we have to counter over time; and, in order to defeat an idea, you need a better idea. So, I think we have to work together, as a government, with other governments to really get after this. I also think we have to get after the causes that allow those ideas to flourish. In conjunction to what Dave said earlier, you have to continue to put pressure on the networks, you have to be faster and more agile than they are, you have to be lethal, where required. But, again, that will only solve a part of the problem. It requires a much more comprehensive approach, and I think that, going forward, we need to do better at that.

Senator KING. A similar but somewhat unrelated question. It seems to me that the rise of the Sunni jihadists in Syria create a geopolitical opportunity for us, in the sense that it aligns our interests with Iran and Russia. All three of us are threatened by al Qaeda-like and al-Nusra-like institutions. To the extent that the civil war in Syria continues and the radicalization of the opposition continues to be in none of those three major countries' interests. Do you see an opportunity there that perhaps Iran and Russia, who are Assad's principal patrons, might, at some point in the reasonably near future, say, "Hey, we are for Assad, but we see this as a breeding ground for terrorists that are going to come back and bite us in Chechnya or in Iran"? Do you see what I am driving at, that there may be some—that this may be an area where we can do some negotiation to solve this problem in Syria because of the commonality of interests?

General AUSTIN. Yes, sir, I would not go so far as to say that we currently have common interests with Iran, as with respect to Syria.

Senator KING. I realize that term is weird to hear, but we do have a common enemy, in this case.

General AUSTIN. I would agree that there is an opportunity here, sir, that, if we can solve this problem, then it will begin to facilitate the solution of a number of other problems in the region. But, it will require the cooperation of Russia and other countries in the region in order to get this done.

Senator KING. You have just made the point, I think, that the Assad regime is almost wholly dependent, is it not, on the support of Russia and Iran?

General AUSTIN. They are very dependent, yes, sir.

Senator KING. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you.

I wonder if you, just briefly, would agree with me that, in addition to the problem of the al Qaeda, their leadership, their ideology, part of the problem is the support they get from some very well-heeled elements. Those madrassas in Pakistan that produced the extremists that attacked us and helped to provide a safe haven in Pakistan, those madrassas are funded by some very well-heeled, wealthy elements that have an extreme ideology. So, it is not just disenfranchised folks here. It's not just poverty that is a problem here, it is also an element in that ideology that is a problem as well

and we need to deal—in terms of a more comprehensive picture, we would better understand that, and then also try to figure out ways to deal with that. Would you agree with that?

General AUSTIN. Yes, sir, I would. This activity requires money, to your point, and lots of money. To better understand the activity, you have to be able to follow the money. So, it therefore requires a whole-of-government approach.

I am encouraged by what I am hearing and seeing, that there is an interest on the part of the Pakistani Government to have better control over what is being taught in the madrassas. I think that is a positive step, going forward, that will help to get after this.

Chairman LEVIN. There's a lot of Gulf money that's coming into those madrassas, as well, was not there? Is not there?

General AUSTIN. Yes, sir.

Chairman LEVIN. Okay.

Generals, both, thank you. We really appreciate your service and your testimony.

We'll stand adjourned.

[Whereupon, at 11:24 a.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

FUTURE U.S. NUCLEAR REDUCTIONS/CLUSTER MUNITIONS

1. Senator INHOFE. General Austin, the Department of Defense (DOD) 2008 Policy on Cluster Munitions and Unintended Harm to Civilians affirmed that cluster munitions have a clear military utility, providing distinct advantages against a range of targets, and resulting in less collateral damage than unitary weapons. It also acknowledged the need to minimize the unintended harm to civilians and civilian infrastructure associated with unexploded ordnance (UXO) from cluster munitions. The policy therefore required that after 2018, the military departments and combatant commands only employ cluster munitions containing sub-munitions that, after arming, do not result in more than 1 percent UXO across the range of intended operational environments. I understand that the Air Force Sensor-Fuzed Weapon (SFW), a next-generation area weapon, was designed and has been further modified to achieve these policy objectives. While initial blocks of SFWs procured by the Air Force approached but did not meet the 1 percent UXO rate, the more recent Preplanned Product Improvement (P3I) version has been validated to have a UXO rate significantly below 1 percent, making it the only air-launched cluster munition in the U.S. inventory that complies with DOD's 2008 policy. Additionally, I understand that the P3I version comprises less than half of the SFW inventory. What value do you put on area weapons in deterring enemy forces from considering massing military assets to attack U.S. and allied forces?

General AUSTIN. I continue to find value in area weapons as an effective means to deter and, if required, engage massed enemy assets.

While cluster munitions provide a distinct advantage against a range of targets, U.S. Central Command (CENTCOM) takes careful consideration regarding the negative impacts of potential collateral damage and UXO, but considers the risk as low related to other battlefield vulnerabilities. In the context of Afghanistan, where U.S. and allied forces often find themselves engaged in close proximity to civilian populations, cluster munitions have little utility. Possible collateral damage from the use of such area weapons would likely be counter-productive to longer-term counter-insurgency objectives.

2. Senator INHOFE. General Austin, is it anticipated that area weapons would contribute in defending against hostile action by Iranian land and/or maritime forces, should deterrence fail?

General AUSTIN. If we are confronted with hostile action by Iranian forces, I anticipate scenarios where area weapons would be required to effectively defend against that threat. In the past, we have seen examples of enemy tactics where using a combination of area and unitary weapons would provide us the best ability

to defeat an attacking force. This combination of area and unitary weapons is particularly useful when dealing with an unpredictable adversary.

3. Senator INHOFE. General Austin, what capability does the SFW provide that other munitions in the U.S. inventory cannot in this environment?

General AUSTIN. Similar to other area weapons, the SFW can be employed to efficiently and effectively engage area and imprecisely located targets. However, the SFW is superior to other area weapons containing submunitions because it is comprised of submunitions that have improved reliability. This improved reliability provides for a "cleaner" battlefield by reducing the risk from UXO. The P3I version of the SFW is currently the only weapon that incorporates submunitions that meet the 1 percent UXO rate prescribed by the 2008 DOD Policy on Cluster Munitions.

4. Senator INHOFE. General Austin, I have learned that both the Navy and the Air Force are exploring the capabilities offered by the maritime variant of the SFW (CBU–105 D/B). Given the threat that this variant can address and the relevance of the Joint Staff's Air-Sea Battle Concept in this regard, can you expedite the process and generate efficiencies if this effort going forward were pursued and financed jointly?

General AUSTIN. Discussions regarding the process and any efficiencies of a joint procurement strategy are better answered by those who are involved in the Program of Record. With respect to the Central Region, I believe the currently planned product improvement program, if delivered no later than 2018, as prescribed by the 2008 DOD Policy on Cluster Munitions, is sufficient. If however, the threat in our area of responsibility (AOR) increases or the funding/fielding plan precludes on-time delivery, the option to request expedited delivery through the Joint Emergent Operational Need process remains a course of action. In the meantime, I will continue to track the progress of this weapon system and address it in my Program Budget Review or Integrated Priority List, if appropriate.

5. Senator INHOFE. General Austin, what type of consequences would you foresee if U.S. forces could rely only on unitary systems to defend against an Iranian ground or maritime attack?

General AUSTIN. I judge that relying solely on unitary systems to defend against an Iranian ground or maritime attack will increase the risk of losses to friendly forces as well as increase time to achieve our operational planning objectives. Targets such as fast attack craft, maneuvering ground forces, and aircraft on parking aprons can move quickly, avoiding standoff and indirect fire weapons. In addition, their size can make them practically invulnerable to anything other than a near direct hit from a unitary weapon. In these instances, cluster munitions provide a distinct advantage over unitary systems.

6. Senator INHOFE. General Austin, what costs in terms of protecting friendly forces, materiel, and dollars would be incurred?

General AUSTIN. To date, we have not accomplished the detailed analysis required to accurately quantify related costs from relying solely on unitary weapons. Additionally, the preponderance of our operational focus has been on counter-insurgency and counter-terrorism and the use of cluster munitions in support of those missions is extremely rare.

QUESTIONS SUBMITTED BY SENATOR SAXBY CHAMBLISS

INTELLIGENCE

7. Senator CHAMBLISS. General Rodriguez, of the 28 embassies worldwide that are deemed high risk, 15 are in Africa. As the Vice Chairman of the Senate Select Committee on Intelligence, I would like to know how well-connected to the Intelligence Community are you with regards to current threat assessments and analyses?

General RODRIGUEZ. [Deleted.]

8. Senator CHAMBLISS. General Rodriguez, how will proposed budget cuts impact your capabilities with regards to the security of Americans serving in your AOR?

General RODRIGUEZ. [Deleted.]

JOINT SURVEILLANCE TARGET ATTACK RADAR SYSTEM

9. Senator CHAMBLISS. General Austin and General Rodriguez, the Joint Surveillance Target Attack Radar System (J–STARS) platform provides you with vital surveillance in the form of Ground Moving Target Indication (GMTI) to support targeting and attack operations. The President's budget proposal calls for a 40 percent reduction in our J–STARS fleet presumably to fund the acquisition of a replacement platform. Can the Air Force meet your battle management command and control requirements with this proposed reduction in aircraft?

General AUSTIN. I cannot speak to the specifics of the Air Force's J–STARS fleet. However, I am confident that as we reset our posture in the CENTCOM AOR, the Air Force will continue to effectively support our surveillance and battle management command and control requirements.

General RODRIGUEZ. [Deleted.]

10. Senator CHAMBLISS. General Austin and General Rodriguez, can you speak to the importance of having the GMTI capability available in your AORs?

General AUSTIN. GMTI, particularly when used in concert with other sensors, plays a significant role in supporting ground troops with real-time information and is in use across the CENTCOM AOR to track ground movement of possible insurgent or foreign fighters. In addition, GMTI supports maritime operations, protecting U.S. and coalition military vessels, and is further utilized in the active monitoring of commercial ship traffic and the free-flow of trade in the region.

General RODRIGUEZ. [Deleted.]

A–10

11. Senator CHAMBLISS. General Austin, from my discussions with Army personnel in Afghanistan and with those who recently returned from Afghanistan, I've gained an even greater appreciation for the role the A–10 has played in providing close air support (CAS) as well as forward air control and combat search and rescue (CSAR) support in your theater of operations. The Air Force announced this week plans to divest its entire inventory of A–10 aircraft. Do you personally support this plan?

General AUSTIN. The Services are best suited to make these kinds of decisions based on strategic priorities and missions. As we plan for future contingencies within the current fiscally-constrained environment, I believe the Services are looking to determine how best to balance needed capabilities with future requirements. There are a number of platforms in the Air Force's inventory able to provide CAS, including F–16s and F–15Es. With or without the A–10, I am confident the Air Force will continue to provide CAS and support other missions, as required.

12. Senator CHAMBLISS. General Austin, in your opinion, how will it impact soldiers on the ground and their confidence in the Air Force to support them?

General AUSTIN. In a combat zone, soldiers are often concerned that they will have adequate CAS, forward air control and personnel recovery assets when and where they need them.

Although many soldiers are most familiar with the A–10, it is not the only platform used for CAS, forward air control, and personnel recovery operations. In fact, in Afghanistan, aircraft other than the A–10 have flown approximately 80 percent of these missions. In addition to the A–10, the Air Force also has the F–15E, F–16, B1, B–52 and soon will have the F–35. It's also worth noting that these aircraft have much higher transit speeds than the A–10, thus enabling a much quicker response to troops in contact with hostile forces in Afghanistan. As troops continue to train and conduct joint operations with the Air Force, they will gain further confidence in the available platforms and munitions and their ability to meet mission requirements.

13. Senator CHAMBLISS. General Austin, can you speak to the flexibility of the A–10 in performing not just CAS, but also forward air control, ground attack, and CSAR missions?

General AUSTIN. Operational parameters for specific aircraft are best addressed by the Air Force, however, the airmen who fly the aircraft have performed well in a variety of missions in both Afghanistan and Iraq.

AFGHANISTAN

14. Senator CHAMBLISS. General Austin, we are fast approaching the arbitrary 2014 deadline for transitioning out of Afghanistan, and still no concrete plan has been offered for review by the administration. Furthermore, DOD's budget request did not include a firm request for Overseas Contingency Operations (OCO) funds. Under Secretary of Defense (Comptroller) Robert Hale stated last week that a separate and final OCO request will be sent to Congress in the months following the troop level announcement by the President. I believe that to be grossly inadequate as it does not allow your planners time to strategize for future operations in Afghanistan and the military reset operations that OCO funds. What is your plan to mitigate that impact?

General AUSTIN. Late last year, CENTCOM developed and submitted a contingency plan for post-2014 Afghanistan activities and validated detailed planning assumptions to ensure our efforts were vetted with the Services, the Joint Staff, and the National Security Council. This plan was developed assuming that President Karzai would sign the Bilateral Security Agreement. Unfortunately, that did not occur. We continue to reassess and refine our planning pending presidential guidance as our number one priority, until an enduring presence decision is made.

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

SURGING AL QAEDA THREAT—MISMATCH BETWEEN THREATS AND BUDGET

15. Senator AYOTTE. General Rodriguez, in your written testimony, you say that the activity of the al Qaeda network in Africa is growing and you describe that threat as one of your primary near-term challenges. You describe the violent extremist network in Africa as increasingly syndicated and active. You also state that al Qaeda in the Arabian Peninsula, which has connections in Africa, is "resurging and remains intent on targeting the United States and U.S. interests overseas." You go on to state that, "terrorist groups in North Africa and West Africa have expanded their operations, increasing threats to U.S. interests." Yet, in your statement's conclusion, you describe the U.S. Africa Command (AFRICOM) AOR as an "economy of force region." Doesn't that mean you are being forced to manage with fewer resources than you need?

General RODRIGUEZ. The current funding level is sufficient to accomplish our mission, with some risk. We refer to our AOR as an "economy of force region" as we feel we can achieve effective results with relatively small expenditures, if we have sufficient operational flexibility, match resources to priorities, and leverage allies and partners. As an example, our maritime exercise Obangame Express in the Gulf of Guinea incorporates ships from European and African nations to augment 1 U.S. vessel to provide maritime awareness training for 21 nations plus 2 African regional organizations. Additionally, our relationships with our allies and partners have allowed us to leverage their Intelligence, Surveillance, and Reconnaissance (ISR) and intelligence capabilities, which has helped to mitigate shortfalls that increase risk to our mission.

16. Senator AYOTTE. General Rodriguez, what resources necessary to accomplish your mission do you currently lack?

General RODRIGUEZ. [Deleted.]

17. Senator AYOTTE. General Rodriguez, what are your leading concerns regarding resource shortfalls?

General RODRIGUEZ. [Deleted.]

18. Senator AYOTTE. General Rodriguez, if we under-resource AFRICOM, what are some of the potential risks and dangers to our national security interests?

General RODRIGUEZ. In the near-term, under-resourcing AFRICOM would reduce the command's ability to counter immediate threats to U.S. national security interests, including the increasing activity of African al Qaeda affiliates and adherents, and illicit trafficking networks. It would reduce the command's ability to support operations to protect U.S. personnel and facilities. We would likely see reductions in ISR, resulting in reduced information on the activities of organizations who might be actively planning to target U.S. citizens and our interests overseas, including U.S. diplomatic and military personnel. We could also see reductions in personnel recovery, medical, mobility, and response force readiness and capabilities affecting our ability to rapidly respond to crises. In the long-term, under-resourcing the com-

mand would reduce our ability to strengthen military-to-military relationships in support of broader U.S. economic, political, and security objectives.

RUSSIAN ACTIVITY IN SYRIA

19. Senator AYOTTE. General Austin, how would you describe Russia's support for Assad?

General AUSTIN. Russia continues to provide full spectrum support to the Assad regime, including advanced weapon systems and a myriad of military aid to bolster Syria's defensive capabilities and Damascus' operations against Syrian opposition forces. In addition, Russia provides Syria political cover in the international arena, particularly at the UN Security Council, and Russia's naval presence in the Eastern Mediterranean basin is a persistent planning consideration for CENTCOM.

20. Senator AYOTTE. General Austin, what kind of weapons has Russia provided Assad?

General AUSTIN. We know Russia has provided Assad advanced, modern air defense and coastal defense systems and has likely also delivered small arms ammunition, rockets, and multiple rocket launchers that Assad's forces are using to target opposition fighters.

21. Senator AYOTTE. General Austin, has Russia provided S–300 advanced antiaircraft missiles to Assad?

General AUSTIN. At this time we have no indications Russia has delivered S–300 missiles or launchers to Syria.

22. Senator AYOTTE. General Austin, has Russia provided Assad's forces training?

General AUSTIN. Yes, Russia and Syria maintain a longstanding military relationship that includes military training. Syrian military leaders frequently attend technical and leadership schools in Russia, and Syrian operators are trained by Russians on Russian-manufactured weapons systems. Of note, while Russian military forces maintain a continued presence in Syria, it remains unclear if they are providing counterinsurgency training.

23. Senator AYOTTE. General Austin, are Russian trainers or military personnel in Syria training Assad's forces?

General AUSTIN. We believe Russian trainers are instructing Assad's forces on how to operate Russian-produced weapons systems. However, we have not been able to confirm if Russian advisors are providing advice or training to Syrian combat operations against the opposition.

24. Senator AYOTTE. General Austin, how would Russia view Assad's fall?

General AUSTIN. While I do not believe the Russian Government is intensely loyal to Assad personally, I do believe they would like to retain Syria as a Middle Eastern ally and important defense export customer. Russia also maintains its only out of area naval facility at Tartus, Syria. Given this and other equities, prior to supporting any type of transition plan, I think it likely that Moscow would seek assurances that any alternative to Assad would protect Russia's interests in Syria.

DYNAMIC STALEMATE IN SYRIA

25. Senator AYOTTE. General Austin, in your written testimony, you state that Syria "represents the most difficult challenge that I have witnessed in my 38-year career." You went on further to state that, " ... I would characterize [the conflict in Syria] as a dynamic stalemate with neither side able to achieve its operational objectives." Can you explain further what you mean by a dynamic stalemate?

General AUSTIN. By dynamic stalemate, I mean that the Assad regime and the opposition are tactically and operationally at a stalemate. They continue to exchange gains and losses on the battlefield with neither able to inflict a decisive defeat on the other. As a result, unless something happens to shift momentum in one's favor, the conflict is likely to remain in a stalemate for the foreseeable future. At the same time, there is a dynamic element to the crisis at large. Specifically, the increased proxy actor involvement, the expanding flow of foreign fighters, the presence of chemical weapons, and the impact of the growing refugee crisis on neighboring countries is significantly impacting Syria and the surrounding areas. While the conflict may remain in a stalemate (tactically and operationally), the overall sit-

uation is likely to develop into a region-wide crisis if these other elements are not effectively addressed.

26. Senator AYOTTE. General Austin, the former CENTCOM commander, General Mattis, said that the fall of Assad would be the "biggest strategic setback for Iran in 20 years." Do you agree with that statement?

General AUSTIN. I'm not certain I would characterize the potential fall of Assad as the "biggest strategic setback for Iran in 20 years." However, I do agree that Assad's fall would significantly impact Iran's credibility and level of influence in the region. The resulting instability could expose tension and fractures among hard-liners within Iran's government. The sunk cost of significant investments made to the Assad regime could also impact Iran's ability to fund and gain support for proxy activity in other parts of the region.

27. Senator AYOTTE. General Austin, how would the fall of Assad impact Iran?

General AUSTIN. They would likely lose their only state partner in the region. The sunk cost of investments made to Syria could impact Iran's ability to fund and gain support for other proxy activity. It would represent an operational setback and it would inevitably limit Iran's reach in parts of the region. However, they would likely continue to pose a threat with their Qods Force activity, cyber and ballistic missile capabilities, and maritime presence. I would further assess that if Assad falls, Iran's strategic ambition of regional hegemony would not be derailed.

28. Senator AYOTTE. General Austin, do you believe it is in the interests of the United States for the Assad regime to fall?

General AUSTIN. I believe it is in the interests of the United States, the Central Region, and the Syrian people, that Syria transition responsibly to a new and stable government that is representative of the Syrian people, capable of effective governance, and capable of legitimately representing Syria in the international forum. We would much prefer a responsible transition to a government as described, as opposed to the fall of Assad, since a fall denotes a subsequent period of uncertainty, instability, and even increased violence.

29. Senator AYOTTE. General Austin, what is CENTCOM currently doing to help bring about the fall of Assad?

General AUSTIN. CENTCOM's current focus is to support the U.S. Government's efforts in achieving a diplomatic or political solution to the Syrian conflict. We continue prudent planning on a variety of options that could enable the U.S. to do more in addressing other difficult challenges present inside Syria. Our goal is to provide policymakers with sufficient decision space and present credible military response options should they be required to ensure Syrian compliance with United Nations/Organization for the Prohibition of Chemical Weapons efforts to rid Syria of chemical weapons. We also continue to strengthen bilateral defense relationships with nations adjacent to Syria and most impacted by the conflict, in order to protect our vital interests and mitigate spillage from Syrian instability. We also continue to support United States Agency for International Development efforts to provide humanitarian assistance to Syrian refugees and decrease instability inside the host nations.

30. Senator AYOTTE. General Austin, what more would the United States and our partners have to do to end this stalemate and bring about Assad's fall?

General AUSTIN. The decision to do more with respect to Syria is a policy decision. Absent a shift in the dynamics on the battlefield, the Syrian stalemate is likely to continue indefinitely. There are a few options that would limit risk to the United States while possibly helping to bring about the necessary shift in the battlefield dynamics. For instance, efforts to train and equip select moderate opposition forces to enhance their effectiveness could help tilt the momentum in their favor, thereby placing increased pressure on Assad. Additionally, intelligence sharing and border security initiatives aimed at curbing the flow of extremist foreign fighters into Syria would aid in diluting extremist views and countering Assad's narrative that he is justified in fighting Islamic extremism. Putting diplomatic pressure on Russia, Iran, and Lebanese Hezbollah to restrict their support to Assad would further limit the regime's capabilities.

IRANIAN INTERCONTINENTAL BALLISTIC MISSILE THREAT

31. Senator AYOTTE. General Austin, as you know, the Director of National Intelligence, James R. Clapper, has said that the Iranians are pursuing two systems that could have intercontinental ballistic missile (ICBM) capability as early as 2015. On February 27, Admiral Haney testified before the Senate Armed Services Committee at the U.S. Strategic Command posture hearing that, "Iran is still believed capable of fielding a long-range ballistic missile that could hit the United States by next year." What is your assessment of Iran's ICBM programs?

General AUSTIN. There are many factors to consider, but Iran does have ongoing space launch vehicle programs that incorporate technology potentially applicable to intercontinental ballistic-class missiles. Such launch vehicles could be capable of ICBM ranges, if configured as such. Actual fielding of an ICBM is likely several years away due to the significant technical complexities inherent in space launch vehicle development.

A–10

32. Senator AYOTTE. General Austin, from January 1, 2002, to January 1, 2014, in the CENTCOM AOR, how many Mission Reports (MISREPS) have been filed by A–10s?

General AUSTIN. CENTCOM does not maintain this data. This question is best answered by the Air Force.

33. Senator AYOTTE. General Austin, from January 1, 2002, to January 1, 2014, in the CENTCOM AOR, how many CAS employments with nine lines?

General AUSTIN. CENTCOM does not maintain this data. This question is best answered by the Air Force.

34. Senator AYOTTE. General Austin, from January 1, 2002, to January 1, 2014, in the CENTCOM AOR, how many MISREPS have been filed by F–16s, F–15Es, and B–1s?

General AUSTIN. CENTCOM does not maintain this data. This question is best answered by the Air Force.

35. Senator AYOTTE. General Austin, from January 1, 2002, to January 1, 2014, in the CENTCOM AOR, how many CAS employments with nine lines for the same time period for F–16, F–15E, and B–1s?

General AUSTIN. CENTCOM does not maintain this data. This question is best answered by the Air Force.

36. Senator AYOTTE. General Austin, from January 1, 2002, to January 1, 2014, in the CENTCOM AOR, how many Civilian Casualty (CIVCAS) events has the B–1 been associated with?

General AUSTIN. CENTCOM does not maintain this data. This question is best answered by the Air Force.

37. Senator AYOTTE. General Austin, from January 1, 2002, to January 1, 2014, in the CENTCOM AOR, how many CIVCAS events has the B–1 caused?

General AUSTIN. CENTCOM does not maintain this data. This question is best answered by the Air Force.

38. Senator AYOTTE. General Austin, from January 1, 2002, to January 1, 2014, in the CENTCOM AOR, how many CIVCAS events has the A–10 been associated with?

General AUSTIN. CENTCOM does not maintain this data. This question is best answered by the Air Force.

39. Senator AYOTTE. General Austin, from January 1, 2002, to January 1, 2014, in the CENTCOM AOR, how many CIVCAS events has the A–10 caused?

General AUSTIN. CENTCOM does not maintain this data. This question is best answered by the Air Force.

40. Senator AYOTTE. General Austin, if the A–10 is withdrawn from service, what aircraft will be fitted with LARSv12 CSAR functionality and assume rescue mission commander duties?

General AUSTIN. Operational parameters for specific aircraft are best addressed by the Air Force.

41. Senator AYOTTE. General Austin, if the A–10 is withdrawn from service, what are the lowest weather minimums that F–16s and F–15Es will be allowed to operate under?

General AUSTIN. Operational parameters for specific aircraft are best addressed by the Air Force.

42. Senator AYOTTE. General Austin, is CENTCOM requesting A–10 capabilities after December 31, 2014?

General AUSTIN. In fiscal year 2015, CENTCOM is requesting 12 x A–10s, or appropriate fighter or attack platform, capable of performing CSAR/Personnel Recovery Command and Control mission sets.

43. Senator AYOTTE. General Austin, please list all Air Force fighter aircraft being requested in fiscal year 2015.

General AUSTIN. Generally, CENTCOM requests capabilities to meet a wide range of operational requirements, leaving it up to the Services to determine the platform or unit that will support the missions. Based on the capabilities required in the CENTCOM AOR in fiscal year 2015 and the historical support from the Air Force, we anticipate the following:

1. 12 x F–16
2. 12 x Fighters (F–16CJ)
3. 18 x F–22 (prepare to deploy order)
4. 24 x F–15C (prepare to deploy order)
5. 24 x F–16CJ (prepare to deploy order)
6. 18 x F–16 (prepare to deploy order)
7. 12 x F–15E
8. 12 x Fighters (F–16 Series)
9. 6 x F–22 (when sourced, prepare to deply order decrements by six)
10. 24 x F–15E (prepare to deploy order)
11. 12 x A–10s or CSAR/Personnel Recovery Command and Control Capability
12. 6 x F–15E or Kinetic Strike Capability

44. Senator AYOTTE. General Austin, were A–10 capabilities requested by CENTCOM in fiscal year 2014?

General AUSTIN. Yes, A–10 capabilities were requested in fiscal year 2014 and are currently operating in Afghanistan, executing CAS and CSAR mission sets.

45. Senator AYOTTE. General Austin, with respect to a potential swarm-boat threat in the Persian Gulf, which Air Force aircraft can attack swarming boats with a ceiling below 5,000 feet?

General AUSTIN. Operational parameters for specific aircraft are best addressed by the Air Force.

46. Senator AYOTTE. General Austin, with respect to a potential swarm-boat threat in the Persian Gulf, which Air Force aircraft can attack swarming boats with a ceiling below 1,500 feet?

General AUSTIN. Operational parameters for specific aircraft are best addressed by the Air Force.

47. Senator AYOTTE. General Austin, in the CENTCOM AOR, which CAS weapon would an F–15E or an F–16 use when the weather ceiling is below 5,000 feet?

General AUSTIN. Operational parameters for specific aircraft are best addressed by the Air Force.

48. Senator AYOTTE. General Austin, in the CENTCOM AOR, which CAS weapon would an F–15E or an F–16 use when the weather ceiling below 1,500 feet?

General AUSTIN. Operational parameters for specific aircraft are best addressed by the Air Force.

QUESTIONS SUBMITTED BY SENATOR MIKE LEE

IRAN

49. Senator LEE. General Austin, an Iranian negotiator, Abbas Arachi, stated earlier this month that his country would not negotiate with the west on its ballistic missile program, and General Flynn of the Defense Intelligence Agency told this committee that Iran could have an ICBM by 2015. This is an issue that has not

been addressed in the interim deal between the United States and Iran. Do you believe that continued progress of the Iranian ICBM program is a threat to the United States?

General AUSTIN. Yes, I do. Iran already has the largest inventory of ballistic missiles in the Middle East and continues to make incremental progress in its development of space launch vehicles, which could be applied to an ICBM program. Unhindered, Iran may eventually be capable of fielding a missile with a range of 10,000 km, which would enable it to threaten the U.S. Homeland. Achieving such a capability within the next several years is unlikely, as Iran still faces numerous technical hurdles inherent to space launch vehicle and/or ICBM development. However, their continued pursuit of this capability does pose a long-term threat to the United States.

50. Senator LEE. General Austin, should the Iranian ICBM program be something that is addressed in the final agreement that we are negotiating with Iran?

General AUSTIN. This ultimately represents a policy decision. However, I am concerned about Iran's expanding ballistic missile program, which includes efforts to develop space launch vehicles and, possibly, ICBMs. These weapons could serve as strategic delivery systems for a future nuclear weapon. Thus, any agreement that limits Iran's ballistic missile program and long-range delivery capabilities would benefit U.S. interests.

51. Senator LEE. General Austin, what is the military assessment of Iranian support of terrorist networks and has this changed any since the election of President Rouhani or the announcement of the interim agreement this fall?

General AUSTIN. Despite Tehran's more positive engagement with the international community, Iranian support to terrorist networks as a way of pursuing regional goals continues. There has been no obvious change to Iranian support to terrorism since the election of Ruhani or the announcement of the interim agreement in late 2013. The Israeli interdiction of an Iranian weapons shipment destined for Gaza demonstrated Iran's continued support to Palestinian terrorist elements. Further, a Bahraini interdiction of explosively formed penetrators and other weapons destined for Bahraini militant groups committed to destabilizing Bahrain also illustrated that Iran has not slowed its support of terrorist and insurgent groups in the region despite the improved atmosphere in nuclear negotiations.

AL QAEDA/TERRORISM

52. Senator LEE. General Austin and General Rodriguez, recent attacks in the Middle East and North Africa, such as the attack in Benghazi, highlight the evolution of al Qaeda over the past decade into decentralized, regional organizations in places like Syria, Libya, Somalia, and Yemen, with differing agendas and goals. What is the level of coordination between these groups or control from a central leadership?

General AUSTIN. Al Qaeda has evolved in its ability to conduct attacks in more theaters, particularly since the Arab Awakening. Al Qaeda leverages its diffusion as a source of strength and the growing connectivity and coordination among al Qaeda's nodes has enabled the movement's survival and expansion. Simultaneously, al Qaeda affiliates pursue local agendas in support of the movement's broader strategic goals. While al Qaeda senior leadership may not control day-to-day operations in theater, its strategic guidance is critical to the movement's cohesion.

There are two trends solidifying al Qaeda senior leader's significant influence over the diffuse nodes of the movement. First, al Qaeda features a growing cadre of geographically dispersed leadership. The al Qaeda "core" is no longer limited to the Afghanistan-Pakistan region, rather, its deputy leader now is in Yemen and senior leadership figures are active in Syria and North Africa. This dispersal allows al Qaeda's central leadership to be better informed and react more quickly in support of al Qaeda nodes in dynamic environments. Second, al Qaeda's affiliates and allies continue to support the movement's global agenda and seek central leadership guidance to frame local objectives.

There also remains a high level of coordination between al Qaeda's nodes. Al Qaeda has fostered connectivity among its affiliates and allies over the past decade, spawning a network with entrenched redundancy and cooperation. Despite counterterrorism pressure on al Qaeda's core in Afghanistan and Pakistan, the network has grown as the movement becomes increasingly interconnected and more resistant to counterterrorism pressure. Al Qaeda affiliates share facilitation nodes, funding, and guidance. We expect this coordination extends to attack planning, terrorist tactics,

and improved technology and weapons. Furthermore, the affiliates are now the movement's center of gravity for expanding coordination. The affiliates drive continued expansion, establishing new relationships with emerging groups, and overseeing the acquisition of new nodes and individuals on behalf of central leadership.

General RODRIGUEZ. [Deleted.]

53. Senator LEE. General Austin and General Rodriguez, do you believe these extremist groups are more focused on regional goals, such as overthrowing governments or establishing control of territory, or on attacking U.S. targets?

General AUSTIN. At the heart of al Qaeda's Grand Strategy is a flexible, two-pronged approach to topple regional apostate governments and attack U.S. targets and interests. Historically, al Qaeda levels of effort toward regional goals and their desire to attack U.S. targets have changed as the movement adapted. However, this is not an "either/or" strategy. In fact, these goals are not mutually exclusive and can be pursued in tandem. Additionally, the focus on regional goals and attacking the U.S. both contribute to al Qaeda's overarching strategic objective, which is the reestablishment of an Islamic Caliphate throughout the Middle East and North Africa.

General RODRIGUEZ. [Deleted.]

SYRIA

54. Senator LEE. General Austin, the Organization for the Prohibition of Chemical Weapons and the international community are working under last year's agreement to remove chemical weapons from Syria, though progress is slower than the timeline agreed upon. What do you believe is the biggest national security threat to the United States currently stemming from the Syrian crisis?

General AUSTIN. The most direct threat to our national security is the increasing flow of foreign fighters into Syria. Last year, there were 800 or so; now there are in excess of 8,000. They are traveling to Syria from the West, North Africa, Europe, and throughout the Middle East. The concern is that most of them will return to their countries more radicalized and with weapons and valuable experience gained. It is possible they will target the west and/or our partners nations. Foreign extremists are also taking advantage of the war-torn environment in Syria and establishing training and recruitment camps, thus increasing capability and building an external framework to facilitate operations against the United States and the west.

55. Senator LEE. General Austin, we are aware that extremist groups in Syria, such as the al Nusra front, have ambitions to attack the U.S. Homeland, and are also working with moderate groups that we have been supporting. I understand that the situation on the ground is fluid, but can we guarantee that the assistance we are supplying to moderates in Syria are not being used by or to the benefit of extremist groups who want to attack the United States?

General AUSTIN. No, we cannot guarantee the assistance we provide doesn't fall into the wrong hands. Undoubtedly, some weapons and funds flowing into Syria wind up in the hands of extremists such as Al Nusrah Front or the Islamic State of Iraq and Levant (ISIL).

Al Nusrah Front works closely with all factions of the opposition and is often aware of logistics and humanitarian shipments into Syria. At times they even acquire and disseminate these shipments to the local populace. This, in turn, benefits Al Nusrah Front in the propaganda war.

ISIL continues to fight the opposition for territory and resources, often hijacking weapons, materiel, and humanitarian aid shipments for its own use. ISIL has acquired advanced weapons and is using them in Syria, and has introduced them in the ongoing fight in Iraq's Anbar Province.

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

THURSDAY, MARCH 13, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

U.S. NORTHERN COMMAND AND U.S. SOUTHERN COMMAND

The committee met, pursuant to notice, at 9:39 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, Udall, Manchin, Donnelly, Kaine, King, Inhofe, McCain, Sessions, Chambliss, Ayotte.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. The committee meets this morning to consider the posture of our two combatant commands in the western hemisphere, and we are pleased to welcome General Charles "Chuck" H. Jacoby, Jr., USA, Commander, U.S. Northern Command (NORTHCOM) and Commander/North American Aerospace Defense Command; and General John F. Kelly, Commander, U.S. Southern Command (SOUTHCOM).

Thank you both for the long service that you have provided to our country, your leadership, and please pass along our gratitude to the men and women, military and civilian, with whom you work, as well as their families, for the great support that they provide.

One of the three strategic pillars of the National Defense Strategy highlighted in the recent Quadrennial Defense Review is to, "protect the Homeland, to deter and defeat attacks on the United States, and to support civil authorities in mitigating the effects of potential attacks and natural disasters." That sums up the mission of NORTHCOM. We look forward to hearing how General Jacoby is implementing this strategic priority and what impact the budget caps imposed by the Budget Control Act (BCA) are having on this mission.

General Jacoby is responsible for the operation of Homeland Ballistic Missile Defense (BMD), the Ground-Based Midcourse Defense (GMD) System, which has had several flight-test failures caused by problems that need to be corrected and demonstrated before we de-

ploy more interceptors. We would be interested in his views on the need for testing and improving our GMD system, particularly its sensor and discrimination capabilities, and on improving its future kill vehicles with a new design.

In its mission to provide defense support to civil authorities, NORTHCOM works closely with other Federal agencies and with the Governors and the National Guard. We hope to hear how the budget request, his budget request, will affect the command's ability to respond to natural and manmade disasters, and to promote regional security through our security partnerships with Canada and Mexico, including efforts with Mexico to reduce the twin scourges of violence and illicit trafficking of drugs, money, weapons, and people.

Both of our witnesses face the threat of transnational criminal organizations (TCO); organizations that breed instability, corruption, and violence throughout the region, undermining democratic institutions in civil society with their illicit trafficking operations. General Kelly, your prepared opening statement goes so far as to call these TCOs "corporations." We look forward to your views on the effectiveness of our law enforcement, military, and intelligence efforts to take on those entities.

General Kelly, as a result of funding restrictions required by the budget caps, the Military Services have reduced their support of your requirements substantially, and I hope that you will provide our committee with an understanding of the choices that you've had to make in mitigating the impact of funding cuts. As an example, last year you reported the success of Operation Martillo, which fused intelligence and operations efforts to take on illicit drug trafficking, and the results of that operation were impressive. However, under current and proposed funding levels, I understand the Navy will have little choice but to reduce the deployments that would support the continuation of that operation.

SOUTHCOM faces a multitude of other security challenges, including training and equipping militaries of friendly nations; training and equipping peacekeepers for deployment to multilateral peacekeeping operations across the globe; enabling, advising, and supporting Colombian military and law enforcement operations; monitoring the activities of Russia, China, Iran, and nonstate actors in the hemisphere; growing political instability in Venezuela; and responding to requests from the Department of State (DOS) for additional security forces and evacuation support. We would be interested, General, in any targeted funding or authorities that may be needed to carry out those missions.

Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

I think we all know that, now more than ever, the threats we face are no longer confined to geographic boundaries that divide our combatant commands. What happens in Latin America, in the Middle East, in Asia and Africa, directly impacts the security of the U.S. Homeland.

General Jacoby, this reality is reflected in your prepared remarks, where you state that, "The U.S. Homeland is increasingly

vulnerable to an array of threats around the world." This is particularly true with regards to Iran and North Korea. North Korea continues to engage with provocative actions, including military exercises, nuclear tests, and the development of a road mobile missile system. Additionally, the recent agreement with Iran has done nothing to halt the regime's pursuit of nuclear weapons and their nuclear weapon capability and the means to deliver it to our shores. That is why I remain committed to pushing efforts to increase the reliability of our GMD system, including the development of a new kill vehicle for our Ground-Based Interceptors (GBI), as well as an additional radar system for the east coast, which we actually had started, at one time.

In our hemisphere, violence is escalating throughout Central and South America and Mexico as a result of ruthless criminal organizations. These groups command multibillion-dollar networks that smuggle drugs, weapons, humans, and just about anything else that'll make money. Today, their reach extends far beyond Latin America. They now operate in Africa, Europe, and Asia, and they have presence in more than 1,200 cities in the United States.

So, I look to both of our witnesses today to update the committee on the growing threat from these groups and what's being done to combat their spread.

General Kelly, SOUTHCOM has long suffered from resources shortfalls. Sequestration is going to make it a lot worse. You say in your statement that budget cuts over the next 10 years will have a "disproportionally large impact" on your operations to exercise in engagement activities and that our relationships, leadership, and influence in the region are, "paying the price." I hope you will talk more in detail about that, and that neither of you will try to sugarcoat the problems that we are facing today.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

General Jacoby.

STATEMENT OF GEN CHARLES H. JACOBY, JR., USA, COMMANDER, U.S. NORTHERN COMMAND, AND COMMANDER, NORTH AMERICAN AEROSPACE DEFENSE COMMAND

General JACOBY. Chairman Levin, Senator Inhofe, distinguished members of the committee, thank you for the opportunity to appear before you today.

It is a pleasure to be here once again with my friend and fellow Combatant Commander, John Kelly of SOUTHCOM, and I have with me today my senior enlisted leader, Command Star Major Bob Winzenreid.

On behalf of the soldiers, sailors, airmen, marines, coastguardsmen, and trusted civilian teammates of NORTHCOM and North American Aerospace Defense Command (NORAD), I appreciate this committee's continuing support of our unique and important missions.

I would like to begin by acknowledging the importance of the 2-year reprieve offered by the Bipartisan Budget Act (BBA) of 2013. It enabled short-term readiness fixes and selected program buybacks of significant importance to the Homeland. However, the challenge of the BCA and sequestration remains, hampering our

ability to plan and decide strategically, frustrating our efforts to find innovative solutions to complex national security challenges, and reminding us that the recent BBA only postpones, but does not eliminate, the risk to our future readiness and ability to meet the missions specified in the Defense Strategic Guidance of 2012. We need your help in Congress for a permanent fix to the BCA of 2011.

Of particular concern was the Department of Defense (DOD) hard choice to implement the furlough of our dedicated civilian teammates as a cost-cutting measure. This decision compromised morale, unsettled families, and caused us to break a bond of trust, one that is absolutely critical to the accomplishment of our mission. Equally unsettling, NORAD's ability to execute its primary mission of aerospace defense of the Homeland has been subject to increased risk, given the degradation of U.S. combat Air Force readiness. With the vigilance and the support of Air Combat Command and the U.S. Air Force, we've been able to sustain our effective day-to-day posture, but that comes at the cost of overall U.S. Air Force readiness, which continues to hover at 50 percent.

As the world grows increasingly volatile and complex, threats to our national security are becoming more diffuse and less attributable. While we stand constant vigil against asymmetric network threat activities, Russian actions in the Ukraine demonstrate that symmetric threats remain. Ultimately, crises originating elsewhere in the world can rapidly manifest themselves here at home, making the Homeland more vulnerable than it has been in the past.

I agree with Director of National Intelligence Clapper, al Qaeda and TCOs continue to adapt, and they do so much more quickly than we do. To deter and defeat these globally networked threats, it is imperative that we prioritize our support to our partners in the law enforcement community and the international community. Their forward efforts help keep these TCOs from transforming into large-scale threats to the Homeland.

Another critical enabler to successfully defending the Homeland is strategic intelligence and warning. The recent compromise of intelligence information, including the capabilities of the National Security Agency, profoundly impact how we defend the Homeland against both symmetric and asymmetric adversaries.

With regard to missile defense, tangible evidence of North Korean and Iranian ambitions confirms that a limited ballistic missile threat to the Homeland has matured from a theoretical to a practical consideration. Moreover, we are concerned about the potential for these lethal technologies to proliferate to other actors.

To address these possibilities, we are also working with the Missile Defense Agency (MDA) to invest in a tailored solution to address the challenges that advancing missile technologies impose on our BMD system architecture.

In addition to the issues mentioned thus far, NORTHCOM and NORAD continue to work to address a variety of other challenges to our missions across the approaches to North America. With seasonal ice decreasing, the Arctic is evolving into a true strategic approach to the Homeland. Therefore, we continue to work with our premier Arctic partner, Canada, and other stakeholders, to develop our communications, domain awareness, infrastructure, and pres-

ence in order to enable safety, security, and defense in the far north.

Defending the Homeland in depth requires partnerships with all of our neighbors: Canada, Mexico, and the Bahamas. Our futures are inextricably bound together, and this needs to be a good thing in the security context. The stronger and safer they are, the stronger our partnerships, the safer we all are, collectively. This creates our common competitive security advantage for North America.

For civil support, NORTHCOM stands ready to respond to national security events as a core DOD mission and to provide support to lead Federal agencies for manmade or natural disasters. Our challenge remains to not be late to need. The men and women of NORTHCOM and NORAD proudly remain vigilant and ready as we stand watch over North America and adapt to the uncertainty of the global security environment and fiscal realities.

I am honored to serve as their commander, and thank this committee for your support of our important missions. I look forward to your questions.

Thank you.

[The prepared statement of General Jacoby follows:]

PREPARED STATEMENT BY GEN CHARLES H. JACOBY, JR., USA

Chairman Levin, Ranking Member Inhofe, distinguished members of the Committee, thank you for the opportunity to report on the posture and future direction of U.S. Northern Command (NORTHCOM) and North American Aerospace Defense Command (NORAD). Our integrated staffs carry on a legacy of over 55 years of continental defense under NORAD, and NORTHCOM's 11 years of safeguarding the Homeland through innovative programs, robust partnerships, and continual improvement. The nation is well served by the commands' professionals who are focused on deterring, preventing, and if necessary, defeating threats to our security.

INTRODUCTION

This is a time of dynamic unpredictability for the Department of Defense (DOD). As the world grows increasingly volatile and complex, threats to our national security are becoming more diffuse and less attributable. This evolution demands continuous innovation and transformation within the Armed Forces and the national security architecture. Meanwhile, fiscal constraints have further compelled us to rethink our strategies, reorient the force, rebalance risk across competing missions, and take uncommon actions to achieve spending reductions. Particularly troubling, in dealing with sequestration last year, we broke faith with our civilian workforce. Implementing furloughs as a cost-cutting measure compromised morale, unsettled families, and understandably caused many DOD civilians to reevaluate their commitment to civil service by undermining one of the most significant competitive advantages the DOD offers its civilian workforce, stability.

While we must deal realistically with limited budgets, the Homeland must be appropriately resourced to protect our sovereignty, secure critical infrastructure, offer sanctuary to our citizens, and provide a secure base from which we project our national power. As a desired target of our adversaries, the Homeland is increasingly vulnerable to an array of evolving threats. Thus, we should not give ground when it comes to defense of the Nation and the protection of North America. NORTHCOM and NORAD are priority investments in national security that should not be compromised as a consequence of the budget environment. When Canada was confronted with similar fiscal pressures to those encountered here, they fully resourced NORAD. Holding up our end of shared defense through NORAD honors Canada's commitment, and is a key element of our Nation's competitive advantage across an uncertain global landscape.

The USNORTHCOM geographic area of responsibility encompasses North America. It includes the Gulf of Mexico, the Straits of Florida, much of the Caribbean region (U.S. Virgin Islands, British Virgin Islands, Bermuda, Puerto Rico, The Bahamas, and Turks and Caicos Islands), and the approaches to the continent, including significant portions of the Atlantic, Pacific, and Arctic Oceans.

Homeland defense depends on readiness and preparedness. The dedicated professionals from the Intelligence community, including the National Security Agency (NSA) and other organizations, provide vital indications and warnings enabling the continued security and defense of our Nation. The recent and potential future compromises of intelligence information, including the capabilities of the NSA, an agency with which NORAD/NORTHCOM relies on with an effective operational partnership, profoundly disrupts and impacts how we deter terrorists and defend the Homeland.

Further, although I am encouraged by the short-term stability obtained by recent passage of the Bipartisan Budget Act of 2013, the shadow of sequestration still looms over key strategic decisions concerning how we defend the Nation over the next two decades. Should sequestration return in 2016, it would lead to a situation where combat readiness and modernization could not fully support current and projected requirements to defend the Homeland. Underinvestment in capabilities which sustain readiness increases our vulnerability and risk. The nation deserves better than a hollow force lacking the capability or capacity to confront threats.

My priorities:

- Expand and strengthen our trusted partnerships
- Advance and sustain the bi-national military command
- Gain and maintain all-domain situational awareness
- Advocate and develop capabilities in our core mission areas to outpace all threats
- Take care of our people; they are our foundation

Distinct from other geographic combatant commands, we must observe and comply with domestic legal and policy requirements as a condition of operating in the Homeland. Under the direction of the President and Secretary of Defense, NORTHCOM and NORAD deliver effective, timely DOD support to a wide variety of tasks in the Homeland and ultimately defend our citizens and property from attack. Our commands work in an environment governed by domestic laws, and guided by the policies, traditions, and customs our country has developed over centuries in the use and roles of Armed Forces at home. We also hold the obligation of serving citizens with deservedly high expectations for decisive action from the military in times of need. In this environment, it is imperative we retain the ability to outpace threats and maintain all-domain situational awareness to allow greater decision space for strategic leaders. The commands' approach is to defend the Homeland "forward" and in-depth through trusted partnerships with fellow combatant commands, our hemispheric neighbors, and the interagency community. We carry out our primary missions of Homeland defense, security cooperation, and civil support with a focus on preparation, partnerships, and vigilance.

HOMELAND DEFENSE

NORTHCOM and NORAD are part of a layered defense of the Homeland designed to respond to threats before they reach our shores. Our national security architecture must be capable of deterring and defeating traditional and asymmetric threats including aircraft, ballistic missiles, terrorism, and cyber-attacks on economic systems and critical infrastructure. In the maritime domain, advances in submarine-launched cruise missiles and submarine technologies challenge our Homeland defense efforts, as does our aging undersea surveillance infrastructure. Additionally, we recognize the Arctic as an approach to the Homeland and must account for emerging concerns and opportunities related to greater accessibility and human activity in the region. We support the Federal response to many threats facing the Nation which are primarily security or law enforcement related, while ultimate responsibility for defending against and defeating direct attacks by state and non-state actors rests with DOD.

NORAD Mission: North American Aerospace Defense Command conducts aerospace warning, aerospace control, and maritime warning in the defense of North America.

Aerospace Warning and Control

In the performance of our aerospace missions, including Operation Noble Eagle, Norad defends North American airspace and safeguards key national terrain by employing a combination of armed fighters, aerial refueling, Airborne Warning and Control System (AWACS) surveillance platforms, the National Capital Region Integrated Air Defense System, and ground-based Air Defense Sector surveillance detection capabilities. We regularly exercise our three NORAD Regions and NORTHCOM components through Exercise Vigilant Shield.

Over the past year, we launched fighters, AWACS, and tankers from the Alaskan and Canadian NORAD Regions in response to Russian Long-Range Aviation. These sorties, as in the past, were not identified on international flight plans and penetrated the North American Air Defense Identification Zone. Detect and intercept operations demonstrated our ability and intent to defend the northern reaches of our Homelands and contribute to our strategic deterrence of aerospace threats to the Homeland.

NORAD regions are an integral part of our Homeland defense mission. Their capability to provide mission-ready aircraft and pilots across all platforms plays a critical role in our common defense with Canada. The ability of NORAD to execute our primary mission is placed at significant risk given the degradation of U.S. Combat Air Force readiness, which hovers at 50 percent. The lack of ready forces is directly attributable to the fiscal pressure placed on readiness accounts and the subsequent challenges our Air Force Service Provider faces to execute modernization and recapitalization programs.

We are partnering with the Air Force to take decisive steps to restructure forces and regain readiness by innovatively making every training sortie count. However, I am concerned about our mid- and long-term capability to deliver the deterrent effects required of NORAD. If the Budget Control Act persists beyond fiscal year 2015, the extraordinary measures being undertaken by the Air Force to preserve readiness may not be enough to assure that combat forces can satisfy NORAD requirements. Reversing current negative readiness trends will require considerable time and expense to return squadrons to mission-ready status. For example, one of only two annual Air Force Weapons Instructor Courses, and two Red Flag exercises, were cancelled this past year which will have an enduring impact on the readiness, training, and preparedness of our Air Force. Now more than ever, the Air Force's efforts to seek an appropriate balance between readiness today and tomorrow will have a key impact on NORAD's current and future success.

USNORTHCOM Mission: United States Northern Command partners to conduct homeland defense, security cooperation, and civil support, to defend and secure the United States and its interests.

Missile Defense

We remain vigilant to nations developing the capability to threaten our Homeland with ballistic missiles. While tensions have subsided for the time being, North Korea continues to ignore United Nations resolutions and seeks international recognition as a nuclear-armed state, which we oppose. North Korea again showcased its new road-mobile Intercontinental Ballistic Missile (ICBM) during a military parade this past July. Similarly, while Iran does not yet possess a nuclear weapon and professes not to seek one, it is developing advanced missile capabilities faster than previously assessed. Iran has successfully orbited satellites, demonstrating technologies directly relevant to the development of an ICBM. Tangible evidence of North Korean and Iranian ambitions reinforces our understanding of how the ballistic missile threat to the Homeland has matured from a theoretical to a practical consideration. Moreover, we are concerned about the potential for these lethal technologies to proliferate to other actors.

I remain confident in our current ability to defend the United States against ballistic missile threats from North Korea or Iran. However, advancing missile technologies demand improvement to the Ballistic Missile Defense System architecture

in order to maintain our strategic advantage. We are working with the Missile Defense Agency (MDA) on a holistic approach to programmatically invest in tailored solutions. A steady-testing schedule and continued investment are needed to increase reliability and resilience across the missile defense enterprise. We are pursuing a more robust sensor architecture capable of providing kill assessment information and more reliable Ground-based Interceptors (GBI). Additionally, we are deliberately assessing improvements to the Nation's intelligence collection and surveillance capability in order to improve our understanding of adversary capability and intent. Finally, we recognize the proliferation of threats that will challenge BMD inventories. Over time, missile defense must become an integral part of new deterrence strategies towards rogue states that balance offensive as well as defensive capabilities.

In March 2013, the Secretary of Defense announced plans to strengthen Homeland Ballistic Missile Defense by increasing the number of GBIs from 30 to 44, and deploying a second TPY–2 radar to Japan. NORTHCOM is actively working with our mission partners to see that these activities are completed as soon as possible. We are supporting MDA's study evaluating possible locations in the United States, should we require an additional missile defense interceptor site. When required based upon maturity of the threat, a third site will enable greater weapons access, increased GBI inventory, and increased battlespace against threats, such as those from North Korea and Iran. Choosing a third site is dependent on numerous factors including battlespace geometry, sensors, command and control, and interceptor improvements. Finally, with the support of Congress, we are making plans for deployment of a new long-range discriminating radar and assessing options for future sensor architecture.

Our ability to detect, track, and engage airborne threats, including emerging cruise missile technology, was the principal focus of our recently completed Defense Design for the National Capital Region. Next winter we will begin a 3-year Joint Land Attack Cruise Missile Defense Elevated Netted Sensor (JLENS) operational exercise at Aberdeen Proving Ground, establishing a new capability to detect and engage cruise missiles at range before they threaten the Washington, DC, area. NORAD will combine JLENS capabilities with the Stateside Affordable Radar System into the existing air defense structure. These capabilities can point to a next generation air surveillance capability for Homeland cruise missile defense.

Maritime

NORAD conducts its maritime warning mission on a global scale through an extensive network of information sharing on potential maritime threats to the United States and Canada. Our execution of this mission continues to mature—we issued 14 maritime warnings or advisories in 2013, 6 more than the previous year. Through NORTHCOM's cooperative maritime defense, we gain and maintain situational awareness to detect, warn of, deter, and defeat threats within the domain.

In 2013, to improve capability and enhance Homeland command and control relationships in the maritime domain, U.S. Fleet Forces Command was designated U.S. Naval Forces North, providing NORTHCOM with an assigned naval component on the east coast. We are also working in parallel with U.S. Pacific Command to close seams for command and control on the west coast. These initiatives support DOD's strategic pivot to the Asia-Pacific and account for the increased pace of Russian and Chinese maritime activity in our area of responsibility (AOR), including their forays into the Arctic.

NORAD Strategic Review

Consistent with my priority to advance and sustain the bi-national military command, at the direction of the Chairman of the Joint Chiefs of Staff and Canada's Chief of the Defence Staff, we recently initiated a NORAD Strategic Review. The Review intends to capitalize on existing synergies and identify opportunities to evolve NORAD into an agile, modernized command capable of outpacing the full spectrum of threats. The review identified promising opportunities to improve operational effectiveness, several of which can be implemented immediately. For example, we can realize benefits from aligning the U.S. and Canadian readiness reporting processes and by collaborating closely on continental threat assessment and capability development processes.

The Arctic

The Arctic, part of the NORAD area of operations and NORTHCOM AOR, is historic key terrain for DOD in defense of North America. With decreasing seasonal ice, the Arctic is evolving into a true strategic approach to the Homeland. Arctic and non-Arctic nations are updating their strategies and positions on the future of the region through a variety of international forums and observable activities. Russia,

after decades of limited surface activity, significantly increased its naval operations in the high north. This activity included multi-ship exercises as well as an unprecedented amphibious landing and reestablishment of a long-closed airbase in the New Siberian Islands. Also, China recently achieved formal observer status on the Arctic Council; continues diplomatic, scientific, and trade initiatives with Nordic nations; and is making progress on a second polar icebreaker. While potential for friction exists, the opening of the Arctic presents an historic opportunity to solidify and expand strategic partnerships and cooperation.

We fulfill our responsibilities as the DOD's advocate for Arctic capabilities by working with stakeholders to develop military capabilities to protect U.S. economic interests, maritime safety, and freedom of maneuver. We prepare for attendant security and defense considerations should countries and commercial entities disagree over sea-transit routes and lucrative natural resources. Secretary Hagel's comments on this subject are pertinent, "Throughout human history, mankind has raced to discover the next frontier. Time after time, discovery was swiftly followed by conflict. We cannot erase this history. But we can assure that history does not repeat itself in the Arctic." To this end, we are pursuing advancements in communications, domain awareness, infrastructure, and presence to outpace the potential challenges that accompany increased human activity.

The Department's desired end state for the Arctic is a secure and stable region where U.S. national interests are safeguarded, the U.S. Homeland is protected, and nations work cooperatively. With Canada as our premier partner in the Arctic, NORAD and NORTHCOM seek to improve our binational and bilateral abilities to provide for defense, safety, security, and cooperative partnerships in the Arctic. To enhance these endeavors, I continue to support accession to the Law of the Sea Convention, which would give the United States a legitimate voice within the Convention's framework.

Exercises/Lessons Learned

To ensure our readiness for Homeland defense missions, we rely on a robust joint training and exercise program to develop and refine key capabilities. In the last 2 years, we incorporated other combatant command and multinational participation in our major exercises like Vigilant Shield, which more closely approximates how we expect to respond to real-world contingencies or crises. An integrated approach also ensures we work in unison with our domestic and international partners to reinforce mutual response capabilities and sustain our ability to project power.

Additionally, NORTHCOM and NORAD, while postured to respond to unwanted Russian aerospace activity, conducted a successful annual Air Control exercise with the armed forces of the Russian Federation. Known as Vigilant Eagle, this exercise simulated fighter aircraft from the United States, Canada, and Russia working cooperatively to intercept a hijacked passenger aircraft traveling between the three nations. Once intercepted, we transferred control of the aircraft to Russia to escort the plane as it landed in their territory. This combined exercise expanded dialogue and cooperation, sustained defense contacts, and fostered understanding among our governments and militaries.

SECURITY COOPERATION

Defending the Homeland in depth requires partnership with our neighbors—Canada, Mexico, and The Bahamas—to confront shared security concerns and guard the approaches to the continent and the region.

The U.S.-Canada NORAD Agreement is the gold standard for cooperation between nations on common defense. Our security partnership with Canada has pushed out the protected perimeter of our Homelands to the furthest extents of the continent. Their meaningful contributions to the defense of North America through NORAD, and globally through the North Atlantic Treaty Organization, make Canada an indispensable ally. Defending together is the principal competitive advantage we enjoy in defending our Homelands.

In the rest of our AOR, theater security cooperation activities focus on being the defense partner of choice in working on common regional security issues. The proliferation and influence of Transnational Criminal Organizations (TCOs) pose social, economic, and security challenges for the United States, Canada, Mexico, and The Bahamas. A related threat is the potential for Middle Eastern and other terrorist organizations to exploit pathways into the United States by using their increased presence in Latin America and exploiting the destabilizing influence of organized crime networks. Our efforts to counter transnational organized crime focus on providing support to our U.S. law enforcement partners, other U.S. Government agencies, and our military partners in the AOR. Theater security cooperation activities involve detailed and collaborative planning with our partners' militaries and Fed-

eral agencies. Throughout the process, we remain respectful of our partners' national sovereignty and frame our initiatives with that in mind.

Canada

In addition to ongoing activities in NORAD, our security cooperation with Canada includes all-domain awareness; regional partner engagement; cross-border mitigation support of chemical, biological, radiological, and nuclear incidents; and combined training and exercises. Over the past year, we began discussing cooperative efforts in cyber and concluded an action plan for further cooperation in the Arctic.

Last June, the Chairman of the Joint Chiefs of Staff hosted Canada's Chief of the Defence Staff in a first-ever Defense Chiefs Strategic Dialogue. The Chairman and Chief agreed to pursue several initiatives over the next year, including the NORAD Strategic Review, ongoing NORTHCOM and NORAD cooperative efforts on regional engagement, cyber, and combined training; our relationship has never been stronger.

Mexico

A strong security relationship with Mexico is a critical strategic imperative reflecting the power of our shared economic, demographic, geographic, and democratic interests. An enduring partnership with a secure and prosperous Mexico is a necessary precondition to the long-term security and prosperity of the United States and the Western Hemisphere. Our nations share responsibility for disabling and dismantling the illicit criminal networks that traffic narcotics and other contraband into the United States, and illegal weapons and illicit revenues into Mexico. TCOs continue to establish support zones, distribute narcotics, and conduct a wide variety of illicit activities within the United States, corrupting our institutions, threatening our economic system, and compromising our security. International and interagency pressure on these networks is essential to reduce the threat posed to our citizens and allow for the strengthening of rule of law institutions for hemispheric partners.

At the request of the Government of Mexico, while being mindful of Mexican sovereignty, we partner with the Mexican Army (SEDENA) and Navy (SEMAR) on security issues of mutual interest. NORTHCOM provides focused engagements, professional exchanges, military equipment, and related support that advance common goals. Our engagements further mutual trust, enhance collaboration, and increase mutual capability to counter transnational threats and meet our many common security concerns. Recent successes include Quickdraw, a tactical-level exercise that tested the capabilities of U.S., Canadian, and Mexican maritime forces in joint response to illicit activities; subject matter expert exchanges enabling participants to learn and refine best military practices; and bilateral and multilateral conferences achieving broader coordination on issues such as natural disasters, pandemics, and search and rescue.

NORTHCOM continues to grow our relationship with SEDENA and SEMAR with their participation in exercises. Mexico is a partner in Exercise Ardent Sentry, our joint-field exercise focused on civil support and disaster assistance. Additionally, Exercise Amalgam Eagle was conceived around a coordinated U.S.-Mexico response to a simulated hijacking situation—similar to exercise Vigilant Eagle mentioned earlier.

The Bahamas

The Royal Bahamas Defence Force is a trusted partner on our "third border" and our cooperative engagement with them continues to grow. The Bahamas provides a historic route for human smuggling and the smuggling of drugs and contraband into the U.S. due to its extensive size, small population, inadequate surveillance capability, and limited defense and police forces. This presents a pointed vulnerability to U.S. security and defense.

Our security cooperation efforts in The Bahamas are aimed specifically at better detection of human smuggling and the smuggling of drugs and contraband, improved communications interoperability, and increased disaster response capabilities. We recently completed air and maritime sensor deployments to the southern islands. These deployments confirmed the presence of illegal traffic flow through the Windward Passage. We secured funding for a permanent radar to assist with detection and tracking of suspect platforms in an effort to stem the flow of drugs, illegal migrants, and illicit materials. Our challenge is to prevent The Bahamas from returning to the TCO corridor it was in the 1980s and 1990s.

Due to the susceptibility of The Bahamas to natural disasters such as hurricanes and flooding, NORTHCOM is collaborating with the National Emergency Management Agency of The Bahamas to enhance targeted disaster preparedness and response capacities. In December 2013, we completed construction and transferred possession of an Emergency Relief Warehouse to augment the warehouse previously

donated by U.S. Southern Command. Additionally, we provided training and equipment to outfit the warehouses and enhance operational capacities. These facilities serve not only to assist our partner nation, but also to support the safety and security of the 35,000 American residents and more than 5 million U.S. tourists who visit The Bahamas annually.

Human Rights

NORTHCOM is committed to promoting an institutional culture of respect throughout the command and the AOR. Human rights considerations are factored into all our policies, plans, and activities and are an important component in our strategic engagement with partner nations and interagency relationships. The NORTHCOM human rights program is working with partner nations to develop new programs of instruction on human rights, both in-country and at U.S.-based military education centers.

Western Hemisphere Institute for Security Cooperation (WHINSEC)

Our regional engagement is enhanced by the efforts of WHINSEC, which continues to provide professional education and training to Latin America's future military leaders. The education offered by WHINSEC is a strategic tool for NORTHCOM's international engagement, providing the most effective and enduring security partnering mechanism in the Department. Highlighting their commitment to the program, for the first time, Canada has detailed an instructor to WHINSEC.

DEFENSE SUPPORT OF CIVIL AUTHORITIES (DSCA)

NORTHCOM stands ready to respond to national security events and to provide support, as a DOD core task, to lead Federal agencies for man-made or natural disasters. Our efforts focus on mitigating the effects of disasters through timely, safe, and effective operations in accordance with the National Response Framework. Although American communities display great resiliency in the face of tragedy, the scale of some events exceed the response capacity of local first responders and state and Federal resources. Through an extensive network of liaison officers embedded in our headquarters and Defense Coordinating Officers throughout the United States, we collaborate with interagency, intergovernmental, and nongovernmental partners to plan and execute the rapid, agile, and effective employment of DOD supporting resources with a mantra of not being late to need. This includes our partnership with the Joint Improvised Explosive Device Defeat Organization whose capabilities and expertise are of great value to us and our interagency partners.

Dual-Status Commanders (DSCs)

Last year, NORTHCOM continued to advance and refine the DSC program. Dual-Status Command is a military command arrangement to improve unity of effort with state and Federal partners for DSCA missions. The Secretary of Defense, with consent of affected state governors, authorizes specially trained and certified senior military officers to serve in a Federal and state status and in those separate capacities, command assigned Federal and state military forces employed in support of civil authorities. In 2013, DSCs for Colorado's Black Forest fire and Front Range floods strengthened NORTHCOM's close collaboration with the National Interagency Fire Center (NIFC), Federal Emergency Management Agency (FEMA), National Guard Bureau (NGB), and respective State National Guard Joint Force Headquarters. We continue to support the evolution and maturation of the DSC construct.

As part of the DSC Program, in collaboration with the NGB, NORTHCOM conducts regular training for selected senior military officers through the Joint Task Force Commander Training Course and the DSC Orientation Course. We conduct State National Guard staff training and exercise programs through over 55 separate exercise events annually. Through 2013, we have trained and certified over 244 DSCs.

Council of Governors

As a designated participant of the Council of Governors, I engaged in Council meetings this past year that helped advance important initiatives of the Council's "Unity of Effort" Action Plan, including continued development and implementation of the DSC command structure and development and sharing of support to civil authority shared situational awareness capabilities. I have also supported collaboration with the States, through the Council, on DOD's cyber force structure and a framework for State-Federal unity of effort on cybersecurity. NORTHCOM and NORAD embrace the Council's initiatives throughout the year and incorporate them in operations, training and exercises, technical projects, and conferences. As an ex-

ample, we recently hosted a conference on cyber challenges with The Adjutants General (TAGs) which provided a venue to better understand state and local cyber concerns and helped inform Service approaches to the future cyber force.

Special Security Events

We support the Department of Homeland Security (DHS) and the U.S. Secret Service (USSS) in the planning and execution of National Special Security Events (NSSEs). NORTHCOM and NORAD partnered with USSS, Federal Bureau of Investigation (FBI), and FEMA to provide support to two NSSEs in 2013: the Presidential Inauguration and the State of the Union Address. Our support to the USSS and U.S. Capitol Police consisted of medical, communications, ceremonial, and Chemical, Biological, Radiological, Nuclear (CBRN) response forces.

NORTHCOM and NORAD also assisted in several other high profile events. We partnered with the FBI, U.S. Immigration and Customs Enforcement, and FEMA for Super Bowl XLVII by providing aerospace warning and control, consequence management capability, CBRN planners, and liaison officers. We also coordinated with the West Virginia National Guard and Boy Scouts of America for the 2013 National Scout Jamboree by providing ground transportation, medical support, preventive medicine, and air traffic control. Lastly, we partnered with the USSS and Department of State to provide explosive ordnance disposal teams, explosive detector dog teams, aerial coverage, and communications for the United Nations General Assembly.

CBRN Response Enterprise

The continued effort by terrorists to acquire and employ CBRN weapons in the Homeland is well documented. The cumulative effects of globalization allow people and products to traverse the globe quickly, and the relative anonymity offered by the internet reduces technical obstacles to obtaining and developing CBRN terror weapons. In addition to a terrorist attack, we remain concerned for a domestic accident or anomaly involving CBRN materials.

NORTHCOM continues to expand its relationships with NGB and whole-of-government partners to make significant strides in our ability to respond to a CBRN event by increasing the overall readiness of the Nation's CBRN Response Enterprise. Though the enterprise is fully operational, NORTHCOM continues to refine its requirements to achieve operational and fiscal efficiencies. Exercises are critical in this endeavor. Vibrant Response is our joint exercise centering on training and confirmation of CBRN Enterprise forces. Last year's exercise, held at Camp Atterbury, IN, was a tremendous success, maximizing opportunities for tactical lifesaving integration and synchronization at all levels of local, State, and Federal response.

Wildland Firefighting

NORTHCOM maintains the utmost readiness to support NIFC requests for suppression of wildfires that threaten lives and property throughout America. For over 40 years, as part of the national wildland firefighting (WFF) effort, DOD has provided support with C–130 aircraft equipped with the Modular Airborne Firefighting System (MAFFS) flown by the Air National Guard and U.S. Air Force Reserve. This past season, 4 C–130 airlift wings (3 Guard and 1 Reserve) reinforced the National WFF effort through application of fire retardant on 46 federally mission-assigned fires.

When the Black Forest fire erupted less than 16 miles from NORTHCOM and NORAD headquarters, we and a host of State and local partners, were well-prepared to meet the needs of our citizens. We maintained situational awareness as Fort Carson responded within 2 hours under Immediate Response Authority, as the Colorado National Guard engaged with helicopters and high-clearance trucks, tenders, and fire trucks. The 302nd Air Wing MAFFS quickly provided direct support from Peterson Air Force Base.

Later in the fire season, at the request of NIFC, we provided Incident Awareness and Assessment capability and MAFFS to the California Rim Fire, which threatened both the San Francisco critical power infrastructure and Yosemite National Park. Employment of a Remotely Piloted Aircraft (RPA) provided the unique capability to see through the fire's smoke plumes to improve command and control, as well as gain situational awareness on the fire's impact area. Use of the RPA demonstrated, with proper oversight, its outstanding capability to support a domestic scenario and showcased its potential to save lives and infrastructure.

Colorado Flood Response

The 100-year flood of 2013 quickly tested the capacity of county and state resources in Colorado when rainfall inundated the Front Range, causing catastrophic

flooding affecting 17 counties and resulting in disaster declarations in 14 counties. Helicopter crews from the Colorado National Guard, Wyoming National Guard, and 4th Infantry Division from Fort Carson, again acting in Immediate Response Authority, flew in difficult weather around the clock, working in parallel with ground teams to evacuate 3,233 civilians and 1,347 pets. The Colorado floods provided the first-ever opportunity to transition forces working under Immediate Response Authority by local commanders to a DSC for employment under a Federal mission. This successful transition maintained unity of effort in accordance with the National Response Framework and National Incident Management System. Alongside our Federal, State, and National Guard mission partners, as well as the private sector, NORTHCOM continues to develop and improve relationships enabling us to understand and rapidly respond to citizens in need.

Defense Support of Civil Authorities Playbooks

An earthquake along the San Andreas fault, Cascadia Subduction zone, or New Madrid fault, just to name a few, could lead to a complex catastrophe that immediately becomes a national-level challenge. Hurricane Sandy gave us a glimpse of what impact such a catastrophe could have on our Nation. So as not to be late to need, we are working with key stake holders (FEMA, NGB, and TAGs), in order to script likely initial response actions. I call these scripts "playbooks," and due to the maturity of the Southern California Catastrophic Earthquake Response Plan, NORTHCOM is utilizing this scenario to develop the first one—with other states and regions to follow. This integrated response planning initiative will facilitate the most effective, unified, and rapid solutions; minimize the cascading effects of catastrophic incidents; and ultimately save lives.

EMERGING MISSION AREAS/INITIATIVES

Special Operations Command North (SOCNORTH)

SOCNORTH is a newly established Theater Special Operations Command (TSOC) aligned as a subordinate unified command of NORTHCOM. This TSOC organizational alignment is consistent with existing constructs established in the other geographic combatant commands, with United States Special Operations Command (SOCOM) retaining responsibility for manning, training, and equipping special operations forces. We aligned special operations activities throughout North America under a single commander, providing me with a flag officer who is operationally accountable for designated operations within our AOR. SOCNORTH also leverages SOCOM's global network for partnerships and information collaboration in support of executing our Homeland defense mission and enabling our partner nations. SOCNORTH operations conducted within the United States are in support of the appropriate Federal agencies and in accordance with applicable laws and policy.

Cyber

Malicious cyber activity continues to be a serious and rapidly maturing threat to our national security. Over the past year, various actors targeted U.S. critical infrastructure, information systems, telecommunications systems, and financial institutions. As malicious cyber activities grow in sophistication and frequency, we believe an attack in the physical domain will be preceded by or coincident with cyber events. Of particular concern is the recent release of classified information.

The security breach of NSA intelligence not only created risk and enabled our adversaries in environments where forces are actively engaged in combat, it diverted attention to threat analysis and mitigation efforts which would otherwise be focused on protecting the Homeland, which is ultimately the confluence and aim point of threat networks. This act informed our adversaries about risks and vulnerabilities in the United States, and will almost certainly lead some of our most sophisticated and elusive adversaries to change their practices against us, minimizing our competitive advantage, and reducing the defense of not only the Nation but also the approaches to the Homeland. It also enabled the potential compromise of military capabilities and operations, further reducing the advantage held by our country. These breaches require us to acknowledge a potential vulnerability in the Homeland, and question our operational security that underpins our planning and posture.

To integrate cyberspace operations for our commands and to foster an integrated operational cyberspace planning environment, we stood up a Joint Cyberspace Center. Within a year, we will begin receiving additional defensive capabilities to better protect our enterprise and missions. We are integrating defensive cyberspace operations into our concept plans, which will improve operational effectiveness and continue to increase the scope and scale of cyber play in our national-level exercises. We remain committed to strengthening our partnerships with key stakeholders—

such as DHS, U.S. Strategic Command, U.S. Cyber Command, NSA, and the National Guard—demonstrated by our January 2014 Cyber TAG Conference.

CONCLUSION

Our Nation depends on NORAD and NORTHCOM to defend our Homeland and cooperate with our partners to secure global interests. The security of our Homeland is continually challenged by symmetric and asymmetric threats across all domains. Despite fiscal challenges, we must maintain our advantages and resiliency through enhancing international partnerships, providing Defense Support of Civil Authorities, and ensuring the defense of the Nation and North America. The security of our citizens cannot be compromised. As the military reorganizes and reduces capacity and capability while confronting existing and emerging threats, I believe we must not "break" the things that give the military its competitive advantage: "jointness" to include training and exercises; the All-Volunteer Force; our national industrial capability; our time-trusted concept of defending the Nation forward; and lastly our critical alliances and partnerships.

Threats facing our Homeland are more diverse and less attributable than ever. Crises that originate as regional considerations elsewhere in the world can rapidly manifest themselves here at home. No combatant command operates in isolation; events outside the Homeland have cascading effects on the security of North America and its approaches. The men and women of NORTHCOM and NORAD remain diligent and undeterred as we stand watch over North America and deliver an extraordinary return on investment to the taxpayer. I am honored to serve as their commander and thank the committee for your support of this necessary investment in our national security. I look forward to your questions.

Chairman LEVIN. Thank you very much, General Jacoby.

General Kelly.

STATEMENT OF GEN. JOHN F. KELLY, USMC, COMMANDER, U.S. SOUTHERN COMMAND

General KELLY. Chairman Levin, Senator Inhofe, and distinguished members of the committee, thank you for the opportunity to speak here today about SOUTHCOM's soldiers, sailors, airmen, coastguardsmen, and my tremendous civilian workforce, including our contractors.

I want to associate myself with Chuck's comments about the impact of furlough and budget cuts on these tremendous patriots. They just do not happen to wear uniforms. Their morale is high. I do not know why it is, because they are seemingly on the edge of criticism and pay cuts or furloughing on a regular basis, but it remains high, and they do a really effective job.

I am pleased to be here today with Chuck Jacoby, and I look forward to discussing how our commands integrate our unique capabilities to ensure the seamless forward defense of the Homeland.

Mr. Chairman, I consider myself fortunate to work in this part of the world. Latin America and the Caribbean are some of our very staunchest partners, ready and willing to partner across a broad range of issues. Most nations in this part of the world want our partnership, they want our friendship, they want our support, they want to work with us, and they want our engagement to address shared challenges and transnational threats. For more than 50 years, SOUTHCOM has done exactly that. We have engaged with our partners, we have helped build strong, capable military and security forces that respect human rights and contribute to regional security. We have worked with the interagency and international community to secure the southern approaches of the United States.

We have accomplished a lot, even in these days when I have very few forces assigned and very limited resources to work with. But, the severe budget cuts are now reversing the progress and forcing us to accept significant risks. Last year, we had to cancel more than 200 very effective engagement activities in numerous multilateral exercises. Because of asset shortfalls, we are unable to get after 74 percent of suspected maritime drug trafficking. I simply sit and watch it go by. Because of service cuts, I do not expect to get any immediate relief, in terms of assets to work with in this region of the world. Ultimately, the cumulative impact of our reduced engagement will not be measured in the number of canceled activities and reduced deployments, it will be measured in terms of U.S. influence, leadership, and relationships in a part of the world where our engagement has made a real and lasting difference over the decades.

In closing, Mr. Chairman, I want to mention the rest of the SOUTHCOM family. I would say that not all patriots are in uniform. First, I would like to talk about the law enforcement partners I have: the Federal Bureau of Investigation (FBI), the Drug Enforcement Agency (DEA), the Immigration and Customs Enforcement (ICE), and the Customs and Border Protection (CBP), all of the Department of Homeland Security (DHS) crowd. They live very dangerous lifestyles down in my region of the world, and I suspect in Chuck's as well, and they do magnificent work for the Nation.

Next, I want to talk about the Departments that we work with: Treasury, Commerce, and Justice. Again, they follow the money of these TCOs, and do a superb job.

Finally, DOS. I have 10 nations in my part of the world that do not have Ambassadors assigned right now, and that very definitely hobbles my ability to interact with some of these nations. In particular, Colombia, Trinidad, Tobago, and Peru. These are some of our very closest partners. Until, frankly, I have someone in the position to work with, our efforts in those nations—and again, they are tremendous partners—our efforts are hobbled.

With that, sir, I look forward to answering any of your questions.

[The prepared statement of General Kelly follows:]

PREPARED STATEMENT BY GEN. JOHN F. KELLY, USMC

INTRODUCTION

Chairman Levin, Ranking Member Inhofe, and distinguished members of the committee: I appreciate the opportunity to appear before you today to discuss U.S. Southern Command's efforts in Central America, South America, and the Caribbean.

Mr. Chairman, members, even our significantly reduced engagement continues to yield dividends in a region of increasing importance to our national interests. While other global concerns dominate the headlines, we should not lose sight of either the challenges or opportunities closer to home. In terms of geographic proximity, trade, culture, immigration, and the environment, no other part of the world has greater impact on daily life in our country than Latin America and the Caribbean.

During my first year in command, I established four priorities for U.S. Southern Command—continuing humane and dignified detention operations at Joint Task Force Guantanamo, countering transnational organized crime, building partner capacity, and planning for contingencies—all of which I look forward to discussing with you today. I thank the Congress for recognizing U.S. Southern Command's vital role in defending our southern approaches and building enduring partnerships with the Americas. I remain concerned, however, by the impact of budget cuts on our ability to support national security interests and contribute to regional security.

Over the next 10 years, the Services are reducing deployments of personnel, ships, and aircraft in the context of tightening fiscal constraints. As an economy of force combatant command, these reductions have a disproportionately large impact on our operations, exercises, and engagement activities. Insufficient maritime surface vessels and intelligence, surveillance, and reconnaissance platforms impair our primary mission to detect threats and defend the southern approaches to the U.S. Homeland. Similarly, reductions in force allocation severely limit our security cooperation activities, the primary way we engage with and influence the region. Sequestration only exacerbated these challenges, and while its near-term effects may have been mitigated, this reprieve is temporary. As the lowest priority geographic combatant command, U.S. Southern Command will likely receive little, if any, "trickle down" of restored funding. Ultimately, the cumulative impact of our reduced engagement will be measured in terms of U.S. influence, leadership, and relationships in the Western Hemisphere. Severe budget constraints have serious implications for all three, at a time in which regional security issues warrant greater attention.

OVERVIEW OF REGIONAL SECURITY ISSUES

Transnational Organized Crime

Mr. Chairman, members, transnational organized crime is a national security concern for three primary reasons. First, the spread of criminal networks is having a corrosive effect on the integrity of democratic institutions and the stability of several of our partner nations. Transnational criminal organizations threaten citizen security, undermine basic human rights, cripple rule of law through corruption, erode good governance, and hinder economic development.[1] Second, illicit trafficking poses a direct threat to our Nation's public health, safety, and border security. Criminal elements make use of the multitude of illicit pathways in our hemisphere to smuggle drugs, contraband, and even humans directly into the United States. Illegal drugs are an epidemic in our country, wasting lives and fueling violence between rival gangs in most of our Nation's cities. The third concern is a potential one, and highlights the vulnerability to our Homeland rather than an imminent threat: that terrorist organizations could seek to leverage those same smuggling routes to move operatives with intent to cause grave harm to our citizens or even quite easily bring weapons of mass destruction into the United States. I would like to briefly talk about each concern in greater detail to underscore the magnitude of the threat posed by transnational organized crime.

Destabilizing Effects in the Region

The unprecedented expansion of criminal networks and violent gangs is impacting citizen security and stability in the region. Skyrocketing criminal violence exacerbates existing challenges like weak governance; as a United Nations report recently noted, despite improvements, Latin America remains the most unequal and insecure region in the world.[2] In some countries, homicides are approaching crisis levels. High levels of violence are driving Central American citizens to seek refuge in other countries, including the United States. Driven by economic pressures and rising criminal violence, the number of Hondurans, Guatemalans, and Salvadorans attempting to cross the U.S. Southwest border increased 60 percent in 2013.[3]

This challenge, however, extends far beyond a threat to public safety; some areas of Central America are under the direct influence of drug trafficking organizations. These groups use their illegally gained wealth to buy off border agents, judges, police officers, and even entire villages. This criminal power and the enormous flow of crime-generated profits are serious threats to the stability of democratic institutions, rule of law, and the international financial system. Corruption also poses an indirect threat to U.S. national security interests, as corrupt government officials in the region can be bribed to procure official documents such as visas or citizenship papers and facilitate travel of special interest aliens. In my view, this vulnerability could be exploited by any number of actors seeking to do us harm.

Illicit Trafficking to the United States

The U.S. Southern Command area of responsibility is the distribution hub for drug trafficking destined for the United States. The majority of heroin sold in the United States comes from either Colombia or Mexico, and we are seeing a signifi-

[1] Director of National Intelligence, James R. Clapper. Statement for the Record: Worldwide Threat Assessment of the U.S. Intelligence Community. Senate Select Committee on Intelligence, March 12, 2013.

[2] United Nations Development Programme. Human Development Report for Latin America 2013–2014.

[3] Information provided by U.S. Customs and Border Protection.

cant increase in heroin-related overdoses and deaths in our country.[4] Additionally, opium poppy production now appears to be increasing in Guatemala. Thousands of tons of precursor chemicals are trafficked into our hemisphere from China, aiding Mexican-based drug cartels that are extending production of U.S.-bound methamphetamine into Guatemala, Nicaragua, and potentially other Central American countries. With an estimated $84 billion in annual global sales,[5] cocaine trafficking remains the most profitable activity for criminal networks operating in the region, as the Andean Ridge is the source of every single ounce of cocaine consumed on the planet.[6] Upon landfall in Central America, bulk cocaine is broken down into multiple smaller shipments for transit into Mexico and the United States, making large interdictions at the U.S. border extremely difficult, despite the heroic efforts of local law enforcement, U.S. Customs and Border Protection, and U.S. Immigration and Customs Enforcement. If bulk shipments are not interdicted before making landfall, there is almost no stopping the majority of this cocaine as it moves through Central America and Mexico and eventually lands on street corners across America, placing significant strain on our Nation's health care and criminal justice systems and costing American taxpayers an estimated $193 billion in 2007 alone, the most recent year for which data is available.[7,8]

Cocaine trafficking remains the predominant security challenge throughout the entire region, and I am growing increasingly concerned by the situation in the Caribbean.

According to U.S. Customs and Border Protection, there was a 483 percent increase in cocaine washing up on Florida's shores in 2013 compared to 2012.

Due in part to counterdrug asset reductions, some old routes appear to be reviving, including ones that lead directly into Florida. In 2013, U.S.-bound cocaine flow through the Caribbean corridor increased to 14 percent of the overall estimated flow; this number is likely higher and will continue to grow, but we lack a clear picture of cocaine flow due to asset shortfalls. The discovery of cocaine processing lab equipment in the Dominican Republic suggests criminal organizations may be seeking to broaden production in the Caribbean. This may be an indication of an emerging trend, similar to what we saw in Central America in 2012. Additionally, the Caribbean is particularly vulnerable to the violence and insecurity that often comes with illicit trafficking and organized crime. As trafficking from the Dominican Republic into Puerto Rico has increased, so too have violence, crime, and corruption. Once cocaine successfully reaches Puerto Rico, it has reached the U.S. Homeland; most of the cocaine arriving in Puerto Rico is successfully transported into the continental United States. According to the DEA, traffickers are also transporting Colombian heroin, often via Venezuela, to Puerto Rico for onward shipment to Miami, New York, and Houston.

Mr. Chairman, gone are the days of the "cocaine cowboys." Instead, we and our partners are confronted with cocaine corporations that have franchises all over the world, including 1,200 American cities,[9] as well as criminal enterprises like the violent transnational gang Mara Salvatrucha, or MS–13, that specialize in extortion and human trafficking. The Federal Bureau of Investigation (FBI) has warned that MS–13 has a significant presence in California, North Carolina, New York, and Northern Virginia, and is expanding into new areas of the United States, including Indian reservations in South Dakota.

Additionally, migrant smuggling organizations are increasingly active in the Caribbean, as new laws in Cuba and erroneous perceptions in Haiti of changes in U.S. immigration policy have led to increased migration flows. Smuggling networks are expanding in the Eastern Caribbean, as Cubans and Haitians attempt to reach the United States via Puerto Rico or the U.S. Virgin Islands. These networks are opportunistic and easily expand into other illicit activities, such as the drug trade, special interest alien smuggling, and human trafficking, including exploiting vulnerable migrants by subjecting them to forced labor, a form of modern-day slavery. In 2012,

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[4] U.S. Department of Justice Drug Enforcement Administration. 2013 National Drug Threat Assessment.

[5] United Nations Office of Drugs and Crime. Estimating illicit financial flows resulting from drug trafficking and other transnational organized crime, 2011.

[7] Note: Upon landfall in Central America, bulk cocaine is broken down into multiple smaller shipments for transit into Mexico and the United States, making large interdictions extremely difficult.

[8] National Drug Intelligence Center (2011). The Economic Impact of Illicit Drug Use on American Society. Department of Justice.

[9] U.S. Department of Justice, Drug Enforcement Administration. 2011 National Drug Threat Assessment.

the International Labor Organization estimated that 20.9 million people are victims of forced labor worldwide.[10] Foreign nationals are trafficked for sex and labor, as well as for commercial sex acts, into the United States from many countries around the world, including Central America, South America, and the Caribbean.[11]

It has been many years since U.S. Southern Command supported a response to a mass migration event, but I am concerned by the trends we are seeing, especially in Haiti, where we have witnessed a 44-fold increase in Haitian migrants in the Mona Passage. As of February 2013, more than 2,000 Haitians had been documented trying to use this narrow passage as a migration vector, compared to less than 200 in the past 8 years combined. Smuggling operations have a high human toll; rough seas endanger the lives of rescuers and migrants and have resulted in the death of more than 50 Haitians to date. Thankfully, the Dominican Republic is an important partner in stemming migration flows, and they are working hard to reach a solution on the issue of the roughly 200,000 Haitians residing in the Dominican Republic. However, additional increases in migration would place additional burdens on already over-stretched U.S. Coast Guard and Dominican Republic assets. Absent resource adjustments, stemming these smuggling operations and preventing future loss-of-life will pose major challenges to the United States and our Caribbean partners.

Crime-Terror Convergence

Clearly, criminal networks can move just about anything on these smuggling pipelines. My concern, Mr. Chairman, is that many of these pipelines lead directly into the United States, representing a potential vulnerability that could be exploited by terrorist groups seeking to do us harm. Supporters and sympathizers of Lebanese Hezbollah are involved in both licit and illicit activities in the region, including drug trafficking. Additionally, money, like drugs and people, has become mobile; it is easier to move than ever before, and the vast global illicit economy benefits both criminal and terrorist networks alike. Clan-based, Lebanese Hezbollah-associated criminal networks exploit free trade zones and permissive areas in places like Venezuela, and the Argentina, Brazil, and Paraguay Tri-Border to engage in money laundering and other illegal endeavors, as well as recruitment and radicalization efforts. The exact amount of profits generated by these illicit activities in the region is unclear, but it is likely—and at least—in the tens of millions of dollars.

External Actors: Iran and Islamic Extremist Groups

Lebanese Hezbollah has long considered the region a potential attack venue against Israeli and other Western targets, and I remain concerned that the group maintains an operational presence there. Lebanese Hezbollah's partner and sponsor, Iran, has sought closer ties with regional governments, largely to circumvent sanctions and counter U.S. influence. As a state-sponsor of terrorism, Iran's involvement in the Western Hemisphere is a matter for concern. Additionally, members, supporters, and adherents of Islamic extremist groups are present in Latin America. Islamic extremists visit the region to proselytize, recruit, establish business venues to generate funds, and expand their radical networks. Some Muslim communities in the Caribbean and South America are exhibiting increasingly extremist ideology and activities, mostly as a result from ideologues' activities and external influence from the Middle East, Africa, and South Asia. Mr. Chairman, we take all these activities seriously, and we and our partners remain vigilant against an evolution in capability of any group with the intent to attack the United States, our interests, or our allies. I remain concerned, however, that U.S. Southern Command's limited intelligence assets may prevent full awareness of the activities of Iranian and terrorist support networks in the region.

Other External Actors

Mr. Chairman, there has been a great deal of attention on the increased regional influence of so-called "external actors" such as China and Russia. Ultimately, we should remember that engagement is not a zero-sum game. Russia and China's expanding relationships are not necessarily at our expense. However, if we want to maintain our partnerships in this hemisphere and maintain even minimal influence, we must remain engaged with this hemisphere. Budget cuts are having a direct and detrimental effect on our security cooperation activities, the principal way we engage and promote defense cooperation in the region. The cumulative effect of our

[10] ILO Global Estimate of Forced Labour, ILO. See: http://www.ilo.org/wcmsp5/groups/public/—ed—norm/—declaration/documents/publication/wcms—182004.pdf

[11] U.S. Department of State Office to Monitor and Combat Trafficking in Persons. 2013 Trafficking in Persons Report. Retrieved from: http://www.state.gov/documents/organization/210742.pdf.

reduced engagement is a relative but accelerated decline of trust in our reliability and commitment to the region. Our relationships, our leadership, and our influence in the Western Hemisphere are paying the price.

Russia continues to build on its existing strategic partnerships in Latin America, pursuing an increased regional presence through arm sales, counterdrug cooperation, and bilateral trade agreements. Last year marked a noticeable uptick in Russian power projection and security force personnel in the region. It has been over 3 decades since we last saw this type of high-profile Russian military presence: a visit by a Russian Navy Interfleet Surface Action Group to Cuba, Nicaragua, and Venezuela, and the deployment of two Russian long-range strategic bombers to Venezuela and Nicaragua as part of a training exercise.

As part of its long-term strategy for the region, China is also expanding relationships in Latin America, especially in the Caribbean. In contrast to the Russians, Chinese engagement is focused primarily on economics, but it uses all elements of national power to achieve its goals. Major investments include potentially $40 billion to construct an alternative to the Panama Canal in Nicaragua and $3 billion to Costa Rica and Caribbean nations for myriad infrastructure and social development projects. China is the single biggest source of financing to Venezuela and Ecuador, due to China's thirst for natural resources and contracts for Chinese state-owned companies. Chinese companies hold notable investments in at least five major ports and are major vendors of telecommunications services to 18 nations in the region. In the defense realm, Chinese technology companies are partnering with Venezuela, Brazil, and Bolivia to launch imagery and communications satellites, and China is gradually increasing its military outreach, offering educational exchanges with many regional militaries. In 2013, the Chinese Navy conducted a goodwill visit in Brazil, Chile, and Argentina and conducted its first-ever naval exercise with the Argentine Navy.

Mr. Chairman, I am often asked if I view engagement by these "external actors" as a direct threat to the United States. Generally speaking, I see potential for greater partnership with China in areas such as humanitarian assistance and disaster response. However, I would like to see the Chinese place greater emphasis on respecting human rights—like we do—as part of their overall engagement efforts in the region. The U.S. Government continues to encourage China to address shared security challenges in a positive way, such as taking concrete steps to address the massive illicit trafficking of counterfeit pharmaceuticals and precursor chemicals used for methamphetamine and heroin production in Central America and Mexico. While Russian counterdrug cooperation could potentially contribute to regional security, the sudden increase in its military outreach merits closer attention, as Russia's motives are unclear. Given its history, the region is sensitive to any appearance of increased militarization, which is why it is important that Russia and China promote their defense cooperation in a responsible, transparent manner that helps maintain hemispheric stability and hard-won democratic gains.

COMMAND PRIORITIES

Mr. Chairman, the U.S. military plays an integral role in a whole-of-government approach to address many of these regional security issues. To advance the President's vision and the Department of Defense's policy for the Americas in a resource-constrained environment, U.S. Southern Command focuses our efforts on four priorities. We can accomplish quite a lot with relatively modest investment, but continued budget limitations imperil our ability to build on this progress.

Priority: Detention Operations

Mr. Chairman, I want to speak for a moment about the most important people at Guantanamo: the outstanding men and women that are part of the Joint Task Force at Guantanamo Bay. First, I want to make clear—we who wear the uniform are responsible for one thing at Joint Task Force Guantanamo: detention operations, a mission of enormous complexity and sensitivity. We do not make policy; we follow the orders of the President and Secretary of Defense with the utmost professionalism and integrity.

I have never been prouder of any troops under my command than I am of the young military professionals who stand duty day and night at Guantanamo, serving under a microscope of public scrutiny in one of the toughest and most unforgiving military missions on the planet. These young men and women are charged with caring for detainees that can often be defiant and violent. Our guard and medical forces endure constant insults, taunts, physical assaults, and splashing of bodily fluids by detainees intent on eliciting a reaction.

In response, each and every military member at Guantanamo exhibits professionalism, patience, and restraint. This is the story that never gets written: that our

servicemembers treat every detainee—even the most disruptive and violent among them—with respect, humanity, and dignity, in accordance with all applicable international and U.S. law. Our troops take very seriously their responsibility to provide for the detainees' safe and humane care. In my opinion, this story is worth telling, because our country needs to understand that the young Americans sent by the President and the Congress to do this mission are exceptional; they live and work by an unbreakable code of honor and courage and are among the best 1 percent of their generation.

Mr. Chairman, as you are aware, I am responsible not just for the welfare of my troops, but also for the welfare of every detainee under my care at Joint Task Force Guantanamo. Over the past year, we implemented improvements to enhance the well-being of the detainees. To adequately address the complex medical issues of the aging detainee population, we expanded and emphasized detailed reporting within our comprehensive system to monitor the health, nutrition, and wellness of every detainee. Last year, some detainees went on self-proclaimed "hunger strikes," although many of these detainees continued to consume meals—maintaining or even gaining weight throughout the "strike"—and were at no medical risk. We have transitioned away from publicly releasing tallies of such hunger strike claims, which in our experience had served to encourage detainee non-compliance and had left the public with a very distorted picture of the overall health of the detainee population.

We continue to support ongoing military commissions, habeas corpus proceedings, periodic review boards, and visits by congressional and foreign government delegations and nongovernmental organizations like the International Committee of the Red Cross. We have taken steps to reduce costs and expenses wherever possible, while continuing to maintain the level of humane care that makes Joint Task Force Guantanamo a model for detention operations worldwide. We reduced the cost of the program supporting the detainee library by 45 percent, and reduced contract requirements and expenses in the Intelligence and Security Program, saving an estimated $6.1 million per year. We also worked with the International Committee of the Red Cross to provide expanded Skype capability to improve detainees' regular communication with family members, at no cost to U.S. taxpayers.

Concerns

Although detention operations have not been adversely affected by budget cuts, I remain concerned by two issues at Guantanamo: advanced medical care and deteriorating infrastructure. Although Naval Station Guantanamo and detainee hospitals are capable of providing adequate care for most detainee conditions, we lack certain specialty medical capabilities necessary to treat potentially complex emergencies and various chronic diseases. In the event a detainee is in need of emergency medical treatment that exceeds on-island capacity, I cannot evacuate him to the United States, as I would a servicemember.

As a former commander once remarked, we have not been doing detention operations at Guantanamo for 12 years, we have been doing them for 1 year, 12 times. The expeditionary infrastructure put in place was intended to be temporary, and numerous facilities are showing signs of deterioration and require frequent repair. First and most urgently, some facilities are critical to ensuring the safety and welfare of our troops stationed at Joint Task Force Guantanamo and for the continued humane treatment and health of the detainees. For example, the mess hall—a temporary structure built in the 1990s to support mass migration operations—is at significant risk of structural failure and is corroding after 11 years of continuous use, with holes in the roof and structural support beams. This facility must provide food services to all detainees and over 2,000 assigned personnel on a daily basis. As another example, the High Value Detention Facility is increasingly unsustainable due to drainage and foundation issues. Additionally, I am concerned over inadequate housing for our troops. This housing has other long-term requirements even after detention operations at Guantanamo end; it will be utilized by Naval Station Guantanamo to support a full range of title 10 missions and nationally-directed contingency requirements for disaster response or mass migration. I am working within the Office of the Secretary of Defense to find solutions to these ongoing facility issues.

Priority: Countering Transnational Organized Crime (CTOC)

On October 5, 2013, a U.S.-contracted aircraft carrying on U.S. servicemember, four Department of Defense contractors, and a Panamanian Air National guardsman crashed in Colombia, killing four crew members, three of whom were U.S. citizens. The crew was monitoring coastal drug trafficking lanes in the Western Caribbean in support of Operation Martillo.

In response to the challenges posed by the spread of transnational organized crime, U.S. Southern Command is working with our interagency partners to counter the threats posed by criminal networks and illicit trafficking, focusing on those networks that threaten citizen safety in the region and the security of the United States. Mr. Chairman, our contribution to this effort is relatively small but important, and comes with real sacrifice. In 2013, the crash of a counternarcotics flight in Colombia led to the tragic death of Air Force Master Sergeant Martin Gonzales, two other dedicated American contractors, and a Panamanian officer, and the serious injury of the two pilots, highlighting the true human cost of this fight. The individuals who died will be remembered for their service and their commitment to fighting drug trafficking and criminal networks whose products are killing so many of our countrymen and women every year.

Support to CTOC Efforts in Central America

Last year, we redirected our focus to Central American security institutions involved in appropriate defense missions like border and maritime security. This refinement capitalizes on minimal Department of Defense resources, while also being sensitive to perceptions of militarization of the region. We are prioritizing our support to interagency counter-threat finance efforts and expanding our focus on converging threats, including illicit trafficking via commercial shipping containers, which could be exploited to move weapons of mass destruction into the United States. By supporting the targeting of key illicit financial nodes and commercial linkages, we aim to help degrade the capacities of both criminal and terrorist groups.

Now entering its third year, Operation Martillo continues to demonstrate commitment by the United States, our partner nations and European allies to counter the spread of transnational criminal organizations and protect citizens in Central America from the violence, harm, and exploitation wrought by criminal networks. However, force allocation cuts by the Services are taking their toll on operational results; in 2013, Operation Martillo disrupted 132 metric tons of cocaine, compared with 152 metric tons of cocaine in 2012, due to limited assets. On a positive note, the operation has led to improved interoperability and increased partner nation contributions. Our partners helped prevent 66 metric tons of cocaine from reaching the United States last year; 50 percent of Joint Interagency Task Force South's successes would not have occurred without the participation of partner nations. Limited and declining Department of Defense assets will influence the next phase of the operation, as Operation Martillo's original objectives may no longer be achievable. In the year ahead, we will seek to employ non-traditional solutions, within our current authorities, to partially mitigate detection and monitoring shortfalls. However, lack of assets will continue to constrain the operation's full effectiveness, and has the potential to be perceived as lack of political will on the part of the U.S. Government to continue this fight.

Operation Martillo Fiscal Year 2013 Disruptions

Cocaine	132,191 kgs
Marijuana	41,232 lbs
Bulk cash	$3.5 million
Conveyances	107

Interagency Partnerships

Our CTOC efforts focus on providing support to our law enforcement partners. These partnerships ensure a whole-of-government approach to both operations and capacity building efforts. To mitigate asset shortfalls, we rely heavily on the U.S. Coast Guard and Customs and Border Protection, which now provide the bulk of the ships and aircraft available to disrupt drugs bound for the United States. The heroic men and women of DEA's Foreign Deployed Advisory and Support Team provide critical support to partner nation interdiction operations, and we are fortunate to have nine DEA Special Investigative Units working to improve regional law enforcement capacity. In my view, DEA is a known, essential partner, and their focus on building the investigative and intelligence capacities of vetted law enforcement units complements our own efforts to professionalize regional defense and security forces.

In late 2013, U.S. Southern Command and the Treasury Department created a Counter-Threat Finance Branch, an analytical unit that will map illicit networks, combat the financial underpinnings of national security threats in the region, and support the development of targeted financial measures and U.S. law enforcement actions.

U.S. Southern Command has 34 representatives from 15 different Federal agencies assigned and embedded in our headquarters staff.

As one example, we provided analytic support to the Treasury Department's financial sanctions against Los Cachiros in Honduras. We also work with Immigration and Customs Enforcement to aggressively target criminal networks that traffic in special interest aliens and contraband throughout the region. Additionally, U.S. Southern Command and the FBI expanded their analytic partnership to include the FBI's International Operations and Criminal Investigative Divisions. This enhanced partnership helps both agencies further develop partner nation capacity in countering transnational organized crime. We also partnered with the Department of Homeland Security to provide network analysis in support of Operation Citadel, which targeted the movements of illicit proceeds in Central America. In Colombia, we are working with the Joint Improvised Explosive Device Defeat Organization to assist our Colombian partners in countering the threat of improvised explosive devices (IEDs) used by terrorist groups like the FARC. Finally, we are also coordinating with the Department of State's Bureaus of International Narcotics and Law Enforcement and Western Hemisphere Affairs to explore the possibility of providing logistical support to regional law enforcement operations.

Impact of Budget Cuts—CTOC

Severe budget constraints are significantly degrading our ability to defend the southern approaches to the United States. Sequestration merely compounds the ongoing challenge of limited and declining U.S. Government maritime and air assets required for detection, monitoring, and "end-game" interdiction missions. Irrespective of sequestration cuts, we face a sharp downturn in availability of large surface assets such as U.S. Navy frigates and U.S. Coast Guard High Endurance Cutters, which face decommissioning or are approaching the end of their expected lifespan. The eighth and final U.S. Coast Guard National Security Cutter, which will be delivered in the next few years, will be a critical asset to U.S. Government efforts to protect our southern approaches.

Mr. Chairman, the impact of diminishing asset allocation will continue to impede our mission even if sequestration is reversed; our operational effectiveness is directly proportional to the number of assets we can put against detection, monitoring, and interdiction operations.

In 2013, Joint Interagency Task Force South was unable to take action on 74 percent of actionable illicit trafficking events due to lack of assets.

When better resourced several years ago, we were able to disrupt a significant amount—more than 240 metric tons—of cocaine heading towards the United States. Last year, 20 more metric tons of cocaine reached the United States due to reduced asset availability, a number that will increase inversely as the availability of U.S. Government assets decreases.

Other Issues

Additionally, I remain concerned over the planned construction of wind farm sites in North Carolina that will interfere with our Relocatable Over-The-Horizon Radar (ROTHR) radar system in Virginia. I am also concerned over wind projects in Texas that will impact ROTHR systems in that state. These wind farms could and likely will adversely impact our ROTHR systems, the only persistent wide-area surveillance radars capable of tracking illicit aircraft in Latin America and the Caribbean. We are working within the Department of Defense and with developers and stakeholders to develop potential mitigation solutions, but I have little confidence we will succeed.

Priority: Building Partner Capacity

Having strong partners is the cornerstone of U.S. Southern Command's engagement strategy and is essential for our national security. Capable and effective partners respect human rights, share in the costs and responsibilities of ensuring regional security, and help us detect, deter, and interdict threats before they reach the U.S. Homeland. Our persistent human rights engagement also helps encourage defense cooperation, trust, and confidence, which cannot be surged when a crisis hits, and cannot be achieved through episodic deployments or chance contacts. Trust must be built, nurtured, and sustained through regular contact.

Engagement with Colombia

Our partner Colombia has paid the ultimate price in terms of their blood and national treasure to bring the FARC—who have been serial human rights violators for decades—to the negotiating table.

According to a Colombian nongovernmental organization, between 2001 and 2009, nearly 750,000 women were victims of sexual violence, rape, and enslavement at the hands of illegally armed groups like the FARC.

The Colombians have fought heroically for a peaceful, democratic Colombia, which will be a powerful symbol of hope and prosperity, but it is far too soon to declare victory. Mr. Chairman, it is absolutely imperative we remain engaged as one of our strongest allies works to consolidate its hard-won success. To that end, U.S. Southern Command is providing advice and assistance to the Colombian military's transformation efforts, as it works to improve interoperability and transition to an appropriate role in post-conflict Colombia. With Colombia increasingly taking on the role of security exporter, we are facilitating the deployment of Colombian-led training teams and subject matter experts and attendance of Central American personnel to law enforcement and military academies in Colombia as part of the U.S.-Colombia Action Plan on Regional Security Cooperation. This is a clear example of a sizeable return on our relatively modest investment and sustained engagement.

Engagement in South America

In Peru, U.S. Southern Command and the DEA are working together to support Peru's ongoing efforts against the Shining Path, which are beginning to yield significant operational successes.

In 2013, U.S. Southern Command facilitated the delivery of lifesaving medicine to 140 patients in Brazil following a tragic nightclub fire.

An investment of 6 U.S. personnel, who trained combat medical instructors from Peru and El Salvador, resulted in the training of over 2,000 members of the Peruvian and Salvadoran military, including Salvadoran soldiers destined for stability operations in Afghanistan, Lebanon, and Haiti. We are working with Chile on capacity-building efforts in Central America and exploring possible future engagements in the Pacific. In Brazil, broader bilateral challenges have affected our defense relations. Our military-to-military cooperation at the operational and tactical levels, however, remains strong, and we are committed to supporting the United States' growing global partnership with Brazil. We continue to engage with Brazilian security forces in the run-up to the 2014 World Cup and 2016 Olympics. Brazil participated in several of our multinational exercises last year, including playing a leading role in PANAMAX, which focuses on the defense of the Panama Canal.

Engagement in Central America

In 2013, U.S. Southern Command provided critical infrastructure and operational support to the new Guatemalan Interagency Task Force, which has contributed to significant disruption of illicit trafficking along the Guatemalan-Mexican border and is now viewed by the Government of Guatemala as a model for future units. In collaboration with U.S. Northern Command, we are planning initiatives in Guatemala and Belize to support Mexico's new southern border strategy. I recently visited Guatemala and was struck by the government's strong commitment to work with human rights groups and strengthen its democratic institutions, while also doing its part to stem the massive flow of illicit trafficking heading to our country. Unfortunately, current legislative restrictions on provisions such as Foreign Military Financing and International Military Education and Training, found in the fiscal year 2014 Consolidated Appropriations Act, limit the United States' ability to fully engage with the Guatemalan military and security forces. In another example of successful interagency partnerships, Joint Task Force Bravo supported the Belizean Defence Force and DEA in the eradication of 100,446 marijuana plants and the seizure of 330 pounds of marijuana.

Along Panama's Pacific Coast, we constructed three key maritime facilities and are providing counternarcotics training to Panamanian coast guard and maritime security forces. Mr. Chairman, I applaud the Government of Panama in their handling of last year's smuggling incident involving Cuban military equipment aboard a North Korean vessel. We are fortunate to have partners like Panama that are committed to ensuring international security. Finally, I am particularly proud of our support to the third deployment of members of the El Salvador Armed Forces to Afghanistan. Augmented by the New Hampshire National Guard, the Salvadoran unit returned this past December from serving as a Police Advisory Team that provided training to Afghan security forces. Like Panama, El Salvador is just one example of the outstanding partners we have in this part of the world—partners that are doing their part to ensure peace and security within and beyond their borders.

Engagement in the Caribbean

Throughout Central America and the Caribbean, U.S. Southern Command has constructed or improved partner nation naval and coast guard operating bases and

facilities and delivered more than $3 million in counternarcotics training and nonlethal equipment, including a total of 42 high-speed interceptor boats provided since 2008 that have supported Joint Interagency Task Force South (JIATF–S) interdiction operations. In support of the Caribbean Basin Security Initiative (CBSI), we are working to improve maritime patrol and intercept capabilities of our Caribbean partners. Through CBSI, a maritime Technical Assistance Field Team (TAFT)—comprised of joint Coast Guard and Department of Defense personnel—provides hands-on technical assistance, in-country mentoring, and training to 13 CBSI partner nations, with the goal of helping these countries develop accountable and sustainable engineering, maintenance, and logistics and procurement systems. The TAFT program is a collaborative interagency effort funded by the U.S. Department of State, using Foreign Military Financing and INCLE funding. In Haiti, the government is committed to improving its disaster response capabilities. Haiti continues to make gradual social and economic progress after 2010's devastating earthquake, and the Government of Haiti is committed to improving its disaster response capabilities. Led by Brazil and comprised of a multinational force that includes personnel from Uruguay, Chile, and Guatemala, the United Nations Stabilization Mission in Haiti (MINUSTAH) has played a critical role in Haiti's efforts to rebuild, working with the Haitian National Police to ensure security. As MINUSTAH draws down, I see a continued need for international engagement in Haiti to guarantee lasting stability.

Cooperation on Counterterrorism

We also work with the interagency, U.S. Embassy Country Teams, and our partner nations to counter the encroachment of both Sunni and Shia Islamic extremism, recruitment, and radicalization efforts that support terrorism activities. We conduct multiple engagement efforts—including Joint Combined Exchange Training, subject matter expert and intelligence exchanges, counterterrorism-focused exercises, and key leader engagements—here in the United States and in countries throughout the region. Sustained engagement helps build relationships, an essential tool in the fight against terrorism. Through intelligence and counterterrorism cooperation, our partners are better able to mitigate terrorist threats before they can cause mass destruction, destabilize a country, or reach the U.S. Homeland.

Human Rights and Defense Professionalization

Everything we do at U.S. Southern Command begins and ends with human rights. Mr. Chairman, a lot of people talk about human rights, but the U.S. military does human rights. We live it. We teach it. We enforce it. U.S. Southern Command's Human Rights Initiative continued to break new ground in 2013, promoting dialogue and cooperation between regional military forces and human rights groups and strengthening institutional capacity in Guatemala and Honduras. Since its inception, our Human Rights Initiative has helped promote reform throughout the region, and the results speak for themselves. Military forces serving democratic governments in the region understand, and take seriously, their responsibility to respect and protect human rights. Ten partner nations have formally committed to implementing the Human Rights Initiative, building an institutional culture of respect for human rights within their militaries.

U.S. Southern Command also promotes human rights through law of armed conflict programs led by the Defense Institute of Legal Studies and through academic institutions like the Perry Center for Hemispheric Defense Studies, the Western Hemisphere Institute for Security Cooperation, and the Inter-American Air Forces Academy.

In 2013, 1,417 students from the region participated in the International Military Education Training (IMET) program, an invaluable investment in future defense leaders.

Additionally, the entire premise of the International Military Education and Training (IMET) program promotes an environment conducive to students learning and sharing U.S. values and democracy, with human rights portions embedded in nearly every course. Mr. Chairman, IMET is one of our most valuable engagement tools; professional military education improves how our partners work with us in a joint, interoperable world. Participants not only better understand our culture; they share our perspective, and want to work with us to advance U.S. and regional interests.

Cyber Security and Information Operations

In the region, U.S. Southern Command works to ensure the continued security of Department of Defense networks and communication infrastructure. We are also slowly making progress in strengthening regional cyber defense and information op-

erations capabilities. In 2013, U.S. Southern Command, working with the Perry Center, brought together strategy and policy officers from the region to share information on current cyber security threats. Colombia, Chile, and Brazil have each expressed interest in sharing "lessons learned" on building effective cyber security institutions. Through Operation Southern Voice, 50 information operation practitioners from 11 Western Hemisphere countries shared capabilities and best practices. In the year ahead, we are partnering with Colombia to build information-related capabilities in Guatemala and Panama, and with U.S. Northern Command to do the same in Mexico.

Multinational Exercises and Humanitarian Assistance

U.S. Southern Command's multinational exercise and humanitarian and civic assistance programs encourage collective action and demonstrate our values and commitment to the region. Last year's Unitas and Tradewinds exercises helped improve interoperability among our hemisphere's maritime forces. During our annual humanitarian and civic assistance exercises New Horizons and Beyond The Horizons, U.S. forces improved their readiness and provided medical care to 34,677 patients in El Salvador, Panama, and Belize.

In 2013, we executed 140 minimal cost projects and worked with local populations and nongovernmental organizations to construct and supply schools, community shelters, clinics, and hospitals.

These humanitarian missions are one of the most effective tools in our national security toolkit, and one that I believe warrants greater employment. In any given year, we are able to send around 700 medical professionals to the region; Cuba, in contrast, sends around 30,000, mostly to Venezuela. In 2013, our collaboration with the private sector and nongovernmental organizations resulted in contributions of $4.3 million in gifts-in-kind and services to our humanitarian activities. Mr. Chairman, I cannot overstate the importance of these types of activities by the U.S. military, especially in terms of influence and access. As Secretary Hagel noted, our humanitarian engagement offers the next generation of global citizens direct experience with the positive impact of American values and ideals.

Perceptions of "Militarization"

Mr. Chairman, I want to close this section by responding to the perception by some that our engagement is "militarizing" the region. In my view, these concerns reflect a misunderstanding of the actual role the U.S. military plays in this part of the world. As an example, our Special Operations Forces are among the most qualified, culturally sensitive, and linguistically capable trainers in the U.S. military, and above all, they excel at building trust and forging personal relationships that are essential to supporting our national interests. Whether it's a small team at the tactical level or an official engagement at my level, all our efforts are focused on professionalizing military and security forces, to help our partners become more accountable to civilian authority, more capable, and to above all respect the human rights of the citizens they are charged to protect. Our efforts are part of a whole-of-government approach—involving DEA, Department of Justice, Department of Homeland Security, Department of State, and many others—to strengthen governance and foster accountable, transparent, and effective institutions throughout the Western Hemisphere.

Mr. Chairman, engagement by the U.S. military can make a real and lasting difference, especially in terms of promoting respect for human rights. Ultimately, if we want regional militaries to honor, respect, and accept civilian control and demonstrate an institutional culture of respect for human rights, that message must come from a military that lives by that code. For the U.S. military, our own training begins and ends with human rights; it is at the center of everything we do and an integral part of every interaction with partner nations. I regularly meet with human rights groups in Washington and throughout the region, and human rights is a major theme in every engagement with my counterparts in regional militaries.

Throughout the world, the U.S. military has a unique network of alliances and partnerships, and our regional approach can provide a framework for engagement by the broader U.S. interagency. Thanks in part to our efforts, Colombia is now a beacon of hope and stability with one of the most highly professionalized militaries in the region; Central America is now the focus for numerous interagency initiatives; the Caribbean now routinely shares information in support of international counterdrug operations; and perhaps most importantly, today the hemisphere is characterized by militaries under civilian control that recognize their fundamental responsibility to respect human rights. In my mind, there is no more valuable return on engagement than that.

Impact of Budget Cuts—BPC

In fiscal year 2013, we began seeing the initial effects of sequestration, which resulted in drastic force allocation cuts by all the Services. In turn, reduced availability of forces adversely impacted our execution of plans and engagement activities. Severe budget constraints are affecting our established military-to-military relationships that took decades to establish, limiting our ability to build on the progress I just described. Mr. Chairman, let me be frank: reduced engagement risks the deterioration of U.S. leadership and influence in Central America, South America, and the Caribbean.

In fiscal year 2013, budget uncertainty caused the cancellation of four major exercises, including Fuerzas Comando—one of only two exercises focused on counterterrorism—and 225 engagement activities that are critical to building capable and effective defense and security forces in the region. The Navy's cancelled deployment of Continuing Promise was felt throughout the region; it is our single most impactful humanitarian mission, demonstrating U.S. values and creating goodwill and positive views towards our country. We rely heavily on the National Guard's State Partnership Program to conduct our activities, and the cancellation of 69 events was detrimental to our efforts to maintain long-term security relationships. Reductions in force allocation also created significant gaps in persistent Civil Affairs coverage. The cancellation of Civil Affairs deployments has created a loss of credibility with our partner nations and our partners in U.S. Embassies in the region, who have questioned U.S. Southern Command's ability to fulfill our commitments. Finally, the Perry Center, which helps build capacity at the ministerial level, is facing a severe 50 percent cut in funding over the several upcoming fiscal years.

Priority: Planning for Contingencies

Lastly, planning and preparing for possible contingencies is one of U.S. Southern Command's core missions. Every year, we regularly exercise our rapid response capabilities in a variety of scenarios, including responding to a natural disaster, mass migration event, an attack on the Panama Canal, or evacuating American citizens. In 2013, we conducted our Integrated Advance exercise, which focuses on improving coordination with interagency partners in response to a mass migration event in the Caribbean. On this issue, we are fortunate to have an excellent exercise, operational, and planning relationship with Homeland Security Task Force Southeast, and together we work to defend the southern approaches to the United States. That mission, however, continues to be significantly impacted by force allocation cuts.

Impact of Budget Cuts—Contingency Response

Mr. Chairman, our ability to respond to regional contingencies such as a mass migration event or natural disaster was impaired in 2013, a trend that could continue in 2014. U.S. Southern Command has minimal assigned and allocated forces, and we rely on the Services—especially the Navy—to "surge" forces and assets when a crisis hits. As the Services absorb large reductions to their budgets, this will affect U.S. Southern Command's ability to immediately respond to crises and disasters, which could lead to preventable human suffering and loss-of-life. As I mentioned earlier, I am deeply concerned by the uptick in Haitian migration in the Mona Passage and the continued scarcity of U.S. Government assets in the Caribbean. As currently resourced, U.S. Southern Command faces considerable challenges to rapidly support a mass migration response.

OUR PEOPLE

Headquarters Budget

Mr. Chairman, as you can see, we can accomplish a lot with a relatively small portion of the Department of Defense budget. Last year, the forced furloughs of 572 civilian employees had a significant impact on our ability to conduct our missions. Fortunately, the temporary budget reprieve should spare our workforce the pain of furloughs in fiscal year 2014 and fiscal year 2015, but continued budget uncertainty will likely lead to an inevitable "talent drain" as our best and brightest civilian employees seek more stable employment opportunities. Although we appreciate the near-term budget solution, the long-term challenge of sequestration has not been resolved. It has merely been deferred.

Partial Mitigation to Budget Cuts

Per guidance from the Office of the Secretary of Defense, U.S. Southern Command must strive for a goal of 20 percent reductions in our headquarters budget and military and civilian personnel by fiscal year 2019. Combined with the potential of continued sequestration, resource cuts require a fundamental relook at what U.S. Southern Command will and will not be able to do with limited resources.

To ensure our workforce has mission-critical capabilities, our Joint Training Program offered training opportunities to 85 military and civilian joint staff officers, and also delivered cultural training to enhance our interactions in the region.

Due to ongoing resource constraints, I have directed a transformation effort at our headquarters to look holistically at our strategy and resources. Limited defense dollars must be applied wisely, and we are seeking to preserve our core military missions and functions. As we work through this process, we will continue to emphasize our partnerships with the interagency, nongovernmental organizations, and private sector to help mitigate ongoing fiscal challenges. U.S. Southern Command has proven success in this area, averaging $16 million in return on investment annually from this collaboration, all of it directly impacting our missions.

Support Services

U.S. Southern Command's most important resource is its Soldiers, Sailors, Airmen, Marines, Coast Guardsmen, and civilian employees. The safety and security of our people is of utmost importance, and I am concerned by the severe funding cuts to the security force that guards our headquarters. Additionally, my assigned servicemembers, especially junior enlisted personnel, continue to face significant financial hardships trying to make ends meet under the current Cost of Living Allowance—a mere $28 for an E3 and just $33 for an E9—in Miami, one of the most expensive cities in the world, especially when it comes to car and home insurance rates.[12] Compounding this concern is the uncertainty over military compensation and reductions in retirement benefits.

Our family support services also face significant funding strains, forcing us to breach sacred promises to our Armed Forces families. We take suicide prevention very seriously at our headquarters, and last year we delivered four separate programs aimed at preventing suicides and raising awareness. However, the Army was forced to decrement support services at nearly every installation and facility, including U.S. Army Garrison Miami. As a result, our Substance Abuse and Suicide Prevention Programs have lost the Clinical/Treatment Program and will lose both the Prevention Program Coordinator and the Suicide Program Manager/Employee Assistance Coordinator by 2015.

CONCLUSION

Mr. Chairman, in closing I would like to offer a personal observation from my first year in command. This region does not ask for much. Most nations in this part of the world want our partnership, our friendship, and our support. They want to work with us, because they recognize that we share many of the same values and interests, many of the same challenges and concerns. Some of my counterparts perceive that the United States is disengaging from the region and from the world in general. We should remember that our friends and allies are not the only ones watching our actions closely. Reduced engagement could itself become a national security problem, with long-term, detrimental effects on U.S. leadership, access, and interests in a part of the world where our engagement has made a real and lasting difference. In the meantime, drug traffickers, criminal networks, and other actors, unburdened by budget cuts, cancelled activities, and employee furloughs, will have the opportunity to exploit the partnership vacuum left by reduced U.S. military engagement. Thank you.

[12] UBS. Pricings and Earnings Report, Edition 2012. Geneva: September 2012; Center for Housing Policy. Losing Ground: The Struggle for Middle Income Households to Afford the Risings Costs of Housing and Transportation. October 2012. According to apartment market research firm AXOIMetrics, the average effective rent (which includes concessions) in Miami is $1,269 per month, compared to the United States as a whole at $964. According to the Joint Center for Housing Studies at Harvard University, the Miami rental market has the greatest share of severely cost-burdened renters (i.e. renters who pay more than half their income to rent) in the country.

Annex: 2013 Component Accomplishments
U.S. Army South (ARSOUTH)
Headquarters: San Antonio, Texas

- **Security Cooperation:** ARSOUTH conducted 166 security cooperation events in 19 countries in U.S. Southern Command's area of responsibility. These events represent 166 instances of engagement and building partner nation capabilities with the other militaries in the region.
- **Building Partner Nation Capacity to Counter Terrorism:** ARSOUTH conducted 26 Subject Matter Expert Exchanges in ten countries that included over 800 host nation soldiers. The engagements included: Medical, Mountain Operations, Search and Rescue, Logistics, Force Protection, Communications and Personal Security Detail.
- **Countering Transnational Organized Crime (CTOC):** ARSOUTH conducted training with the newly organized Guatemalan Interagency Task Force (IATF). The IATF consists of 242 personnel from the Army, Police, Customs, and Attorney General's Office. Training consisted of instruction focused on driving tactical vehicles, basic tactics, weapons qualification on all assigned systems, Harris Radio procedures, logistics, combat lifesaving, advanced maneuver, combat medic, and crowd control. The IATF is currently conducting border security operations on the Guatemala/Mexico border.
- **Civil Military Relations:** Civil Military Relations Professional Development Exchanges provide a forum for bilateral executive-level information exchanges. Participants include Partner Nation Civil Affairs Officers and Government Officials, U.S. Military and government officials, National Guard State Partnership Program representatives, and Non-Governmental and Intergovernmental Organizations. ARSOUTH conducted Civil Military Relations Professional Development Exchanges in Belize, El Salvador, Guatemala, and Honduras, improving the ability of these countries to conduct inter-organizational coordination during humanitarian assistance and disaster relief operations.
- **Personnel Recovery Operations:** ARSOUTH conducted seven engagements with six countries, focused on increasing partner nation capabilities and capacity to conduct search and rescue operations. This focus was a direct result of lessons learned during the Haiti earthquake. Due to budget uncertainty, ARSOUTH has significantly reduced engagement planning in FY 14 and FY 15.
- **Intelligence Security Cooperation:** The ARSOUTH Intelligence Team conducted 18 major Intelligence Security Cooperation engagement activities enabling military intelligence capacity building in support of countering transnational threats in the following countries: Brazil, Colombia, El Salvador, Guatemala, Honduras, Panama and Peru.
- **Logistics Security Cooperation**: The ARSOUTH Logistics Team conducted 25 Security Cooperation engagements, which enabled military logistics capacity building in support of CTOC, Staff Talk Agreements, and Building Partner Nation Capacity in 10 countries.
- **Latin American Cooperation:** ARSOUTH Latin American Cooperation Funds (LACF) supported 46 engagements/activities in eight countries in support of

ARSOUTH Security Cooperation objectives. LACF support includes: Army-to-Army Staff Talks with key countries, Foreign Liaison Officers assigned to ARSOUTH, Conference of American Armies, professional development exchanges on multiple topics, Army commander and distinguished visitor program, and Joint/Combined/Multinational Exercises and Operations.

- **Humanitarian Assistance Program (HAP):** HAP conducts activities to build partner nation capacity in providing essential services to its civilian population including, responding to disaster and other crises; reinforcing security; and sustaining stability in a host nation or region. ARSOUTH, the HAP construction program manager, completed ten projects in Belize, Panama and Peru, and initiated planning for 19 new construction projects in Belize, Guatemala, Honduras, Panama, and Peru.
- **Global Peace Operations Initiative (GPOI):** GPOI is a U.S. government-funded security assistance program to enhance international capacity to effectively conduct United Nations and regional peace support operations. ARSOUTH, the GPOI construction program manager, completed four GPOI projects in Guatemala, Paraguay, and Peru, and initiated planning for 4 new construction projects in El Salvador and Guatemala.
- **Staff Talks:** ARSOUTH, representing the Army Chief of Staff, conducted four Steering Committee Meetings and four Executive Session Staff Talks with the Armies of Brazil, Chile, Colombia, and El Salvador, and one Working Group with Peru resulting in strengthened key leader relationships and more than 130 Agreed-to-Actions planned through 2018, supporting bilateral and regional goals and interests.
- **INTEGRATED ADVANCE 2013:** INTEGRATED ADVANCE 2013, a joint operational exercise, focused on conducting migrant operations in the Caribbean Sea, marked the first large scale deployment of ARSOUTH personnel and capabilities since Operation Unified Response in Haiti in 2010. Over 300 U.S. Army personnel, 100 sister service personnel, and almost 100 personnel from other governmental agencies came together in a whole-of-government response. INTEGRATED ADVANCE 2013 exercised ARSOUTH's commitment to form the core of a US Southern Command Joint Task Force, rapidly integrate other joint and interagency forces, and conduct mission command of joint operations.
- **PANAMAX 2013:** PANAMAX is a joint and combined operational exercise focused on the defense of the Panama Canal by a multi-national joint task force. USSOUTHCOM significantly de-scoped PANAMAX 2013 resulting in a small table-top exercise focused on conducting mission planning in a time-constrained environment. ARSOUTH provided mentorship to the Brazilian led Combined Forces Land Component Command, which included 38 participants from nine countries. This exercise coincided with the first major deployment of an ARSOUTH team to Panama to participate in a Government of Panama national exercise (PANAMAX – Alpha). This team of 40 U.S. personnel worked with the Government of Panama coordinating U.S. forces assistance during a simulated national disaster event to significantly increase cooperation and trust between the Governments of Panama and the United States.
- **BEYOND THE HORIZON 2013:** BEYOND THE HORIZON is a Chairman of the Joint Chiefs of Staff, US Southern Command-sponsored Joint, Interagency, and Combined Field Training Exercise. The exercise provides and incorporates

Humanitarian and Civic Assistance construction projects, Medical Readiness Exercises, and other infrastructure projects. ARSOUTH was the executive planning agent for these exercises conducted in El Salvador and Panama, which involved the deployment of approximately 2700 U.S. service members into two supported countries. BEYOND THE HORIZON 2013 resulted in the completion of 11 engineer projects including schools and clinics, 4 Medical Readiness Exercises, one Dental Readiness Exercise and one Specialty Medical Readiness Exercise that provided care to approximately 23,641 patients and approximately 6,634 animals for veterinary support. The exercises were supported by over 200 El Salvadoran and Panamanian military and interagency personnel working side-by-side with U.S. personnel.

- **Conference of the American Armies (CAA):** The Conference of the American Armies (25 countries and two International Military Organizations) contributes to peacekeeping operations and disaster relief operations through the creation and use of mechanisms and procedures that improve the collective capacities and interoperability of its members. This year, ARSOUTH represented the Army Chief of Staff at the Emerging Threats Conference in Colombia, Disaster Relief exercise in Mexico, Extraordinary Commander's Conference in Mexico, Civil-Military Cooperation Exercise in Canada, Environmental Conference in Brazil, IED Ad-Hoc meeting in Colombia, Procedures Training & Education conference in Uruguay, Communications exercise via CAA Webpage, Army commanders VTC and the Preparatory Commanders Conference in Mexico.
- **Reintegration:** ARSOUTH, as supported Commander for Personnel Recovery Phase III (Reintegration operations), executed a Reintegration Operation following the crash of an operational theater aircraft. The aircraft was operating over Colombia in support of Operation MARTILLO. Following the successful recovery of the survivors by the Colombian Army, ARSOUTH coordinated transfer and movement of the survivors to Brooke Army Medical Center, San Antonio, Texas where all aspects of the reintegration were completed.
- **Continuous Operational Intelligence Support:** The ARSOUTH Intelligence Team provided continuous intelligence reach-back support and direct support forward to Joint Task Force Bravo, Joint Interagency Task Force South, Joint Task Force Guantanamo Bay, the U.S. Interagency, and partner nations in Central and South America in support of numerous named operations. Throughout the year, persistent forward intelligence, surveillance and reconnaissance (ISR) support was maintained in Colombia, Guatemala, and Honduras. U.S. Army Force Protection Detachments also maintained permanent presence in nine countries.

U.S. Naval Forces Southern Command (COMUSNAVSO)
Headquarters: Mayport, Florida

- **Operation MARTILLO:** Six frigates, High Speed Vessel (HSV) SWIFT, four fixed-wing Maritime Patrol aircraft and two Scientific Development Squadron ONE detachments deployed to support Operation MARTILLO, conducting Countering

Transnational Organized Crime (C-TOC) Operations under the direction of Joint Interagency Task Force South.

- **Southern Partnership Station 2013:** Southern Partnership Station (SPS) is a series of Navy/Marine Corps engagements focused on Theater Security Cooperation, specifically Building Partner Capacity, through subject matter expert exchanges with partner nation militaries and civilian security forces. SPS engagements include Community Relations Projects that focus on our partnerships, shared interests, and shared values. SPS Deployments included:
  - **HSV 2013:** HSV SWIFT deployed to the U.S. Southern Command (USSOUTHCOM) area of responsibility (AOR) February to May 2013 to conduct Building Partner Capacity engagements in Belize, Guatemala, and Honduras, and to participate in Operation MARTILLO.
  - **Oceanographic 2013:** Survey Ship USNS PATHFINDER conducted bilateral hydrographic surveys with Chile in the Eastern Pacific and with Panama in the Caribbean and Eastern Pacific.
- **PANAMAX 2013:** Commander USNAVSO served as the Commander of Multi-National Forces South, leading a coalition of 19 partner nations in the 11th annual exercise designed to execute stability operations under the support of UN Security Council Resolutions, provide interoperability training for participating multinational staffs, and build partner nation capacity to plan and execute complex multinational operations. PANAMAX 13 was executed as a table-top exercise, and focused on multinational crisis action planning.
- **UNITAS 2013:** Commander USNAVSO planned and executed the 54th iteration of multinational maritime exercise UNITAS, which included 16 partner nations, 17 ships, one submarine, and 12 helicopters and aircraft. Conducted every year since 1960, UNITAS is the longest-running international military training exercise in the world. Colombia employed maritime forces in cooperative maritime security operations in order to maintain access, enhance interoperability, and build enduring partnerships that foster regional security in the USSOUTHCOM AOR.
- **INTEGRATED ADVANCE 2013:** USNAVSO participated in Exercise INTEGRATED ADVANCE 2013, which examined a whole-of-government response to a Caribbean Mass Migration crisis. USNAVSO provided the deputy commander for Joint Task Force Migrant Operations, while also designating Destroyer Squadron FOUR ZERO as the Joint Force Maritime Component Commander and standing up a Maritime Coordination and Control Element within the Joint Task Force construct. The highly successful exercise focused on strengthening interoperability and cooperation between DOD and Interagency organizations.
- **Continuing Promise 2013:** In lieu of CONTINUING PROMISE 2013, a team of Navy medical providers conducted medical exchanges with Peru and Honduras, working side-by-side with partner nation medical professionals to generate a baseline for future CONTINUING PROMISE Missions.
- **Navy Seabees:** 85 Seabees deployed to Naval Station Guantanamo Bay to support construction/refurbishment projects throughout the USSOUTHCOM AOR. From this detachment, Seabee details deployed in support of HSV SPS 2013 and Operation MARTILLO while also completing projects in support of Naval Station Guantanamo Bay and the Joint Task Force Guantanamo Bay Commander. Additionally, Seabees

supported Naval Station Guantanamo Bay with Public Works Officer discretionary projects and clean-up/relief projects following Hurricane Sandy. Following the cancelation of Continuing Promise 2013, the Seabees still supported a Subject Matter Expert Exchange with Peruvian Engineers.

12th Air Force (Air Forces Southern)
Headquarters: Tucson, Arizona

- **Security Cooperation:** Air Forces Southern (AFSOUTH) conducted 19 security cooperation events in eight countries in U.S. Southern Command's area of responsibility. Engagements focused on improving partner nation communications, maintenance, intelligence, air patrol operations, space capabilities, close air support, public affairs, and flight medicine capabilities.
- **Sovereign Skies Expansion Program:** AFSOUTH used successful lessons learned from the Dominican Republic and Colombia programs to strengthen air force capabilities in El Salvador, Guatemala, and Honduras. Training included helicopter maintenance; ISR; logistics; command and control; and night operations.
- **571 Mobility Support Advisory Squadron (MSAS):** MSAS completed six deployments of air adviser teams to Peru, Guatemala, Uruguay, Honduras, and two to Colombia, while training 313 partner nation military members. MSAS delivers some of the Air Force's highest return on investment in partner nation capabilities, resulting in trainee compliance with NATO, International Civil Aviation Organization and FAA standards, and enabling participation in coalition exercises and regional security initiatives. MSAS's achievements have been praised by multiple partner nation air chiefs.
- **NEW HORIZONS 2013 (Belize):** AFSOUTH trained 471 US Airmen, Soldiers, and Marine personnel in joint/combined/interagency environments, in addition to 10 Canadian Medical Personnel, 40 Belize Defense Force (BDF) Engineers, over 100 BDF Security Personnel, and five Project Hope volunteer participants. Personnel built 4 classroom buildings and hurricane shelters with 17,000 square feet for teachers and 430 students; constructed 3 playgrounds; restored 3 schools and one shelter, increasing hurricane shelter capacity by 900; and treated over 18,000 patients through eight medical operations. Subject Matter Expert Exchanges covered maternal & child health, public health and biomedical equipment topics.
- **ISR Missions:** AFSOUTH provided command and control for ISR missions in support of USSOUTHCOM priorities. Over 900 missions and 4,600 flight hours resulted in over 28,000 images, 2,000 signals intelligence reports and nearly 17,000 minutes of video resulting in the largest drug seizure in Belize history – $12.5 million worth of marijuana. AFSOUTH also deployed a ground-based radar to Honduras for 90 days supporting Operation MARTILLO, facilitating the interdiction of 1.4 metric tons of cocaine and seven aircraft.
- **Airlift Missions:** AFSOUTH executed 95 theater airlift missions moving more than 5,000 passengers and 200 tons of cargo throughout USSOUTHCOM's area of responsibility.

- **Medical Deployments:** AFSOUTH International Health Specialists participated in global health Subject Matter Expert Exchange engagements to address Flight Medicine topics relevant to our partner nations. USAF flight medicine physicians met with Colombian counterparts to develop aerospace physiology programs addressing safety, human factors and hypobaric chambers, and focusing on aeromedical standards and aeromedical evacuation/patient movement/critical care air transport teams.

Marine Corps Forces South (MARFORSOUTH)
Headquarters: Doral, Florida

- **Building Partner Capacity:** MARFORSOUTH employed multiple assets to support partner nation and interagency efforts to counter regional threats throughout South and Central America.
  - In Central America, MARFORSOUTH developed partner nation security force ability to counter transnational organized crime. The MARFORSOUTH Security Cooperation Team is a small team of Marines from a variety of occupational specialties focused on developing, building and sustaining partnerships, and increasing regional stability through tailor-made training to fit the unique needs of partner nation forces.
  - Joint Riverine Training Teams (JRTT) composed of 10 to 15 personnel from the Marine Corps and Navy provided training support to partner nations. For approximately one month, the JRTT trained partner nation riverine and littoral security units, focusing on the interoperability of waterborne and ground units. Each JRTT team contains a task organized mix of occupational specialties tailored to the host nation requirements.
  - MARFORSOUTH employed Civil Affairs Teams in Belize and Honduras to develop partner nation ability to provide humanitarian assistance and disaster relief, and integrate appropriate government services in areas threatened by transnational organized crime. A Military Information Support Team in Colombia built the Colombian military's expertise and complemented Joint Interagency Task Force South's Operation MARTILLO by encouraging reports of illicit trafficking to appropriate authorities.
- **Southern Partnership Station – High Speed Vessel SWIFT 2013:** Southern Partnership Station (SPS) is a series of Navy/Marine Corps engagements that build partner capacity through subject matter expert exchanges with partner nation militaries and civilian security forces. SPS includes Community Relations Projects that focus on partnerships, shared interests, and shared values. A USMC detachment, embarked on HSV SWIFT, deployed to the USSOUTHCOM AOR February to May 2013 to conduct building partner capacity engagements in Belize, Guatemala, and Honduras.
- **Exercise TRADEWINDS**: TRADEWINDS is an exercise supporting the Caribbean Basin Security Initiative (CBSI) that facilitates cooperation to reduce illicit trafficking within the Caribbean. In 2013, MARFORSOUTH was Executive Planning Agent for over 230 personnel from the U.S. Navy, Marine Corps, and Coast Guard, and 16

partner nations who exchanged knowledge and expertise in countering illicit trafficking, humanitarian assistance, disaster relief, and human rights. Due to funding reductions, the ground phase of TRADEWINDS was cancelled, but the Maritime Phase and the Senior Leaders Seminar were executed. The Maritime Phase, led by the U.S. Coast Guard, trained regional partner nations in maritime humanitarian assistance and counter-drug interdiction while the seminar consisted of table-top discussions on a Caribbean regional approach to countering drug trafficking in the Eastern Caribbean.

- **Exercise INTEGRATED ADVANCE:** MARFORSOUTH participated in Exercise INTEGRATED ADVANCE 2013, which examined a whole-of-government response to a Caribbean Mass Migration crisis. During this exercise, MARFORSOUTH augmented the 24 hour operations center with the U.S. Marine Corps (USMC) Crisis Augmentation Cell, increasing the ability of Commander, MARFORSOUTH, to command and control USMC forces in the AOR, and advising and ensuring the proper utilization of force by the ARSOUTH-led Joint Task Force.
- **Exercise NEW HORIZONS:** From June to September 2013, MARFORSOUTH provided rotations of Marine Reserve Combat Engineer Teams and Civil Affairs personnel in support of the U.S. Air Forces Southern NEW HORIZONS Humanitarian and Civic Assistance exercise. Over fifty USMC Reserve Marines conducted combat engineering/construction training in Belize supporting citizen safety and governance in under-governed areas of Belize.
- **Exercise UNITAS – Partnership of the Americas (POA):** This exercise enhances multinational operational readiness, interoperability, and security cooperation among U.S. and nine partner nation naval infantries. In 2012, the exercise focus was amphibious operations, and the demand for training in amphibious operations by Latin American navies continues to be strong. However, due to budget uncertainty, USSOUTHCOM cancelled the POA 2013 portion of Exercise UNITAS. POA 2014 is planned for execution in Chile.

Special Operations Command South
Headquarters: Homestead, Florida

- **Building Partner Capacity:** In 2013, SOCSOUTH maintained small elements in Guatemala, Honduras and El Salvador working with key units to improve ground and maritime interdiction, civil affairs, and intelligence capacities. In the Andean Ridge, SOCSOUTH partnered with Colombia and Peru to confront narco-terrorist insurgencies whose illicit trafficking operations extend throughout the hemisphere. Despite our fiscally constrained environment, SOCSOUTH used episodic engagements with key Southern Cone and Caribbean partners to facilitate relationships essential for maintaining future capacity building.
- **Civil Affairs:** In 2013, 11 civil affairs teams helped eight partner nations reduce the vulnerability of key populations intimidated by transnational organized crime or violent extremism. These teams assisted with counter-recruitment programs and, in many cases, helped partner nations build civil affairs capacities.

- **Information Operations:** SOCSOUTH maintained military information support teams (MIST) in seven key partner nations supporting the DOD Rewards Program, U.S. Government Anti-trafficking in Persons Program, partner nation counter-recruitment programs, and active tip lines in support of efforts against transnational organized criminal and violent extremist organizations. MISTs also conducted over 25 Subject Matter Expert Exchanges throughout the area of responsibility.
- **Intelligence Analytical Support to US Country Teams:** SOCSOUTH provides intelligence and counter-threat financing support to U.S. Country Teams focusing on terrorism, human smuggling networks, and transnational organized crime. In Colombia and Peru, SOCSOUTH helped develop host nation capabilities and country team support through a number of subject matter exchanges, and mentored them in institutionalizing intelligence pipelines.
- **Logistics Training and Advisory Team:** SOCSOUTH priority for building logistics capacity was in the Andean Ridge where they provided subject matter expertise to enable key Colombian partner units to establish a sustainable weapons-repair capability and initiate the development of an aerial delivery capability
- SOCSOUTH also assisted Peruvian units engaged in counter narco-terrorism operations in conducting a weapons inspection, which will serve as a starting point for future SOCSOUTH logistics engagement activities.
- **Building Intellectual Capital:** SOCSOUTH, in conjunction with the Colombian Joint Staff College, conducted a Counter-terrorism Fellowship Program-funded seminar in Bogota, Colombia, September 16-20, 2013. The event featured a cross-section of U.S. and Colombian subject matter experts and speakers, and included 70 participants from 12 countries in the Western Hemisphere
- **FUERZAS COMANDO 2013:** FUERZAS COMANDO 2013 was cancelled due to budget uncertainty.
- **FUSED RESPONSE 2013:** SOCSOUTH executes an annual CJCS-directed exercise to validate time sensitive crisis action planning, as well as training, readiness, interoperability and capability of Special Operations Forces in support of regional crises and contingencies. FUSED RESPONSE 2013 was a table-top exercise held at Homestead Air Reserve Base. It involved SOCSOUTH staff and lead planners from each of its components. The exercise focused on the areas of personnel planning, objectives development, and joint integration. Its aim was to improve the interoperability of the participant forces and increase the staff's capacity to confront common threats such as illicit traffic, organized crime, and terrorism.

Joint Task Force Guantanamo (JTF-GTMO)
Guantanamo Bay, Cuba

- **Safe and Humane Care and Custody:** JTF-GTMO conducted safe, humane, legal, and transparent care and custody of detainees, including those convicted by military commission. Detainees maintained family contact via mail, telephone calls and, in areas which support this service, videophone conferences coordinated by the International Committee of the Red Cross (ICRC). High quality Level II routine and

urgent medical care was provided to detainees on a 24-hour basis. General surgical care, dental care, preventative medicine, optometry and mental health services were provided, or arranged, as was targeted specialty care on a recurring basis.

- **Legal and Transparent Operations:** Assessments of detention conditions by the ICRC continued with four visits in 2013. The ICRC verifies compliance with international standards of custody (as specified in the Geneva Conventions and other international standards) and provides confidential advice for suggested improvements to the Joint Task Force Commander and U.S. Southern Command. Detainees are granted routine visits by legal representatives, and received more than 1177 Military Commissions and 350 Habeas attorney visits in 2013. JTF-GTMO, committed to transparency, hosted 126 media representatives from 83 domestic and international news organizations; supported 77 visits with a combined total of 815 visitors; and answered hundreds of media queries during the past year.
- **Military Commissions:** Smooth execution of the Military Commissions process is another priority of JTF-GTMO. Military Commissions proceedings are open to observation by the media, victim family members, and non-governmental organizations. In 2013, JTF-GTMO supported eight hearings to address pre-trial motions of the five individuals accused of coordinating the September 11, 2001 attacks on the U.S. (referred to in the press as "the 9/11 Five"), and motion hearings for the alleged USS COLE bomber. Additionally, the court has entered a scheduling order, setting the trial for the alleged USS COLE bomber to commence on September 2, 2014.

Joint Interagency Task Force South (JIATF-S)
Key West, Florida

- **Joint Interagency Task Force South** contributed to the disruption of 132 metric tons of cocaine in FY2013, worth nearly $2.6 billion wholesale. JIATF-S employs an integrated defense forward capability for the ongoing efforts at the U.S. Southwest Border and for U.S. operations in the Western Hemisphere using tactical control (TACON) ship days, TACON flight hours, and the operating cost of Forces Surveillance Support Center relocatable over-the-horizon radar support.
- **The vast majority of JIATF-S successes came as a result of JIATF-S leadership and coordination of Operation (OP) MARTILLO,** the multi-lateral effects-based operation designed to deny the Central American littoral routes by illicit traffickers. Begun on January 15, 2012, OP MARTILLO to date results include the disruption of 272 metric tons of cocaine, the seizure of $10.7 million in bulk cash, and the seizure of 198 vessels and aircraft. Following its two year anniversary, OP MARTILLO is beginning to show its desired effects: trafficking in the Western Caribbean and Eastern Pacific littorals is decreasing while the activity in the Eastern Pacific non-littoral route is rising.
- **Operational Results and Impact:** In the air domain, over the past year, JIATF-S documented a 34 percent decrease in illicit air tracks destined for Central America (primarily Honduras). The illicit air corridor into Hispaniola was nearly absent during FY13 with only two flights documented moving into Haiti. In the maritime domain,

during the same period, JIATF-S assessed a decrease of maritime activity in the Western Caribbean littoral and non-littoral trafficking areas of 43 percent and 45 percent for each vector respectively. In line with the goals of OP MARTILLO, JIATF-S recently documented a significant decrease in trafficking via "go fasts" boats using the littoral routes and, during the first month of FY14, an increase in go fasts bypassing the littoral routes in favor of more direct routes toward Honduras. JIATF-S continues to monitor this trend and hopes that recent success against go fasts employing these deeper routes does not push traffickers back to littoral routes. In the Eastern Pacific, the trafficking shows a steady decrease in the littorals (characterized by an overall increase of 71 percent at the end of FY12 to a 20 percent decrease in FY13), while the activity in the Eastern Pacific non-littorals appears to be increasing (from an increase of 12 percent in FY12 to an increase of 28 percent in FY13, including a recent increase in the use of routes South of the Galapagos). These changes are assessed to be a continued result of OP MARTILLO assets working in the littoral areas along the Guatemala/Mexico border, and may reflect the start of achieving the anticipated end result of the operation, driving the traffickers out of the littorals.

- **Supporting Defense of the Homeland.** Since its inception in September 2012, OP UNIFIED RESOLVE, the counter illicit trafficking operation supporting Puerto Rico, has substantially improved and formalized interoperability between JIATF-S, Coast Guard District 7, Coast Guard Sector San Juan, and the Customs and Border Protection (CBP) Office of Air and Marine Caribbean Air and Marine Branch in our shared Counter Illicit Trafficking operations in the following ways. Real time information sharing between JIATF-S and operational forces from USCG District 7, CBP's Caribbean Air and Marine Branch, and Coast Guard Sector San Juan has improved OP UNIFIED RESOLVE's effectiveness against secondary movements of cocaine to Puerto Rico from the primary Hispaniola corridor. This collaborative orchestration enhanced the effective sharing of resources in an austere operating environment. The maturity, strategic leadership, and tactical collaboration between JIATFS, the USCG, and CBP have greatly enhanced the effectiveness of countering illicit trafficking CIT operations in the Northeastern Caribbean.
- **Role of Partner Nations:** In FY 2013, 68 percent of JIATF-S disruptions were marked by partner nation participation. The role of our Latin American partners should not be understated. Of the 147 illicit trafficking events disrupted by JIATF-S in FY 2013, 74 of these (50 percent) would not have been successful without the support of our international partners. The existing and future contributions to the Transit Zone effort by the U.K., France, the Netherlands, and Canada continue to be significant and needed.

- **Information Dominance and Innovating to Meet Converging Threats:** JIATF-S continues to innovate in the face of asset reductions, and has developed several initiatives to enhance effectiveness and efficiency with the tools under their tactical control. JIATF-S is adept at Counter Threat Finance, tying the flow of illicit proceeds to the movement of drugs and other threat streams. The Container Cell Initiative is expanding the interdiction community's awareness of trafficking via commercial means, and their newest Network Discovery Initiative will gain insights into the highly connected and converging organizations at work in their JOA. For all of these

reasons, JIATF-S remains at the forefront of supporting the delivery of focused success against transnational organized crime in the Western Hemisphere.

Joint Task Force Bravo (JTF-B)
Soto Cano Air Base, Honduras

- JTF-B supported Central American (CENTAM) countries in disrupting transnational organized crime by supporting the movement of partner nation law enforcement agencies and units in denying illicit airfields; destroying cash crops; disrupting lines of communication; providing medical evacuation support to partner nation military, law enforcement, and civilians; maintaining forward operating locations to stage and sustain Honduran and U.S. interagency operations; treating more than 8,243 medical patients, 1,754 dental patients, 1,052 immunizations, and 313 surgical patients; partnering with the Government of Honduras to build capacity for responding to natural and manmade disasters; and improving local firefighting capabilities.
- JTF-B supported the Honduran Army in destroying illicit airfields within the department of Gracias a Dios. JTF-B provided lift support for 6,350 lbs of demolitions to Forward Operating Location Mocoron for use by the Honduran 5th Infantry Battalion to crater 6 airfields being utilized by drug trafficking organizations.
- JTF-B supported the BDF by providing movement to 16 marijuana plantations for marijuana crop eradication. This assistance allowed the BDF to destroy 61,146 plants, 221 lbs of seeds, and 330 lbs processed marijuana, ultimately removing $12.5 million from the Belizean streets where Drug Trafficking Organizations would utilize the money to disrupt law and order in Belize.
- JTF-B provided air movement support to Homeland Security Investigations and Honduras Law Enforcement along the Honduran/Guatemalan border to disrupt illicit trafficking routes and enhance regional effects against Transnational Organized Crime operations.
- JTF-B conducts medical evacuation throughout Honduras. Over the past year, JTF-B provided 29 medical evacuation missions for 6 Honduran military members and 29 U.S. personnel.
- JTF-B conducted nine Medical Readiness Training Exercises (MEDRETEs) and Medical Surgical Teams (MSTs) (6 within Honduras, and 3 within CENTAM), as well as weekly MST missions to Santa Teresa Regional Hospital in Comayagua and a monthly trip to the Hospital Escuela in Tegucigalpa. Over the past year, JTF-B, with partner nation support, treated over 8,243 medical patients, 1,754 dental patients, 1,052 immunizations, and 313 surgical patients. The MEDRETEs and MSTs provide alternatives to transnational organized crime and gang patronage in isolated villages. Partner nation Military and Law Enforcement Agencies support the exercises, enabling interaction with isolated villages.
- JTF-B's CENTAM Survey and Assessment Team (C-SAT) provides a limited, but immediate, disaster response and relief capability within the region. It routinely integrates with the Government of Honduras in large-scale natural disaster exercises. JTF-B also conducted their first multinational exercise in C-SAT history with several

Belize government agencies and British forces, resulting in cooperative operations between C-SAT members, and an invite to Belize's hurricane planning conference.

- JTF-B supported more than a thousand children in several different orphanages, interacting with the children, donating much-needed supplies, and doing construction work on their buildings. For village support, JTF-B Chaplains organized 6 chapel hikes that donated and distributed 18,000 lbs of food, clothes, toys, and school supplies to approximately 3,900 community members. In October 2012, JTF-B partnered with the Se Pudo NGO to build 14 homes for families in 45 days, and, over the past year, participated in the Ajuterique Housing Project, which already helped construct 29 homes for families.
- JTF-B also provided critical support to Multi-national Search and Rescue Operations. JTF-B's unique capability to fly over water and provide recovery and extraction proved instrumental in the life-saving efforts of nine people lost at sea last July, including two U.S. personnel.

Chairman LEVIN. Thank you both very much.

We will have a 7-minute first round. I think we may have votes during the morning. Is that still true, do we know? Not scheduled yet, so it could happen.

General Jacoby, let me start with you. Your prepared statement says that, "I remain confident in our current ability to defend the U.S. ballistic missile threats from North Korea or Iran." Does our current GMD system cover all of the United States, including the east coast, against missile threats from North Korea and/or Iran?

General JACOBY. Senator, yes, it does.

Chairman LEVIN. In your prepared statement, you also mentioned the need to improve our Homeland missile defense system architecture in order to maintain our strategic advantage. I have a number of related questions relative to that architecture and how we can improve it.

Looking at priorities, which is the more important investment priority for our Homeland missile defense system at this time, to improve the sensor and discrimination capability and overall system reliability or to build an additional interceptor site on the east coast?

General JACOBY. Senator, I believe our first available dollar goes to better sensors that would give us more discrimination. I also believe that our intelligence collection against potential adversaries that can field Intercontinental Ballistic Missiles (ICBM) and weapons that could reach the Homeland is critical, as well.

Chairman LEVIN. Do you agree, as proposed in the budget request as mandated last year by Congress, that we should deploy a new long-range discriminating radar to improve defense of the Homeland against North Korean missile threats?

General JACOBY. Senator, yes, I do.

Chairman LEVIN. Do you also agree, as proposed in the budget request and as recommended by Congress last year, that we need to redesign our GMD kill vehicle for the future to make it more reliable, robust, producible, and effective?

General JACOBY. Yes, Senator, I do. It is an important priority, to redesign the kill vehicle.

Chairman LEVIN. Is it still correct that there is no current requirement to deploy an additional missile defense interceptor site in the United States?

General JACOBY. Senator, based on where the threats are to the east coast, I do not believe we need to make that decision at this time.

Chairman LEVIN. General, the budget request proposes a restructuring of Army aviation that would transfer Black Hawk helicopters to the National Guard for its numerous Homeland missions, such as disaster response and transfer in lieu of the Black Hawk's transfer, Apache armed attack helicopters, to the Active component for overseas combat missions. Do you support that proposal, and if so, why?

General JACOBY. Senator, this is a tough issue for the Chief of Staff of the Army. He has made a courageous decision to restructure, driven by the fiscal realities of the budget. Speaking as the NORTHCOM Commander, that aviation restructuring works to NORTHCOM's advantage. I do not have an attack helicopter requirement in the Homeland, but anytime our Governors and our Adjutants General can get hold of more lift, such as Black Hawks or light utility, such as the Lakota, that is a good thing. I believe that that is the result of the aviation restructuring program.

Chairman LEVIN. Is it something that makes sense to you?

General JACOBY. From the NORTHCOM requirements standpoint, it makes sense.

Chairman LEVIN. Do you know whether General Grass, the Chief of the National Guard Bureau, supports this proposal?

General JACOBY. I am not sure exactly what General Grass' position is on this, but I know he's been in discussions with the Chief of Staff on it.

Chairman LEVIN. All right.

General, we have had some flight test failures with both models of kill vehicles, and last year, when Secretary Hagel announced the decision to deploy 14 additional GBIs in Alaska by 2017, he said that, before we deploy the additional GBIs, we need to have confidence from successful intercept flight testing that the kill vehicle problems have been corrected. Do you agree with that?

General JACOBY. Senator, I agree and support flight testing.

Chairman LEVIN. Before we actually deploy.

General JACOBY. That's correct.

Chairman LEVIN. That we should have some successful intercept flight testing first, to make sure that those problems have been corrected?

General JACOBY. That's DOD's commitment, and I support that commitment to test successfully before additional deployment.

Chairman LEVIN. General Kelly, let me ask you about intelligence, surveillance, and reconnaissonance (ISR) requirements in your area of responsibility (AOR). Does your AOR have an airborne ISR requirement?

General KELLY. Yes, Senator, it does. I am tasked, under title 10, to detect and monitor the drug flow that comes up from Latin America and flows into the United States. There are a lot of complicated parts to that, but one of the key parts is ISR. I do not have enough. We take what we can get. Some of the ISRs that are very

effective working for me are, frankly, aircraft that are on training flights, Joint Surveillance Target Attack Radar System (JSTARS), even bombers that come down and work for us. They are on training flights, but what they provide me, in terms of a picture of what's moving across the Caribbean, is tremendously helpful, and really a game changer, particularly when JSTARS shows up. But, we also don't have enough, but we have Navy P–3s flying out of primarily El Salvador. I have a couple of ISR airplanes that are under my contract. We also have CBP airplanes from DHS flying P–3s, again out of El Salvador. I do not have enough. I could use more. But, what I have, I use very effectively. Yes, Senator.

Chairman LEVIN. What percentage of your ISR requirement is being met today?

General KELLY. ISR requirements, I would estimate about half. But, that is only one part of the equation, in terms of the drug interdiction, Senator.

Chairman LEVIN. All right. Under the fiscal year 2015 budget, the Air Force is going to cap the fleet of unmanned aerial systems which are, namely, the Predator and the Reaper drones. They are going to reduce that growth in that fleet from 65 to 55 combat air patrols. Is that something which will make it more difficult for you to meet your full ISR requirement?

General KELLY. Senator, I do not get any of those systems, generally speaking, right now. I was actually hoping yesterday that as the war in Afghanistan and the Middle East started to wind down, and those assets maybe be made available, I was hoping to get some of those. So, I was very disappointed yesterday when I heard that we are going in that direction because I really could use a lot more ISR.

Chairman LEVIN. Thank you.

Senator Inhofe.

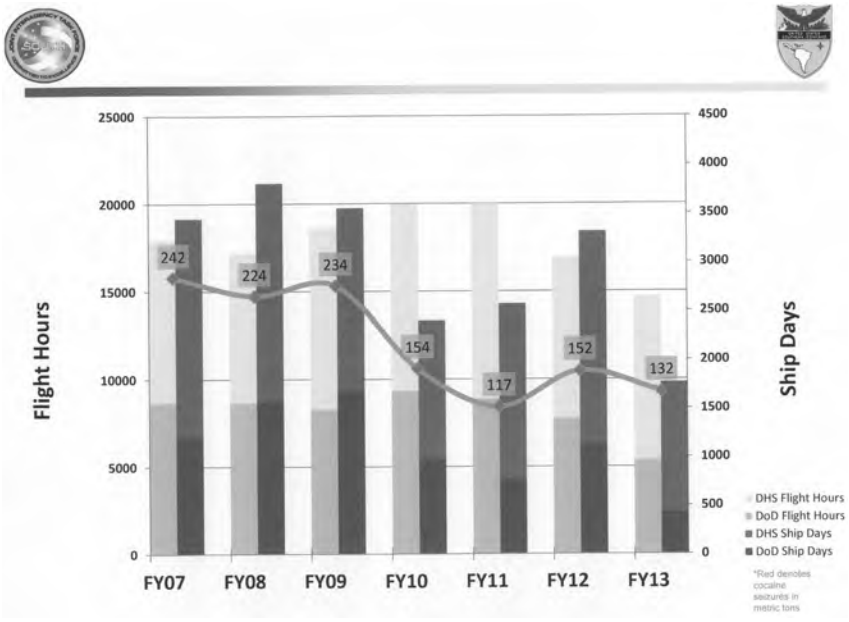
Senator INHOFE. Thank you, Mr. Chairman.

Natalie, would you turn that chart around?

General Kelly, you are familiar with this chart. I just want to make sure everybody has a copy in front of them. It is very significant, I think. It tells the story. The yellow denotes the DHS flight hours in support of SOUTHCOM; the orange, the DOD flight hours; the light blue, the DHS ship hours; the dark blue, the DOD ship hours; and the red denotes the cocaine seizures. Now, the thing that is interesting about this chart is I would ask, first of all, is this accurate?

General KELLY. It is accurate, yes, Senator.

[The information referred to follows:]



Senator INHOFE. Okay. If you look at seizures, there is a direct relationship with the assets that are out there. This is what really bothers me, because you have made a statement, I think it was in our office to some of our staff, that you can see 75 percent of the cocaine trafficking heading toward the United States, but you cannot interdict it. Is that accurate?

General KELLY. Yes, sir. To define the word "see," I have a lot of assets that are fused together—intelligence assets from all across the U.S. Government, every agency of the U.S. Government, not just the military. I've got radars that give me a very——

Senator INHOFE. Yes. Oh, yes, but you know they are there.

General KELLY. They are there, yes, sir. I watch them go by.

Senator INHOFE. If you had the assets to do it, you could interdict them.

General KELLY. I could interdict them.

Senator INHOFE. Yes. So, we have a lot of this stuff coming into the United States that would not otherwise be coming in.

General KELLY. That is correct.

Senator INHOFE. Can you quantify that?

If you take all of them that you have interdicted, what percentage would that be of what you would suspect would be coming.

General KELLY. On the high seas, after it leaves Colombia, I suspect we get about 20 percent that is moving towards the United States.

Senator INHOFE. That is all that we get.

General KELLY. That is all that we get.

Senator INHOFE. So, 80 percent is coming into the United States.

General KELLY. Right.

Senator INHOFE. I know that bothers you. It bothers me. It should bother everyone up here. What kind of assets would you need to cut that 80 percent down to—reverse those figures—down to 20 percent, maybe?

General KELLY. Anything that floats that can land a helicopter on. I do not need warships, necessarily. In fact, if you look in fiscal year 2013, the only reason we got 132 tons is because we have very good outside-the-theater allies: the Dutch, the French, the Canadians, and the United Kingdom. We got a fair amount of takeoff of a Dutch oiler that just happened to have a helicopter on it that we put a law enforcement person on the helicopter.

Senator INHOFE. But, as far as ships that you own that are ours?

General KELLY. Right now, I have one Navy ship working for me and four Coast Guard cutters that are DHS down in the area of operations, but only two of them are working the drug issue; the other two are off in the West Indies, dealing with other——

Senator INHOFE. Is it likely you would not even have the one, in the event that we have to go through sequestration?

General KELLY. I would definitely not have one if we went through sequestration.

Senator INHOFE. That is a frightening thought.

You made a brief comment about the ISR, but we sit at this panel with all the other commands too, and this is a problem that is just not your problem, it is everyone's problem. In U.S. Africa Command, for example, we had adequate ISR assets in the Central African Republic for the Lord's Resistance Army (LRA), and then, when the problem exploded up in South Sudan, then they just had to take those assets and move them up there. They are not replacing them. Is that what you are finding when something new happens and you have a new need, do you have to take it from someplace else?

General KELLY. Again, Senator, I get almost nothing, in terms of what I really need.

Senator INHOFE. Okay.

General KELLY. Sometimes, we get a phone call about a bomber mission next week, and, "Can you use these guys to come down and do some ISR over the Caribbean?"—and we will take it.

Senator INHOFE. Yes.

General Jacoby, you mentioned on the Arctic icecap and some of the things that are going on there. I am sure you agree that the actual volume of ice in the Arctic is increasing, but the problem is, it's in the center. The problems that you're having are around the perimeter. Is that somewhat accurate?

General JACOBY. Senator, the total ice exposure in the Arctic is going down. It has been going down.

Senator INHOFE. The exposure, but the volume is not going—we can talk about that later, but I do want to show you the evidence of that. I would still say, though, it is a problem, because it is in the perimeter, where the problem is that you are addressing.

General JACOBY. I would summarize by just saying the Arctic is increasingly accessible to human activity.

Senator INHOFE. We went through this long thing about the GBI in Poland, with the radar and the Czech Republic. I can remember, probably every member up here on this committee who was serving

at that time worked with Poland and the Czech Republic, and they took a huge risk, at that time, when they made the agreement. In fact, Vaclav Klaus made that statement. His statement was, "Are you sure, if we do this, that you are not going to pull the rug out from under us?"—which we did. Now we have a problem on the east coast. You say that you are not ready yet to make a recommendation. But they are studying it right now, aren't they?

General JACOBY. Senator, that is correct. Thanks to the National Defense Authorization Act (NDAA) that directed us to do an assessment, MDA has assessed various potential locations for a third site. They have down-selected to four that best meet the requirements for a third site. Now they are doing environmental impact statements on all four.

Senator INHOFE. Is it true that we are relying more on Alaska right now in terms of the east coast?

General JACOBY. We are almost completely relying on Alaska.

Senator INHOFE. You always hear the term "You shoot and then you look and then you shoot again." I have always been very comfortable with what we have on the west coast, but there does not seem to be a sense of urgency, as I see it, so maybe I am overlooking something. Isn't it true that the concept of "shoot and look and then have a second shot," which gives me a lot of comfort on the west coast, is not something that they can do from Alaska for the east coast?

General JACOBY. We currently do not have a shoot-assess-shoot capability.

Senator INHOFE. Thank you.

General JACOBY. That's correct.

Senator INHOFE. Thank you. That's very disturbing.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

I want to thank both of you for your service to the country.

General Kelly, what is the dollar value of the 75 percent that continues to go through, if you happen to know offhand?

General KELLY. I do not know offhand. I could get that estimate for you.

[The information referred to follows:]

The wholesale value of the 75 percent of cocaine that is not interdicted is approximately $9.7 billion. The value increases as the product gets closer to the point of sale. The actual street value varies, driven by local market factors.

General KELLY. But, just understand that cocaine, as it flows into the United States, is the big moneymaker for the cartels. Cocaine is the big moneymaker. Their profits that come out of the United States every year, not just from cocaine but mostly from cocaine, is $85 billion in profit. So, obviously, every kilo I can take out of the flow is less profit for them, and it's a huge profit margin.

Senator DONNELLY. What is the cost to staff up—and again, I am not holding you to the numbers; do not get me wrong. But, if you had a ballpark—say, "Here's the plan to stop this"—what do you think the additional cost would be?

General KELLY. I would tell you I think more in terms of ships. Right now, I hit 132 tons last year, for 1.5 percent of the total U.S.

Government counter-narcotics budget—1.5 percent. I got 132 tons. Everything else that gets taken off the market, to include all of the law enforcement activity in the United States of America, pales in comparison.

Senator DONNELLY. How many more ships do you need?

General KELLY. My requirement is for 16 vessels of some kind that can fly a helicopter off the back. I can do it with a barge or I can do it with an aircraft carrier, 16 vessels that I can land a helicopter on because end game is done by helicopters. It is a law enforcement end game that I support, but it is done by a helicopter, and it has to fly off some vessel, something that floats.

Senator DONNELLY. How do you think it would change what's going on in our country, in relation to the drug war?

General KELLY. Not all, from cocaine, sir, but 40,000 people a year in the United States die from drugs, costs our country $200 billion. A huge amount of our law enforcement effort in our country is devoted to drugs. Frankly, the more you can take off the market, you drive the cost up, the availability down, and, who knows, just using basic arithmetic, maybe more young people are not exposed to drug use.

Senator DONNELLY. Is there any way that you could provide to this committee—you told us you need X number of ships—"Look, if I had this stuff, I could get this done"?

General KELLY. I can provide you that, yes, sir.

Senator DONNELLY. If you could do that, that would be terrific.

General KELLY. I'll take that for the record, yes, sir.

[The information referred to follows:]

My fiscal year 2016 requirements to meet the Office of National Drug Control Policy's 40 percent interdiction goal are:

- 16 flight-deck equipped ships:
  - 3 long-range ships, flight-deck equipped with embarked helicopters capable of day and night airborne use-of-force, and embarked law enforcement detachments. These ships do not need to be warships; however, suitable sourcing solutions include U.S. Navy Cruisers and Destroyers, and U.S. Coast Guard High Endurance Cutters and National Security Cutters.
  - 13 medium-range ships, flight-deck equipped with embarked helicopters capable of day and night airborne use-of-force, and embarked law enforcement detachments. These ships do not need to be warships; however, suitable sourcing solutions include U.S. Navy Frigates and Littoral Combat Ships, and U.S. Coast Guard Medium Endurance Cutters.
- 8 coastal patrol boats capable of navigating in shallow, littoral waters; no embarked helicopter.
- 1 submarine.
- 20,600 annual flight hours of wide-area surveillance capability.
- 24,150 annual flight hours of maritime patrol capability.
- 10,700 annual flight hours of short-range air tracker capability.

Senator DONNELLY. Thank you.

Another thing that concerns me and I am sure it concerns you, too: One of the ways we have always had such great relations with other countries and with their military is training together, having them working with us. From what I understand, correct me if I am wrong that the Chinese are working with some of the other countries now, as well. Is that a concerning situation to you?

General KELLY. Chinese are very active. They are mostly economics. They trade and sell items where we cannot sometimes. But, they are very active. The Latin Americans do not and neither

do I see that, looking at it holistically, as a problem, because it is, to them, economics.

That said, with economics comes influence. If a given nation is trading primarily with the Chinese—and again, the Chinese are very different than us, in that they do not consider things like human rights, which we do, and should. They do not consider things like environmental impact on projects. We do, and should. They do not. They are easier, if you will, to work with. With that comes influence. That is what concerns me about the Chinese.

The Russians are also increasingly active in the area. They are working with countries that want to partner with the United States, particularly on the drug fight, but cannot, for a lot of different reasons, these restrictions, so that Russians not nearly as much, and certainly not economically, as the Chinese. But, the Russians are flying long-range bomber missions there. They have not done that in years. They did this, this year. We have not had a Russian ship in the Caribbean since 2008; we had a task force of three come, about 6 months ago, and now there are two still there. Two additional have come. So, they are on the march. That is Russia. They are working the scenes where we cannot work, and they are doing a pretty good job with the influence.

Senator DONNELLY. What do you see taking place in the foreseeable future in Venezuela?

General KELLY. I think we are watching it come apart economically. I think they have the number-two oil reserves in the world, yet they cannot get going on their oil. They are attempting to reorganize themselves economically. It is not working. Politically, I see a real degradation in what used to pass as Venezuelan democracy. There is less and less of that now. My hope is, as we watch it—and I am in contact with the DOS as well as the Embassy—my hope is that the Venezuelan people somehow settle this themselves without it getting really out of control with an awful lot more violence. But that is up to them, I think.

Senator DONNELLY. Have you reached out to their military at all?

General KELLY. We have no contact with their military.

Senator DONNELLY. Okay.

General KELLY. I am not allowed to contact their military. They are not interested in contact with us.

Senator DONNELLY. Okay.

General Jacoby, as you look at our border areas—and we have heard some folks talk about Mexican police, Mexican people in uniform coming across our border. Have you seen any of that? Or is that something that is of concern as we look forward?

General JACOBY. Senator, it would always be a concern if there was incursion by another armed force or another security force. I do know that that happens occasionally. I will tell you that we developed a very close relationship between one of my forces, Joint Task Force-North (JTF–N), along with CBP, and have routine border meetings. When we have an incident like that, we have mechanisms to work it through, to see if we need to make adjustments to how we are doing business. I do not feel threatened by it.

Senator DONNELLY. I am out of time. One last thing I wanted to ask: Would you say, if you are looking at it, things are getting bet-

ter in our relations with the Mexican officials in that area or worse?

General JACOBY. They are getting better, Senator.

Senator DONNELLY. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I thank the witnesses, and I thank them for their great service to our Nation.

General Jacoby, I think I pay as close attention to what is happening on the border as most anyone, because of obvious geographic location of my State. But, I must say, I was "surprised" to learn that, in the south Texas part of our border, that 82 percent of the illegal border crossers that were apprehended were what we call OTM, "other than Mexican," non-Mexican citizens. Isn't that a dramatic shift over the last period of time?

General JACOBY. Senator, I do think it is rather dramatic, and I think that there are important aspects to that, that we need to bore into. But, I know the exact statistics you are talking about, and they are a tremendously interesting change in illicit trafficking that's going on, on the border.

Senator MCCAIN. Isn't it logical, then, to at least speculate that, if you get this large number of people who are not Mexican, who come from countries all over the world—admittedly, the bulk of them are Central American, I understand that—but, you still have very large numbers who are from countries all over the world. Wouldn't it be safe to at least be concerned about the possibility or likelihood of terrorists or people who want to come across our border not to get a job or a better life, but to do something bad?

General JACOBY. Senator, I think that is a very important problem. I completely agree. These are illicit distribution networks, and they will traffic whatever is the best market for them to traffic in. Right now, large numbers of OTMs are crossing the border. I think, across the whole border, it's 45 percent are OTM, with large numbers of people from special-interest countries. So, I think this is a national security issue, and we are partnering closely with DHS on it. But, also, more importantly, to partner with Mexico and the other countries in the region, because that is a highway. It is a highway with a lot of branches and a lot of on-ramps and off-ramps, and most of it is coming directly to our border. We have to work that whole highway into General Kelly's AOR, as well as mine.

Senator MCCAIN. General Kelly, moving into your area, one of the real vulnerabilities here is the southern border of Mexico, and people who, with relative ease, come across that border from very economically poor countries in Central America. If there's no real prohibition for their crossing the southern border, then these OTMs find it much easier to enter this country. Is that a correct assessment?

General KELLY. Absolutely, Senator, it is entirely true.

Senator MCCAIN. So, it is of great concern to you, the economic and literally criminal takeover, or near takeover, of these countries in Central America.

General KELLY. Yes, sir. One of the things—the spike that you referred to in the number that are coming across the border—many of those are Hondurans, Guatemalans, El Salvadorans that are fleeing the violence, the drug-generated violence in those countries. Now, General Jacoby, him on his side of the border, with the Mexicans on my side of the border in the last year, we have encouraged the Guatemalans—and I think the Senator knows I am very restricted in dealing with some of these countries because of some past issues.

Senator MCCAIN. Especially Nicaragua.

General KELLY. Actually, we have almost no contact with Nicaragua. Certainly, Guatemala, very restricted in dealing with them and with Honduras. But, we are working hard on that northern Guatemalan border. We have helped them establish some interagency task forces. Looking pretty good. I just traveled down there, and they are working with the Mexicans on their side. So, we are doing what we can to seal that border. But, you are right.

Senator MCCAIN. General Jacoby and General Kelly, because of our experiences in Iraq and Afghanistan, we have the technology to surveil our entire border, wouldn't you agree with that statement?

General JACOBY. I agree, Senator.

General KELLY. Absolutely.

Senator MCCAIN. It is a matter of devoting the resources to it. It is not a matter, as it may have been some years ago, that we really were incapable. Would you agree with that, General?

General JACOBY. I agree, Senator. I think the same can be said on Mexico's southern border.

Senator MCCAIN. We could help them with the technology that could help dramatically improve their security.

General JACOBY. Senator, I know it is one of President Pena Nieto's top security issues, and we would be very happy to help them with it. I have spent time on that border, and understand the challenges of it.

Senator MCCAIN. General Kelly, it is disturbing to hear you say, with refreshing candor, that you are watching drugs being transported into this country. That is a correct statement that you made?

General KELLY. Yes, Senator, it is.

Senator MCCAIN. So, I think that Senator Donnelly mentioned it, we would very much like to have your opinion as to what is needed so that, when you see those drugs being transported, that you have the capability to intercept. Could you give the committee that in writing? Because we will be taking up an authorization bill, and maybe we can do something to give you the ability, at least when you see drugs being illegally transported, that you would have the capability to do something about it.

General KELLY. Yes, Senator, we will do that. Easy.

[The information referred to follows:]

My fiscal year 2016 requirements to meet Office of National Drug Control Policy's 40 percent interdiction goal are:

- 16 flight-deck equipped ships:
  - 3 long-range ships, flight-deck equipped with embarked helicopters capable of day and night airborne use-of-force, and embarked law enforcement

detachments. These ships do not need to be warships; however, suitable sourcing solutions include U.S. Navy Cruisers and Destroyers, and U.S. Coast Guard High Endurance Cutters and National Security Cutters.

- 13 medium-range ships, flight-deck equipped with embarked helicopters capable of day and night airborne use-of-force, and embarked law enforcement detachments. These ships do not need to be warships; however, suitable sourcing solutions include U.S. Navy Frigates and Littoral Combat Ships, and U.S. Coast Guard Medium Endurance Cutters.

- 8 coastal patrol boats capable of navigating in shallow, littoral waters; no embarked helicopter.
- 1 submarine.
- 20,600 annual flight hours of wide-area surveillance capability.
- 24,150 annual flight hours of maritime patrol capability.
- 10,700 annual flight hours of short-range air tracker capability.

Senator MCCAIN. General Jacoby, you and I had an interesting conversation yesterday about the effects of drugs and the legalization and all that. I guess my question is, has the legalization of marijuana in some U.S. States affected the drug trade? What effect do you think legalization has on these transnational cartels?

General JACOBY. Senator, of course, what a State decides to do is a political issue and the concerns of the citizens of that State. I will not speak for John, but I think he would say the same thing—that our partners that we have been leaning on really hard for cooperation in counternarcotics efforts are concerned about that, and they talk to us about it, and they are often upset about it. So, that is an important wrinkle to the relationships.

I would also say that we need to be mindful that much of what crosses our border is marijuana, and that these cartels make a lot of money off a lot of different things, and we have to be careful to make sure that anything that we legalize does not enrich and empower a very strong network of very tough adversaries in the TCO business.

Senator MCCAIN. General Kelly?

General KELLY. In my part of the world, sir, my partners look at us in disbelief. As General Jacoby says, we've been leaning on these countries a long time. Particularly in the Central American countries, the impact that our drug consumption, our drug demand has had on these countries pose an existentialist threat, frankly, to their existence. They are in disbelief when they hear us talking about things like legalization, particularly when we still encourage them to stay shoulder to shoulder with us in the drug fight in their part of the world. "Hypocrite" sometimes works its way into the conversation, the word "hypocrite."

Senator MCCAIN. Very interesting.

I thank both the witnesses, both for their service and their candor.

I thank you.

Chairman LEVIN. Thank you, Senator McCain.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Thank you, gentlemen, for your service and the service of all in your commands.

General Jacoby, we talked briefly, previously, and in the context of Admiral Rogers' recent appearance before the committee, about the new dimension of cyber. Cyber is part of what is going on in the Ukraine, cyber is now a fully developed dimension of any type

of conflict. The sense that I have is that we are not doing the kind of detailed planning that we need. I know you had a 2014 Cyber Conference with The Adjutants General (TAGs). You have your TAGs involved. But considering all your relationships with DHS, the National Guards, et cetera—you are in a position to either be a host or to stimulate this—you might just discuss the notion of a comprehensive training exercise. I made the allusion, in a previous hearing, to the Louisiana maneuvers of 1940. But, now we are talking about financial utilities, public utilities, commercial enterprises, all these that have to be factored in. So, your comments would be appreciated.

General JACOBY. Senator, one of the things NORTHCOM is very good at and we enjoy doing is hosting conferences and hosting training events. What we achieve there are partnerships. I cannot think of any dimension of defending the Homeland or securing the Homeland that will require strong and new partnerships more than cyber. I know I look like I am old enough to have done the Louisiana maneuvers, but I know exactly what you mean. It is a comprehensive war game that really fundamentally changed the way the Army thought about its doctrine and its capabilities.

That would well serve us, to do that. There are some important exercises that do take place. Frankly, we work with the Guard on Cyber Guard, and that is a really effective exercise. But, this is a whole-of-government problem, and eventually we have to give you feedback to tell you where, in the end, we may need legislative help and policy help and regulation help to really sort our way through how to be effective across all the dimensions of the cyber challenge.

So, Senator, that is a great idea, and we will discuss that further.

Senator REED. Obviously, it is a resource issue, and it might even be getting the direction from DOD to do that, so let us know if we can help, because I think it is a positive step. As we spoke previously, it not only identified doctrinal errors and operational needs, it also illuminated leaders who were quite capable of dealing with an issue. That was translated pretty quickly by General Marshall.

General Kelly, any thoughts on this notion?

General KELLY. In my part of the world, I would tell the Senator that most countries, particularly the more developed countries with solid and really increasingly successful economies, are very concerned about this issue. One of the results of the revelations that came out about our activities is, they all understand now how really dangerous the world is, in terms of cyber, and how really unprepared they were. Some of them thought they were in the ballpark of preparation. They understand now that they are in kindergarten in comparison to what other players in the world can do to them. It is a great concern in SOUTHCOM, yes, sir.

Senator REED. Let me ask a question to both of you. I will begin with General Kelly this time. Your operations are dependent upon many agencies outside of DOD. In terms of budget ceilings and the episodic nature of our authorizations and appropriations, my sense is that pressure is felt even more keenly in some of these civilian agencies that sometimes do not have the same emotional appeal to Congress, in terms of funding, that DOD uniformed personnel

have. Have you seen that? Have you heard that from your colleagues? Are there critical missions that they are not performing that, frankly, are so critical to your role that, even if you have resources, you'd like to see them used by the other folks?

General KELLY. Yes, Senator. SOUTHCOM is probably the most interagency-intensive of all of the combatant commands, because of just the nature of the work and the nature of the world that I work in. So, all of these agencies, particularly the law enforcement agencies and DOS, are experiencing the budget cuts. Once again, it is all about presence, it is all about having DEA and FBI and Treasury in embassies all over the world to make connections and to work the issues in support of U.S. foreign policy. DOS, I have already mentioned the fact that I am light on a number of very critically important Ambassadors—not that they work for me. All of that is a direct result of the budget cuts. You are right, we hear more about what it does to the military and less about what it does to our partners, but it is, in many cases, for me more of a problem when I see my interagency partners cut.

Senator REED. General Jacoby, your comments?

General JACOBY. Yes, Senator. We work in the Homeland, and so, in most things, except for the very important defend tasks that we do, we work in support of agencies. I will tell you that there are some agencies where it is not just that their budgets have been cut—and most of them have—but the expectations of what they can perform for the country.

The best example I can think of is within the Department of Agriculture, the National Interagency Fire Center (NIFC) responsible for firefighting—huge responsibilities, much greater expectation for them to be successful, not just at managing fires, but fighting fires. So, if I had a dollar to give, I would give it to the brave men and women that are fighting our fires out there, and some of the help that they might need. We are in support of them, but they have the lead.

Other organizations, CBP, their air and maritime organization, they help me do my NORAD mission. They have lost flight hours, they have lost flight capability, and there are gaps and seams in the aerial surveillance of the border because of that. So, that is another organization.

Every commander out there would love to have some more Coast Guard ships. Great partners with law enforcement capability. It is a natural fit as we work together across safety and security issues.

Senator REED [presiding]. Thank you very much, gentlemen.

The chairman has asked me to recognize the next speaker, and, because we do not have any Republican colleagues, Senator Udall, you are recognized.

Senator UDALL. Thank you, Mr. Chairman.

Good morning, gentlemen. Thank you for being here.

General Jacoby, I want to focus on you and your command, if I might, and I want to say a special word of thanks to your tremendous team at NORTHCOM, and you, yourself.

We have had quite a year in 2013 in Colorado. We were hit with the devastating fires and floods. I have long said, "Come hell or high water, Coloradans are ready," and we saw both, and experienced both, and it was terrible. The damage that you saw first-

hand, I have seen firsthand, included thousands of Coloradans being forced from their homes. We lost lives as well. That was beyond tragic.

But if it were not for your efforts to train dual-status commanders and establish procedures for coordination between State and Federal civilian agencies, working with the Active Duty and the Guard troops that we are so grateful to have in Colorado, the toll would have been far worse. I know you know that, and everybody in Colorado knows that.

I want to give you a couple of examples. I believe we had Army aircraft from Fort Carson in the air within an hour, the first signs of smoke in the Black Forest, followed shortly by Colorado Guard helicopters. Then there were C–130s dropping retardant within a day. Then, last fall, the Colorado Guard evacuated thousands of Coloradans from waters that were rising faster than you can possibly imagine. I actually couldn't get home to my own home that Thursday night. Then, that Guard effort was able to communicate effectively with all the other agencies that came running to help.

I just want to underline again that there are just so many examples, they are countless, of how your commitment to prior planning and coordination between agencies made a critical difference when a unified response was needed the most. You did the hard work in advance, you refined the process, based on lessons learned from other response operations. Colorado owes you a great debt, General Jacoby.

The soldiers and sailors, airmen and marines, coastguardsmen and civilians, both American and Canadian, who serve with you have my deep and lasting thanks for continuing to stand watch over all of us. I really want to get that on the record.

Thank you.

General JACOBY. Thank you, Senator.

Senator UDALL. Can you now, in that context, describe NORTHCOM's efforts to prepare for this year's fire season? Are there any gaps in response capacity? What needs to be done on the State and local level to prepare for what likely will be another bad year for wildfires?

General JACOBY. Senator, we felt really good about being up in the air in an hour, but if you lost your home in that hour, that's not fast enough. So, we have to continue to refine the process.

I did mention, to Senator Reed's question that I believe the NIFC deserves huge credit for the great work that they are doing. They could use more money so that they can fearlessly ask for help. What we have done is, we have strengthened our relationship. They understand better the capabilities that can be brought to bear across the whole of government, and we have developed important relationships with incident commanders. We are going to provide liaison teams to incident commanders to be more effective, to be quicker in responding. The old-fashioned 5,000 infantrymen with shovels and boots, we are going to add to that with bulldozers, unmanned aerial vehicles with infrared sensors and other capabilities, to make that whenever needed, at the disposal of our partners, who really do the lead work in firefighting.

So, we continue to make advancement. It is all about not being late to need, and it is all about being able to identify a requirement and answer the call of our partners as quickly as possible.

Senator UDALL. Let me ask a specific question in that context. Do you have concerns about the decision of the Air Force to retire C–130H aircraft, when it comes to the domestic firefighting mission?

General JACOBY. Senator, the Air Force has a million tough decisions to make with the budget realities. I just found out yesterday about the cut to the 302nd wing at Peterson Air Force Base. I will tell you, though, that it is not just the C–130s. The real issue for us in firefighting are the mechanisms that slide into the back of the C–130.

Senator UDALL. Right.

General JACOBY. Those we will not lose. We will have the same number of firefighting apparatus that fit on the C–130s.

To me, the biggest concern would be crews. Now, those are terrific crews, they are fearless men and women. It is as tough flying as any flying.

Senator UDALL. It is a form of combat, isn't it, when you are flying?

General JACOBY. It is. I have flown with them.

Senator UDALL. Yes.

General JACOBY. It is tough flying. It is close to the ground, it is an intense environment. I want to make sure that those squadrons are not disadvantaged by loss of folks that form those crews. I will be talking to the Air Force about this as soon as I get a chance.

Senator UDALL. Great. I look forward to being your partner in that. I know all Coloradans, again, are with you in this important mission.

Let me turn to the Arctic. We met, yesterday. Thank you for taking the time to visit my office. In the time we have left, talk a little bit about what are your greatest challenges and what are our opportunities in the Arctic, going forward. You have about a minute and a half to tell us all there is to know. [Laughter.]

General JACOBY. Senator, you are already helping me with the most important thing. We are generating some enthusiasm for the opportunities and our responsibilities in the Arctic. I have had a lot more questions on it this year as I have moved around the Hill, and I am grateful for that.

This year, we had the President's strategy and implementation guidance roll out. We had the Secretary's strategy rolled out. We are pushing on more open doors than we've pushed on before in thinking about the Arctic. The lack of hard timelines is tough for us, but we think we have an understanding of what the capability gaps are, and I have directed my JTF Commander up in Alaska to begin campaign planning with his partners to ensure that we start identifying capabilities and requirements that we will need to translate into programs in the next 7 to 10 years so that, when the Arctic really does become a viable approach to the Homeland, we have capabilities that we will need to be effective in the Arctic.

Senator UDALL. Again, I look forward to working with you on that front.

I want to note just for the record, that I think the ratification of the Law of the Sea Treaty would be crucial to playing a more active role in the Arctic. I know there are some in the Senate who do not see it that way, but experts across the spectrum believe we need to ratify that treaty, and ratify it quickly. I just want to put my own point of view on the record.

Thank you, gentlemen, for being here. I look forward again to seeing you under the best of circumstances here, General Jacoby. No fires, at least not in my home State. So, thank you.

Chairman LEVIN [presiding]. Thank you, Senator Udall.

Senator Cruz.

Senator CRUZ. Thank you, Mr. Chairman.

General Jacoby, General Kelly, thank you very much for being here. Thank you for your decades of service to our Nation and your vigilant defense at a time when the threats to America and the threats across the world seem to be growing.

I have a series of questions. I want to start, General Jacoby, with a question that you and I had an opportunity to visit about yesterday in my office, and I appreciated your coming by to visit. I have a longstanding concern about the threat of an electromagnetic pulse (EMP) attack on the United States. As we see nuclear proliferation, we see nations like Iran that seem hell-bent on acquiring nuclear weapons capacity.

The question I wanted to ask you is: What is your assessment of the impact an EMP attack could have on the United States, and how prepared are we to deal with that?

General JACOBY. Senator, EMP is a real concern with detonation of any weapon of mass destruction (WMD), like a nuclear warhead. So, I think that it is a known fact that it can have a large impact and a wide impact on electronic devices of all types. Probably the most worrisome would be communications, energy infrastructure control mechanisms. So, for a long time, we have understood that threat, but we do not have good, hard science yet, or modeling, on what might be the large-scale effects of that. I have worked with the Defense Threat Reduction Agency, and we are going to try to bore into that question so we have more hard evidence of that. There really are not good ways to model that or to see the effects of it, but we know that it exists. Of course, an air device would be more devastating to us than a ground-based device.

What we have to do now is make sure that the infrastructure upon which we rely the most for our defense infrastructure is EMP-hardened. We have known that for a while. It is extraordinarily expensive to do that. My command center in Cheyenne Mountain in Colorado remains a viable and important part of our national command-and-control system, simply because—if for no other reason—it is completely EMP-hardened.

These are important questions to think about across all of our critical infrastructure. We have come up with a project, a science and technology demonstration, the Smart Power Infrastructure Demonstration for Energy Reliability and Security, which tries to describe how, with our critical infrastructure, we can create microgrids and self-healing energy systems. A lot more work has to be done on that, and it has to be partnered with private industry as well.

Senator CRUZ. Would you agree that, right now, the risk is unacceptably high, in terms of the impact of an EMP attack? If a nuclear weapon were detonated in the atmosphere above the eastern seaboard, the capacity—setting aside the impact on our military assets—simply on the civilian side, if it took down the electrical grid, could impose catastrophic economic harm and, potentially, the loss of unspeakable numbers of civilians lives if the electrical grid went down for a long period of time and food delivery was significantly impaired? Would you agree that that risk is highly worrisome?

General JACOBY. Senator, I think it is worth us worrying about, and I do not think we know enough to describe the correct degree of risk. It is sufficient risk that we should be considering it. I would say that the most important thing we do is make sure that we are continuing to collect the intelligence that would warn us of an EMP risk, and, if an EMP risk was to increase. Frankly, we need to do better modeling so that we can exercise against a denied environment because of the effects that we know EMP can create.

Senator CRUZ. I guess another potential area to deal with that threat is to improve our capacity with regard to missile defense. I am sure you saw the recent news out of Israel. Just yesterday, 40 rockets were fired from Gaza into southern Israel. In the NDAA for the last year, the Senate Armed Services Committee required DOD to study missile defense threats from the south, such as from the Gulf of Mexico. Can you discuss this threat and what NORTHCOM has or needs in order to deal with this potential threat?

General JACOBY. Senator, thanks. We have worked on that, and we have a test that we are conducting right now, called Joint Deployable Integrated Air and Missile Defense, where what we are doing is, we are discovering how to integrate current systems, such as Aegis, Patriot, F–15s, F–16s, and CF–18s, to quickly bring together packages within the United States and to be able to engage across a spectrum of cruise missiles or short-range ballistic missiles. The last tests we ran last year, we focused on the Gulf of Mexico.

I can give you more details, because some of that is classified, how we ran that test, but I can tell you that we have found that we have both some significant challenges in doing that, but we also have some opportunities to use existing systems more effectively to do that.

In particular, though, I think that the cruise missile threat portion of that, we are working on very hard.

Senator CRUZ. Thank you, and I look forward to those continued conversations.

Let me shift to the issue of immigration and border security. I remain greatly concerned about the terrorist threat from our southern border that illegal immigration presents. In 2001, the CBP apprehended over 300,000 people unlawfully crossing the southern border. Nearly 50,000 of those individuals were OTM. Of those, 255 were aliens from countries designated special-interest countries. How would you assess the threat to national security and our potential vulnerability to terrorism, given the current state of border security?

General JACOBY. Senator, specifically, I agree completely that the vulnerabilities that the illicit trafficking networks or TCOs exploit

with a variety of goods, such as drugs, weapons, et cetera, is a national security problem. I believe that we should consider that terrorists can ride on that distribution network as easily as drugs, weapons, or people.

I assess this as an important national security issue, and we play an important role in supporting our partner agencies, like CBP, ICE, and DEA, in really effective ways to help make sure we know who's trying to get across the border. More importantly, what are these organizations that reach deep into Mexico, Central America—actually, some of them are global—how do we put pressure on those networks, disrupt them, dismantle them, and prevent them from using our strength, which is our border, and turning it into a vulnerability?

Senator CRUZ. Thank you, General.

My time is expired, but, with the Chairman's indulgence, if I could ask one more question of General Kelly.

General Kelly, we are seeing troubling reports about the Venezuelan Government, with the possible assistance from Iran and Cuba, using cyber tools against their own people. What tools does SOUTHCOM have to make sure to limit the influence and assistance that the Iranians and Cubans can have helping governments or other actors from attacking South Americans?

General KELLY. Senator, SOUTHCOM doesn't have a great cyber infrastructure, as of yet. With that said, obviously the U.S. Government has tremendous cyber capability, and I know—above the classification, certainly, of this discussion—I know that the larger American Government institutions are looking hard at that. You're right, it is—every evidence that they are using cyber, in one way or another, to try to control what's going on in their country.

Senator NELSON [presiding]. Senator King.

Senator KING. Thank you, Mr. Chairman.

General Jacoby, I want to follow up a bit on Senator Udall's questions about the Arctic. I believe, given the drastic receding of the size of the icepack—about 50 percent over the last 40 years, as I understand it—creates an entirely new circumstance in the Arctic. What kind of lead investments and decisions should we be making now to take account of both the opportunities and the challenges that that creates for us?

General JACOBY. Thanks, Senator. One of the challenges is the Arctic ice numbers are variable, and the most important factor is that over time, it has greatly receded, and there is no indication that that will stop. So, at some point, I think we have to plan against what's going to happen. The Arctic is going to be more accessible to human activity, whether it's merchant shipping or naval activity, more flights over the Poles, et cetera. There is great interest, globally, in how to exploit the Arctic. As an Arctic nation, with our premier partner Canada, we have sat down and spent quite a bit of time talking about what the time horizon is we should be looking at?

The way we've conceptualized this—and I think it's supported by the President's strategy and the Secretary's recently released strategy—in terms of 5, 10, and 15 years. Right now, because of the fiscal environment, it's really important that we think, for the next 5 years, about defining the requirements that we believe that we

will have in the future in the Arctic. Most of those requirements are within capability gaps that we can clearly see, one of them being communication above 60. It's difficult. It's hard. Passing data is a tough requirement above 60 degrees north. So, we know that's important.

Domain awareness. It used to be that just the NORAD radars were sufficient. That's all we really needed to see. But now we need maritime surveillance, we need undersea surveillance, we need to know what's happening in space above the Arctic. So we have a domain awareness issue: surveillance, detection, and tracking. For me, as the NORAD Commander, it's across what we would say the joint engagement sequence is.

Then we have to think hard about what infrastructure and then presence—and it would be seasonal, but increasing as the ice-free season would increase. I think we can approach this in a very logical fashion.

Senator KING. You mentioned infrastructure. My understanding is we have 1 heavy-duty icebreaker, Canada has 5, the Soviets have 17, including 5 or 6 that are nuclear-powered. It sounds like icebreakers might be a piece of infrastructure that we need to be thinking about.

General JACOBY. I agree with Admiral Papp. I think icebreakers are going to become increasingly important. The challenge is they take a long time to build and they are very expensive. Trying to pace this in a way that you are providing icebreaking capability as the maritime environment——

Senator KING. Do you see the Northwest Passage as becoming a commercial passage between the Pacific and the Atlantic?

General JACOBY. Senator, I think it's clear that we will have passages and that we will have increased maritime activity. We already have. Now, it's not statistically significant, given the overall merchant traffic in the world today, but it is greatly increased over the past few years, and we should expect it to do so as it becomes more and more economically viable to do so. I think this is really going to be incentivized by the economics of it.

Senator KING. Now, Senator Udall completed his questioning with a statement of his support of the ratification of the Law of the Sea Treaty, but he didn't give you a chance to give your views on that. I'd like you to opine, if you could, on what you see the value of the Law of the Sea Treaty in dealing with these multiple challenges and questions in the Arctic.

General JACOBY. Senator, I've testified, along with the Vice Chairman and other combatant commanders, that we think it would be valuable for us, as combatant commanders, to have the country be part of that treaty. I understand it's a complex issue and that there are many other factors. But, from my standpoint as a combatant commander, when I attend the Arctic Chiefs of Defence conferences and those kinds of things, it would be valuable to have that moral authority to be a member of that treaty.

Senator KING. Now, the unspoken country that we have not been discussing here is Russia. They are the other major Arctic country. Is there any indication thus far of friction in this area with Russia? Are there issues and confrontations of any kind, or is that some-

thing that we are simply anticipating because of the resources that are up there?

General JACOBY. The Russian navy is much more active in the Arctic. They have reopened Arctic bases that they've had in the past, and they have transited their own north route along the coast of Russia with major warships, as they have not done in the past.

As the NORAD Commander, we've been active in the Arctic for decades, and we've continued to ensure that Russian strategic aircrafts are met and escorted if they come close to our airspace. We have not had any elements of friction. I think it's just something that we should anticipate that, in a competitive economic environment that could grow in the Arctic, that we will have to do the things that we always have to do to ensure freedom of navigation and security of our citizens and our businesses that will be operating in the Arctic.

Senator KING. Thank you very much.

General Kelly, to go from the Arctic to equator, do you see evidence of increased activity in Latin America, China, Russia, Iran, countries that have at least been, if not adversaries, not exactly friends in that area? How does that affect your posture in that region?

General KELLY. This came up before, Senator, but the Chinese are very active, mostly trade. Iranians are increasingly active. Our take on that, and the DOS take as well, is that they are really looking for ways to circumvent the restrictions that are against them. On a more military—I am paid to worry—on the military side——

Senator KING. I am glad you are.

General KELLY. Yes. On the military side, I believe they are establishing, if you will, lily pads for future use, if they needed to use them. They are opening embassies in cultural centers and things like that, which gives them a footprint on it. Not too worrisome right now, but we are watching closely. Then, finally, the Russians, not nearly as active economically, but they do work very hard to sell their equipment to almost any country that does not want to partner with the United States—places like Cuba, Nicaragua, Venezuela, they are very active in.

But what they bring to the table is a fair amount of rhetoric, some weapons sales. This year as an example, they deployed a long-range bomber to our part of the world. Haven't done that in many, many, many years. They've deployed now two separate sets of navy ships, and they have not done that since 2008, and they've done it twice this year.

Senator KING. Not only do you not have a lot of military assets, I understand you are actually losing some—frigates and Coast Guard's high-endurance. So, your capacity is diminishing. Is that correct?

General KELLY. It is, yes, sir. I misspoke a little while ago. The key to most of us in this business is ISR, however you do it. I misspoke a little while ago and said I am only getting about 50 percent of what I need. I am actually getting about 5 percent of what I need. The point is, I cannot see if I do not have the assets.

They are active, they are doing different things. China's mostly economic; Iran, nefarious, but I do not know quite yet what they

are up to; and then, of course, the Russians are just trying to sell equipment and get influence. No bases yet, but they are—there is some chatter, in the open press from the Russians, that they want to establish at least four to five support facilities, probably on already existing Nicaraguan airfields or Venezuelan airfields, for just future deployments of their assets.

Senator KING. Five percent is not a very encouraging number, General.

General KELLY. We do a lot with 5 percent, but we could do a lot more with more.

Senator KING. Thank you very much.

Thank you both, gentlemen.

Senator NELSON. Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

I would say 5 percent is jaw-dropping, frankly, in terms of the threats that you've just talked about, of ISR capability. I think this is something that we'd better address as a committee.

Let me just follow up with regard to what's happening in Venezuela. You just said that you could see the Russians perhaps developing—did you say flight capability or a base of some form in Venezuela?

General KELLY. Senator, they are talking about opening—and this has been in the open press—some support facilities, probably not an opening of base, but rather putting, say, maintenance facilities or something like that.

Senator AYOTTE. But, they could launch from them?

General KELLY. Oh, absolutely.

Senator AYOTTE. Yes. Well, that's very troubling.

What role is Russia playing right now in what's happening in Venezuela with the oppression that we've seen from the Venezuelan Government by President Maduro. Curious what role, if any, the Russians are playing there. Also, I would like to know what role the Cubans are playing in Venezuela right now with the oppression we see there of the Venezuelan people.

General KELLY. Of the two countries, Senator, the Cubans, far and away, have much more influence and presence in Venezuela. Some people argue far more presence. We all know the nature of the Cuban state, and I think we see the Venezuelan state going in that direction. The Cubans are certainly very supportive in what they do, militarily. They have a lot of military advisors, a lot of medical people, and things of that nature.

The Russians, not so much. They have a presence there, but not nearly anything approaching what the Cubans have.

Senator AYOTTE. Just to be clear, the Cubans are actually on the ground, aren't they, helping President Maduro, in terms of what's happening in the oppression of the Venezuelan people right now?

General KELLY. They have a presence, in terms of military advisors and intelligence advisors and things like this. Yes, Senator.

Senator AYOTTE. Very troubling.

Let me ask you, I know you've gotten a number of questions, both of you, about drug-trafficking issues, and I believe Senator Donnelly asked you about cocaine. In my State, we have a heroin epidemic right now. I see this as incredibly troubling. We've seen a dramatic increase in the number of drug deaths in New Hamp-

shire, and I do not believe New Hampshire is unique with regard to what's happening right now with heroin.

Can both of you give me a sense of what's being done, in terms of countering TCOs with regard to heroin and access to heroin? Also, I was just in the DHS. Secretary Johnson was before that committee, and I asked him about this. How are we coordinating, if you think about the efforts between DHS, NORTHCOM, SOUTHCOM, and also State and local partners? How are we all working together on this issue that I really think is an epidemic?

General KELLY. First of all, heroin has moved out of the inner-city, the working-class neighborhoods of America, and certainly is now in the suburbs. Unfortunately—and I'll speak frankly, as a guy that grew up in a very drug-infested part of Boston as a kid and saw most of my friends die, mostly of heroin overdoses—all of a sudden, it's gotten attention, because Hollywood actors are dying of it, or, as I say, it's moved into the suburbs of America. It's an epidemic. I think in the last 5 years the consumption of heroin has increased by leaps and bounds.

Senator AYOTTE. New Hampshire had a 70 percent increase in drug deaths on this.

General KELLY. A vast majority of heroin that's consumed in the United States is actually produced in Latin America. The poppies are now grown in places like Guatemala and Colombia, places that we try to work with, but again, have tremendous restrictions on how much. The poppies are grown here, the heroin is produced primarily in Mexico and then moved across the border. The distribution network that it rides on is the same network that works cocaine, the same network that works methamphetamines.

I just met last week with Secretary Johnson, myself, on this issue. I also met last week with the head of the FBI on this issue. We do coordinate a lot. But as one of Secretary Johnson's staffers said to me, the place to fight this stuff is not on the 1 yard line, and that's the Mexican-American border. The place to fight it is on the other end of the field. That's really down in Latin America.

I'll turn to Chuck, because he works the Mexican piece more than I do.

Senator AYOTTE. Thank you.

General JACOBY. It's very troubling the way the adaptability of the TCOs can move from one product to the next. So, obviously, heroin's become more profitable, it's easier to transport, and they now have production and processing facilities closer to the market. This is a good market value for them, to be pushing heroin.

I am heartened by the activities of the Mexican security forces, particularly the marines and the Mexican Secretariat of National Defense. They've gone after cartel leaders. They've gotten the cartel leader of the Zetas, the Gulf, and Sinaloa in recent takedowns. But taking down leaders is really necessary, but not sufficient in putting pressure on these networks that are so powerful and so adaptable that they can change market strategies, distribution networks, and products that are flowing across them.

At the border specifically, which should be the last line of defense, we have JTF–N that works directly for NORTHCOM, and, through JTF–N, we provide a variety of military support to law enforcement agencies along the border. It's very well-received, it's

high payoff for our soldiers, sailors, airmen, and marines that provide that support. I believe that a dollar that we put against helping our partners be better on the border against this threat to our country is a huge savings in how we defend and respond to problems within the country.

It is good work for us to do. It's well-coordinated. But, it's wholly dependent on the amount of counternarcotics funding that we receive to do that each year.

Senator AYOTTE. I was going to ask you, what more do we need to do?

General JACOBY. I received $9.5 million this year in funding to support Federal authorities on the southwest border.

Senator AYOTTE. Just to be clear before we leave this topic, these networks that we are talking about, are these not also networks that are supporting terrorist funding, they are supporting human trafficking? You cannot separate the two to say somehow there's one network that's just trafficking drugs and then there's another network doing all these other horrific activities, which are obviously just as bad for the country?

General JACOBY. It's my opinion that that is exactly how we should view these networks.

Senator AYOTTE. They are a direct threat to our country, not just obviously the threat we face to our people and to our children with regard to what happens with heroin addiction, but also just in terms of terrorism threats, human trafficking, all the other issues related, correct?

General JACOBY. I believe the President's statement in July of 2011, when he identified these organizations as threats to national security, that's exactly what he meant. Many of these organizations have reached a state of power and global influence that they exceed the capacity of most of our partners' law enforcement to deal with it.

Senator AYOTTE. Thank you both for your leadership. Appreciate it.

Chairman LEVIN [presiding]. Thank you, Senator Ayotte.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman.

Thanks to our witnesses today.

My quick calculation suggests that the two of you bring about 78 years of military service to the table. Not to make you feel old, and I am sure you could give me the year, month, day, hour, minute, second, but it is an amazing track record that you both bring.

I am troubled by aspects of the testimony that I would describe as follows: miserly allocation of resources in these two commands, especially in SOCOM; increasing activity by Iran, Russia, and China to gain influence in the theater; 10 partners with whom we do not have Ambassadors now, either because the White House has not sent forward nominations or the Senate hasn't confirmed them. You could certainly understand these partners, who are some of our most loyal partners, who most want to work with us, who have a close cultural connection with us, whose citizens often move to the United States—you could understand many of these partners wondering if we've replaced the Monroe Doctrine of a past day with an indifference doctrine today.

Our country has had a history of defining our military and foreign policy of an east-west access. We need to be paying attention to our north-south access. We're saying we are pivoting to Asia, but, by all intents, China's pivoting to the Americas, and we are losing influence in a region where we shouldn't be.

In the Senate Foreign Relations Committee, we recently met with the President of Peru, and he was talking about the Chinese economic influence, and he said, "We'd much rather do business with you, because we feel the cultural connections are so strong and we have some suspicions of what Chinese intentions are. If they are engaged and you are not, we are going to do business with the folks who are showing interest." I think this testimony today underscores some of these concerns.

Just a few questions, to hop around. General Kelly, in Venezuela, what is your assessment of the loyalty of the Venezuelan military to the current political leadership? I know you're under a lot of restrictions, in terms of your interaction, but I'd just be interested in your professional opinion about that.

General KELLY. I think they are loyal to themselves, and they are just standing by and watching what's taking place. They have not been used very much in any of the crowd-control activities. I think that tells you something about what, maybe, the government thinks about where the military might go. They are trying to control things with the police and in other ways. Right now, I think the military is certainly loyal to the current government, but I think there's probably stresses and strains in there, and certainly opinions within the organization as to what the way ahead is. For right now, I think a loyalty is to the government.

Senator KAINE. General Jacoby, how about the current status of the U.S.-Mexico military-to-military relationship?

General JACOBY. Senator, thanks. I am very proud of our military-to-military relationship. There were a lot of people that wondered, when there was a change of administration, how would that relationship, which is relatively new, survive. It has done more than survive. In the last 3 years, our interaction and engagements have increased by 500 percent with the Mexican military, across a wide variety of things. In fiscal year 2013, we had 151 engagements. We shared training opportunities with over 3,700 Mexican marines and soldiers. This is a strong, deepening relationship that I think is going to serve both the citizens of the United States and Mexico well in the future.

Senator KAINE. Thank you.

General Kelly, you and I talked yesterday about a particular passion of mine, the country of Honduras, where I lived in 1980 and 1981. I've been discouraged in visits to Honduras. It was dangerous when I lived there; it was a military dictatorship. Now it's a small-d democracy, but it's a lot more dangerous, and people that I know who were afraid then are more afraid now because of the tremendous effect of the narcotrafficking on that country, the hollowing out of the institutions of the court system and the police.

Give us your initial assessments of the new President of Honduras, and the efforts he's undertaking to try to get the security situation under control.

General KELLY. As far as the country goes, by the U.N. figures, it is the most dangerous country on the planet. The U.N. figures murders per 100,000. The United States has 3 murders per 100,000. Western Europe is 1 murder per 100,000. Interesting enough, Venezuela is 79 murders per 100,000, and Honduras is up around 86 murders per 100,000.

The effect of the drug trafficking today, but, more importantly, the impact on the institutions—the effect of the drug trafficking as it flows through Honduras, which is not a consumer nation, making its way to the United States consumption demand has essentially destroyed most of the institutions of the government. The police are all but ineffective. The judicial system, all but ineffective. Interestingly enough, the only real institution that is respected and trusted in the country is the military, and that's who we want to work with. Frankly, they are doing well in many areas. But again, we are restricted because of some past practices.

The new President, when he became the President-elect, he asked to see me in Miami. We had a very small meeting over dinner at a private residence, and he laid out, in his mind, what he was thinking about for the future of his country. This is, I think, a powerful indicator of where he wants to go. What did he talk about? He talked about extraditing criminals out of his country to the United States. He talked about human rights. He talked about cleaning up his police somehow. He talked about reestablishing the institutions of government that just simply do not work—his legal justice system, his tax system, all of these kinds of things.

I then visited him 3 weeks after that in Honduras, after he had taken over as President, met with his entire national security team, with the Ambassador, then met with him and his smaller national security team. He asked me to help him develop plans and how he can more effectively deploy his military to get after the drugs that flow through his country on the way to our country because of the demand in our country. He wants to help us fight our problem, and he's very serious, I think, in that attempt.

Senator KAINE. It is painful to contemplate that American demand has turned this country, which is one of America's staunchest allies, into the most dangerous nation on the planet. It's pathetic to think that that's true.

General KELLY. It also goes, Senator, for Guatemala, for El Salvador, 77,000 deaths in Mexico in the last 7 years. This is a cancer that we have to get after, because if we do not care about the consumption in our own country, which we do, but if we are willing to tolerate a certain level of it in our own country, what is it doing in these other countries that simply cannot deal with the cartels, the violence, and the profits that come out of our country, and buy off entire countries.

Senator KAINE. Thank you very much. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you so much, Senator Kaine. Senator Sessions.

Senator SESSIONS. Thank you.

Thank you both for your service to the country. I agree with many of the Senators, General Kelly, that we need to have more focus on our friends and allies and some of our adversaries in the

south. We just need to do a better job there. We cannot be too firmly distracted to the Middle East and other areas that we ignore our own neighborhood.

General Jacoby, thank you for your excellent service. During your appearance before the House committee on February 26, before the Russians moved into Crimea—you were asked about cruise missiles, and you said, "We have been directed by the Secretary"—Secretary Hagel, I believe you're talking about—"to ensure that we are also looking at how to provide effective defense against cruise missiles in a way that outpaces any threats to and include Russians."

First, let me ask you: Are the Russians capable of nuclear-arming a cruise missile? How do you see the threats? What should we do about it?

General JACOBY. Thanks, Senator. No, that was Secretary Panetta that directed us to do that. I think it was a result of one of our Homeland defense scenarios that we were briefing him on. It's a long—we've been tracking, for a number of years, Russia's continued investment in improved cruise missile technology.

They've had cruise missiles for decades. They've armed their bombers in the past with cruise missiles. They are just about ready to begin production on a new variety of cruise missiles that are more effective. They are longer-range, better capabilities. I'd be glad to answer some of the specifics on those capabilities in a secure setting.

We watch the Russians really closely. That's in our NORAD hat. We have for decades. They are also capable of introducing cruise missiles into a theater from submarines. They've just begun production of a new class of quiet nuclear submarines specifically designed to deliver cruise missiles.

It's always been our strategy for defending the Homeland to account for the capabilities of state threats; not so much their intention, but their capabilities. That is always part of our game plan, and we watch—even though we have had, in the past, opportunities to cooperate with the Russians on various activities along our periphery, we have always had our eyes wide open and made sure that we were able to deter future threats from Russia.

Senator SESSIONS. I believe the New York Times recently wrote that some of their actions with cruise missiles could be in violation of the Intermediate-Range Nuclear Forces Treaty that the United States had with the Soviet Union. Can you give us any insight into that?

General JACOBY. Senator, I think that would be a correct question for DOS and for DOD to address, from the treaty standpoint.

I will tell you that we consider cruise missiles, and have long considered cruise missiles, an aerospace threat that falls within our NORAD agreement with Canada to defend against. We consider that to be a threat that we include in all of our defense plans for North America.

Senator SESSIONS. Yesterday, I saw an article by Mr. Clifford May, who's the head of the Foundation for the Defense of Democracies, and he indicated, which I think is fundamentally correct, that we need to make it clear that any era of weakness is over and that we intend to defend the United States. Nuclear-armed cruise

missiles can, in effect, violate treaties, could, in effect, create additional threat to the United States, and we'll have to respond to it, and I think you would be willing to do that.

The first recommendation Mr. May made said to demonstrate to the world that we understand what's happening is that we need to strengthen our missile defense system. I think that's a valuable comment.

I noticed that Senator Rubio has offered a resolution expressing the sense of Congress that the President should hold the Russian Federation responsible or accountable for any violations of this treaty. That may be a resolution we should consider and pass.

I think it's important for us to make clear that we get this new situation, that the reset is not there, that our failure to move in Poland with a missile defense system may have sent a wrong message to Russia. I am worried about that.

There are limits on what we can do. I am not suggesting otherwise. The events in Crimea are just a disaster. Nothing good is going to—we'll never be able to get back to square one, no matter what happens. I am really troubled about that.

Mr. Chairman, in the proposal to assist the Ukraine with $1 billion loan and the second part, which was to establish a new relationship concerning the International Monetary Fund, particularly that aspect of it, there's a proposal in the legislation that cleared the Foreign Relations Committee, that would take about $150 or $170 million from the military. Some of that was Air Force missile money, some of it is Army aircraft money.

The last thing we need to be doing at this point in time is taking money from DOD. We've already reduced their budget to the degree that I am—I know we are all concerned may have gone too far. I am going to be looking at that closely, but, the main point is that, yes, we want to be helpful to the Ukraine. I would like to make this loan happen, but it really does need to be paid for in a proper way. We certainly do not need to be cutting DOD, their aircraft and their missile capabilities.

Thank you. My time is up.

Senator NELSON [presiding]. Senator, in a lot of the testimony that has been here, we have had an alarming statistic about all of the drugs and the human trafficking and the potential terrorist trafficking through these drug lords and drug cartels that are coming out of Venezuela and Ecuador, and, in large part, coming into Honduras and then broken down and sent north and ultimately end up in our country.

As long as you're talking about assets that are needed, one of the assets that is very clear to come out of the testimony of this hearing is that General Kelly only has 5 percent of the ISR assets in order to track all of these movements. Five percent of what he needs. This is undermining our country, not only with the drugs, but the potential terrorists, as well as the human trafficking that is coming in. Before you came in, there was testimony here also that this is not just the traditional cocaine that used to come out of Colombia; it's now heroin.

General Kelly, I think Senator Sessions is putting the bee on another part of the globe, Crimea, and the need for assets, we have

the need right here in the western hemisphere. Any concluding comment that you want to make on your ISR assets?

In Key West, they have a JTF that tracks all of this. It's headed by a Coast Guard admiral, but it has every agency of the U.S. Government down there. But the problem is, you cannot track it if you do not have the assets.

General Kelly?

Senator SESSIONS. Senator from Florida, I just would say, you've studied this over a number of years, as I have. We've watched it carefully, and I think your insights are most valuable. I thank you for raising those.

Senator NELSON. General Kelly, what comment would you like to add?

General KELLY. Yes, sir. Senator, if I could just really highlight, before I comment on the ISR, we have tremendous partners that we work with, and I cannot say enough about the heroic efforts of, particularly, Colombia. What they've done with their country with their fight in the last 12 to 15 years, with no American blood and with very little American money, they've done it themselves, and they've funded it themselves. Peru is another strong partner. Chile and others. Panama, unbelievable partner. Honduras, Guatemala. We're restricted in working with El Salvador, but they are strong, strong, strong partners. In addition to the Canadians, the U.K.—all of them add to this. If we didn't have them working with us in this, we would not have an effective interdiction detection and monitoring campaign. It simply would not be worth doing it if we didn't have these partners working with us, because we just do not have nearly sufficient U.S. assets in ISR. Then, of course, end-game Coast Guard cutters and/or—something that floats—Coast Guard cutters or U.S. Navy ships of some kind. It just wouldn't be worth doing it with so——

Of the six geographical combatant commands, I am the least priority, and I understand that there are other priorities in the Pacific and the Persian Gulf and places like that. So, we do the very best we can with what we get.

Senator NELSON. Of course, you remember the days, 10 and 20 years ago, when Colombia was a narcostate. Of course, there is a tremendous success story. That success story happened, in large part, because of the cooperation of the Colombian Government and the U.S. Government, with the U.S. Government offering an awful lot of assets and assistance.

So it shifts, and it shifts into Venezuela, it shifts into Ecuador. But, that doesn't stop the movement of drugs north. It is what it is.

Let's talk just a little bit about Venezuela. Last evening in the Senate, we passed a resolution that says that the U.S. Government ought to go after the assets and the visas of the people that are responsible for the deaths in Venezuela in the demonstrations. Now, you had testified earlier that that was primarily National Guard in Venezuela, some private entrepreneurs that are getting involved, whether you call them paramilitary, whatever they are. How far up the chain of command in the military do you think this goes to? Do you think, if we suddenly start yanking visas and freezing their assets in the United States—most of those assets, I might

say, is in my State of Florida—what kind of effect would that have, if we flesh out this resolution by the Senate passing some legislation?

General KELLY. Senator, it's outside my area of expertise, but I would tell you that, as I watch the Venezuelan military watch what's going on, eventually they'll make a decision, one way or the other, as to what's happening internally to their country. We have no relationship, unfortunately, with the Venezuelan military, because I am restricted. The fact is that the Chavez Government, and now Maduro, has no interest in it and has prohibited it, which is unfortunate. They are watching and waiting. I would say, the more you can tighten up on their freedom of movement or their bank accounts in other parts of the country, the more effect it will have on their thinking, relative to the future.

It's a situation that is obviously just coming apart in front of us. Unless there's some type of a miracle, that either the opposition or the Maduro Government pulls out, they are going down a catastrophic hole, in terms of economics, in terms of democracy and things like that.

Again, it's one of the most violent countries in the world—79 deaths per 100,000. That puts it way at the top of violence in the world, and is only surpassed, really, by Honduras, which is violent for another reason, or Guatemala, which is violent for another reason. I think anything of that nature that would put pressure on them will cause them to start thinking in terms of a better future.

Senator NELSON. I hope we are coming after them, because they've had it both ways. They kill their own people, they allow the free conduct of narcotraffic, and, at the same time, they love to have their condominiums and bank accounts in Miami. So, I can tell you, this Senator is going to urge coming after them.

Senator Inhofe, you wanted to ask another question, and then I'll close this out.

Senator INHOFE. Okay, that's fine, Mr. Chairman. I appreciate it.

Let me, first of all, say that the Law of the Sea Treaty has been mentioned by several people. I've been involved in the other side of that since—I am measuring it in decades now, not years. I do not think that's a good place. I do not want to leave the impression that somehow there's unanimity up here on that issue.

General Kelly, you say in your statement that declining resources are resulting in less engagement with our partners, that our relationships, our leadership, and our influence in the western hemisphere are paying a price. If the United States is not engaged, that creates a vacuum, right? Who's filling that vacuum?

General KELLY. It does, Senator. The Chinese, the Russians in different ways and, to a degree, Iran.

Senator INHOFE. Yes. That's very concerning to me, and I think it's one that we are concerned about how the partners in the region perceive us, but it's more important than just that, because it does open the door for others who do not have our best interests at heart.

Now, General Jacoby, I think I mentioned this to you when you were in my office. It just seems like the MDA, in their effort to develop a contingency deployment plan for a third site, they aren't doing anything. They are not complying with deadlines, in my opin-

ion. Are you in a position to try to cooperate in a way that might encourage them to move on with this thing? As I understand the status report is due to Congress within 6 months.

General JACOBY. Senator, yes, I am. Based on the conversations that I've had here up on the Hill, I am in contact with Admiral Syring. He understands he has a responsibility to provide that contingency plan.

Senator INHOFE. Yes. We're going to look at this and call you back, and him back, and try to get this thing done.

You and I talked a little bit, General Kelly, about what's happening down in Mexico. We've talked about the border problem. I've been down there. I've told you, in my office, that for 30 years I was a builder and developer down in that part of south Texas, so I am very familiar with the area down there, and also familiar with what is happening on the border now with all the terrorist activity, the drug cartels, and all of that. If people are coming to the island they cannot drive, they have to take an airplane into Brownsville, TX.

I see that as a relation. You're talking about the military-to-military cooperation we are getting. Would the military-to-military cooperation give us any kind of an opportunity to try to correct the terrorism on the border?

General KELLY. Senator, I was involved in that conversation a little while ago with you, but really General Jacoby, I think, is in a better position to answer the question.

Senator INHOFE. Sure.

It's right on the border there.

General KELLY. Right.

Senator INHOFE. You're both involved in in that activity.

General KELLY. Yes, sir.

Senator INHOFE. Go ahead, Chuck.

General JACOBY. Yes, Senator, it's a really vexing problem, because it demonstrates how, across the border, the TCOs can create zones where they have freedom of action. There is one there, as you've described.

Just as General Kelly has talked about the heroic efforts of our partners in his AOR, so do we have heroic efforts by the CBP and by the other law enforcement agencies that are operating on the border.

Senator McCain referred to Brownsville in terms of how he was surprised that 80 percent of the illicit people that are crossing the border there aren't Mexicans, they are from other places. So, this is very troubling, and I think it's a national security problem for us; if not now, in the future.

Senator INHOFE. Yes. I am not really referring to, though, the problem with those crossing the border as much as I am the terrorist acts that are taking place along the border. I will not mention the name of it, because they might hear me and change that, but there is only one community on the border where they do not have that taking place right now, that I know of. Get down further in Mexico, it is not a problem, but you are talking about an issue there that is extreme hardship. It hurts Mexico more than it hurts us.

General JACOBY. Right.

Senator INHOFE. So, in terms of that type of activity that's on the border—not coming across the border, but is right next door.

General JACOBY. Right. We've worked hard to establish relationships with Mexican military forces on the opposite side of the border, and we continue to develop relationships. We've built communications systems so that we can talk back and forth. But, there is persistent crime, and a lot of it is the lack of effective law enforcement. It's why the Pena Nieto administration is——

Senator INHOFE. It seems like it's the law enforcement that is the problem, not the military.

General JACOBY. Right.

Senator INHOFE. Maybe the military should engage in that end of it, too. I do not know. I just want you to consider me a friend who's concerned about that also, and anything new that comes up, if you'd put me in on it, and I'll try to help. Okay?

General JACOBY. Yes, Senator, we will.

Senator INHOFE. All right.

Thank you, Mr. Chairman.

Senator NELSON. General Kelly, going back to Venezuela, since, under the resolution that passed last night, the President of the United States would make the decision on who the visas would be yanked and the assets frozen, should there not be some high-level people in Venezuela that would start to be concerned that they cannot make their trips to Miami and stash their cash outside of Venezuela?

General KELLY. You hit a point up there, Senator. There's an awful lot of real estate being taken off the market in Miami right now that's being bought up fast and furious by Venezuelan wealthy people. Not suggesting that all of them are involved in this, not suggesting all of them are in the government, but there's a real flight, I think, in terms of at least that money from Venezuela.

Another thing to look at, and it's a data point for you. Virtually all of the flights—the cocaine flights, 100 percent of the cocaine flights, about 20 percent of the cocaine flow is produced in Colombia. Colombia does tremendous things. Then it's moved into Venezuela, and it's flown out of Venezuela on airfields, and they make their way north. Someone knows about that. Someone in the military knows about that, certainly someone in the government knows about that. Of course, there are some high-level government officials that have been by our Department of the Treasury going after the money, have named some of them as kingpins in the whole thing. From a drug point of view, there's some real rot at the top.

Any pressure, I think, that our country could put on their country to start to treat their people decently and to start to step back from the road that they are on would be very helpful to some very wonderful people in Venezuela.

Senator NELSON. Before I close this out, General Jacoby, we had some commentary from Senator Cruz a while ago with regard to the explosion of a nuclear weapon off the east coast, up in the air. Of course, what that would do in the EMP, it would wreak havoc on our government facilities that are not hardened, as well as all the private facilities. That is obvious, and that's always a threat. Would it not—under present conditions, it would pretty much have to take a nation-state that could explode a nuclear weapon in the

air to cause such havoc. What that is, is the opening of a major war. Give us your rendition of that.

General JACOBY. I think the most likely source of an EMP—an aerial EMP would be a nation-state. One of the benefits of having a limited missile defense, especially the variety that we've chosen, midcourse, where we would seek to destroy any threat to the Homeland in midcourse, I think that that would be the most likely scenario that we would see an EMP event. Making sure that we have the intelligence collection that tells us they have a weapon, they have an ICBM capability, and then the system that we have in place, optimizing it over time so that we can feel confident that we can shoot that down, is really the best way to go about worrying of that particular threat.

I do think that we should never take our eye off the ball, that terrorist networks and other networked threats to the Homeland would love to get a hold of a WMD. So, I do not think we should ever discount that as a possibility. But, it would be less likely today to have that as a cause of EMP than a aerial burst delivered by a state actor.

Senator NELSON. If such a nuclear device with a terrorist were exploded—and, in this case, you're suggesting on the ground someplace—to what degree would that cause the EMP that could damage a lot of these private systems that our economy is so dependent upon?

General JACOBY. Senator, I am sure there would be EMP associated with any nuclear burst. I am not in a position, nor do I think we have good, hard scientific facts on what would be the extent of the EMP. I think our critical issue, up front, would be the blast effects, the shock effects, and the heat effects that are associated with a nuclear blast, and we'd have our hands full with radiation and other factors, as well.

Senator NELSON. Sadly, we have to talk about these possibilities, but that's part of the threat that we are facing today.

Gentlemen, thank you for your service to our country, thank you for a most illuminating hearing.

The hearing is adjourned.

[Whereupon, at 11:43 a.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

SECURITY ASSISTANCE PROGRAMS

1. Senator INHOFE. General Kelly, I've long been one of the strongest supporters in the Senate of security assistance programs to build the capacity of our partners. In your area of responsibility (AOR), programs such as the International Military Educational Training (IMET) program, the Joint Combined Exchange Training, and the various counternarcotics authorities like sections 1004, 1021, and 1033, are vital tools for engaging with and building the capacity of our partners as well as maintaining U.S. influence in the region. How important are the various security assistance programs to your efforts in the U.S. Southern Command (SOUTHCOM) AOR?

General KELLY. Security assistance programs are vital to maintaining positive relationships with our partners in the Western Hemisphere. Foreign Military Financing (FMF), IMET, Global Peace Operations Initiative (GPOI), and other counternarcotic authorities are important tools for strengthening defense institutions and bolstering the Quadrennial Defense Review goal for building security globally. FMF enables access and influence, and in Central America has helped to combat the complex web of Transnational Criminal Organizations (TCO). Through the development

of maritime capabilities throughout Central America and the Caribbean, FMF improved their capabilities to combat TCOs. Security assistance also supports the modernization of partner nation (PN) forces and focuses both on technology and people. The IMET program invests in human capital to reinforce U.S. principles such as respect for human rights, rule of law, and civilian control of the military. Many IMET alumni have risen to positions of prominence within their respective country's militaries and ministries. The GPOI program allows SOUTHCOM to build peacekeeping capability in selected PNs, facilitating their deployment to and performance in United Nations (U.N.) peace operations. The deployment of our GPOI PNs reduces the burden on the U.S. military, as our GPOI partners supporting the United Nations Stabilization Mission in Haiti have done.

In countering TCOs, security assistance programs are particularly important with the shrinking budgetary environment. SOUTHCOM has seen a marked decrease in ship days and flying hours provided by the interagency and Service Departments (U.S. Coast Guard, U.S. Navy, and U.S. Air Force) to support counterdrug operations. As U.S. Government assets have decreased, the reliance on our PNs to fill the gap has increased. The key tool SOUTHCOM leverages to build the capability and capacity of our PNs is the security assistance program. SOUTHCOM uses three specific congressional authorities: section 1004, which allows the Department of Defense (DOD) to provide support and train PN Law Enforcement Agencies/Military engaged in counterdrug operations; section 1021, which authorizes DOD to provide support to Colombia's efforts against the FARC; and section 1033, which authorizes DOD to provide non-lethal equipment to specified PNs. Through the application of these critical authorities, we have seen a significant increase in PN participation in counterdrug operations. Our main focus is in the maritime arena, because approximately 80 percent of the overall drug flow to the United States is through this domain. We are working closely with our PNs to emplace the basic infrastructure needed for sustainment of their maritime assets, to establish an integrated command and control system, and to provide the boats, spare parts, and trained crews needed.

The importance of security assistance in the SOUTHCOM AOR cannot be overstated as it allows us to engage in such a manner that sets the stage to prevent crises we see in other parts of the world.

2. Senator INHOFE. General Kelly, the fiscal year 2014 Omnibus Appropriations Act included an expansion of human rights vetting requirements, also known as the Leahy Law. How does the Leahy Law impact your ability to engage with partners in the region?

General KELLY. Respect for human rights is a prerequisite for security assistance to military and security forces in our PNs. At SOUTHCOM, everything we do begins and ends with human rights—it is a fundamental part of our engagement with our counterparts. SOUTHCOM is the only combatant command with a dedicated Human Rights Office, and prioritizes the integration of respect for human rights in all its activities and engagements. As a commander, I fully support and agree with the spirit of the Leahy Law, and am committed to its compliance.

Changes made to the language of the Leahy Law for DOD-funded assistance in January 2014 expand the number and type of activities for which vetting is required, to now include "training, equipment, and other assistance" (adding equipment and other assistance). The law also provides an exception clause for disaster relief, humanitarian assistance, and national emergencies. Policy guidance on implementation of the changes, and circumstances where the exception clause can be used, is still pending, and thus the direct impact on our engagements with PNs is still unknown. However, the latest changes will likely tax the already overburdened and under-resourced DOD and Department of State (DOS) entities involved in the vetting process, resulting in an increase in the number of cancelled or delayed events. Moreover, these stricter and broader vetting requirements, without a clear remediation policy, create circumstances where we are de facto prohibited from supporting partners' military. This is leading our partners to seek out security partnerships with nations that do not condition assistance on human rights, such as Russia and China.

3. Senator INHOFE. General Kelly, are there ways that the vetting process can be made more efficient and responsive to our security interests while preserving our commitment to the rule of law and human rights?

General KELLY. A clearly defined remediation process would enable U.S. Government officials to relay to the PN the exact steps required in order to reinstate security assistance. In addition, I believe there should be an exception to vetting requirements that is very narrowly drawn, such as permitting human rights and rule of

law training with certain units that have not passed the vetting process, but restricting the unit's access to security assistance, or conditioning security assistance based on human rights performance. As currently written, the Leahy Law prohibits us from engaging with the very countries that would benefit most from human rights training and that are most focused on remediating historical human rights violations.

This type of exception has been written into the law under other conditions on security assistance, separate from Leahy Law vetting procedures. For example, of the 2014 International Narcotics Control and Law Enforcement and FMF Program funds for Honduras, 35 percent of the funding is restricted until certain conditions have been met by the Government of Honduras. However, assistance that is utilized specifically to promote transparency, anti-corruption, and the rule of law within the military and police forces is exempt from this restriction. By contrast, no such exception was included for security assistance to Guatemala. Consequently, we have had to cancel a human rights training course scheduled for fiscal year 2014 for the Guatemalan Army due to issues that have nothing to do with the human rights performance of the Guatemalan military.

Permitting narrow, conditioned exceptions avoids the serious, unintended consequences of the law that do not further our country's security interests or commitment to democratic values and ideals.

4. Senator INHOFE. General Kelly, I understand that there are some units the United States is prohibited from engaging with because of alleged human rights violations that occurred decades ago. Is this true?

General KELLY. Yes. Conditions on security assistance to Guatemala originally came as a response to the Guatemalan military's human rights record during the 36-year internal armed conflict (1960–1996). Since the signing of the Peace Accords in 1996, the Guatemalan military's human rights record has been excellent. The Guatemalan Army of today is not the Army of the past, and the Guatemalan Government and military have taken important steps that demonstrate commitment to human rights. For example, the Guatemalan military began formal participation in the SOUTHCOM-sponsored Human Rights Initiative (HRI) in 2004. HRI is SOUTHCOM's capacity-building program focusing on human rights with our PN militaries. Significant human rights achievements by the Guatemalan military include the creation of a Human Rights Office within the Ministry of National Defense and incorporating human rights training at all centers of instruction and schools for officers and soldiers at all levels.

Despite these significant achievements, I am effectively prohibited from providing assistance to the Guatemalan Army due to conditions on assistance in place for actions committed by an Army that no longer exists. Moreover, there is a perception that the U.S. Congress continues to "move the goalposts" with regards to the precise steps that must be taken in order for these conditions on assistance to be removed. For example, in the fiscal year 2014 Omnibus Appropriations Act, additional conditions were placed on security assistance for the Guatemalan military for issues that have nothing to do with the military's human rights performance.

The Guatemalan military is an excellent partner and is fighting our counterdrug fight for us at great cost in blood, committed to human rights reform, with a generally clean human rights record since 1996. Maintaining—and now even further tightening—the human rights conditions on assistance to the Guatemalan Army despite significant progress over decades sends a message that the U.S. Government does not recognize or value human rights efforts and progress by our PNs.

5. Senator INHOFE. General Kelly, is there a process to remediate such units and if so, how does this process work?

General KELLY. There is currently no official remediation policy that has been agreed upon by both DOS and DOD, thus making it extremely difficult for a unit that has been denied security assistance due to Leahy Law to again become eligible for U.S. Government security assistance. The need for an official remediation policy is urgent. Current guidance is vague and subjective, making it near-impossible to explain to PNs the appropriate steps that must be taken in order for assistance to be restored. In the past, DOD has deferred to DOS for all vetting processes and decisions. However, the continued lack of an effective remediation policy has led to a DOD-wide effort, in consultation with DOS, to develop remediation policy guidance for reengaging certain PNs with security forces who have units that have been denied assistance under the Leahy Law in an effort to bring about the conditions that would allow for the lifting of such restrictions.

6. Senator INHOFE. General Kelly, are you aware of any partner units within the SOUTHCOM AOR that have ever been successfully remediated?

General KELLY. SOUTHCOM is aware of one recent case. In 2013, security assistance to all four units of Special Operations Command (COES) of the Honduran armed forces was suspended due to credible information implicating the COES commander of human rights violations prior to his assuming command of COES. Three of the four units that comprise the brigade had passed vetting procedures and were considered eligible for U.S. security assistance prior to the individual taking command of the brigade. The individual was subsequently removed from the position as commander of the brigade, at which time the three units again became eligible for security assistance as long as they pass normal vetting procedures.

This example is a very unusual example of "remediation," as it has been SOUTHCOM's understanding that the removal of a commander of a unit who does not pass vetting procedures does not necessarily constitute "all corrective steps" required under the law. Clearer guidance from DOD and DOS on the different steps that a PN must take in order to remediate a unit is urgently needed.

QUESTIONS SUBMITTED BY SENATOR JEFF SESSIONS

LITTORAL COMBAT SHIP

7. Senator SESSIONS. General Kelly, is the Navy's Littoral Combat Ship (LCS) important to your plans and operations in SOUTHCOM?

General KELLY. For fiscal year 2016, successful execution of my statutory responsibility to detect and monitor maritime and aerial transit of illegal drugs into the United States requires a total of 24 surface vessels, 16 of which are flight-deck equipped ships with embarked helicopters. While the specific platform type is not critical, the LCS is an acceptable sourcing solution for this capability.

8. Senator SESSIONS. General Kelly, what are the operational impacts of less LCS in SOUTHCOM?

General KELLY. The primary impact of fewer ships for SOUTHCOM is an increase in the amount of cocaine that makes it unimpeded to U.S. markets due to less detection and monitoring and less endgame support capability. An additional impact will be the negative impact of our ability to both effectively, and rapidly, respond to potential humanitarian crises such as mass migration events and natural disasters.

QUESTIONS SUBMITTED BY SENATOR SAXBY CHAMBLISS

JOINT SURVEILLANCE TARGET ATTACK RADAR SYSTEM

9. Senator CHAMBLISS. General Kelly, we have previously discussed the importance of the Joint Surveillance Target Attack Radar System (JSTARS) in your AOR and how it is being utilized to interdict drug trafficking. During your testimony before the House Armed Services Committee in February, you described JSTARS as being "a game-changer over the Caribbean." How will a 40 percent reduction in JSTARS capacity impact your ability to perform your mission which is already hampered by the lack of available intelligence, surveillance, and reconnaissance (ISR)?

General KELLY. Current Service JSTARS capacity already precludes the Chairman from allocating this capability to SOUTHCOM with any significant presence. With competing requirements for the Pacific and Arabian Gulf, I can only deduce that additional cuts to the Services' airborne wide area search capability will make it harder for me to gain an allocation.

As Navy and Coast Guard surface assets continue to dwindle, it is more important for us than ever to increase the effectiveness of those that remain available. Our historical data shows that a ship alone has a 9 percent detect rate. When we add a rotary element, maritime patrol aircraft (MPA), and airborne wide area surveillance (WAS) assets such as JSTARS to the mix we increase that ship's effectiveness to ~70 percent.

Our fiscal year 2016 total MPA and WAS requirement is 55,400 flight hours. For reference, next fiscal year we expect a DOD MPA allocation of 6,600 hours via a combination of contracted MPA and U.S. Navy P–3 hours, and approximately 9,000 MPA hours from our Customs and Border Protection and Coast Guard interagency partners. We currently have no dedicated WAS assets, and JSTARS' massive instantaneous radar coverage and battlefield persistence makes it our top choice to help fill our WAS allocation gap.

10. Senator CHAMBLISS. General Kelly, with such a massive area of operations, how do you ensure key areas maintain engagement, considering the lack of resources?

General KELLY. Given SOUTHCOM's current ISR sourcing levels, we are unable to provide adequate ISR coverage of our AOR. The JIATF–S Joint Operating Area (JOA), our primary JOA for detection and monitoring illicit trafficking, covers 42 million square nautical miles, is roughly 12 times the size of the continental United States, and encompasses not only the SOUTHCOM AOR but also crosses the AOR boundaries of four other U.S. combatant commands.

We cannot mitigate the impact of ISR shortfalls across the broader reaches of the JOA using current allocated ISR assets and are only able to focus on a small fraction (~10 percent) of the entire JIATF–S JOA. We must prioritize ISR assets missions against the highest concentrations of the illicit trafficking threat, leaving much of the JOA uncovered and creating a permissive environment along the main approaches to the United States. This prioritization and the need to mitigate ISR shortfalls precipitated Operation Martillo, the multinational regional effort to counter illicit trafficking in the Central American littorals and the means through which JIATF–S conducts the majority of their information sharing and engagement.

To cover our full responsibility or to mitigate the impact of shortfalls, we must reinforce our ability to hunt for the threat across the wide areas of water space in the JOA and to create as near a persistent dwell over the primary threat vectors as possible. Capabilities that top the list are long range ISR, specifically maritime target detection capabilities found on Air Force JSTARS, Navy P–3 AIP (and its P–8 follow-on), Customs and Border Protection P–3 Long-Range Tracker-Maritime, and Coast Guard HC–130. These platforms and their sensors have proven successful in detection and monitoring roles in SOUTHCOM's AOR. Increasing their presence in our theater will allow SOUTHCOM and JIATF–S to mitigate the shortfalls of the other resources needed to be successful executing assigned missions.

11. Senator CHAMBLISS. General Kelly, you have noted before the need for more imagery intelligence, wide area coverage, sensor integration, signals intelligence, moving target indicators, layered ISR architecture and management tools, and biometrics. Do you believe you are getting the kind of support that you need from DOD and the Intelligence Community (IC) in terms of prioritizing and acquiring these assets?

General KELLY. We recognize that DOD and the IC have to prioritize limited resources. However, SOUTHCOM airborne ISR requirements have historically been sourced at 5 percent, which represents a small fraction of the total DOD globally allocated airborne ISR assets. This limited airborne ISR allocation does not provide SOUTHCOM with sufficient ISR capacity to carry out its statutory mission to detect and monitor transit of illegal drugs, support PN efforts to disrupt threat networks in Central America, and maintain our enduring support to Colombia. Options for mitigation of ISR coverage gaps with national technical means (NTM) are limited, as NTM in the AOR is constrained in orbitology, sensor optimization, capability, and processing times. Additionally, threats which have significant impact in the SOUTHCOM AOR have historically had a low priority on the IC's National Intelligence Priorities Framework. Combined, these critical shortfalls have driven SOUTHCOM to accept risk for so long that we no longer adequately understand the operational environment sufficiently to determine the risk we are assuming.

While airborne ISR and NTM are the traditional methods to identify and disrupt threat networks, a fully integrated biometrics program in the AOR should also be considered essential to identify threat networks and secure the southern approaches to the United States. There are currently no programmed resources (funding or personnel) to support the combatant commands in their identity intelligence mission. DOD is currently drafting guidance on combatant commanders' authority to transfer biometric and other identity information and equipment to foreign partners. This guidance will help us address some of the biometrics challenges we face with our PNs.

WESTERN HEMISPHERE INSTITUTE FOR SECURITY COOPERATION

12. Senator CHAMBLISS. General Jacoby and General Kelly, you both mentioned the Western Hemisphere Institute for Security Cooperation (WHINSEC) in your opening statements and acknowledged the importance of this program in building enduring military-to-military relationships. I am pleased to sit on the WHINSEC Board of Visitors with you both and I appreciate your personal involvement with that institution. I would appreciate any additional thoughts you have regarding how

the training that the personnel receive at WHINSEC has allowed them to be more capable of confronting TCOs in the western hemisphere.

General JACOBY. WHINSEC directly supports my theater and strategic objectives to build enduring military-to-military relationships and providing mobile training teams to provide instruction abroad. I appreciate the hard work of the faculty at WHINSEC to ensure their curriculum supports our desired end states through direct interaction with my staff. Of note, within our current Theater Campaign Plan, one of our five operational approaches is "Countering TCOs." This Theater Campaign Plan provides the basis for WHINSEC's course offerings, which also is designed to support the strategic objectives of U.S Northern Command (NORTHCOM) in implementing the National Security Strategy in the Western Hemisphere. WHINSEC's efforts impact capacity building with our PNs that over time will allow these partners and allies to actively contribute to the defense of North America.

General KELLY. WHINSEC has proven to be an outstanding resource in our mission of building partner capacity in Latin America and the Caribbean and it directly supports U.S. Government policies. WHINSEC teaches several courses that specifically address issues pertaining to the military mission of supporting civil authorities by assisting in providing for the security of the population confronting threats from TCOs. A sample of these courses are: Civil-Affairs Operations Course, International Operational Law Course, Combating TCO Course, Intelligence Analysis of Transnational Operations Course, and Human Rights Instructor Course, among others. These courses are taught in Spanish by personnel experienced in the situation that our PN students are currently facing in their countries and armed forces. Furthermore, WHINSEC provides an opportunity to expose our PN students to U.S. customs and values, build strong life-long relationships with up-and-coming PN officers and NCOs, and reinforce the subordination of a professional military to a constitutionally-elected civil authority. WHINSEC has developed and implemented meaningful and effective training in military professionalism that includes democratic values, human rights, ethics, and stewardship. This training has made the program a valuable tool in our security cooperation arsenal.

13. Senator CHAMBLISS. General Jacoby and General Kelly, as we continue to focus on strengthening the security capacities of our partners in South America and Central America, what additional roles can WHINSEC play to increase our cooperation?

General JACOBY. I firmly believe that as WHINSEC transitions to greater PN funded training, it will increase our ability to engage with the next generation of the Western Hemisphere's military leaders. This new initiative ensures our partners financially contribute to their training and have a vested interest in the quality of training received, which in turn has increased the number of students that are able to attend WHINSEC programs. It also provides greater engagement opportunities for all of NORTHCOM's PNs and increases the focus on interagency solutions to security concerns within the hemisphere, thus enabling WHINSEC to be a force multiplier for the long-term. Lastly, WHINSEC has recently offered the Peace Keeping Operations Course for U.N. Staff Officers, taught in English and easily exportable to all NORTHCOM PNs. Courses such as this reflect the role WHINSEC plays in improving cooperation among PNs.

General KELLY. WHINSEC has proven to be an outstanding resource in our mission of building partner capacity in Latin America and the Caribbean and it directly supports U.S. Government policies. Challenges in our area of operations have demonstrated the need to continue exploring all possible avenues that would assist in improving regional security as well as defend the Homeland. In light of diminishing resources, we must be able to capitalize on synergies gathered from the Joint, Interagency, Intergovernmental, and Multinational environment. Regional security would be enhanced through the participation in security issues from all partners across the AOR. WHINSEC is an asset that assists us in improving the way PNs participate and collaborate in regional issues. In addition to everything we do with WHINSEC, they could assist us in demonstrating the value of jointness in our PNs' armed forces, fostering regional and international contact among professional military students, and promoting the coordination between PN militaries and their respective government agencies.

AIR FORCE CUTS

14. Senator CHAMBLISS. General Jacoby, in your statement you referenced the ability of the Air Force to provide mission-ready aircraft and pilots across all platforms as playing a critical role in our defense. The proposed fiscal year 2015 budget

includes a reduction of 976 Air Force fighter, attack, mobility, and ISR aircraft across the Future Years Defense Program with the potential to retire even more depending on the future of sequestration. Have you had an opportunity to examine the proposed Air Force aircraft retirements, particularly with respect to fighter and ISR aircraft, and if so, what is your assessment of how these retirements may affect the NORTHCOM's and the North American Aerospace Defense Command's abilities to carry out your Aerospace Control Alert mission and combat the emerging air threats you mentioned in your statement?

General JACOBY. We are still assessing the impacts of Service reductions and are working with Joint Staff to look across all Service reductions/delays to assess the cumulative effect and risk to Department-wide capacity in support of our air and cruise missile defense requirements for Homeland operations.

At President's budget fiscal year 2015 levels, I am confident we can accomplish our missions within planned force structure. The Bipartisan Budget Act (BBA) provided much-appreciated relief in fiscal year 2014 and fiscal year 2015; however, I remain concerned about the long-term impacts if sequestration remains in fiscal year 2016. Specifically, fighter, AWACS, and tanker aircraft are used for Operation Noble Eagle to ensure air sovereignty and air defense of North America. Additionally, reducing airlift capability will impact our ability to move personnel and equipment in support of our Concept of Operations Plans (CONPLANs). I am also concerned from a NORTHCOM perspective with the manned ISR aircraft reductions, as they support multiple missions, particularly Defense Support of Civil Authorities and Theater Security Cooperation.

15. Senator CHAMBLISS. General Jacoby, if you have any concerns in this area, have you communicated them to the Air Force and other DOD leaders?

General JACOBY. Yes, I have conveyed my concerns to Air Force and DOD leadership in various venues. For instance, I met with Secretary of Defense Hagel recently to discuss adjustments we made to one of our Homeland defense CONPLANs to develop a more resource-informed approach that can still adequately accomplish our mission sets. We will continue to dialogue with DOD and the Air Force to make sure we have required capabilities.

16. Senator CHAMBLISS. General Jacoby, how confident are you that the Air Force will be able to provide the required aircraft for the Aerospace Control Alert mission over the next 10 to 15 years?

General JACOBY. As our adversaries continue to modernize their weapons systems (e.g., cruise missiles and unmanned combat aerial vehicles), we need to ensure we outpace these evolving capabilities to achieve mission success. Procuring Fifth Generation fighters (e.g. F–35) and modernizing legacy fighters to counter emerging threats will be vital. We also need to ensure we have the required airlift, airborne early warning aircraft, and tankers to support our Aerospace Control Alert mission.

The BBA gave us 2 years of relief. I remain concerned, however, about the long-term impacts if sequestration returns in fiscal year 2016, as there will once again be a quick and dramatic readiness impact, similar to fiscal year 2013. The fiscal year 2015 President's budget prioritized Homeland defense as the number one priority for DOD, so we are in fairly good shape in our commands. But all that comes at the expense of overall U.S. Air Force readiness, which continues to hover at 50 percent. You do not make that up—it reduces our competitive advantage. The long-term impacts of sequestration do not allow for most effective strategic choices for the future.

REGIONALLY ALIGNED FORCES

17. Senator CHAMBLISS. General Kelly, the Georgia National Guard's 48th Infantry Brigade Combat Team is deploying 20 soldiers to Guatemala this spring to provide security assistance under the Army's Regionally Aligned Forces (RAF). Would you please elaborate on the importance of the RAF in strengthening existing and pursuing new partnerships?

General KELLY. Before elaborating on the importance of the RAF, it should be noted that RAF engagements are conducted under the theater security cooperation program funded by DOD versus security assistance, which is funded by DOS. The RAF is helping improve our contribution to building trust and understanding with U.S. partners and allies that can lead to greater coalition effectiveness. The Overseas Deployment for Training Program, a program that requires training to be focused on U.S. troops, provides a venue for conducting security cooperation where soldiers will have more opportunities to work with and exchange experiences and

lessons learned with their host nation counterparts. Guatemala has been partnered with the National Guard since 2002, averaging six engagements annually to support emergency operations subject matter exchanges for disaster response. Specifically, units from Georgia's 48th Infantry Brigade Combat Team enabled SOUTHCOM to enhance civil-military engagement for border security capacity building along the Guatemala-Mexico border. U.S. Infantry units participating in Overseas Deployments for Training alongside border police and peer Guatemalan Infantry (all units are required to be, and have been, vetted per the Leahy Amendment) will enhance the state partner mission. This is important to shaping the environment and hedging against transnational criminality along Guatemala's borders. Enhanced relationships strengthen PN will and capacity from a foundation built from National Guard partnering.

18. Senator CHAMBLISS. General Kelly, would you please speak in general terms to the role of the National Guard in the RAF mission?

General KELLY. The Army National Guard RAF units provide a range of capabilities that can be brought forward under the Overseas Deployment Training Program (focused on training U.S. units) that uniquely employs citizen-soldier skills. The role of rotational and scalable National Guard RAF brings many benefits, such as providing predictable and dependable support to the geographic combatant commands, while strengthening relationships and interoperability between U.S. and PN forces. The National Guard RAF units can conduct U.S.-focused training in theater alongside vetted peer formations with PNs such as Guatemala, Honduras, and El Salvador in order to provide presence and build relationships. A great example showing the role of the National Guard in the RAF concept is the Georgia National Guard's 48th Infantry Brigade Combat Team, the first National Guard to execute missions under the RAF program. The 48th Infantry Brigade Combat Team is conducting U.S.-focused infantry unit training in Central America in support of SOUTHCOM's effort to strengthen alliances and enhance border security. Specifically, these National Guardsmen, who are also civilian law enforcement officers in addition to their military occupations, are ideally suited to train alongside personnel in Guatemala's new Interagency Task Force. Guatemala's effort to counter TCOs is a joint civil-military effort. As such, SOUTHCOM's use of a RAF unit for overseas training capitalizes on the citizen-soldier role of the National Guard and perfectly complements the mission capabilities required to conduct security cooperation.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

CYBER CAPABILITY

19. Senator BLUNT. General Jacoby, given the increasingly active cyber warfare environment, what are the current and/or planned combatant command requests for cyber capabilities to support your mission set, and specifically cyber capabilities provided by National Security Agency (NSA)-certified Red Teams?

General JACOBY. NORTHCOM has cyber capability that provides defense of our networks, heavily leveraging U.S. Cyber Command (CYBERCOM) and Defense Information Systems Agency (DISA) for support. We rely extensively on our DISA Computer Network Defense Service Provider, which supports actions to protect, monitor, analyze, detect, and respond to unauthorized activity detected by DISA-monitored network sensors. In addition, the Cyber Mission Forces (CMF) planned for NORTHCOM will provide full spectrum cyber capability to improve support to assigned missions. These forces will be available over the next few years.

We routinely plan for and use NSA-certified Red Team capabilities to support Tier 1 Level exercises to assess the skills of our network defenders, which also provide after-action feedback to assist with mitigating vulnerabilities. NSA Red Teams will test the operational capability of CMFs assigned to NORTHCOM. The NORTHCOM Cyber Protection Teams to be fielded in the next few years will also have organic Red Team capabilities, such as penetration and threat emulation, to defend our critical mission systems and networks.

20. Senator BLUNT. General Jacoby, what entities fulfill or are planning to fulfill these combatant command requests?

General JACOBY. NORTHCOM, through our Joint Cyberspace Center, has assigned forces currently performing network defense of our headquarters networks and mission systems. We also leverage DISA support to provide monitoring of possible adversary activity trying to exploit our systems. In the future, Cyber Protection Teams being fielded over the next few years for NORTHCOM will bolster the

security and mitigation capability of our networks and mission systems, providing a more robust and agile cyber capability that will allow us to operate in a degraded cyber environment.

21. Senator BLUNT. General Jacoby, please describe NORTHCOM's coordination, support, and dependency of National Guard cyber capabilities. In addition, please describe these elements as they relate to NORTHCOM exercises or NORTHCOM participation in other joint exercises that incorporate cyber, such as Cyber Guard, Cyber Flag, Global Thunder, and Vigilant Shield.

General JACOBY. NORTHCOM is focused on timely access to the capabilities necessary to execute our assigned missions and will certainly make use of National Guard cyber capabilities as part of Total Force cyber capabilities.

NORTHCOM, in partnership with the National Guard Bureau, maintains awareness of command, control, communications, and computer information and cybersecurity of National Guard units participating in Vigilant Shield exercises. This year, 2014, will represent NORTHCOM's initial participation in CYBERCOM's Exercise Cyber Guard. In the future, NORTHCOM's Ardent Sentry and CYBERCOM's Cyber Guard exercises will complement each other. Next year, 2015, NORTHCOM will participate in Vigilant Shield, Cyber Flag, and Global Thunder exercises, and these exercises will be integrated, providing a broader, multi-domain simulation that will benefit all participants.

22. Senator BLUNT. General Jacoby, pertaining to your fiscal year 2015 posture statement, would you please elaborate on the types of defensive capabilities you plan to acquire and receive as part of the NORTHCOM Joint Cyberspace Center?

General JACOBY. As part of the broader cyber mission forces, NORTHCOM is scheduled to receive Cyber Protection Teams designed to focus on real-time cyber defense of priority missions, assess cyber terrain, and conduct risk analyses on protected missions. Additionally, these teams will identify adversary maneuver and mitigation options in and across cyber key terrain to protect critical mission systems. The Joint Cyberspace Center will plan, coordinate, synchronize, and direct the Cyber Protection Team efforts to assure NORTHCOM missions.

23. Senator BLUNT. General Jacoby, what entities will be providing these defensive capabilities to NORTHCOM?

General JACOBY. NORTHCOM has organic low-density/high-demand cyber defense capabilities that are bolstered by DISA and CYBERCOM capabilities. U.S. Strategic Command (STRATCOM)/CYBERCOM will provide Cyber Protection Teams that are organized, trained, and equipped by the Services to support combatant commands.

24. Senator BLUNT. General Jacoby, please summarize your coordination and partnership with several of NORTHCOM's key stakeholders: the Department of Homeland Security (DHS), STRATCOM, CYBERCOM, NSA, and the National Guard.

General JACOBY. We consider these key stakeholders critical to mission success as cyber partners and have routine, daily contact with them, specifically in information-sharing of malicious cyber activity and threat awareness. Improved awareness reduces operational risk through early detection and mitigation. The level of sharing among all partners is excellent.

25. Senator BLUNT. General Jacoby, what actions and/or outcomes were expressed in the after-action plan following the January 2014 Conference on Cyber Challenges you hosted along with The Adjutants General (TAG)?

General JACOBY. The key outcome from our January 2014 TAG Conference is general consensus among the participants that DOD cyber capabilities should be seamless across the Active and Reserve components. We also discussed broader cyber support that the National Guard may be able to offer to NORTHCOM's Homeland Defense and Defense Support of Civil Authorities mission areas. We will continue to work with these partners to make the best use of available capabilities.

26. Senator BLUNT. General Jacoby, given your key position in coordinating within DOD, with the National Guard Bureau, State TAGs, and DHS, are there current frameworks, arrangements, or potential initiatives that would support an intersection of cyber and intelligence missions to reduce duplication, enhance unity of effort, and increase coordination among these partners?

General JACOBY. NORTHCOM works very closely with our partners within DOD (e.g., National Guard Bureau, CYBERCOM, and NSA) and outside DOD (e.g., DHS, Federal Bureau of Investigation, DOS, and Canada) on cyber and intelligence issues,

including information-sharing, unity of effort, and improved cooperation among interagency and international partners.

One potential initiative that may eventually support the intersection of cyber and intelligence missions is the Joint Action Plan for State-Federal Unity of Effort on Cybersecurity that DHS and the Council of Governors are currently finalizing. It will establish principles and actions for State-Federal unity of effort to strengthen the Nation's security and resilience against cybersecurity threats.

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

TUESDAY, MARCH 25, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

U.S. PACIFIC COMMAND AND U.S. FORCES KOREA

The committee met, pursuant to notice, at 9:34 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, Manchin, Shaheen, Hirono, Kaine, King, Inhofe, McCain, Sessions, Wicker, Ayotte, and Graham.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody.

Today we receive testimony on the posture of U.S. forces in the Asia-Pacific region. On behalf of the committee, I would like to welcome Admiral Samuel J. Locklear III, USN, the Commander of U.S. Pacific Command (PACOM), and General Curtis M. ("Mike") Scaparrotti, USA, the Commander of United Nations Command (UNC), Combined Forces Command (CFC), and U.S. Forces Korea (USFK).

Gentlemen, the committee appreciates your long years of faithful service and the many sacrifices that you and the families that you are a part of make for our Nation. We greatly appreciate the service of the men and women, military and civilian, who serve with you in your commands. Please convey to them our admiration and our appreciation for their selfless sacrifice and dedication.

Last year, General James D. Thurman, USA, was unable to testify at this hearing because of the heightened tension on the Korean peninsula. General Scaparrotti, we are glad that you were able to make it this year.

Today's hearing is particularly timely as North Korea has again engaged in saber-rattling and dangerous rocket and missile launches, including the one just a few weeks ago. Kim Jon-un's regime has so far followed the same destructive policies as its predecessors, pursuing its nuclear weapons and ballistic missile programs with callous disregard for the well-being of its own people and the region. Even China, despite its longstanding relationship

with North Korea, has joined in United Nations (U.N.) condemnation of the North Korean regime's dangerous behavior and has supported new sanctions. We look forward to hearing General Scaparrotti's views on recent developments on the Korean peninsula and additional steps that might be taken to promote stability and peace.

At a time of increasing fiscal austerity within the Department of Defense (DOD), China has announced that it is increasing its official military budget for 2014 to almost $132 billion, which is a 12 percent increase over last year, making that country's military spending the second largest in the world after the United States. China's pursuit of new military capabilities raises concerns about its intentions, particularly in the context of the country's increasing willingness to assert its controversial claims of sovereignty in the South China and East China Seas. China's belligerence and unwillingness to negotiate a maritime code of conduct with its Association of Southeast Asian Nations (ASEAN) neighbors raise doubts about its representations that China is interested in a peaceful rise. We were dismayed by China's unilateral declaration of an air identification zone last year that did not follow proper consultations with its neighboring countries and that includes the air space over the Senkaku Islands, which are administered by Japan.

In addition, China's lack of regard for the intellectual property rights of the United States and other nations is a significant problem for the global community. China is the leading source of counterfeit parts, both in military systems and in the commercial sector. In addition, China appears to have engaged in a massive campaign to steal technology and other vital business information from American industry and from our Government. China's apparent willingness to exploit cyberspace to conduct corporate espionage and to steal trade and proprietary information from U.S. companies should drive our Government and businesses to come together to advance our own cybersecurity. We also have grave concerns that China's cyber activities, particularly those targeting private companies that support mobilization and deployment, could be used to degrade our ability to respond during a contingency. Our committee will soon release a report on cyber intrusions affecting U.S. Transportation Command contractors.

The administration continues to rebalance toward the Asia-Pacific region to meet these challenges. Substantial realignments of U.S. military forces in South Korea and Japan are ongoing, as are initiatives to increase U.S. presence in Southeast Asia, especially in Singapore and the Philippines. The U.S. relationship with Australia is as strong as ever, as evidenced by the continued plans for successive rotations of U.S. marines to Darwin, Australia.

With respect to the planned realignment of U.S. marines currently on Okinawa, the Governor of Okinawa approved the landfill permit for the Futenma Replacement Facility (FRF) at the end of last year. Nonetheless, I believe that moving forward with the construction of infrastructure facilities on Guam must await the final Environmental Impact Statement and the actual record of decision. Once those actions are completed and we have been provided the final master plans, including cost estimates and a time schedule, we will be better able to judge the feasibility of the plans. So while

I support the restationing of some marines from Okinawa to Guam and Hawaii, it needs to be done in a fiscally and operationally sound manner.

Of course, we must consider all of these challenges and initiatives in the Asia-Pacific region against the backdrop of our current budget constraints. Admiral Locklear and General Scaparrotti, we would be interested in your assessments of the budget reductions on your abilities to meet your mission requirements.

Again, we very much appreciate both of your joining us this morning. We look forward to your testimony on these and other topics.

Senator Inhofe?

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

I think we all know that the world is getting more dangerous, and the Pacific is no exception. North Korea's erratic leader continues to engage in provocative actions, including military exercises, nuclear and missile tests, and the development of a road mobile missile system. China declares unilateral air defense identification zones and makes provocative moves to blockade ships and claims sovereignty over vast tracks of the South China Sea.

Despite the growing danger, the massive cuts to our national security budget, we are making the jobs of Admiral Locklear and General Scaparrotti more difficult. While the Chinese defense budget grows at 12 percent, Secretary Hagel tells his commanders: "American dominance on the seas, in the skies, and in space can no longer be taken for granted." That is the first time in my life that we have heard something like that.

Our domain dominance has eroded due to the diversion of resources from defense to the President's domestic agenda over the last 5 years, and that has consequences in our society. Less capable and less dominant U.S. forces make it more difficult for our men and women in uniform to handle crises. As we are seeing around the world today, a less capable U.S. military makes it more likely that the crises will erupt.

Those who advocate drastically slashing the defense budget and a total retreat from international engagement put the security of the Homeland at risk. More aggressive adversaries and less capable U.S. military forces are a recipe for disaster. The dismantling of our national security over the last 5 years has led to the growth of extremists in Syria, Iraq, Iran, Putin's annexation of Crimea, and has invited increased Chinese belligerence in the East China and South China Seas.

The strategy of rebalance to the Pacific implies an increase in presence and resources. That is just not true. It is not happening. I have specific questions to ask about that.

I look forward to Admiral Locklear's frank assessment of how the rebalance is perceived in the region. I have some specific questions about that. I am concerned that the retreating tide of U.S. leadership and the defense capability will encourage Kim Jong-un to be more aggressive.

General Scaparrotti, we need to hear from you as to how this readiness problem that grounds airplanes, ties up ships, and can-

cels ground training will impact your combat capability. I do not remember a time in my life when I have seen this type of thing happening. I remember so well when it all started, and it all started back with the $800 billion. People talk about entitlements now, but this was not entitlements. This was non-defense discretionary spending that took place. Now we are paying for it and have been paying for it for the last 5 years.

So it is a crisis we are in. You men are the right ones to be there to try to meet these crises. I appreciate the fact that you are willing to do that.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Admiral?

STATEMENT OF ADM SAMUEL J. LOCKLEAR III, USN, COMMANDER, U.S. PACIFIC COMMAND

Admiral LOCKLEAR. Mr. Chairman, Senator Inhofe, and distinguished members of the committee, thank you for the opportunity to appear before you today.

For 2 years, I have had the honor and privilege of leading the exceptional men and women, military and civilian, throughout PACOM. They are not only skilled professionals dedicated to the defense of our great Nation, but within PACOM, they serve as superb ambassadors and truly represent the values and strengths that make our Nation great. We continue to work to ensure that they are well-trained, well-equipped, and well-led to meet the challenges we are facing in the 21st century. I want to publicly thank them and their families for their sacrifices.

When I spoke to you last year, I highlighted my concern for several issues that could challenge the security environment across the PACOM area of responsibility (AOR), the Indo-Asia-Pacific. Those challenges included the potential for significant humanitarian assistance/disaster relief events, an increasingly dangerous and unpredictable North Korea, the continued escalation of complex territorial disputes, growing challenges to our freedom of action in the shared domains of sea, air, space, and cyberspace, growing regional transnational threats, and the significant challenges associated with China's emergence as a global economic power and a regional military power.

During the past year, we have been witness to all of these challenges and our forces have been very busy securing the peace and defending U.S. interests throughout over half the globe. We have done our very best to remain ready to respond to crises and contingency, although we have assumed greater risk. We have maintained focus on key aspects of the rebalance to the Asia-Pacific, strengthening our alliances and partnerships, improving our posture and presence, and developing the concepts and capabilities required by today's and tomorrow's security environment. We have done this against the backdrop of continued physical and resource uncertainty and the resultant diminishing readiness and availability of our joint force.

I would like to thank the committee for your continued interest and support. I look forward to your questions.

[The prepared statement of Admiral Locklear follows:]

PREPARED STATEMENT BY ADM SAMUEL J. LOCKLEAR, USN

Chairman Levin, Senator Inhofe, and distinguished members of the committee, thank you for this opportunity to present an update on the U.S. Pacific Command (PACOM). I have had the privilege of leading soldiers, sailors, airmen, and marines for over 2 years in the Asia-Pacific and the Indian Ocean region; these young men and women are doing great things in support of the United States, allies and partners throughout a region critical to U.S. national interests. In concert with our allies and partners, PACOM balances historical, geographic, and cultural factors against modern day political and economic events in an ever-evolving effort to manage friction and conflict in the most militarized region in the world. PACOM's actions in our Nation's rebalance toward the Asia-Pacific region are a visible and enduring demonstration of U.S. commitment to the region. Our actions are reflected in a continued and steady investment in forces, infrastructure, and engagement in the Indo-Asia-Pacific and are designed to defend the homeland, strengthen and modernize our alliances and partnerships, maintain our access to the global commons, deter aggression, and prevent the proliferation of weapons of mass destruction.

SECURITY ENVIRONMENT

Since last year's testimony before this committee, four critical leadership transitions have been completed, seven national elections were conducted on democratic principles, and the region is readying for free and open elections in two of the most populous countries on earth. When I last testified, Xi Jinping had just assumed the position as China's new President, completing the formal leadership transition in China. Since then President Xi put forward a comprehensive agenda of domestic, economic, and social reforms. In North Korea, Kim Jong Un is beginning his third year in power. The recent purge of his uncle, Chang Song-Taek and frequent reshuffling of military commanders suggest that the struggles between new and old guards are not fully resolved. To the south, Republic of Korea (ROK) President Park Geun-Hye continues to strengthen the U.S.-ROK alliance and to maintain a path to peaceful reunification of the Korean peninsula. In Japan, Prime Minister Shinzo Abe implemented policies such as establishing a National Security Council and passing the Secrets Protection Act that allow it to better address the persistent and emerging security challenge of the next decade.

The last year saw elections in Australia, Bangladesh, Bhutan, Cambodia, the Maldives, and Mongolia. In Bangladesh and Cambodia, the results were strongly contested and are not fully resolved, creating uncertainty and political instability. A sharp political division continues in Thailand, despite new elections. Next on the horizon are important national elections in India in May and Indonesia in April and July. Burma continues to undergo its dramatic democratic and economic transition, including the release of over 1,000 political prisoners and the possibility of a national ceasefire agreement.

The countries of the Asia-Pacific region are not only more stable politically; they are also more engaged in multilateral political organizations and economic institutions. A multilateral security architecture—comprised of groups such as the Association of Southeast Asian Nations (ASEAN) and regional actors collaborating on issues ranging from humanitarian assistance to maritime security to counterterrorism—is emerging to help manage tensions and prevent conflict. ASEAN has grown in this leadership role under Brunei's chairmanship in 2013, and hopefully has opportunities to grow even more under 2014 Chairman Burma. We've seen encouraging examples of states using international fora to resolve disputes peacefully, such as the Philippines using the United Nations Tribunal on the Law of the Sea (ITLOS) to argue its case against China's territorial claims in the South China Sea, and Thailand's and Cambodia's pledge to abide by the International Court of Justice's recent decision in their longstanding border dispute.

Indo-Asia-Pacific economies increasingly drive the world economy. Forty percent of global economic growth is attributed to this region. Yet the area is still home to some of the most devastating poverty on earth. As with other parts of the world, the divide between "haves" and "have-nots" grows wider, leading to political and economic disenfranchisement and disturbing population shifts across borders. The International Organization for Migration estimates that 31.5 million people in Asia have been displaced due to economic disparities. These hardships are further aggravated by intense competition for natural resources. In an area home to more than half the earth's population, demand for food, water, and energy is increasing. Friction caused by water shortages is evident between India and Pakistan, India and Bangladesh, and China and Southeast Asia. Much of the region is unable to adequately provide for their own food requirements, highlighting the need for stable, plentiful supplies through international commerce. The same is true for energy sup-

plies. Disruption of these supplies or unexpected price increases quickly strain many governments' ability to ensure their people's needs are met.

North Korea

North Korea remains our most dangerous and enduring challenge. As many Indo-Asia-Pacific countries seek to achieve greater prosperity, improve compliance and adhere to regional and international law, and strive for stable relations, North Korea remains isolated and unstable. North Korea's pursuit of nuclear weapons and ballistic missiles, in contravention of its international obligations, constitutes a significant threat to peace and security on the Korean Peninsula and in Northeast Asia.

During last year's posture hearings, the region was in the middle of a North Korean "provocation campaign"—a calculated series of North Korean actions designed to escalate tensions and extract political and economic concessions from other members of the Six-Party Talks. This campaign began with a satellite launch, in December 2012, which was particularly concerning because it violated UN Security Council resolutions and verified technology necessary for a three-stage Intercontinental Ballistic Missile (ICBM). North Korea continued its campaign through last spring. They conducted another underground nuclear test, threatened the use of a nuclear weapon against the United States, and concurrently conducted a mobile missile deployment of an Intermediate Range Ballistic Missile, reportedly capable of ranging our western most U.S. territory in the Pacific. Though we have not yet seen their "KN08" ICBM tested, its presumed range and mobility gives North Korea a theoretical ability to deliver a missile technology that is capable of posing a direct threat to anywhere in the United States with little to no warning. In addition, North Korea pledged to "readjust and restart" facilities at Yongbyon Nuclear Research Center—including the plutonium-production reactor that has been shut down for the past 6 years.

Consistent with previous provocation cycles, recently, North Korea then shifted to a more conciliatory approach and has expressed claimed that it is willing to talk to the United States either bilaterally or within the Six-Party Talks framework with no concrete steps towards required denuclearization obligations or even negotiate on the issue of denuclearization.

North Korea's role in weapons proliferation remains troubling. North Korea continues to violate United Nations Security Council resolutions against selling weapons and weapon-related technologies around the globe. The July 2013 Panamanian confiscation of a North Korean ship loaded with fighter aircraft and other weapons from Cuba in direct violation of U.N. sanctions is one example. While it has become harder to sell to traditional customers such as Iran and Syria, North Korea is attempting to open new markets in Africa and South America. North Korea's proliferation activities defy the will of the international community and represent a clear danger to the peace, prosperity, and stability of the Asia-Pacific region

Natural Disasters

The Indo-Asia-Pacific region is the world's most disaster-prone with 80 percent of all natural disaster occurrences. It contends with more super-typhoons, cyclones, tsunamis, earthquakes, and floods than any other region. This past year, a super typhoon hit the Philippines, severe flooding and a major earthquake in New Zealand, devastating flooding in India and Nepal, another earthquake in the Sichuan Province of China, and flooding and drought in the Marshall Islands. During Operation Damayan in the Philippines, we joined the Multi-National Coordination Center (MNCC) as an enabler to relief efforts coordinated by the Government of the Philippines, a testament to the importance of capability building initiatives and theater security cooperation. Our Center for Excellence in Humanitarian Assistance and Disaster Relief serves as a clearing house for information and best practices in disaster relief and supporting preparedness efforts throughout the region. We also stand ready to respond to the all too frequent vectors of disease that plague this region. Large populations, dense living conditions, and poor sanitary conditions in many Indo-Asia-Pacific nations create optimal conditions for the rapid spread of human- or animal-borne diseases. Regional information sharing and rapid response to health crises is improving, but the danger remains high.

Territorial Disputes

The primacy of economic growth, free trade, and global financial interdependency keeps outright inter-nation conflict at bay. The most likely scenario for conflict in this part of the world is a tactical miscalculation that escalates into a larger conflict. There is no more likely stage for this scenario than the complex web of competing territorial claims in the East and South China Seas. Competing territorial claims in East is a significant and growing threat to regional peace and stability. The use

of Coast Guards and an implicit rule set imposed by Japanese and Chinese leadership signaled that neither country wants escalation. China's declaration in November of an Air Defense Identification Zone in the East China Sea encompassing the Senkakus immediately raised tensions. As Chinese and Japanese reconnaissance and fighter aircraft increasingly interact, and China flies unmanned aerial vehicles over the area the chances for miscalculation or misunderstanding remain high. PACOM continues to watch this situation very closely.

Territorial disputes in the South China Sea are even more complex. No less than seven claimants have overlapping claims in this oil, gas, and mineral rich sea. By far the most excessive claim is China's, which extends to almost the entire South China Sea and includes other claimants' Exclusive Economic Zones in the region, up to and sometimes including the 12nm territorial sea. China's activities in the South China Sea appear to consist of slowly increasing its naval and air presence in the region, meeting and checking any activity by any of the more aggressive claimants in the disputed areas, and providing political and economic incentives to quiet the other claimants. As evidence of this policy, China increased its maritime presence in 2013 and now maintains three continuous Coast Guard patrols in the South China Sea, backed up by regular transits of Chinese Navy warships. Attempts by other claimants to assert claims and prevent Chinese actions that seek to assert operational superiority provide the potential for miscalculation.

Through multilateral forums, PACOM supports the U.S. position advocating for adjudication of claims by duly constituted international bodies and multilateral solutions. Unlike other nations involved in this and similar disputes, China consistently opposes international arbitration, instead insisting on bilateral negotiations—a construct that risks China's domination of smaller claimants. The activities by multilateral forums to adopt international codes of conduct for the South China Sea and those efforts to legally adjudicate claims need our support.

Cyber

Cyberspace is growing not only in its importance relative to the flow of global commerce but also in its importance to our ability to conduct military operations—making it an attractive target for those seeking to challenge the economic and security order. Cyber threats come from a diverse range of countries, organizations, and individuals. China is rapidly expanding and improving its cyberspace capabilities to meet their national and military objectives, as are others, including North Korea and Russia, not to mention rogue groups and individuals who are increasingly enabled by technology. These actors seek to exploit our vulnerabilities by gaining unauthorized access to our networks and infrastructure on a daily basis. Potential adversaries are actively probing critical infrastructure throughout the United States and in partner countries.

Violent extremism

Periodic eruptions of religious, ethnic, political, and separatist violence continues to plague some of our closest partners in the region, limiting our engagement efforts. India, Bangladesh, Indonesia, Thailand, and the Philippines are all working against a confluence of criminal and extremist networks that enable transnational facilitation of people, material, and money across the region to support various causes which threaten regional peace and prosperity. A sustained effort to build and enhance the capacity of our allies and partners is the cornerstone of our counter terrorism strategy in South and Southeast Asia. We are encouraged by the persistent pressure that our partner nations are placing on these networks. Through close and continuous cooperation we have eroded localized insurgencies and degraded transnational extremist organizations with global reach such as al Qaeda, Lashkar-e Tayyiba, and Hezbollah.

The movement of terrorist networks as they seek safe havens and target new areas is a potential challenge. Despite modest gains over the past few years, India-Pakistan relations are promising but fragile and the cease fire violations along the Line of Control in 2013 are certainly cause for concern. Barring another major terror attack in India, a conflict between these two nuclear powers is remote, but continued violence along the contentious border will erode the political space to improve relations. Looking further beyond the immediate term, we should remain guardedly optimistic that India and China—the two largest Asian powers—value the economic benefits of cooperation and will strive, in New Delhi's words, "for peace and tranquility on the border as the foundation of a stable relationship."

Chinese Military Modernization and Intent

While we recognize and understand China's desire to develop a military commensurate with its diverse interests. The United States remains committed to preserving regional peace and security, to meet our security commitments to our re-

gional allies, and guaranteeing free access to the sea, air, and space domains. We are meeting that challenge by improving our military-to-military relationships with China, while steadfastly standing by our friends and allies in the region. Although U.S./China military-to-military ties are improving, we will need ever more transparency and understanding of Chinese military intentions and capabilities if we are to minimize friction and avoid conflict in the future.

The Chinese military continues to pursue a long-term, comprehensive military modernization program designed to improve the capability of its armed forces to project power to fight and win a short-duration, high-intensity regional military conflict. While preparing for potential conflict in the Taiwan Strait appears to remain the principal focus of their military investment, China's interests have grown and it has gained greater influence in the world, with its military modernization increasingly focused on expanding power projection capabilities into the East China Sea, South China Sea, the Western Pacific, and even the Indian Ocean. This expansion, in part, is focused on developing the capabilities to deny U.S. access to the Western Pacific during a time of crisis or conflict and to provide the means by which China can bolster its broad maritime claims in the region.

Chinese military operations are expanding in size, complexity, duration and geographic location. During 2013, the Chinese People's Liberation Army (PLA) Navy conducted the highest number of open ocean voyages and training exercises seen to date. This included the largest ever Chinese military naval exercise observed outside the first island chain and into the Western Pacific, highlighting an enhanced power projection capability and increased ability to use military exercises to send political messages to regional allies and partners and others in Asia.

This expansion in Chinese military power projection is driven by the rapid modernization of Chinese military capabilities. Over the course of the last year, the PLA continued large-scale investment in advanced short- and medium-range conventional ballistic missiles, land-attack and anti-ship cruise missiles, counter-space weapons, military cyberspace capabilities, and improved capabilities in nuclear deterrence and long-range conventional strike, advanced fighter aircraft, integrated air defenses, undersea warfare, and command and control. China's first aircraft carrier, the Liaoning, began to integrate its air wing and conduct flight operations.

China's advance in submarine capabilities is significant. They possess a large and increasingly capable submarine force. China continues the production of ballistic missile submarines (SSBN). The platform will carry a new missile with an estimated range of more than 4,000 nm. This will give the China its first credible sea-based nuclear deterrent, probably before the end of 2014.

ALLIES AND PARTNERS

The United States' five treaty allies the PACOM AOR, Australia, Japan, Republic of Korea, Philippines and Thailand, each play a critical role in addressing aspects of these challenges. The bilateral relationships we build with our allies is key to mutual defense but also form the basis for multilateral security arrangements that can strengthen efforts to address Asia-Pacific security challenges.

Australia: Our alliance with Australia anchors peace and stability in the region. The Australians take a leading role in regional security issues, and we are coordinating our Theater Campaign Plan with their Regional Campaign Plans to synchronize and optimize our mutual efforts.

PACOM is working closely with the Australian Defence Staff to advance U.S. force posture initiatives including the Marine Rotational Forces in Darwin and dispersed rotational U.S. Air Force capabilities at Royal Australian Air Force bases. Increased rotational presence in Australia with a more robust bilateral training and exercise program continues to enhance U.S.-Australia interoperability and regional stability.

Japan

The alliance between our two countries is stronger than ever. PACOM remains ready to carry out the U.S. security commitment to Japan through a full range of military capabilities. U.S. Forces Japan and Japanese Self Defense Forces (JSDF) collaborate and work towards greater shared responsibilities in realistic training, exercises, interoperability and bilateral planning. With the 2006 establishment of the Japanese Joint Staff, U.S. Forces Japan is building a close relationship to enhance interoperability and information sharing. The October, 2013 agreement by our "2+2" Security Consultative Committee (SCC) to review the U.S.-Japan Defense Cooperation Guidelines for the first time since 1997 should enable the JSDF to play a greater role in both the defense of Japan and in response to contingencies further afield. We will continue to maintain a robust military presence in Japan in order to meet future security. Last year, the Marines replaced aging CH–46 helicopters

with MV–22 Ospreys and recently the Government of Japan approved a land-fill permit on Okinawa to allow the construction of a new airfield that will facilitate improved posture of U.S. Marine aircraft. The U.S. Navy has begun the gradual replacement of P–3 maritime patrol aircraft with the newer and more capable P–8s. We will continue to deploy well-equipped, highly trained and ready forces along with our newest equipment to best support Japan and the region.

During North Korea ballistic missile provocations last year, the United States and Japan worked very closely to defend against potential threats. It became apparent to both PACOM and Japan that we need an additional TPY–2 radar in Japan to provide intelligence, surveillance and reconnaissance (ISR) against missile threats. This will serve to provide early warning of missile threats to improve defense of the U.S. Homeland, our forces forward deployed, and to Japan.

We continue to work with Japan and the Republic of Korea (ROK) towards a trilateral military-to-military arrangement capable of addressing North Korea provocations. Trilateral military-to-military exercises and operations will improve each participant's understanding of the mutual challenges and shared opportunities that exist in and around the Korean peninsula.

Philippines

PACOM is identifying opportunities, informed by a proposed Agreement on Enhanced Defense Cooperation with the Philippines, for an enhanced rotational presence of U.S. forces to improve the training and capability of both our forces. U.S. forces are assisting the Philippine force efforts to improve its maritime security capabilities. Key Philippine efforts include improving Maritime Domain Awareness through development of long-range aircraft and waterborne patrols within the Philippines' Economic Exclusion Zone and enhancing integration among the National Coast Watch system.

The typhoon response in November provided evidence of the strength of the U.S.-Philippines alliance. During Operation Damayan, U.S. military relief operations assisted the people of the Philippines. More importantly, the Philippines Armed Forces were well-prepared for the emergency. Their participation in two previous DOD-sponsored humanitarian assistance/disaster response (HA/DR) planning exercises enabled a rapid damage assessment to response and recover execution process. PACOM continues to stand by our ally as they undergo recovery efforts.

Republic of Korea

The U.S. and ROK alliance remains strong. For 61 years, we have worked together to provide peace and stability in Northeast Asia, and we continue to work to enhance our relationship and collective capabilities. We recently concluded negotiations for the 9th Special Measures Agreement (SMA) and have developed a new cost sharing arrangement that will be in place through 2018.

The United States and ROK have agreed to transfer Operational Control on a conditions- and milestones-based timeline, and deliberations are ongoing to ensure we are developing the right capabilities for the alliance. We believe that the best way to ensure deterrence and maintain the strength of the alliance is through development of combined capabilities to respond vigorously to any future North Korean provocation.

Thailand

Thailand, with whom we have the oldest treaty in Asia, demonstrates a willingness and capability to be a regional leader. Their efforts assist in addressing several issues including negotiating competing South China Sea maritime claim disputes, serving as an enabler for engaging Burma, and encouraging trilateral engagements. Thailand is committed to increased responsibility for regional security matters.

Activities with the Thai military, including the annual Cobra Gold exercise, the largest and longest running joint/combined exercise of its kind, are the means by which we remain tightly aligned with Thailand. The Thais have expanded this formerly bilateral U.S.-Thai exercise into a premier multilateral event with a dozen participant countries from around the region.

Singapore

Singapore is designated a "Major Security Cooperation Partner," a title that reflects the value of our bilateral relationship. Singapore is critical to U.S. presence in Southeast Asia. Their continued commitment to U.S. military presence in the region is underscored by their support of the Navy's Littoral Combat Ship (LCS) rotational deployments. Singapore's Changi Naval Base, with its modern shore infrastructure and command and control center, is a key enabler of LCS and provides critical support to other key other forward operating naval forces.

India

India continues its rise as a regional and emerging global power. Its increasing, positive presence in the Asia-Pacific and Indian Ocean region as security provider is an important factor in regional stability. Last year, PACOM participated in the U.S.-India Strategic Dialogue and looks forward to India's participation in this year's Rim of the Pacific (RIMPAC) exercise.

India has had impressive growth in defense trade with the United States, purchasing C–17s, C–130Js, and P–8s. As we look to mature our defense relationship, there is further opportunity for growth in defense sales, co-development and co-production under the aegis of the U.S. India Defense Trade and Technology Initiative. These systems would expand India's capabilities to provide for their own security and help their efforts to be a security provider for the region.

New Zealand

We continue to improve our relationship with New Zealand. PACOM recently co-hosted with our New Zealand counterpart an Inaugural Bilateral Defense Dialogue and we plan follow-on dialogue this summer. We will be conducting 22 joint military-to-military exercises with New Zealand this year. We have revised our policy to allow their warships to visit our global military ports on a case-by-case basis and look forward to New Zealand's participation in this summer's RIMPAC exercise.

Oceania

PACOM remains engaged by assisting the Pacific island nations to build capacity to detect, deter, and seek redress for illegal activities within their Exclusive Economic Zones (EEZ) and have enhanced expansion of selected partner Coast Guard ship rider agreements to include U.S. Navy ships. In addition to EEZ control, capacity-building for effective HA/DR response remains PACOM's focus for the Oceania sub-region. PACOM has increased the regional understanding of the area's security concerns through regular participation in the Pacific Island Forum as a mechanism to discuss mutual security issues.

Association of Southeast Asian Nations (ASEAN)

PACOM has expanded combined and joint training and exercises in the region, notably with Indonesia, Malaysia, and other ASEAN members. There has been success using multilateral forums to build partner capacity in humanitarian assistance and disaster relief, intelligence cooperation, counter narcotics, maritime security, maritime domain awareness and cyber security and peacekeeping operations.

ASEAN's goal to develop a code of conduct for the South China Sea, and the efforts of some ASEAN nations to adjudicate claims using international bodies are positive initiatives which we support. PACOM will continue to explore ways to support the ASEAN Defence Ministers' Meeting (ADMM) and ASEAN Regional Forum for addressing common security challenges. The recent ADMM Counter-Terrorism Exercise is an example of successful collaboration with regional partners on transnational threats. Other multilateral engagements such as the recent event in Brunei focused on military medicine and maritime collaboration in areas of counter-piracy, search and rescue, and Humanitarian Assistance and Disaster Relief (HA/DR). The recently concluded ADMM-Plus multilateral peacekeeping (PKO) exercise in the Philippines focused on force generation, sustainment and logistics, and field operations.

Improving partner relations remains vital toward building multilateral cooperation arrangements. The multilateral forums of ASEAN provide an ideal mechanism to build multilateral capabilities. The ADMM forum is beginning to formalize those relationships to address the region's security challenges. In fact, the U.S. Secretary of Defense is hosting the next ADMM forum in Hawaii. There are also key ASEAN member countries building close bilateral military relationships which can greatly enhance regional stability. For example, in adherence to the 2013 U.S.-Vietnam Comprehensive Partnership, we will continue to assist Vietnam in developing its non-lethal defense capabilities in specialized areas such as maritime security, search and rescue, disaster management, and peacekeeping.

U.S.-China Relationship

The last year has seen some progress in improving the cooperative aspects of our military-to-military relationship with China. There are three major areas of military-to-military engagement opportunities with the Chinese. First, we use current mechanisms to exchange views on the international security environment and expand common understanding of common problems, including discussions on Iran and North Korea. U.S. and Chinese participation in the Fullerton Forum, the Strategic Security Dialogue in Singapore, along with China's invitation to join the

PACOM Chiefs of Defense Conference are examples of forums for discussing common problems.

Second, we work to develop increased institutional understanding. The Mid-Level Officers Exchange is a program where the Peoples' Liberation Army (PLA) and PACOM host a delegation of each other's field grade officers to better understand cultural, linguistic, and historical factors. A group of officers from the PACOM staff and components traveled in early March to three cities in China, at the PLA's invitation, to gain an appreciation of how their military organizations and institutions work.

Third, we can build areas of mutual cooperation. The Military Maritime Consultative Agreement (MMCA) dialogues are held to exchange views on maritime domain safety. Chinese ships recently completed a port visit berthing in Pearl Harbor last November. Sixty-three PLA soldiers participated in Humanitarian Assistance training at a Hawaiian training area. Next year, the Chinese are scheduled to reciprocate and will host a similar number of U.S. soldiers. The Chinese participation in the Cobra Gold exercise, as well as their upcoming participation in the world's largest naval exercise, RIMPAC, illustrates a growing effort to include China in large multilateral activities to increase awareness and cooperation. All of the activities were scoped to ensure they fall within Congressional guidance regarding U.S. and China military-to-military interaction.

RESOURCES

Budget uncertainty has hampered our readiness and complicated our ability to execute long-term plans and to efficiently use our resources. These uncertainties impact our people, as well as our equipment and infrastructure by reducing training and delaying needed investments. They ultimately reduce our readiness, our ability to respond to crisis and contingency as well as degrade our ability to reliably interact with our allies and partners in the region.

The PACOM joint forces are like an 'arrow.' Our forward stationed and consistently rotational forces—the point of the 'arrow'—represent our credible deterrence and the "fight tonight" force necessary for immediate crisis and contingency response. Follow-on-forces from the continental United States required for sustained operations form the 'shaft of the arrow.' Underpinning these forces are critical platform investments and the research and development needed to ensure our continuous dominance. Over the past year we have been forced to prioritize readiness at the point of the arrow at the great expense of the readiness of the follow-on force and the critical investments needed for these forces to outpace emerging threats, potentially eroding our historic dominance in both capability and capacity.

Due to continued budget uncertainty, we were forced to make difficult short-term choices and scale back or cancel valuable training exercises, negatively impacting both the multinational training needed to strengthen our alliances and build partner capacities as well as some unilateral training necessary to maintain our high-end warfighting capabilities. These budgetary uncertainties are also driving force management uncertainty. Current global force management resourcing, and the continuing demand to source deployed and ready forces from PACOM AOR to other regions of the world, creates periods in PACOM where we lack adequate intelligence and reconnaissance capabilities as well as key response forces, ultimately degrading our deterrence posture and our ability to respond.

POSTURE, PRESENCE, AND READINESS

Driven by the changing strategic environment, evolving capabilities of potential competitors, and constrained resourcing, we have changed the way we plan for crises, internationalized the PACOM headquarters to better collaborate with allies and partners, and created a more agile and effective command and control architecture—a command and control architecture that can seamlessly transition from daily routine business to crisis. Strategic warning times in the PACOM AOR are eroding and key to addressing this is our ability to rapidly assess and shape events as crises emerge. This approach places a premium on robust, modern, agile, forward-deployed forces, maintained at the highest levels of readiness, and capable of deploying rapidly.

PACOM is doing much to prepare the force for 21st century threats. Our components are looking at new ideas for employment of forces to better fit the needs and dynamic nature of the Indo-Asia-Pacific and to send a powerful and visible message of our commitment across the region. The Marine rotational force deployments to Darwin, the USS *Freedom* (the first Littoral Combat Ship rotating through Singapore), and rotational deployments of F–22s to Japan and F–16s to South Korea are just a few examples of these efforts. Likewise, U.S. Army Pacific is currently explor-

ing a future employment model that helps us work with allies and partners, using existing exercises and engagements as the foundation.

Critical to continued success in the PACOM AOR is properly setting the theater to ensure a full range of military operations can be supported by the necessary forces postured, capabilities, and infrastructure.

Forward pre-positioning (PREPO) is a vital. Agile, responsive and sustained operations demand a resilient network of capabilities to deploy and sustain my most demanding contingency plan required forces. While we have made some strides to address current theater issues, I remain focused on building capacity in these areas:

- Army PREPO stocks: Fiscal Year 2016–2020 sustainment funding to ensure reliability/availability.
- PREPO Fuel: Continue to build capacity for forward positioned stocks.
- PREPO Munitions: Remove expired assets to create space for needed resources.
- PREPO Bridging: Procure additional resources to enhance capacity.
- Combat Engineers: balance Active/Reserve mix to meet plan timelines.

Our $1.4 billion fiscal year 2014 military construction (MILCON) program supports operational capability requirements to base MV–22s in Hawaii and an additional TPY–2 radar in Japan, and improve theater logistics and mobility facilities. Coupled with active and passive defense measures, MILCON pays for selective hardening of critical facilities and the establishment of aircraft dispersal locations to improve critical force and asset resiliency. Projects like the General Purpose and Fuel Maintenance hangers and the command post at Guam are examples. Continued targeted investments are needed to support "next generation" systems such as the Joint Strike Fighter, address airfield requirements, and co-locate mission support and maintenance facilities which enhance readiness, improve mission response and reduce costs associated with returning aviation assets to CONUS. Support for other dispersed locations like those in Australia also offer increased security cooperation opportunities, deepening our already close alliance. Additional sites we are considering in the Commonwealth of the Northern Marianas Islands offer expanded opportunities for training and divert airfields as well.

Many of our bases, established during World War II or in the early years of the Cold War, require rehabilitation. Infrastructure improvement programs like MILCON, Host-Nation Funded Construction (HNFC), and Sustainment, Restoration and Modernization (SRM) ensure the readiness of forces and facilities needed to meet the challenges of a dynamic security environment. In addition to continuing the outstanding support Congress has provided for MILCON, we ask for consideration to fully fund Service requests for SRM, which contribute directly to the readiness of critical ports/airfields, command/control/communication, fuel handling and munitions facilities.

Continued engagement by the U.S. Army Corps of Engineers (USACE) further supports our objectives. USACE's unique expertise builds capacity in critical areas, including disaster response and water resource management, and their Planning and Design (P&D) funding directly supports the HNFC program. fiscal year 2015 P&D funding for USACE ($20 million) will enable efficient utilization of billions of dollars of HNFC in Japan and Korea, ensuring our base sharing approach supports current budget trends.

Cooperative Security Locations (CSLs) are important to our ability to respond agilely in the Indo-Asia-Pacific. CSLs are enduring locations characterized by the periodic (non-permanent) presence of rotational U.S. forces. Although many of these locations, like Thong Prong Pier in Thailand, provide important strategic access, we lack the authorities to make low cost improvements. Increased funding to enable low cost improvements would enhance our security cooperation effectiveness with key allies and partners in the region. To address this gap, we are requesting a new $30 million 'Security Cooperation Authority', managed by the Joint Staff under the MILCON appropriation. The new authority will provide us the flexibility to rapidly fund CSL development in support of DOD priorities in theater.

PACOM posture is also dependent on the need to build stronger Security Cooperation capacities with our partners.

Engagement resources like Foreign Military Financing (FMF) and International Military Education and Training (IMET) are also powerful engagement resource tools. FMF and IMET are critical to demonstrating U.S. commitment to priority regional security concerns such as maritime security and disaster relief; enabling troop contributing countries to participate in peacekeeping and coalition operations; and providing professionalization opportunities in support of deeper partnerships with the United States and U.S. interests, including strengthening democratic values and human rights. Two other tools that help build capacity are the Global Secu-

rity Contingency Fund (GSCF) and the Excess Defense Articles (EDA) program. GSCF is a broad-based pilot program (ending in 2015) that allows improved interagency security cooperation. I highly encourage you to continue this authority beyond 2015, especially considering the benefits from the $40 million GSCF allocation largely applied to the Philippines' law enforcement and maritime security capabilities, including the establishment of the Interagency Maritime Technical Training Center. The EDA program also allows us to build vital capabilities, but current statute limits transfer of certain ships to partner nations. Equally important is continued Congressional support of the Combatant Commander Exercise Engagement Training Transformation Program. These resources enable funding for joint exercises and engagement that sustain force readiness, strengthen alliances, expand partner networks, and prepare for a full range of military operations. The Asia-Pacific Center for Security Studies remains a uniquely effective executive outreach tool to convey our strategic interests to multi-national audiences and needs our continued support.

Expansion of the DOD's State Partnership Program (SPP) run by the National Guard Bureau has begun in the Indo-Asia-Pacific. Recent collaborative efforts to fully integrate SPP into our Security Cooperation programs have led to the successful introduction of five Bilateral Affairs Officers and the establishment of DOD's newest partnership (Nevada-Tonga). We now have 8 of 66 SPP programs worldwide (Mongolia, Philippines, Indonesia, Vietnam, Cambodia, Bangladesh, Thailand, and Tonga). In order to meet theater objectives and opportunities in 11 additionally identified Asia-Pacific nations, we continue to establish new partnerships in the region.

To sustain our current technological superiority, we must rapidly develop affordable and innovative capabilities that force our potential adversaries to respond with more costly solutions—costly in terms of money, time and resources. Our ability to successfully develop innovative capabilities will ensure we continue to be the world's most dominant and lethal fighting force. In order to meet this challenge, innovative approaches through affordable/high payoff science and technology programs as well as through innovation and experimentation must be accelerated. Specifically, the unique challenges in terms of distance and threat require we maintain our technological advantages in areas such as—mobility, unmanned platforms, long-range strike, ISR, sub-surface capabilities, cyber, space, and missile defense.

We continue to look for opportunities to leverage the capabilities and resources of our allies and partners. Sharing and co-development of technologies with allies, as well as conducting experimentation and demonstrations within the operationally relevant environments offered by our partners will help to achieve this goal. PACOM will continue to work closely with our partners, and allies, generating capabilities that achieve regional security.

PACOM's success depends on our ability to accurately assess the theater security environment with penetrating and persistent ISR and domain awareness. These capabilities depend on resourcing for agile command and control of ISR; modernized sensors and platforms with the reach to excel in a non-permissive environment; and secure, assured means for sharing critical information with our allies, partners, and our forces. The nexus for leveraging these capabilities—the PACOM Joint Intelligence Operations Center—also requires modernization of aging and dispersed infrastructure which is costly to operate and sustain.

PACOM continues as a global leader in intelligence and cyber systems. It has established and is maturing the Joint Cyber Center-Pacific, which plans, integrates, synchronizes and directs theater cyberspace operations. The aim is to set the theater for cyberspace operations, provide assured command and control and information sharing with joint and inter-organizational partners and forces, and direct regional cyber missions to meet PACOM objectives. PACOM continues to work with DOD counterparts to receive additional cyber forces and build appropriate mechanisms to command and control such forces across all operations.

Agile and resilient C4 (Command, Control, Communication, and Computers) capabilities are critical for assuring our ability to maintain communications and situational awareness; command and control forward deployed forces; and coordinate actions with coalition partners. This holds particularly true for PACOM, which must overcome the "Tyranny of Distance" posed by the vast Indo-Asia-Pacific region. From moving supplies in support of a humanitarian assistance/disaster relief effort to full spectrum coalition operations, modern joint forces depend upon assured command and control and interoperability.

Future globally integrated operations will require even more integrated communications with mission partners on a single security classification level with a common language. Therefore, a more defensible and secure C4 cyber architecture designed to communicate with mission partners is needed. PACOM was recently des-

ignated to lead Increment 2 of the Joint Information Environment (JIE), which will accommodate Service networks and joint/coalition warfighting networks in a standard network infrastructure with improved security capabilities. JIE will further strengthen collective cyber security in the region and will redefine joint/coalition communications, establish a credible cyber defense posture, and improve staff efficiency and support. We have already expanded traditional communications interoperability forums with Korea, Japan, Singapore, Thailand, and the Philippines to include cyber defense.

CONCLUSION

At PACOM, we are committed to maintaining a security environment that protects and defends U.S. interests throughout the Indo-Asia-Pacific region. If adequately resourced, we will make efficient use of these resources in order to ensure we are properly postured and ready to respond to any crisis that threatens U.S. interests. I would like to thank the committee on behalf of the many men, women, and their families that live and work in the Indo-Asia-Pacific Theater for all your continued support and I look forward to answering your questions.

Chairman LEVIN. Thank you so much, Admiral.

General Scaparrotti?

STATEMENT OF GEN CURTIS M. SCAPARROTTI, USA, COMMANDER, UNITED NATIONS COMMAND/COMBINED FORCES COMMAND/U.S. FORCES KOREA

General SCAPARROTTI. Chairman Levin, Ranking Member Inhofe, and distinguished members of the committee, I am honored to testify today as the Commander of the UNC, CFC, and USFK. On behalf of the servicemembers, civilians, contractors, and their families who serve our great Nation in Korea, thank you for your support.

After 6 months in command, I am confident that the combined and joint forces of the United States and the Republic of Korea (ROK) are capable and ready to deter and, if necessary, respond to North Korean threats and actions. We know how real the North Korean threat is as 4 years ago tomorrow, North Korea fired a torpedo sinking the South Korean ship *Cheonan* killing 46 sailors. That terrible day is a constant reminder that standing with our Korean ally, we cannot allow ourselves to become complacent against an unpredictable totalitarian regime.

The Kim Jong-un regime is dangerous and has the capability, especially with an ever-increasing asymmetric threat, to attack South Korea with little or no warning. North Korea has the fourth largest military in the world with over 70 percent of its ground forces deployed along the Demilitarized Zone. Its long-range artillery can strike targets in the Seoul metropolitan area where over 23 million South Koreans and almost 50,000 Americans live. In violation of multiple U.N. Security Council resolutions, North Korea continues to develop nuclear arms and long-range missiles. Additionally, the regime is aggressively investing in cyber warfare capabilities.

North Korea brings risk to the world's fastest growing economic region which is responsible for 25 percent of the world's gross domestic product (GDP) and home to our largest trading partners.

Against this real threat, our Nation is committed to the security of South Korea and to our national interests. Our presence and your support of our troops give meaning to this commitment. They are a key component of the Nation's rebalance to the Asia-Pacific region. Together, the alliance's commitment to each other enable stability and prosperity now and in the future.

In the spirit of this commitment, we are working closely with the South Korean military to develop its capabilities and combined command, control, communications, computers, and intelligence systems, an alliance counter-missile defense strategy, and the procurement of precision-guided munitions, ballistic missile defense systems, and intelligence, surveillance, and reconnaissance platforms. Readiness is my top overarching priority.

To ensure that we are focused on the right things at the right time, I have developed five priorities:

First, sustain and strengthen the alliance.

Second, maintain the armistice to deter and defeat aggression and be ready to fight tonight.

Third, transform the alliance.

Fourth, sustain force and family readiness.

Fifth, enhance the UNC–CFC–USFK team.

An essential part of this is a positive command climate that focuses on the covenant between the leaders and the led and our mission together.

At the core of mission success is the close relationship we share with our South Korean partners. We benefit from an important history forged on many battlefields, shared sacrifices, and democratic principles. Over the past 60 years, we have built one of the longest standing alliances in modern history. We will continue to ensure a strong and effective deterrence posture so that Pyongyang never misjudges our role, commitment, or capability to respond as an alliance.

I am extremely proud of our joint force and their families serving in the ROK. I sincerely appreciate your continued support for them and for our crucial alliance. I look forward to your questions. Thank you.

[The prepared statement of General Scaparrotti follows:]

PREPARED STATEMENT BY GEN CURTIS M. SCAPARROTTI, USA

INTRODUCTION

Mr. Chairman and distinguished members of the Committee, I am honored to testify as the Commander of the United Nations Command (UNC), United States-Republic of Korea (ROK) Combined Forces Command (CFC), and U.S. Forces Korea (USFK). On behalf of the servicemembers, civilians, contractors, and their families who serve our great nation in Korea, I thank you for your support. Our enduring military presence in Korea prevents war and preserves stability in a region critical to U.S. security. The U.S.-ROK Alliance protects both of our Nations' vital interests by protecting our citizens, advancing our values, and enabling prosperity.

In 2013, we marked the 60th anniversaries of the Armistice Agreement that suspended the Korean War and the signing of the U.S.-ROK Mutual Defense Treaty. The U.S.-ROK Alliance is among history's most successful partnerships, providing the foundation for regional stability and prosperity. For 60 years, our Alliance has succeeded in preserving the Armistice Agreement, promoting democracy, and providing stability for the people of South Korea and the region. The Alliance is strong, but we will not allow ourselves to be complacent—we are and will remain ready. In the year ahead, we will face challenges and opportunities particularly in adapting the Alliance to changes in the North Korean threat.

North Korea remains a threat that is continually increasing its asymmetric capabilities amid a declining, yet large conventional force. Kim Jong-un is firmly in control despite his family's legacy of failure and the suffering of the North Korean people. The Kim regime threatens the United States and South Korea, where more than 114,000 Americans reside. North Korea's actions hold at risk a regional trade network that supports 2.8 million U.S. jobs and $555 billion in U.S. exports.

Thanks to the support of our national leaders and the American people, USFK's presence is a strong commitment to South Korea and preserves stability and pros-

perity. USFK, a modern, capable, and forward-deployed force, stands ready to support our Nation's interests and defend our ally.

STRATEGIC ENVIRONMENT

U.S. security and prosperity depend on stable relationships with regional partners and allies, and regional stability depends on enduring U.S. presence and leadership. The Asia-Pacific region produces a quarter of the world's gross domestic product and is home to a quarter of the world's population, as well as the world's largest military and economic powers. These nations face the challenge of interdependence, relying on the United States for stability while increasingly relying on China economically. In the face of strategic change and military threats, the United States is the constant that provides stability and a framework for conflict avoidance and resolution.

Security Developments

Northeast Asia contains four of the world's six largest militaries. Regionally, China has heightened regional influence while pursuing a comprehensive military modernization program. This development is taking place against a backdrop of historical antagonism and growing territorial claims.

Economic Center of Gravity

The Asia-Pacific region is an economic center of gravity indispensible to the U.S. economy and our ability to maintain global leadership. In 2013, the region was responsible for 40 percent of global economic growth, with U.S. trade increasing by 22 percent between 2008 and 2012. In 2012, exports reached $555 billion, a 31 percent increase since 2008 supporting 2.8 million American jobs. The region invested $422 billion in the United States by the end of 2012, up 31 percent since 2008. The Korea-U.S. Free Trade Agreement is providing tangible benefits and is expanding a critical U.S. trading relationship, one that topped $130 billion in goods and services in 2012. The region's economic prosperity, in turn, relies on the stability that enduring U.S. leadership and military presence provide.

The China Factor

China's reshaping of the region's strategic landscape impacts the security of both Koreas. While concerned about China's growing assertiveness and lack of transparency, South Korea is committed to deepening relations with China, its largest trading partner, in a manner that does not compromise the health of the U.S.-ROK Alliance. South Korea sees China as playing a critical role in shaping North Korean behavior. However, China's near-term focus on stability and concerns about the future of the U.S.-ROK Alliance render it unlikely to take measures that could destabilize North Korea. Despite strains in the Sino-North Korean relationship, the Kim regime continues to rely on China for resources, as well as diplomatic cover to constrain international efforts to pressure North Korea to denuclearize and alter its aggressive behavior.

NORTH KOREA

North Korea remains a significant threat to United States' interests, the security of South Korea, and the international community due to its willingness to use force, its continued development and proliferation of nuclear weapon and long-range ballistic missile programs, and its abuse of its citizens' human rights, as well as the legitimate interests of its neighbors and the international community. Last year at this time, North Korea embarked on a series of provocations including a satellite launch, nuclear test, and the deployment of a road mobile intermediate range ballistic missile, all in violation of U.N. Security Council resolutions. Recently, the United Nations Commission of Inquiry on North Korean Human Rights detailed North Korean abuses, assessed their impact, and made recommendations. North Korea's growing asymmetric capabilities present the U.S.-ROK Alliance with a challenging and complex threat.

Coercive Strategy

The Kim Jong-un regime's overriding interest is ensuring its survival. To achieve this, North Korea employs a coercive strategy, using force or the threat of force in an attempt to influence the United States and South Korea. The Kim regime seeks to maintain internal security, develop a strong military deterrent, and pursue coercive diplomacy to compel acceptance of its nuclear program. Rather than seeking rapprochement with the international community, North Korea deliberately isolates itself. The Kim regime's strategic campaign is calculated, but risky. Escalatory acts involving nuclear development, missile tests, and military posture changes near the

Demilitarized Zone (DMZ) carry with them elements of uncertainty and the potential for miscalculation, and rapid and unintended escalation.

Conventional Capabilities

North Korea continues to place priority on its military readiness. The Korean People's Army (KPA)—an umbrella organization comprising all Military Services—is the fourth largest military in the world. It fields approximately one million troops; 4,100 tanks; 2,100 armored vehicles; and 8,500 pieces of field artillery in addition to over 700 combat aircraft, 420 patrol combatants at sea, and 70 submarines. Over the past 3 decades, the regime has incrementally positioned the majority of this force within 90 miles of the DMZ, where they are postured for offensive or defensive operations. This means that they can strike targets within the Seoul Metropolitan Area where over 23 million South Koreans and almost 50,000 American citizens live.

Asymmetric Capabilities

While North Korea's massive conventional forces have been declining due to aging and lack of resources, and likely realizing that it cannot counter the Alliance head on, North Korea is emphasizing the development of its asymmetric capabilities. North Korea's asymmetric arsenal includes several hundred ballistic missiles, a large chemical weapons stockpile, a biological weapons research program, the world's largest special operations forces, and an active cyber warfare capability.

- Nuclear arms and ballistic missiles. North Korea continues to develop nuclear weapons and ballistic missiles in violation of multiple United Nations Security Council Resolutions. Today, it fields SCUD and Nodong missiles that are able to strike the entire Korean Peninsula and U.S. bases in Japan that also support UNC forces should they be called upon to defend the ROK. It is investing heavily in longer-range missiles with the potential to target the U.S. Homeland. North Korea shows little regard for the fact that the possession of, pursuit of, and threat to use nuclear weapons and their means of delivery are the primary barriers to its inclusion in the international community and productive economic integration.
- Cyber capability. North Korea employs computer hackers capable of conducting open-source intelligence collection, cyber-espionage, and disruptive cyber-attacks. Several attacks on South Korea's banking institutions over the past few years have been attributed to North Korea. Cyber warfare is an important asymmetric dimension of conflict that North Korea will probably continue to emphasize—in part because of its deniability and low relative costs.

Internal Situation

North Korea is a dictatorship under Kim Jong-un. He demonstrated his willingness to use his internal security agencies last year by arresting and very publicly purging Jang Song-taek, his uncle by marriage and a powerful member of the regime's inner circle. Though this event inspired wide speculation in the press, we do not believe it is a sign of instability—it was a calculated and deliberate action by Kim Jong-un to demonstrate his control of the regime.

Nevertheless, long-term trends continue to challenge the regime's internal stability. The level of military readiness places a tremendous economic burden on North Korea's population. North Korea's economy shows little improvement, and South Korea has declared that it will no longer provide substantial aid without first re-establishing trust. Additionally, in spite of the regime's efforts to control it, the influx of external information continues to grow. The regime will face increasing challenges to the control of information, which could gradually weaken the effectiveness of its internal propaganda.

Outlook

For the foreseeable future, North Korea will remain an isolated and unpredictable state willing to use violent behavior to advance its interests, attempt to gain recognition as a nuclear power, and secure the regime's continuation. The regime needs to portray the United States as an enemy to distract its population from economic hardship, government brutality, and systemic incompetence. Therefore, a shift to a truly conciliatory posture toward the United States is unlikely. We remain concerned about the potential for a localized, violent act against South Korea, which could start a cycle of response and counter-response, leading to an unintended, uncontrolled escalation and a wider conflict. Also, we assess that North Korea has already taken initial steps towards fielding a road-mobile intercontinental ballistic missile, although it remains untested. North Korea is committed to developing long-

range missile technology that is capable of posing a direct threat to the United States. Our Alliance with South Korea continues to be the critical linchpin required to deter North Korean aggression and to maintain stability.

REPUBLIC OF KOREA

South Korea is a modern, prosperous democracy empowered by the creative drive and hard working spirit of its people. South Korea is poised to increase its regional and global influence to the benefit of both our Nations. Against this backdrop in February 2013, President Park Geun-hye took office with a four-dimensional strategy focusing on Economic Democratization (domestic reforms to enable sustainable economic growth), the Trust-Building Process or Trustpolitik (North-South relations), the Northeast Asia Peace Initiative or Seoul Process (increase ROK regional influence and leadership), and Active Defense and Military Reform (counter North Korean provocations and threat). She committed significant time and energy in recalibrating South Korean policy toward North Korea, while she strengthened the ROK's international influence and leadership as a rising middle power across the diplomatic, informational, military, and economic spectrum. President Park is a staunch supporter of our Alliance, and she is committed to enhancing South Korea's ability to respond to provocation, and deter or defeat North Korean aggression.

Inter-Korean and Foreign Relations

President Park deftly managed relations with North Korea in the face of North Korean aggressiveness and leadership turbulence. The ROK deterred provocations (with visible U.S. support) and resisted acceding to North Korean demands. South Korea's management of North-South relations and Trustpolitik are moving ahead in a manner that seeks to avoid creating new vulnerabilities. In February, the Koreas conducted their first family reunions since 2010. This was a positive, humanitarian event for the families of both countries who remain separated since the Korean War. Through the Seoul Process, South Korea seeks to increase its international influence and leadership, and President Park held 37 meetings with other heads of State, including President Obama.

Concerns About U.S. Commitment

We are committed to the defense of South Korea, and continue to demonstrate that commitment with additive rotational units to Korea, extended deterrence, and priority in defense resources and emphasis—second only to Afghanistan. However, due to a history of foreign invasions and the continuing North Korean threat, South Korea is concerned about adjustments in U.S. security strategy, particularly about reduction of U.S. commitment or resources. Confidence in U.S. commitment will play an important role in how South Korea designs and executes its defense strategy, and postures and structures its military.

Republic of Korea Military

The South Korean military is a capable, modern force operating in an effective partnership with U.S. forces. The North Korean threat remains its primary focus, but Seoul is increasing its ability to contribute to international security. Beginning with the Vietnam War, Seoul has contributed to several U.S. and U.S.-led international coalitions, most recently with combat service and civilian reconstruction support in Iraq, Afghanistan, and South Sudan, as well as deployments to support multinational anti-piracy and non-proliferation operations. More than 1,100 South Korean military members are deployed to 12 U.S.-led or U.N.-mandated missions.

- Military Strategy. South Korean military strategy calls for a rapid and robust response to North Korean provocations. The South Korean military is focused on protecting its people, believing that a commitment to a firm and immediate response to North Korean violence is essential to deterrence and self-defense. I am concerned about the potential for miscalculation and escalation, and I believe that both our Nations are best served through an Alliance response based on seamless and rapid consultation through mutually agreed-upon processes. To mitigate these concerns, we are enhancing our crisis management and escalation control measures through exercises and the bilateral Counter Provocation Plan we signed last year.
- Manning and Budget. The South Korean military has an Active-Duty Force of 639,000 personnel augmented by 2.9 million reservists. Demographics are driving its military to reduce manning to 517,000 active duty servicemembers at some point in the 2020s. South Korea plans to offset this reduction in force with capability enhancements, including high technology weapons. South Korea has the 12th largest defense budget in the world with a 2014 budget of $32.7 billion. Although Seoul continues to expand de-

fense spending—this year's defense budget represents a 4 percent increase over 2013, 14.5 percent of the overall national budget, and 2.49 percent of Gross Domestic Product—it still has not been able to meet the ambitious defense spending objectives of its current long-range defense plan, prompting a re-evaluation and re-prioritization of defense acquisition priorities and future force posture.

• Capabilities and Force Improvement. The Republic of Korea is making tough choices on military capabilities, attempting to achieve a number of security objectives. While the North Korean threat remains its priority, South Korea is also factoring the defense of sea lines of communication and maritime exclusive economic zones, balancing other regional powers, and building its domestic defense industries. South Korea has acquired impressive new capabilities that enhance the Alliance's qualitative edge over North Korea, including F–15K fighters and AH–64E Apache heavy attack helicopters. It could further increase its edge by following through with its commitments to procure Patriot PAC–3 ballistic missile defense systems and Global Hawk, and pending procurement decisions on F–35 Joint Strike Fighters.

Combined Forces Command (CFC) continues to encourage South Korea to develop and implement new joint and combined command, control, communications, computers and intelligence, surveillance, and reconnaissance (C4ISR) capabilities that are fully interoperable with the United States. This includes a balanced approach that accounts for systems, networks, organizations, and human capital. CFC is placing special emphasis on missile defense, not only in terms of systems and capabilities, but also with regard to implementing an Alliance counter-missile strategy required for our combined defense.

THREE COMMANDS

As the senior U.S. military officer in Korea, I lead three commands: the United Nations Command (UNC), Combined Forces Command (CFC), and U.S. Forces Korea (USFK). Each Command has distinct, but mutually supporting missions and authorities.

United Nations Command

As the UNC Commander, I am charged with leading an 18-nation coalition in maintaining the Armistice to ensure a cessation of hostilities until a final peace settlement is achieved. UNC maintains the Armistice by reducing the prospect of inadvertent clashes and miscalculations particularly within the DMZ and along the Northern Limit Line. This requires that I carefully balance the UNC Armistice maintenance responsibilities with the CFC responsibilities to defend South Korea. Should conflict resume and require an international response, as the UNC Commander, I am responsible for the operational control and combat operations of UNC member nation forces. We leverage our UNC Rear Headquarters ties with Japan to promote ROK-U.S.-Japan military engagements by educating military and civilian leaders about the criticality of Japan's support to the Alliance in times of conflict. Last year saw the return of Italy to UNC, and other Sending States are increasing their participation in exercises and in our permanent UNC staff. UNC remains as vibrant today as when it was originally chartered.

U.S.-ROK Combined Forces Command

As the Commander of CFC, I am responsible for deterring North Korean aggression and, if deterrence fails, leading combined U.S.-ROK forces in the defense of the Republic of Korea. CFC enables us to organize, plan, and exercise U.S. and ROK forces to ensure that CFC is ready to "Fight Tonight"—not just a slogan, but a mindset. CFC serves a purpose beyond that of other military commands; it embodies the military dimension of the Alliance that enables Americans and Koreans to fight as a unified force.

U.S. Forces Korea

As the Commander of USFK, I am responsible for organizing, training, and equipping U.S. forces on the Peninsula to be agile, adaptable, and ready to support CFC and UNC, as well as U.S. Pacific Command (PACOM). USFK continues to support the ROK-U.S. Mutual Defense Treaty and serves as a stabilizing force and a visible manifestation of the U.S. commitment to South Korea. As a joint, sub-unified command of PACOM, USFK is responsible for supporting the combatant command's pursuit of U.S. theater and national level objectives. USFK is a member of the broader U.S. team that synchronizes and works Korea issues, including PACOM,

the Joint Staff, the Office of the Secretary of Defense, the U.S. Embassy, the Interagency, and the Intelligence Community.

- Ground Forces. As USFK's ground component force, Eighth Army (8A) uses modernized ground combat power to deter threats to U.S. interests in Korea in full partnership with the South Korean Army. In 2013, U.S. Army Pacific established a Coordination Element on the Peninsula to provide additional synchronization. The new Army Regionally Aligned Force effort ensures CONUS-based forces are better prepared to respond to regional requirements. In late 2013 and early 2014, the Army dispatched additive rotational forces to Korea as a means to strengthen combat readiness. These rotational forces arrive in Korea fully manned and trained, and they minimize transportation costs by leaving their equipment in Korea for the next unit in the rotation. Eighth Army's enhanced readiness and presence in Korea represent a powerful U.S. commitment to deterrence and warfighting capability.
- Air Forces. The 7th Air Force is stationed in the Republic of Korea to apply air and space power in the Korean Theater of Operations (KTO). In 2013, 7th Air Force made advancements in command and control systems, fielding an improved version of the Theater Battle Management Core System. This new system enhances our ability to command and control thousands of coalition sorties in one of the world's most complex battle spaces. In August, the 7th Air Force Commander assumed the role of Area Air Defense Commander for the KTO. Despite resource constraints in 2013, 7th Air Force made progress in enhancing deterrence and defense through Theater Support Packages (TSP), exercises, training, and command and control enhancements. Last year, 7th Air Force hosted three TSPs augmenting our capabilities and demonstrating U.S. resolve. They continued to improve combined airpower capabilities by executing two Max Thunder exercises, and trained the ROK Air Force for its first-ever deployment out of country to integrate with U.S. and multinational forces.
- Naval Forces. The deployment and presence of the U.S. Navy's most modern combat platforms in the Pacific Region provides enhanced capabilities (air, surface, undersea) in the maritime domain. The U.S. Navy is committed to sending our most modern platforms to the Pacific Region. The routine presence in the KTO of carrier strike groups demonstrates U.S. commitment and staying power, reassures allies, and deters adversaries. The routine deployment of expeditionary strike groups allows us to conduct combined amphibious operations and advance the command and control capabilities of the ROK and U.S. Marine Air-Ground Task Force.
- Marine Forces. U.S. Marine Corps Forces, Korea (MARFOR–K) is a service component headquarters assigned to USFK. It coordinates support from U.S. Marine units that come primarily from the III Marine Expeditionary Force (MEF) located in Japan. MARFOR–K maintains a close relationship with the ROK Marine Corps and helps ensure that combined planning and training events are of optimal benefit to both countries. In 2013, we conducted 11 combined Korea Marine Exercise Program events that ranged from platoon to battalion size and spanned the gamut of military operations. U.S. and ROK Marine combined training includes Exercise Ssang Yong, one of the most comprehensive amphibious exercises in the world. MARFOR–K ensures that USFK remains ready to integrate forward-based U.S. Marine forces that would be critical in the early hours and days of a crisis.
- Special Operations Forces. Special Operations Command, Korea (SOCKOR) serves as our Theater Special Operations Command (TSOC) for Korea, providing command and control for all U.S. Special Operations Forces (SOF) in Korea. SOCKOR maintains continual engagement with the South Korean Army Special Warfare Command, its Naval Special Warfare Flotilla's SEALs, its Air Force SOF fixed wing, and its Army rotary wing SOF units. SOCKOR also serves as the UNC's subordinate headquarters that commands and controls all U.N. SOF during training exercises and in the event of crises or war.

U.S.-ROK ALLIANCE

For over 60 years, we have stood together with the Republic of Korea in an Alliance for our common defense and increasingly rooted in mutual prosperity. We benefit from a rich combined military history and shared sacrifices. Our South Korean ally appreciates that the U.S. provided the security and assistance that enabled

South Korea's hard earned success and liberty. Today, the Alliance stands as one of history's strongest and most effective military partnerships, one that has evolved to include regional and global security interests. In the coming year, we will continue to collaborate in addressing the challenges of Alliance transformation, enhancing counter-provocation capability, and implementing the counter missile strategy consistent with the Revised Missile Guidelines (RMG) and the bilateral Tailored Deterrence Strategy (TDS).

Strong Relationships

Our greatest strength rests in our close, daily cooperation built on trust. We have transparent and candid relationships that enable our ability to address tough warfighting and interoperability issues. We will continue to nurture the strong relationships that provide us with the mutual understanding, respect, and habits of cooperation required to preserve decision space and options during provocations or crisis. Alliance Transformation. The U.S. Office of the Secretary of Defense and ROK Ministry of National Defense are holding working group meetings to clarify South Korea's proposed conditions and prerequisites for wartime operational control (OPCON) transition and to review the bilaterally agreed upon pathway to OPCON transition in Strategic Alliance 2015. As the bilateral group continues its work, I remain focused on our combined readiness, and especially on enhancing the critical South Korean military capabilities identified in Strategic Alliance 2015. As they deliberate, we remain committed to preserving the benefits and advantages of being combined while ensuring that we are positioning the Alliance for long-term sustainability and operational effectiveness, and that we are doing so in a fiscally-sound manner.

Authorities and Consultation

Our consultative procedures remain robust and through these mechanisms, including the annual Security Consultative Meeting (SCM) and Military Committee Meeting (MCM), we continue to deepen our relationships and ensure that our military receives synchronized national-level direction. Our bilateral strategic documents define U.S. authorities within the Alliance and codify authorities for the Command to plan, train, and maintain readiness, as well as assume command should South Korea request that we do so in times of crises or war. These ensure the United States retains a voice and a stake in decisions and actions taken on the Korean Peninsula.

Burden Sharing

Earlier this year, the Alliance concluded a new cost sharing agreement called the Special Measures Agreement (SMA), which will be in effect through 2018. Under the SMA, South Korea will help offset the costs of stationing U.S. forces in Korea by providing support for labor, supplies, services, and construction. For 2014, Seoul will provide $867 million in cost sharing support. SMA contributions also stimulate the South Korean economy through salaries and benefits to host nation workers, supply and service contracts, and local construction work. SMA support plays a critical role in developing and maintaining force readiness.

Counter Missile Capabilities

The United States and South Korea are implementing a comprehensive Alliance counter missile strategy based on detecting, defending, disrupting, and destroying North Korean missile threats. The strategy calls for the development of new South Korean ballistic missiles with increased ranges as well as enhanced ISR capabilities, including unmanned aerial vehicles. South Korea continues to implement the Revised Missile Guidelines (RMG), an important element in increasing Alliance capabilities to defend both South Korea and the United States. While we are making progress in implementing the RMG and countering the North Korean missile threat, we must continue to work toward enacting combined command and control processes to integrate our respective capabilities.

Tailored Deterrence

In October 2013, the U.S. Secretary of Defense and ROK Minister of National Defense signed the bilateral Tailored Deterrence Strategy (TDS). The TDS is a significant milestone in the U.S.-ROK security relationship, and establishes an Alliance framework for ensuring deterrence against North Korean nuclear and weapons of mass destruction (WMD) threat scenarios. The TDS is not an operational plan, nor does it call for preemptive strikes or specific responses to North Korean actions. The TDS identifies a variety of capabilities that allow the Alliance to explore and implement options to enhance deterrence.

Operationalizing Deterrence

In 2013, U.S. Pacific Command and U.S. Strategic Command dispatched strategic platforms to the KTO, including Carrier Strike Groups, Ohio Class guided-missile and Los Angeles Class attack submarines, F–22 fighters, and B–52 and B–2 bombers. These operations reassured the South Korean people of our commitment and provided a tangible demonstration of extended deterrence.

Exercises

Exercising our joint, combined, and multinational forces is an important component of readiness and is fundamental to sustaining and strengthening the Alliance. CFC and the ROK Joint Chiefs of Staff conduct three major annual exercises. Exercises Key Resolve and Foal Eagle (Feb/Mar) and Ulchi Freedom Guardian (Aug) provide the primary and most effective means to ensure combined readiness and deterrence—we must sustain them despite budget and resource constraints. Our exercises are a key opportunity to work through warfighting and interoperability issues, and enable the Alliance to adapt to the changing strategic environment, including progressing toward South Korean leadership in the defense of the Peninsula.

Readiness and Challenges

As a global military priority—second only to Afghanistan—and despite fiscal and resource limitations, we have maintained a high state of readiness. However, I am concerned about shortfalls in critical areas including C4ISR, missile defense, critical munitions, and the readiness of follow-on forces. North Korea's forward deployed posture and demonstrated expertise in denial and deception present significant challenges. We can meet these challenges better by increasing ISR assets and analytic capability, and we are working to do so both with our on-Peninsula U.S. forces and ROK forces. I am encouraged by South Korean efforts to address missile defense limitations; however, effective solutions require a composite of integrated systems and capabilities. Next, we do not have sufficient stocks of some critical munitions and thus need to increase and maintain our on-Peninsula stock. Finally, fiscal limitations will impact the training and readiness of follow-on forces. Any delay in the arrival or reduction in readiness of these forces would lengthen the time required to accomplish key missions in crisis or war, likely resulting in higher civilian and military casualties.

A Bright Future Together

President Obama and President Park reaffirmed last year the "2009 Joint Vision for the Alliance of the United States of America and the Republic of Korea." This landmark vision lays out an ambitious Alliance expansion. We will continue to encourage South Korea to develop stronger military-to-military relations with our other key allies and partners in the region. The Republic of Korea, as the 12th largest economy in the world with a modern military, is seeking to expand its role in regional and international security, and we look forward to increasing our global partnership as outlined in the 2009 Joint Vision statement.

VISION 2014 AND PRIORITIES

The Command will work to implement my priorities of strengthening the Alliance, maintaining the Armistice, and taking care of our people. We will remain vigilant against the North Korean threat, and we will strive to create enduring regional and global stability and prosperity.

My priorities are straightforward: Sustain and Strengthen the Alliance; Maintain the Armistice: Deter and Defeat Aggression—Be Ready to "Fight Tonight"; Transform the Alliance; Sustain Force and Family Readiness; and Enhance the UNC, CFC, and USFK Team.

Sustain and Strengthen the Alliance

America is fortunate to have committed and capable friends, and I have had the privilege of working alongside many of our Allies across a range of circumstances. This is my first time serving in South Korea. The South Korean military is impressive and is one of the most capable and best trained militaries in the world. South Korea is a true ally, willing to share burdens and make sacrifices in pursuit of our common values and interests. The coming year will provide an opportunity to strengthen our Alliance. Together, our Alliance can ensure a strong and effective deterrence posture so that Pyongyang never misjudges our role, our commitment, or our capability to respond to aggression. We are also working to expand the scope of trilateral security cooperation between the United States, South Korea, and Japan, thereby sending a strong message to Pyongyang. Relationships matter, and it is our people who more than anything else make possible our unity of purpose

and action. So, we will reinforce the principle of working toward Alliance solutions to Alliance issues, and in the spirit of the Alliance, we will move "Forward Together."

Maintain the Armistice: Deter and Defeat Aggression—Be Ready to "Fight Tonight"

Tightly linked to strengthening the Alliance is the imperative of maintaining the Armistice and deterring aggression. Being ready to "Fight Tonight" means that if deterrence fails, the Alliance is ready to defeat aggression. The key to readiness is ensuring that U.S. and ROK forces are properly trained and equipped, and that follow-on forces are fully trained and capable of deploying on a tight timeline. Failure to maintain a high level of readiness leads to strategic risk against a well-armed North Korea possessing asymmetric capabilities. Despite fiscal and resource limitations, the forces in Korea maintain a high state of readiness.

Alliance Transformation

We will continue to press forward on Alliance transformation, focusing on achieving the goals set forth in Strategic Alliance 2015 (SA 2015), the roadmap for Alliance transformation into a ROK-led command structure. We designed SA 2015 to set conditions for a successful, enduring, and stronger Alliance. We must modernize our force posture and command and control to adapt to the changing NK threat in a manner that is sustainable and operationally effective. We will place increased emphasis on enhancing our cyber and special operations capabilities and will study lessons learned and technological advancements for application in the Korean Theater.

Sustain Force and Family Readiness

My final two priorities are linked—sustaining force and family readiness is enabled by our efforts to enhance the team. The challenge of limited warning and decision space increases the criticality of training and readiness. Readiness applies not only to our combat forces but our families as well. Our people are most effective when their families are cared for and in balance. The personnel turbulence caused by 1-year tours and our Nation's fiscal issues compound the magnitude of this challenge. We are working to address the issue of personnel turbulence by being very discerning with how we allocate command-sponsored tours and in the use of rotational forces. I ask for your assistance in supporting the best force we can sustain in Korea and the corresponding support for our families.

Enhance the UNC, CFC, and USFK Team

I am instilling a command climate based on valued team members, teamwork, standards, discipline, and balanced lives. This includes encouraging spiritual, family, physical, professional, and personal balance and resilience. My vision for our command climate is upholding the covenant between the leader and the led. One of the most important aspects of leading and taking care of our servicemembers is my commitment to combating sexual assault and sexual harassment. We are unwavering in our commitment to doing so, and I know this resonates at every level of our command. In and of itself, sexual assault is deplorable and unacceptable, and undermines the trust that is required to operate effectively as a team.

CLOSING

The U.S.-ROK Alliance remains strong with an important future. The UNC/CFC/USFK Command and its dedicated men and women are ready every day to deter the North Korean threat, and if necessary, they are ready to fight and win. I am honored to have the opportunity to lead this dedicated joint, combined, and multinational force in one of the most vital regions of the world. We have a serious mission against a real threat, and as the USFK Commander, I deeply appreciate each American who has volunteered to serve far from home to support a close ally, protect American interests, and demonstrate American leadership and willingness to stand up to those who would threaten our way of life. Mr. Chairman, again, thank you for this chance to meet with you and your committee, and I look forward to working together.

Chairman LEVIN. Thank you very much, General.

Let us try 7 minutes for our first round.

Admiral, let me start with you. As you noted in your written testimony, China's declaration in November of an air defense identification zone (ADIZ) in the East China Sea encompassing the Senkaku Islands immediately raised tensions. Now, while the dec-

laration of that identification zone has not affected U.S. military operations in the area, there is a concern that China is attempting to change the status quo in the East China and South China Seas by taking these kinds of incremental steps to assert territorial claims.

Admiral, let me start by asking you this question: Has China's declaration of that identification zone changed the status quo between China and Japan with regard to their respective claims to the Senkaku Islands?

Admiral LOCKLEAR. From my observation, first, as you correctly stated, it has not changed our operations at all and we do not recognize it or comply with it.

I have not seen any change in the activities of our allies, the Japanese self-defense force, as they pursue operations in that area based on the proclamation of the ADIZ by the Chinese.

Chairman LEVIN. Admiral, what is your assessment of China's pursuit of anti-access/area denial (A2/AD) capabilities? What are the implications of such capabilities on the ability of other nations, including the United States, to move freely in the international waters of the western Pacific?

Admiral LOCKLEAR. We have known for some time that the People's Liberation Army (PLA) have been pursuing technologies and capabilities that would allow them to potentially control the access in the areas around their borders, particularly in the sea space. Those technologies specifically, I believe, are directed at what they perceive as potential U.S. vulnerabilities as we maintain our forces forward. We have, for many years, built our security environment around aircraft carriers forward, forward bases with our allies. We rely heavily on cyber and on space capabilities because we operate a long distance from home. We rely on a long line of logistics support necessary to be that far forward and to maintain a peaceful security environment.

I would say that the A2/AD capabilities that we observed are being pursued by the PLA go after, either directly or indirectly, what they perceive as potential U.S. vulnerabilities. Whether they ever intend to use them with us or against us or against an ally, the concern also is that these technologies will proliferate and they will further complicate the global security environment.

Chairman LEVIN. Admiral, what is your assessment of China's cyber activities that are directed towards the United States? What can you tell us about their use of cyberspace to target U.S. defense contractors?

Admiral LOCKLEAR. In the cyber world, there are a lot of bad actors. It is not just China, but specifically since we look at this, we have known for some time that there has been state-sponsored activity to try to look at and to try to get into defense contractors and then to work that backwards to try to either develop an advantage or to better understand any vulnerabilities that we may have.

So we watch this very carefully. We are becoming more and more aware of activities such as this on a global scale. I believe that the steps we are taking to build cyber forces that are capable to build on what I believe is our advantage in cyberspace, I believe we have a considerable advantage compared to the rest of the main actors

in the world. Our advantage is only going to increase as we put these capabilities in place.

Chairman LEVIN. Okay, Admiral, let me switch topics to the FRF on Okinawa. There has now been some progress in that area. Do you believe that 10 years is a reasonable timeline for the construction of that facility? Do you believe that the Government of Japan and the Marine Corps are committed to adequately maintaining the current Futenma Air Station until the FRF is completed?

Admiral LOCKLEAR. The facility at Camp Schwab that will ultimately replace Futenma, we are happy with the decision that was made by the signing of the landfill permit. It was another step forward in making this a reality. By all estimations I have seen, 10 years is a reasonable amount of time. It could actually be done faster. I believe that there are those who would like to see it done faster particularly within the Japanese Government.

I believe currently the funding is in place to believe that Futenma remains safe and adequately operated. I can assure you it will be a priority. We do not want to see that facility degrade to the point that it puts our operations at risk.

Chairman LEVIN. Thank you.

General, let me ask you about this same issue of North Korea. Are the Chinese in your judgment unwilling or unable to exert pressure on the North Koreans to agree to preconditions to restart the Six Party Talks?

General SCAPARROTTI. Mr. Chairman, based on those that I have talked to in the region, to include South Koreans and their contacts, I believe we have seen some result of China's pressure on North Korea in the rhetoric of Kim Jong-un in the past several months, particularly after the assassination of his uncle. I believe they can put some pressure, and we have probably seen a result of some of that.

However, I think there is much more that they could do as most of North Korea's banking and much of their commerce comes through China. To this point, they have been unwilling to take any more steps, as far as I can tell.

Chairman LEVIN. Thank you.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

In the Stars and Stripes this morning, there was a good article. I ask now that it be made a part of the record.

[The information referred to follows:]

Defense trims could limit US military's vision for Pacific pivot

Illustration by Christopher Six/Stars and Stripes
By Jon Harper Stars and Stripes

stripes.com

The U.S. wants to look toward China, but will the restraints on defense spending limit our vision?

WASHINGTON — Budget constraints and force requirements in other regions will likely stall the Pentagon's plans to beef up the U.S. military presence in the Asia-Pacific and send more high-tech weaponry to deter a rising China, officials and analysts say.

DOD released its $496 billion fiscal 2015 budget request earlier this month. Due to caps imposed by Congress' bipartisan budget deal in December, the Pentagon is requesting $45 billion less than what it anticipated it would need to carry out the national defense strategy when it submitted last year's budget request. DOD also released its Future Years Defense Program, which calls for $115 billion more in military spending than current law allows over the course of the next five years.

RELATED: More Stars and Stripes coverage of the Pacific pivot

"Right now, the pivot [to the Pacific] is being looked at again, because candidly it can't happen [due to budget pressures]," Katrina McFarland, the assistant secretary of defense for acquisition, said at an Aviation Week conference in Arlington, Va. on March 4, according to multiple news reports.

Later that day, McFarland issued the following statement through a spokeswoman in what appeared to be an attempt to walk back her remarks.

"When I spoke at a conference, I was asked a question about the budget ... and how it relates to our pivot to Asia. I was reiterating what Secretary Hagel said last week: that the shift in focus to the Asia-Pacific requires us to 'adapt, innovate, and make difficult budgetary and acquisition decisions to ensure that our military remains ready and capable.' That's exactly what we've done in this budget [proposal]. The rebalance to Asia can and will continue."

"[McFarland] obviously was disciplined and retracted those remarks," Sen. John McCain, R-Ariz., said at a budget hearing the next day.

Adm. Samuel Locklear, head of the U.S. Pacific Command, said the resources currently at his disposal are insufficient to meet operational requirements.

"The ability for the services to provide the type of maritime coverage, the air coverage of some of the key elements that we've historically needed in this part of the world for crisis response, have not been available to the level that I would consider acceptable risk [due to recent budget cutbacks]," he told lawmakers March 5.

During a March 4 budget briefing at the Pentagon, defense officials disputed the notion that the strategic shift will stall.

"We are going forward with a variety of issues that aren't primarily financial [including realigning forces in the region]. We have a fairly robust shipbuilding program, averaging about nine a year, which over the long term will contribute [to the pivot]. So I think the budget [request] definitely supports the rebalance, and we're not reconsidering it," Pentagon Comptroller Robert Hale told reporters.

But Todd Harrison, a military analyst at the Center for Strategic and Budgetary Assessments, an independent think tank in Washington, said there's reason to doubt that DOD will be able to fully resource the pivot, given ongoing fiscal constraints and other strategic commitments.

"It's coming close to the limits on what you can do in terms of scaling back the size of the department while still trying to increase our presence in the Asia-Pacific region. You know, fundamentally one of the conflicts that's going to arise within this [defense] strategy is that we're trying to increase our presence in the Asia-Pacific region while maintaining our presence in the Middle East and in Europe and other areas, and I don't think we can actually do all of those things in the long run with less funding," he said.

Republican hawks share those concerns.

"The administration has committed to a rebalance to the Asia-Pacific while also sustaining a heightened alert posture in the Middle East and North Africa ... A declining defense budget, reduction in troop strength and force structure, and diminished readiness suggests that we can't do both, or if we do, we do so at an increased risk to our forces and their missions," Rep. Buck McKeon, R-Calif., the chairman of the House Armed Services Committee, said at a hearing March 5.

Doubts about the pivot are not confined to political and military circles in Washington. America's Asian allies also question whether the shift to their neighborhood will continue. In the face of continuing Chinese belligerence and North Korean unpredictability, many countries in the region are increasing their defense spending and buying new weapons platforms even as they encourage the U.S. to play a more active role in the area and hope the Pentagon moves more of its forces there.

Christine Wormuth, the deputy undersecretary of defense for Strategy, Plans and Force Development, acknowledged the problem at a March 10 conference hosted by the Center for Strategic and International Studies.

"I'm well aware that there is concern in the region about whether we will be able to sustain the rebalance. We hear those messages as well. And part of why we're as engaged talking to countries in that region is to assure them that even in the face of some greater fiscal austerity than we've seen in the past decade, we are very committed to that region," she told attendees.

The fate of the rebalance may ultimately depend on events elsewhere in the world, according to Harrison.

"[DOD] would favor continuing the pivot to the Pacific, but reality and the facts and the situation on the ground may draw you back to the Middle East, or to Europe for that matter, regardless of what your intentions are," he said. "There's a significant possibility [that the rebalance will be scaled back], and that will be driven by external events like what we've seen in Syria and what's happening right now in Ukraine. World events can cause you to shift your focus in a way that you didn't intend."

The Ukraine crisis appears to have done just that. In the wake of Russia annexing Crimea, America's NATO allies fear further aggression.

"The old idea of NATO … predicated on a Europe that no longer has any threats — that, unfortunately, has turned out, with the actions we've seen against Ukraine, no longer [applies]," Estonian President Toomas Ilves said on March 18 during a joint news conference with Vice President Joe Biden in Warsaw.

The U.S. has tried to reassure its regional allies by deploying 12 F-16s to Poland and augmenting American involvement in NATO's Baltic air policing program. The Navy also sent another destroyer to the region and kept the USS George H.W. Bush aircraft carrier in the Mediterranean Sea longer than planned.

"We're exploring a number of additional steps to increase the pace and scope of our military cooperation, including rotating U.S. forces to the Baltic region to conduct ground and naval exercises, as well as training missions," Biden said.

Some say the future of the pivot is in Congress' hands.

Locklear told lawmakers that the pivot is under way, but he questions whether it will maintain its momentum.

"If you come to my headquarters, we're moving forward with the aspects of rebalance. I mean, we're working hard on the alliances, on the exercises that underpin them. We're moving our force structure into places we need to. The real question is whether or not the force that Congress will eventually buy to give us, is it adequate for the security environment that's changing?" he said. "Whether or not we can resource to meet the challenges and remain the preeminent guarantor of security in the Pacific area, I think that's the question."

Adm. Jonathan Greenert, the Chief of Naval Operations, told members of the House Armed Services Committee last week that eliminating an aircraft carrier and a naval air wing from the fleet, which would be necessitated by sequestration, would put the pivot in jeopardy.

"The Asia-Pacific is important, and we are rebalancing toward it. [But] if you go from 11 to 10 carriers, you exacerbate that what is already a very difficult [force requirement] problem to the point where … the deterrence factor goes down dramatically when you have gaps [like that]," he said.

Secretary of Defense Chuck Hagel and other senior defense officials have repeatedly warned that a failure to eliminate sequestration would result in "unacceptable risks" to America's ability to execute its defense strategy.

But many analysts are doubtful that Congress will give the Pentagon the money it says it needs.

"I don't think there is the will in the Congress to increase the defense budget for a bit, number one. And I don't think you have a president pressing them hard to do so ... I'm not necessarily sure [the sequestration cap] is even a floor [for how low the defense budget will go]," Barry Pavel, director of the Brent Scowcroft Center on International Security, said at a conference hosted by the Atlantic Council March 5.

"I think DOD has made the best case they can [but] I think you're going to continue to have a disconnect in Congress that's been shockingly, in my mind, united on both sides of the aisle, saying even if they don't like it, they don't see a way out of [the Budget Control Act]," according to Maren Leed, a senior analyst at CSIS. "So I personally would be surprised if any of that [desired budget increase] is achieved. So what else can [Pentagon leaders] do? They can keep talking [but] I don't think it will matter."

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Senator INHOFE. It talks about what is happening to our capabilities in that area. Admiral Locklear, you are quoted here as saying the resources currently at your disposal are insufficient to meet operational requirements. I appreciate that statement.

Admiral Locklear, it is my understanding that 50 percent of the Navy's 300 ships, or about 150, were expected to be in the Pacific theater initially. Is that right?

Admiral LOCKLEAR. We have had about 50 percent historically for a number of years.

Senator INHOFE. Okay. This does not take a long answer here.

As part of that rebalance now, they would expect that to go up so that it would be around 180 instead of 150. This is the point I am trying to get. Because of what is happening now and sequestration coming, it would be 60 percent of a smaller number, coming out with the same number of ships available in that theater of 150. Do you follow me here?

Admiral LOCKLEAR. I follow you, yes, sir.

Senator INHOFE. Our partners over there, our allies, Japan, Korea, and Australia—while they were expecting that we would have 150 ships, increasing to 180, and yet it ends up being 150. Is this something that they will appreciate, or do they believe that we have the kind of problems that we have?

Admiral LOCKLEAR. I cannot speak for how they feel about it, but my expectation is that they are very watchful of how the U.S. defense budget will play out in the long run.

Senator INHOFE. We have said that our friends will not trust us and our enemies will not fear us. This was in the Middle East. I am beginning to think that we are going to have the same situation in that theater also.

Admiral, the Chinese ballistic capable submarines that can hit the United States from the east Asian waters will begin patrols this year, and the Chinese defense budget is expected to grow by 12 percent.

I am reminiscent of the days back in the 1990s, when we were cutting down our military by about 40 percent. At that time, China was increasing by around 200 percent. That was over that decade in the 1990s. I am seeing some of the same things happen here: the priorities of our country versus the priorities of China.

I have always been concerned about China and their capabilities. Secretary Hagel said American dominance on the seas, in the skies, and in space can no longer be taken for granted. Does that concern you as much as it concerns me, Admiral?

Admiral LOCKLEAR. I think in the context of globally, the Chinese military and the growth of the military will not be a global competitor with U.S. security for a number of decades, depending on how fast they spend and what they invest in.

The biggest concern is regionally where they have the ability to influence the outcome of events around many of our partners and our allies by the defense capabilities that they are pursuing.

Senator INHOFE. Yes. The quote that I read out of this morning's Stars and Stripes, was that accurate?

Admiral LOCKLEAR. I have not read the article, but what you quoted is accurate.

Senator INHOFE. Judging from our discussions in my office, I think that is an accurate quote, and I think people need to talk about it.

General, we are looking now at a new Kim Jong-un. You and I talked in my office. My concern has been that he is less predictable than his predecessor. Would you agree with that?

General SCAPARROTTI. Yes, Senator, I would.

Senator INHOFE. Do you think by being less predictable that that would translate into a greater threat?

General SCAPARROTTI. Yes, Senator, I do.

Senator INHOFE. I agree with that because you cannot tell. Sometimes, we talk about the days of the Cold War when we had two super-powers and both of us were predictable. The less predictable we are, the greater threat it is to us, I think, particularly now with the drawdowns that we are suffering and the limited capabilities that we are giving you to do a job.

So with this person there, in your opinion, are sanctions, diplomatic pressure, and appeasement with the shipments of food and oil that have been our policy tools likely to halt North Korea's further development and proliferation of nuclear weapons?

General SCAPARROTTI. Senator, I think that it is an appropriate step in terms of our continued sanctions, but I do not believe that at present they will be enough to convince him that he should denuclearize.

Senator INHOFE. I do not think so either. I agree with your statement. Getting back to the unpredictability, I do not think this guy is deterred by that type of action.

We also talked in my office about another problem. I think the forces on the peninsula that would be needed to fight immediately are combat-ready. My concern is with the follow-on forces. I would like to have you share with us whether you are as concerned about that today as I am.

General SCAPARROTTI. Senator, as you stated, the forces on the theater have been fully resourced despite the budget constraints that we have had. I am happy with that and appreciative of it.

Senator INHOFE. At the expense of a follow-on force.

General SCAPARROTTI. That is correct, sir.

I am concerned about the readiness of the follow-on forces. In our theater, given the indications and warnings, the nature of this theater and the threat that we face, I rely on rapid and ready forces to flow into the peninsula in crisis.

Senator INHOFE. It is because throughout your career, you have been able to rely on that and you are not now.

Do you agree with General Amos, when he said we will have fewer forces arriving less-trained, arriving later to the fight? This would delay the buildup of combat power, allow the enemy more time to build its defenses, and would likely prolong combat operations altogether. This is a formula for more American casualties. Do you agree with that?

General SCAPARROTTI. I do, Senator, yes.

Senator INHOFE. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

Admiral, General, thank you so much for your service.

Admiral, what is the current status of China's hypersonic weapons projects?

Admiral LOCKLEAR. They have demonstrated the technology in tests that were visible to the world earlier this year. How fast that they can actually put that into an operational capability is unknown, but it could take several years to do that.

Senator DONNELLY. Do you think they currently have the ability to strike U.S. assets in the continental United States?

Admiral LOCKLEAR. I think they have the ability to look at and to understand and, through satellite imagery and everything else, to have views of the United States. What they are going to ultimately do with hypersonic capability as it relates to their long-range deterrent, I do not know.

Senator DONNELLY. How would you characterize China's attempts to disseminate technology to Iran and North Korea? Full speed ahead, or what would you say?

Admiral LOCKLEAR. In the case of North Korea, which General Scaparrotti and I spend a lot of time looking at, to some perspective, North Korea is an ally of China and they are closely aligned from a military perspective and have been for a number of years. I know that there has been some progress made as far as the Chinese supporting the sanctions. I cannot tell you how much they are abiding by that, but my sense is that there has been a close relationship on military capability and military equipment for some time and probably will continue.

Senator DONNELLY. How would you see the pace of Chinese cyber attacks this year, coming up 2014, the first quarter so far, and for the rest of the year? We saw an extraordinary amount in 2013, and how would you compare, first, the volume and then next would be the quality or the targets involved?

Admiral LOCKLEAR. I think after we made it fairly public that we had knowledge of what was happening from some of the factions in China, for some period of time, there was a decrease. But there are still lots of cyber attacks that occur, as I said earlier, not only from China but other places in the world, and those number of attacks, as the cyber world becomes more complicated, are on the rise.

Senator DONNELLY. General Scaparrotti, what is your estimate of North Korea's efforts in cyber attacks?

General SCAPARROTTI. Senator, North Korea is, along with their other asymmetric means, investing in cyber capability. Presently at this time, they have been known to use their cyber capability. Here a year ago, we believe it was North Korea that had the impact in South Korea's median banking institutions. Presently, it is disruption of services, disruption of Web site capability, but they are focused on it and their capabilities are gaining.

Senator DONNELLY. General, again on another issue. Can you provide us with the current status of the relocation of forces to Camp Humphreys?

General SCAPARROTTI. Yes, sir. Our relocation has begun. We are moving forces according to the land partnership plan from the north, which we call Area 1, north of Seoul and also from the Yangsan area predominantly, and they are moving to two hubs,

one around Humphreys, one around Diego. Presently, we have not begun the initial movements. They will begin this year. The majority of our forces will move in 2016.

At Humphreys, we are at 13 percent construction and about 67 or so percent underway. So the build is well underway, and we are on track to move the majority of our forces in 2016.

Senator DONNELLY. Is there any viable short-term solutions to having enough adequate housing within a 30-minute drive to Camp Humphreys?

General SCAPARROTTI. Senator, just last week, we had a housing industry seminar in Seoul in order to both inform and also gain information from private industry in Korea. As to the capability to provide housing within the 30-minute area, which is our policy of Humphreys, our recent surveys tell us that there is not the capacity right now. We were actually looking to see what the capacity to build is.

Senator DONNELLY. Admiral, in regards to counterfeit parts, so much is going on with China. Have you seen any indication that they are trying to address that problem or trying to identify or help us to track these counterfeit parts?

Admiral LOCKLEAR. I have not.

Senator DONNELLY. General, in regards to the North Korean regime, do you believe Kim Jong-un is controlling the military in the country or do you think he is a front for their military?

General SCAPARROTTI. Senator, I believe that Kim Jong-un is clearly in charge. He has appointed himself as the supreme leader through the constitution, and the actions that he has taken with respect to the change, particularly in the military in terms of leadership are clear, and I believe he is in charge.

Senator DONNELLY. In regards to that same topic, how much influence do the Chinese have on him? If they push, does he follow their lead or is it still his call at the end of the day?

General SCAPARROTTI. Senator, I believe they have the capacity to influence him. They have shown it in small ways. But I think from what I have seen, he also is an independent actor and will tend to go his own way, which I believe has frustrated China as well from just what I have read and know from others that have been there.

Senator DONNELLY. Thank you both for your service. My time is up. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Donnelly.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

General, thank you for your answer to Senator Inhofe's question about your ability to carry out your responsibilities. As you say, your forces under your command are operationally ready, but we see more and more indications of fewer and fewer units of the U.S. Army that are operationally ready. That must be of great concern for you in case of the unthinkable, and that is an outbreak of conflict. Is that correct?

General SCAPARROTTI. Yes, sir, that is correct. On the Korean peninsula, the nature of the fight is potentially high intensity combat and the time and space factors also present a tough problem for us. The delivery of ready forces on a timeline is important.

Senator MCCAIN. Admiral Locklear, would you agree that China's efforts are underway to change the balance of power in at least the western Pacific?

Admiral LOCKLEAR. I would agree.

Senator MCCAIN. That may be carried out in an incremental fashion such as the requirement for an ADIZ over the East China Sea, the acquisition of an aircraft carrier, in other words, incremental steps that probably would not sound too many alarm bells. What do you think their strategy is to assert their influence and dominance of that part of the world?

Admiral LOCKLEAR. Yes, sir. Their maritime strategy is pretty clear. They do not hide it from anybody. They have certainly tailored their defense spending heavily in the maritime domain. It is an incremental strategy. It is not to be done, I think, all at one time. But my sense is, they look at their strategy and they look at the current status in the South China Sea, and I think they believe they are on their strategy.

Senator MCCAIN. The fact that there has not been at least the expectations of the unfortunately called pivot has not become a reality—that must be some factor in their impressions of us.

Admiral LOCKLEAR. First of all, I think in the long run a relationship between the United States and China, and even a military-to-military relationship, is in the best interest of everyone. They watch very carefully the United States. We have guaranteed the security there for many years that helped their rise as well. They are very much interested in our alliances, the status of those alliances, the Status of Forces Agreement that we have there, the capabilities of those forces. So, yes, it does matter to them.

Senator MCCAIN. The announcement of a 12.2 percent increase in defense spending by China is certainly a contrast in our defense spending, and traditionally much of their increases in defense spending have not been transparent. Is that correct?

Admiral LOCKLEAR. I believe that there are more defense expenditures than what they report annually.

Senator MCCAIN. What is the likelihood, in your view—and this is a very difficult question—of a confrontation between China and Japan over the Senkaku Islands?

Admiral LOCKLEAR. I like to stay away from hypotheticals.

Senator MCCAIN. Yes, you do. I do not want to ask you that. But certainly many of their actions have been very provocative. Would you agree with that?

Admiral LOCKLEAR. I would agree that their actions have been provocative and in many cases, an attempt to change the status quo.

Senator MCCAIN. Does the Littoral Combat Ship (LCS) meet your operational requirements?

Admiral LOCKLEAR. The LCS has a long history of why we built that ship for what reason, and it has a shallow draft. It has speed. It was designed to operate in littorals. It was designed to have changeable payloads. It was designed to have a small crew. It was designed to be able to be forward deployed and rotated. So the operational concept—yes, it does. But it only meets a portion of what my requirements are.

Senator MCCAIN. Is there a lesson learned in the recent reduction in the plans for acquisition of the LCS?

Admiral LOCKLEAR. I think that if you talk about a Navy that is the size of 320 or 325 ships, which is what I would say would be an assessment some have made, is necessary for the global environment you are in having 50 or 55 LCSs makes a lot of sense because there are a lot of places in the world where you can use them. But if you are talking about a budget that can only support a Navy much smaller than that, then having that heavy of a reliance on LCS does not make that much sense. I can understand why the reduction was made, but I am still a supporter of the LCS and what it can do.

Senator MCCAIN. General, what are we to make of all these recent firings of short-range missiles out to sea by the North Koreans?

General SCAPARROTTI. Sir, I think Kim Jong-un had several reasons for those firings over time since February 21. I think, first of all, there is a small contingent of that. It was a part of the normal winter training cycle. They have done that. I say a small contingent because this has been very different than in the past. The remainder, I think, were demonstrations both for his regime and for demonstration to the people of capability. The other was a demonstration for us, the alliance, and the ROK, in terms of their capability to do that on short notice with very little warning.

Senator MCCAIN. One is rather formidable that they have been testing.

General SCAPARROTTI. Yes. It consisted of Scuds and then also an experimental materials research laboratory that they tested as well.

Senator MCCAIN. How capable is that?

General SCAPARROTTI. That is a capable system, and it is one that can provide a good munition in rapid fire.

Senator MCCAIN. I thank the witnesses and thank you for your service.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator McCain.

Senator Reed.

Senator REED. Thank you, Mr. Chairman.

Thank you, gentlemen, for your service.

Admiral, Chinese strategy—can you describe it? Is it a combination of the ability to project forces and area denial, or is it exclusive to one of those dimensions? Or is it something else?

Admiral LOCKLEAR. I think that it is heavily reliant on an area denial or counter-intervention strategy which would be designed to be able to keep someone else out and for them to have dominant influence.

However, we are seeing a more global outreach, a more forward deployed. We have seen successful PLA operations in the Gulf of Aden in counter-piracy operations, I believe, to their credit. They have a significant force deployed today, a number of ships and airplanes in support of the lost Malaysian airliner. We are seeing longer deployments, longer what we call out-of-area deployments by their submarines.

I do not know that that is necessarily something that should alarm us, though, because they are a global economic power, and as their economic interests grow, their security interests will grow and they are going to need a bigger navy and bigger assets to ensure that their security is maintained.

Senator REED. The point you raise—they have been very active in submarine construction. They have a fairly expansive fleet of both ballistic missile submarines and attack submarines, and they are building more. They have old Russian submarines. Are you noticing a surge in terms of their submarine capabilities ahead of surface ships?

Admiral LOCKLEAR. Certainly, they have a credible submarine force today. They are in the process of modernizing that submarine force, and I think that in the next decade or so, they will have a fairly well-modernized force. I am not sure of the exact number, but probably 60 to 70 submarines, which is a lot of submarines, for a regional power.

Senator REED. They might represent the most sophisticated technological platforms that the Chinese have in terms of their seaborne platforms?

Admiral LOCKLEAR. I would say that they are on par. They have good sophistication in their surface ships as well. Their air defense systems are very capable, and certainly they have a very credible missile technology that is among the best in the world.

Senator REED. General Scaparrotti, how would you evaluate the readiness of the ROK forces to fight in a joint effort with U.S. forces on the ground under your command, obviously, as U.N. Commander?

General SCAPARROTTI. Yes, Senator. I would rank them very highly. They are a modern, capable force. Their officer corps is well-trained, a conscript army, but they have good training for their soldiers, sailors, airmen, and marines as they come in. I have been out with all of their Services in the 6 months I have been there, and they work well together. As an alliance we work well together as well.

Senator REED. Do you have informal contact with Chinese counterparts and a perspective on what their attitude is towards the regime in Pyongyang today?

General SCAPARROTTI. No, I do not, Senator.

Senator REED. So you do not have any even informal contact?

General SCAPARROTTI. Negative.

Senator REED. Essentially, your intelligence is coming from the Intelligence Community and the diplomatic community about what the attitude is of the Chinese towards the North Korean regime.

General SCAPARROTTI. Yes, sir, and also from the ambassadors and officers that are members of the U.N. Command that I have as well, and that is a good source of information because some of those also have embassies or offices in North Korea.

Senator REED. Would you comment on what your perception is? I know you have limited information, but do you have a perception of what their attitude is? Are they supportive or upset about them or questioning the North Korean regime?

General SCAPARROTTI. What I understand is that they are frustrated, that they were surprised, for instance, by the execution of

Chang Song-taek, and they are attempting to ensure that KJAU in the regime does not create instability on their border.

Senator REED. Admiral, let me turn to the issue of amphibious capabilities in Asia. The Marine Corps was engaged in counter-insurgency operations for more than a decade in Afghanistan and Iraq. They are now, with this pivot, coming back in. Can you comment about the capability to conduct amphibious operations in the Pacific?

Admiral LOCKLEAR. Yes, Senator. We have had a good return of our marines back to the Asia-Pacific region, particularly as the activities in the Middle East wind down in Afghanistan. Under my combatant command, I have five amphibious readiness groups. I have four in San Diego and one in Sasebo, Japan.

The reality is that to get marines around effectively, they require all types of lift. They require the big amphibious ships, but they also require connectors. I have asked for additional amphibious lift be put into the Pacific, and that request is under consideration.

Senator REED. Without that lift, you would be challenged to simply conduct opposed amphibious assault.

Admiral LOCKLEAR. The lift is the enabler that makes that happen. So we would not be able to do, as you suggest.

Senator REED. Thank you, sir.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Reed.

Senator Sessions.

Senator SESSIONS. Thank you, Mr. Chairman.

General Scaparrotti, having observed your plans in base relocation in Korea, tell us the number of troops you are looking to house there and whether or not families will be accompanying the soldiers.

General SCAPARROTTI. Yes, sir. I will focus mostly on Humphreys. As we relocate predominantly Humphreys, the largest base that we will have there, we will relocate forces, and they will go from about 9,000 to approximately 24,000 in that area. In terms of families, it would be, in terms of command-supported families in that area, about 2,700.

Senator SESSIONS. So most of the soldiers will be deployed without families?

General SCAPARROTTI. That is correct. In Korea, Senator, the predominance of our force are on unaccompanied tours.

Senator SESSIONS. Now, what would be the total force strength in Korea?

General SCAPARROTTI. 28,500, sir.

Senator SESSIONS. This new basing would allow that to house them adequately. I think current housing is inadequate, and I think the relocation is smart. I think you could be leaner and more effective with this relocation. Are you on track?

General SCAPARROTTI. I agree with you. We are on track fundamentally. We are not exactly on the timeline primarily because of construction, about a 3-month lag on that. But I think we will be okay.

Senator SESSIONS. Admiral Locklear and General Scaparrotti, we are facing real budget problems. There is just no doubt about it. Admiral Mullen told us the greatest threat to our national security

is our debt. The latest projections from the Congressional Budget Office indicate that in 5 years interest on our debt will surpass the defense budget, and that in 10 years, we will be paying $880 billion in interest on our debt. So all of us have to confront that fact.

I am uneasy and very troubled by the fact, it seems to me, that DOD has disproportionately taken reductions. However, colleagues, there are no further cuts in the future under the budget plan that we modified with the Murray-Ryan bill. Our numbers for the base defense budget for fiscal year 2015 is $495 billion. The peak in fiscal year 2012 was $530 billion. So we are down $35 billion in actual dollar spending from where we were at our peak, but that remains flat for 2 years and then begins to grow at the rate of about $13 billion a year.

So I am worried about where we are. I am worried what kind of damage this may do to the military. But all of us have to be realistic that you are not going to be able to expect that Congress is just going to blithely add a lot of new spending. We do not have the money, and our fundamental threat that is impacting America now is debt. The interest payment is the fastest growing item in our budget, and it is just terribly dangerous to us.

Admiral Locklear, on the LCS, one of the things that we are worried about with regard to China is their sophisticated expansion of their submarine capability and even nuclear submarines. That ship is designed and will be utilized in anti-submarine warfare. Will it not?

Admiral LOCKLEAR. One of the three capabilities that was in the original design was an anti-submarine warfare capability.

Senator SESSIONS. Are we where we need to be in terms of technology to identify and monitor submarine activity?

Admiral LOCKLEAR. I would say my assessment across the joint force is that we are where we need to be, and understand the places where we need to go.

Senator SESSIONS. With regard to mines, modern mines are threats to us and could deny access to entire areas of the ocean. This ship is designed to be capable of being an effective anti-mine ship, the LCS.

Admiral LOCKLEAR. That is correct. I believe that was the first mission capability that was going to be put into place.

Senator SESSIONS. You mentioned in a symposium recently that it has taken up to 17 years to get a new ship brought on line. I know that is hard to believe, but it historically seems to be about accurate. Is that a concern if we were to design a new ship—the length of time and the cost of developing that ship?

Admiral LOCKLEAR. I actually got that quote from Admiral Wayne Meyer who was basically the father of Aegis. He instructed me one day that from the time you think about a ship until you actually operate it, it is called a 17-year locust he told me. He said it takes 17 years by the time the bureaucracy works itself out.

The LCS—we tried to cut that, and I think we cut it by a significant amount. The Navy did. But it was not without risk.

Senator SESSIONS. It was almost 17 years because when I was on the Senate Armed Services Committee Seapower Subcommittee when I came here 17 years ago, Admiral Vernon Clark was proposing the LCS, and it is just now becoming to be produced. It is

a fabulous ship and has great potential, as you indicated earlier, to take on board all kinds of technological equipment that could be valuable in the future. You want to continue to see them developed at the speed they are.

I will submit some written questions perhaps about my concern about our allies in the Pacific, the growing strength of the Chinese nuclear capability, and how that is impacting our friends and allies who depend on us for a nuclear umbrella. I believe, as we discussed, colleagues, with any kind of nuclear treaty, we cannot just consider Russia. We will also have to consider the rising nuclear capability of China.

Thank you very much.

Chairman LEVIN. Thank you, Senator Sessions.

Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Welcome to both of you. Thank you for being here and for your service to this country.

Admiral Locklear, I know that this has come up before, but in your written testimony, you highlight China's significant advances in submarine technology and its continued production of ballistic missile submarines which will give China its first credible sea-based nuclear deterrent probably by the end of 2014, as you say. Obviously, this statement is very concerning. DOD's submarine capabilities are going to be critical, as you have discussed, and the continued procurement of two *Virginia*-class submarines each year will be critical to mitigating the projected shortfall in submarines included in the Navy's 30-year shipbuilding plan.

Are you confident that the *Virginia*-class submarine procurement plan and the proposed enhancements are what we need to meet the demands of our submarine force in this century?

Admiral LOCKLEAR. I am confident.

Senator SHAHEEN. Can you elaborate a little bit on that, given the challenges we are facing from China?

Admiral LOCKLEAR. Certainly we need to sustain the size of our submarine force, and I would be an advocate of growing our submarine capability. We still maintain a significant advantage in undersea warfare, and we need to continue to maintain that significant advantage.

The same applies to submarines that applies to ships or airplanes. Only one submarine can be in one place at one time. So we have to size that force based on what the world is showing us today and into the future. The world gets a vote on how we have to respond, and the submarines figure heavily, particularly my AOR, into scenarios from peace all the way to contingency.

As far as the upgrades that we are putting into our *Virginia*-class submarines, I am comfortable that the submarine community and the Navy have looked hard at their role and how they are going to be in the role of the joint force and that they have calculated across a wide range of missions that submarines do, whether it is intelligence and reconnaissance or whether it is strike capabilities, whether it is special operations capabilities, that these have been figured into the future design of the *Virginia*-class submarine.

Senator SHAHEEN. Thank you.

Robert Work testified before this committee last month at his confirmation hearing, and one of the things that was a concern to me, I think probably to Senators King and Ayotte, at a very parochial level is that he talked about the U.S. shipbuilding industrial base as being under pressure. As we have looked at the projected population of expert shipyard employees, those with 30 or more years of experience, it is expected to decline by roughly 40 percent by 2018.

So I wonder if you could talk about how concerned you are about this, Admiral Locklear? What steps are being put in place to address attracting a new workforce to replace the folks who will be retiring, and especially given the challenges of budget cuts and uncertainty, how you expect we will address this coming challenge?

Admiral LOCKLEAR. When I was a young officer on board one of my first ships, I was an engineering officer, and I happened to be in a U.S. shipyard at that time, having a ship worked on. We opened up the main engines of the ship, and the guy that was sitting next to me was a shipyard worker probably about my age, and he was showing me the inside of this engine. He said, "come down here. I want to show you something." Inside that engine, he had welded his name when he was a young apprentice in that shipyard. The ship was about 25- to 30-years old at that time. So I had a good visibility of the credibility of that a continuity of these people that really understand the skill and craft of making very sophisticated ships, warships, and submarines.

I believe our industrial base is under pressure, particularly as our shipbuilding industry shrinks and we do not do a lot of commercial shipbuilding in this country. So we have really a national treasure, national asset that has to be looked at from that perspective. To expect that they compete out there in the open market globally, and particularly when we are, by law, required to build our ships in our own country, which is the right thing—so we have to continually update that workforce. We have to contract it and then retain it.

So I know particularly the Navy, as Mr. Work talked about, has looked hard at this, but it has to be figured in the calculation of our national security strategy for the long run.

Senator SHAHEEN. Obviously, we are very proud, those of us who represent the Portsmouth Naval Shipyard. I am sure it is true of others who represent the other shipyards in this country—are very proud of the good work of the folks who have been there for many years and are very concerned about our actions here to make sure that we continue to support the level of activity that allows this country to maintain its security. As we look at the future and the potential cuts from sequestration kicking back in in 2015, it is certainly something that I hope all of us will work very carefully with you and the leadership of our military to address because if we allow those cuts to come back in, it is going to have clear implications for our future.

Thank you very much.

Chairman LEVIN. Thank you very much, Senator Shaheen.

Senator Wicker.

Senator WICKER. Thank you, Mr. Chairman.

Admiral Locklear, I am deeply concerned about the administration's budget request that it may not provide the full range of equipment and ready forces necessary to our national security strategy in the Asia-Pacific region. Deterrence is intrinsically linked to readiness. To provide deterrence, our military's capability must be tangible and demonstrable.

So tell us, first of all, in a general sense, what do you see as the U.S. security priorities in the Asia-Pacific region and what is your assessment of the risk to your ability to execute our objectives in the Asia-Pacific region if we do not provide you with ready and capable forces?

Admiral LOCKLEAR. I think our first priority is to support General Scaparrotti to ensure that peace and stability are maintained on the Korean peninsula and that the Kim Jong-un regime is properly contained.

The second priority, I think, is to ensure that our alliances, our historic alliances—we only have seven treaties as a nation, and five of those are in my AOR—are maintained and that they are upgraded for the 21st century and that they have the right military equipment to support those alliances.

Then I would say the next is our growing list of partners and how we partner with them that are below the ally level but certainly are no less important to us as far as how we maintain peace and security.

Then finally, we have enjoyed stability in this region generally for the last number of decades. The U.S. military presence has underwritten that stability, and I believe it remains a priority. I believe this is what the rebalance was about, and is recognition that we have to get back at it in the Asia-Pacific region by necessity, not by desire but by necessity.

Senator WICKER. Sir, who are our growing list of partners? Would you outline those?

Admiral LOCKLEAR. We have a strategic partnership in Singapore. We have a growing relationship with Malaysia and the Philippines. The Philippines is an ally, but Malaysia, Indonesia, Brunei, all these countries that are predominantly in Southeast Asia and South Asia that are important to the future security environment.

Senator WICKER. We have obligations to five countries under treaties, and then we have that growing list of partners.

Help us with the people that might be listening, the American on the street, the guy at work, the soccer mom taking care of the family. How does stability affect us in our daily lives? Stability in your AOR.

Admiral LOCKLEAR. My AOR is 50 percent of the world. Of that 50 percent, 17 percent of it is land and 83 percent is water. Of that 17 percent of the land, 6 out of every 10 people alive live on that 17 percent. Most of the global economy is generated from there. Most of the type of two-way trade that our country does is in this region is generated there. Most of the energy supplies that really influence the global economy flow through this region every day.

We are a Pacific nation. Our economy is Pacific-centric, and it is important to all of us for the security of our children and our

grandchildren to ensure that a peaceful and stable Asia in the Asia-Pacific is maintained.

Senator WICKER. I think you are right, Admiral.

It just concerns me a bit, as I look at what is going on now with some of our European allies, countries that have relied, to their detriment, on promises that we have made about the integrity of their territory. It just seems to me that any signal we send that we do not really take seriously our treaty obligations is a worrisome notion for people who might rely on us in the future. So I just wonder aloud to the members of this committee and the people within the sound of my voice what signals we are sending when we do not come down very hard on violations of the territory of some of our treaty partners.

Let me shift, though, in the time I have. I am glad to know that Senator Reed, who is a distinguished leader on this committee, has asked you about our amphibious capability. I believe you said that you had asked for additional ships for your AOR. Is that correct, Admiral?

Admiral LOCKLEAR. That is correct. It is part of the ongoing dialogue about the rebalance and the priorities of how you accomplish that rebalance. Part of that discussion was about amphibious shipping.

Senator WICKER. I think you probably have some people on this committee and in Congress who would like to help you on this.

Why do you need more amphibious capability? Would you elaborate on the role of our marines, the expeditionary marines, in your AOR? Would the effectiveness of the marines be diminished if there were insufficient amphibious ships, or I guess if we do not correct the insufficient number of ships and how would this affect your abilities as the combatant commander?

Admiral LOCKLEAR. Certainly I am not the only combatant commander that desires amphibious shipping or the marines that are on them. So there is a global competition among us as the world situation moves around and we need different types of forces. Generally, the capabilities that the Marine Corps bring with amphibious readiness groups is applicable to almost every scenario from humanitarian assistance, disaster relief, all the way to high-end contingencies. But the global demand signal today is greater than what we can resource.

Of course, we have to make tradeoffs. We only have so much money. We only have so much that could be dedicated. I think the Navy and the Marine Corps have teamed together to take a look at that.

In my particular AOR, not only do I have forces that are out and about in the western Pacific predominantly, but I also have amphibious forces that I train and maintain and then I send them to other combatant commands. I send them to U.S. Central Command and to U.S. European Command.

In the Pacific, though, it is my view that as the marines come back, that we should optimize the capability of the marines particularly in the area west of the dateline, and to do that, we have to have adequate amphibious lift to do that.

Senator WICKER. Let me just leave you with this request. Tell us what you need and why you need it and what we will not be able

to do if you get less than that. I would hope that members of this committee would do what we could to make sure that we are ready for contingencies in your area.

Thank you very much. Thank you to both of you, actually.

Chairman LEVIN. Thank you, Senator Wicker.

Senator King.

Senator KING. Thank you, Mr. Chairman.

Admiral, I would like to begin with a compliment. I was fortunate enough to spend the past weekend on the USS *New Mexico*, a *Virginia*-class submarine, doing exercises under the polar icecap. The machine, the device, the ship was extraordinary, but the overwhelming impression I had was of the quality of the sailors on that ship. From the commander to the mess folks, they were dedicated, patriotic, and passionate about what they were doing. You have an extraordinary organization. I think sometimes we talk about it in a general sense. But to see these young people and their level of knowledge—I was particularly impressed by enlisted people who had come up through the ranks to have real responsibility on that ship. It is an indication of the quality of the military that we have. I sometimes feel that we do not adequately acknowledge and reward those people for the extraordinary and uncomfortable, by definition on a submarine, work that they do. It was a riveting experience in terms of the admiration for those young people. So the organization is to be complimented.

Second, I want to associate myself with the comments of Senator Sessions. I worry that we are whistling past the graveyard in terms of the debt service requirement that is looming as interest rates inevitably rise. Interest rates are now running at about 2 percent, which is the world record of low. If it goes to 4.5 percent, then interest charges—just interest charges—will exceed the current defense budget. That is dead money. It does not buy any ships, personnel, park rangers, Pell Grants, or anything else. I think it is something that we really need to pay some attention to while we are in this interest lull because when they go up, it is going to be too late.

Third, in terms of a comment, General, you mentioned that we have an asymmetric cyber advantage, but it occurs to me that for the same reason we have an asymmetric cyber vulnerability because of the advanced nature of our society and the extent to which we depend upon the Internet and interrelationships for everything from the electrical grid to natural gas to financial services—so I believe we do have, and I have observed that we do have, an advantage because of our advanced state. But several of my folks have pointed out to me that it also can be a significant disadvantage.

Admiral, turning to your responsibilities, what do we need to bolster the security capabilities of our allies and partners in the region, assuming we cannot carry the whole burden, especially where we do not have a permanent military presence? Is there more we should be doing in the area of foreign military sales (FMS), foreign military financing, training, and those kinds of things in the Pacific region?

Admiral LOCKLEAR. In general, I would say that FMS are an exceptional tool to be able to do a couple things. First, is to bolster the capacity and capability of our partners and our allies so that

they can be more supportive in the security environment, and we are certainly doing that with our key allies.

Second, what it also does is that when you have FMS, it puts you together with a relationship for sometimes 20 or 30 years, depending on the life of the system that you have. So you share training. You share schools. You share common experiences. You share parts supply, all those types of things. So I believe that FMS is a very valuable tool for being able to help us shape the security environment, particularly in my AOR.

Senator KING. Senator Kaine and I were recently in the Middle East and observed the value of the training component where military officers from other countries come here for training. Clearly it is a training value, but it is also an America 101 process. Is that an aspect that takes place also in the Pacific theater?

Admiral LOCKLEAR. It is. Of course, we rely heavily on International Military Education Training (IMET) funding to be able to do that, and I think we could use more IMET. You accurately stated it. It is not just our partners and allies coming this direction, it is also our officers and enlisted going in their direction. Anytime you build trust and understanding, that lasts for years, and it builds an inherent ability in the security environment. When you have senior officers at my level in different countries that have known each other for 20 to 30 years, went to school with each other, it makes a difference when you have to deal with a crisis.

Senator KING. A question for both of you gentlemen. The President's 2015 budget requests to retire the U–2 manned aircraft in favor of the unmanned Global Hawk for high altitude reconnaissance. Where would Global Hawk be able to provide the capabilities you need or will gaps be created by the retirement of the U–2? Do you gentlemen feel that the Air Force request is appropriate, given your needs and the needs in your region?

General SCAPARROTTI. Senator, first of all, given the budget constraints, I understand the Services' and the Air Force's need to reduce platforms, also aging platforms. But in my particular case as the operational commander in Korea, the U–2 provides a unique capability that at least presently the Global Hawk will not provide. It will be a loss in intelligence that is very important to our indicators and warnings. So as we look at this, as they look at the retirement of the U–2, we have to look at the capabilities of the Global Hawk and perhaps build in those capabilities so that I do not have that intelligence loss.

Senator KING. Is it the case that you are dealing with a potential adversary that is so unpredictable and can act so rapidly that intelligence is of utmost importance?

General SCAPARROTTI. It is. I have looked for persistence because of the indicator and warning that I need in a short timeline.

Senator KING. A follow-up question, very briefly. The Air Force is also requesting a reduction in Predator and Reaper combat air patrols from 65 to 55. Is that a problem? Admiral, why don't you tackle that?

Admiral LOCKLEAR. In our AOR—and I think General Scaparrotti will have his own perspective on it—the type of capabilities that the Reaper brings are—we live in a contested environment. You cannot equate the success you have had with those plat-

forms in areas of the world where you have air supremacy or air superiority. What we have to have is survivable platforms, survivable capabilities. The reduction in those platforms, I think, is less important to us in the Asia-Pacific region than it may be in other parts of the world.

Senator KING. General, any thoughts on that question?

General SCAPARROTTI. No. I agree with Admiral Locklear, that given the conditions that we have in Korea and high-intensity potential crisis, we would have to gain air dominance before we employed those.

Senator KING. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator King.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

I want to thank both of you for your service and your leadership and particularly also your families for the sacrifices you have made. We appreciate it.

Admiral Locklear, I wanted to follow up on the question that my colleague, Senator Shaheen, asked you with regard to the submarine capabilities of our country. I believe you said that you are an advocate for greater capabilities for our attack submarine fleet, if that is right.

Admiral LOCKLEAR. That is correct.

Senator AYOTTE. Certainly, you talked about the importance of the *Virginia*-class submarine, particularly with our capability in the Asia-Pacific region.

One question I wanted to ask you is what percentage of your combatant commander requirements for attack submarines are being met?

Admiral LOCKLEAR. They are not all being met.

Senator AYOTTE. They are not all being met. In fact, last year I think it was about 50 percent in terms of the combatant commander requirement requests for attack submarine. I would appreciate an update on that. My sense is, it is probably not much better or may not even be any better. It may be lower. I look forward to those numbers. So we are not meeting all our combatant commander requests for attack submarines.

As we look forward to the *Los Angeles*-class submarines retiring in the coming years, we are replacing them with *Virginia*-class submarines. As I look at the numbers, our attack submarines will decline from 55 attack submarines in fiscal year 2013, if we go forward, to a low of actually 42 in 2029. We are seeing a diminishing trajectory despite the fact—I am very glad that there was obviously an inclusion of two *Virginia*-class submarine productions over the Future Years Defense Program. I am seeing a disconnect in terms of our needs not only in the Asia-Pacific region, but this is where I think we see it very much and the declining capacity we will have under the current predictions for attack submarines.

If we are rebalancing to the Asia-Pacific region—and really, as we have heard today, it is an environment dominated by maritime presence. How can we justify a 24 percent decrease in the size of our attack submarine fleet? Does this not suggest that we are not adequately resourcing this rebalancing as we look at a time, as you said in your testimony, that, in fact, China has increasing capa-

bility with regard to their submarine fleet and has continued to invest in their submarine fleet? Could you help me with that?

Admiral LOCKLEAR. I think you accurately represented what the future will be based on based on even building two a year.

Senator AYOTTE. Right.

Admiral LOCKLEAR. Of course, when the Chief of Naval Operations (CNO)—I will not speak for him, but he is the guy who has to manage putting all the requirements into a fixed top line. It comes down to managing risk and finding where we can absorb risk inside the budgets that we are given. Unfortunately, I think that the best that they have been able to do, even at two a year, is what you just outlined.

Senator AYOTTE. Thank you, Admiral. I just think that people need to understand that this is going to be a significant decrease if we stay where we are with regard to how we are resourcing the overall defense budget but also, in particular, our submarine fleet when there are going to be greater needs where countries like China are making greater investment and where the value of our attack submarine fleet is paramount in terms of defense of the Nation and also our presence in the Asia-Pacific region. I think this is an issue we have to pay careful attention to, and it is one that we need to focus on.

I also fully agree with my colleague about the value of our workforce that maintains those submarine fleets but also the workforce that has the technical expertise and background. I am very proud of the workers at the Portsmouth Naval Shipyard, but this is something that, as you described, is a treasure that we need to continue to invest in if we are going to have that capacity going forward.

General Scaparrotti, I wanted to ask you about something in your testimony. You talked about missile defense shortfalls in terms of your responsibilities. What is it that are our missile defense shortfalls and what are your concerns there?

General SCAPARROTTI. Senator, first of all, we have a challenging environment in terms of North Korea's development of ballistic missiles, and they continue apace at that. It is both a U.S. and a ROK concern that I have in terms of the alliance, and it is developing, along with the ROK, a layered interoperable missile defense system that has the right components and also has the sufficient munitions. I have made the specific requirements known.

Senator AYOTTE. It seems to me with the often erratic behavior of the new leader in North Korea, that this is an important investment for us if we have needs in missile defense, in particular, for protecting South Korea and our troops that are there. I look forward to working with you on this issue because I think this is critical with the threats we face in the region and also I think with what we have seen, as you say in your testimony, troubling actions by North Korea in terms of proliferation of weapons as well. I think this is another issue that we need to watch and is of deep concern to us and our allies.

Admiral Locklear, I wanted to ask you about a particular system and its value to PACOM, and that is the Joint Land Attack Cruise Missile Defense Elevated Netted Sensor (JLENS), which is designed to detect, track, and defeat airborne threats including cruise missiles, manned, and unmanned aircraft. Of course, you have al-

ready testified about some of that activity already in the Asia-Pacific region and surface-moving targets, as well as swarming boats. In fact, Secretary Hagel has said that four combatant commands, including your command, have expressed an interest in the capability provided by JLENS.

Would deployment of JLENS in the Pacific theater help PACOM provide surveillance and the fire control required to better provide missile defense and force protection to forward-deployed troops? First, I wanted to get your thoughts on this system.

Second, are you aware that there actually is a second JLENS that stands in reserve right now? Not to put it in more civilian terms, but it is in the closet right now in Utah and not being deployed. Can you help me understand why that is?

Admiral LOCKLEAR. First of all, you accurately portrayed it. I sent a letter to Secretary Panetta at that time asking for the capabilities that a JLENS-like system would provide in relation to the sophisticated integrated air missile defense scenarios that we face in the Asia-Pacific. It would be important. It is important.

It is important, I think, since it is a relatively new technology, to get it out, to test it. You cannot just bring these things in overnight and expect them to be properly integrated. We have to work our way through that.

I was aware that there is another system. I think that the decision was made by the joint force, because of the capabilities of the system and the uncertainties of other regions of the world, to keep one in reserve just in case we need it. I do not fault their decision. I think that given the fact that we only have two of the systems and the fact that the world is pretty dynamic, keeping one in reserve may be the best solution for now.

Senator AYOTTE. Thank you very much, both of you. We appreciate it.

Chairman LEVIN. Thank you very much, Senator Ayotte.

Senator Hirono.

Senator HIRONO. Thank you, Mr. Chairman.

I would like to first associate myself with the comments of Senators King and Ayotte in recognizing the competence and the dedication of the men and women who serve.

Admiral Locklear, it is always good to see you once again. I also want to commend you on releasing PACOM's energy security strategy. It is a concise, clear-eyed assessment of the challenges and opportunities the United States faces with regard to energy matters in this region, and clearly access to affordable, sustainable energy sources is a key part of security and stability in the region.

To my question, Admiral, you mentioned the value of multilateral engagements within the region. Specifically, you were talking about this with regard to Senator Wicker's comments. At Secretary Hagel's invitation, the ASEAN defense ministers meeting will be held in Hawaii next month. What are your thoughts about the significance of this meeting, and do you have plans or are there plans for other meetings of this sort with countries or our partners who are below the alliance level, as you noted?

Admiral LOCKLEAR. One of my objectives as PACOM Commander is to be as supportive as possible of the ASEAN nations, the ASEAN organization. Beyond Secretary Hagel's hosting the begin-

ning of April in Hawaii, which I will assist him in hosting them—and we will talk about many aspects of multilateral cooperation—I also make it a point every time I go to Jakarta to stop in and see the permanent representatives of ASEAN, to see the Secretary-General or his Deputy while I am there, and to show generally U.S. support for growing multilateral organizations such as ASEAN. There is a growing place, I think, particularly in Southeast Asia for these multilateral organizations that when they come together, they are a consensus organization. We have to set our expectations at a certain level, but certainly they should have a voice and they should have a voice together.

Senator HIRONO. As you noted, the kind of relationships that we build in these areas and with these countries would be very beneficial to our national security interests also.

With the rebalance to the Asia-Pacific theater, I am having a bit of trouble understanding a new Air Force plan which would move four Air Force KC–135 tankers from Joint Base Pearl Harbor-Hickam to the Mainland. Given the space and time needs, it seems to me that keeping the tankers forward-deployed in Hawaii would make the most sense. Would you like to share your perspective on this proposal?

Admiral LOCKLEAR. I have not yet seen the formal proposal by the Air Force, but that proposal would have to come through me for my comment. The decision to move any forces that are combatant commands to PACOM or under my command would have to be authorized by Secretary Hagel. There will be a dialogue about this. I think there will be a lot of perspectives as we look at it.

I believe those four airplanes were a result of a base realignment and closure initiative a number of years back. What I understand is that there are some maintenance efficiencies that we are being driven to because of the fiscal realities we are in, that this is probably the reason that the Air Force is pursuing the consolidation of these assets. But we have not made a decision yet.

Senator HIRONO. I would have an expectation that the National Guard, Air Force, and you would be very much engaged. Of course, I want to be in touch also.

DOD has proposed a 36 percent reduction in military construction (MILCON) funds for fiscal year 2015, and it is my understanding that these cuts were made to help operations and readiness accounts because of the impact of sequester. How will these budget changes affect your ability to carry out your missions in PACOM both from the MILCON and operations and readiness standpoints?

Admiral LOCKLEAR. In general, slowing of MILCON that we had anticipated in our program to this degree, 36 percent will impact the Services' ability throughout the world, but in particular in my AOR to be able to move forward with some of their initiatives. For instance, in Hawaii, I think there has been a MILCON reduction at Kaneohe. We are moving to move V–22s there, new Cobras, new Huey helicopters. It will slow the pace at which we are able to integrate these forces into the AOR.

Senator HIRONO. My hope is also that the deferred MILCON items will be restored as we go along and as we assess the needs that you have in this area.

You mentioned the cyber threat that impacts the PACOM AOR, and with the ever-increasing number of cyber attacks everywhere, frankly, would you support a strong cyber team that is made up of Active, Guard, and Reserve personnel in your AOR?

Admiral LOCKLEAR. Generally speaking, the more cyber experts we have, the better. But I would recommend that we refer that over to Cyber Command to take a look at how those forces would be integrated in the overall cyber plan because, as we have seen in the last number of years, the Guard in times of crises goes forward in many cases, and we would have to understand how they would be manned and trained and maintained to be relevant when they showed up with the Active Forces in a contingency.

Senator HIRONO. It is clear that we all ought to be working in parallel, of course, all of us should be working together. That is really where I am going. I certainly am not advocating that everybody does their own thing in this area because it is really complicated, I realize.

Thank you very much, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Hirono.

Senator Graham?

Senator GRAHAM. Thank you, Mr. Chairman.

I thank both of you for your service.

General, is it a fair statement that North Korea is one of the most unstable nation states in the world today?

General SCAPARROTTI. Yes, sir, I would agree.

Senator GRAHAM. In the top two or three?

General SCAPARROTTI. Yes, sir.

Senator GRAHAM. In terms of their missile program, by 2024, do you expect that they will have ballistic missile capability that could effectively reach our Homeland?

General SCAPARROTTI. Yes, sir, on the pace they are on. Yes, sir.

Senator GRAHAM. Do you expect by 2024 that they will have plutonium weapons, not just uranium-based nuclear bombs?

General SCAPARROTTI. Yes, sir.

Senator GRAHAM. Admiral, by 2024 if China continues on their present pace of building up their military, what will the balance of power be between China and the United States in your command?

Admiral LOCKLEAR. I think in the region, the balance of power will continue to shift in the direction of the Chinese depending on how much more investments they make and depending on what our forces look like forward. So it will continue to shift.

Senator GRAHAM. We are uncertain as to what China will do, but it seems like they are intent on building up the military. Is that a fair statement?

Admiral LOCKLEAR. At 12.2 percent, that is a fair statement.

Senator GRAHAM. Let us look at the pace they are on and what will happen to us by 2024. If sequestration is fully implemented—how much longer realistically do you have in this command? A couple of years? What is the normal tour?

Admiral LOCKLEAR. It is about 3 years. I am in my last year.

Senator GRAHAM. As we look forward, we will probably have two or three commanders by 2024 at least.

Looking down the road, if sequestration is fully implemented, what will that mean in terms of the ability to defend this region

and to have a deterrent presence? Is sequestration a mild, medium, or severe effect on future commanders to be able to represent our interests in your area?

Admiral LOCKLEAR. I think assuming that the world, other than the Asia-Pacific region, will not be peaceful in 2024, sequestration will have a severe effect on our abilities.

Senator GRAHAM. Now, General, the transition of leadership in North Korea—is it stabilizing or is it still volatile? Do we know who is in charge of the country?

General SCAPARROTTI. Senator, we do know who is in charge. It is Kim Jong-un. I think recently he has stabilized somewhat. He is displaying a normal routine at this point, purposely so, I think, for his regime. But we do not know yet the stability within his close regime. A significant change in the leadership recently there.

Senator GRAHAM. Do we have any real leverage to stop their nuclear program from developing at the pace they would desire?

General SCAPARROTTI. I think the sanctions that we have used to this point have not had the impact in that regard.

Senator GRAHAM. South Korea. Are they seeking to enrich uranium?

General SCAPARROTTI. There are discussions with civil nuclear capability.

Senator GRAHAM. Is it our position to oppose enrichment by the South Koreans for civilian purposes, or do you know?

General SCAPARROTTI. Senator, I do not know.

Senator GRAHAM. Admiral, you have a lot of the world to be responsible for. Our military budgets will be at 2.3 percent of GDP. Do you know the last time America spent 2.3 percent of GDP on defense in the modern era?

Admiral LOCKLEAR. I could not accurately say.

Senator GRAHAM. Is this not dangerous, what we are doing?

Admiral LOCKLEAR. The real question, as we talked about here today, is how do you weigh what appears to be the looming threat to the U.S. economy.

Senator GRAHAM. Let us say if you eliminated DOD in perpetuity, would it remotely move us toward balancing the budget?

Admiral LOCKLEAR. From what I can see, it would not.

Senator GRAHAM. So if we assume that is fairly accurate, the path we have taken as a Nation in terms of our defense capabilities—would you say it is alarming?

Admiral LOCKLEAR. I would say that it bears serious watching.

Senator GRAHAM. What would you say, General?

General SCAPARROTTI. Sir, I would say that I am very concerned about it.

Senator GRAHAM. From our enemies' point of view, do you see it likely that China will have a confrontation with Japan over the islands that are in question, Admiral?

Admiral LOCKLEAR. I think the potential for miscalculation, if they do not manage it between themselves properly, could be high and it could be very dangerous. That said, I do not see in the near term that they are heading in the direction of confrontation.

Senator GRAHAM. When you talk to our allies, do they seem concerned about the direction we are heading as a Nation, the United States, in terms of our defense capability? Have some of the things

that have happened in the Mideast—has that affected at all the view of American reliability in your area of operation?

Admiral LOCKLEAR. I think the whole world watches what we do militarily, and for a long time, we have been the single guarantor of security around the world.

Senator GRAHAM. But they need to hedge their bets?

Admiral LOCKLEAR. They are starting to. I think they are starting to look at it and they are asking the question of our staying power globally, not just in my region.

Senator GRAHAM. Thank you both.

Chairman LEVIN. Thank you, Senator Graham.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman, and to our witnesses, thank you for your service and your testimony this morning.

I do not think anyone has mentioned yet, but we should applaud the work of the 7th Fleet in assisting in trying to find the Air Malaysia flight, just an example of the kind of thing the military does every day to advance humanitarian and other causes, and that work is important work.

I think many of the questions and comments today have really circled back to budgetary reality. Certainly Senator Graham's did. We have two budgetary choices posed for this committee by the President's budget submission. Do we accept the President's budget or some version of it, which I call the "half-sequester budget?" The President's proposal would actually absorb half the sequester cuts over the entire range of the sequester, but try to find a replacement for the other half and there is a suggested replacement from 2016 and out. Or do we just accept the full sequester?

There is no way we can do what we want if we accept the full sequester. Period, full stop. We cannot do it. If we are concerned, we have a way to solve it, but the way we have to solve it is do what we did in the 2014 to 2015 budget and do sequester relief.

So it is my hope that we will work in 2016 and out just like we did in the 2014 to 2015 budget to do it. That is ultimately the significant way to answer some of the concerns that you are each laying on the table, in my view.

Admiral Locklear, I want to ask you a question about one aspect of the full sequester or half-sequester budget, and it deals with carriers because that is one of the items that is most obviously different between the President's submitted budget and the full sequester version. That is scaling back from an 11-carrier Navy to a 10-carrier Navy. The 11-carrier Navy is a statutory requirement. I believe you testified recently before the House Armed Services Committee where you said 11 carriers continues to be a pretty important component to America's maritime dominance. I would like it if you would describe that, please.

Admiral LOCKLEAR. We debated a long time what the utility of the carrier would be in the 21st century, and we continue to see it as, I would say, in the forefront of military instruments that leadership have been able to use to be able to maintain the peace, to maintain stability, and in crisis, to be able to respond quickly.

The benefit of our carrier force today is that it is unequaled in the world. It is nuclear. It is sustainable at sea for just about as

long as you can think about it. It carries a very credible capability to maintain peace and to be able to prevail in crisis.

The down side to the nuclear carrier force or the opportunity costs, maybe not the down side, is that they are nuclear and they have to be maintained in a safe manner which, if you take a look at the history of Navy nuclear power, you have to give these young men and women who do this a lot of credit. You have young 19- and 20-year-old people running these nuclear reactors, and they have been largely without any incident for the history of the program. But to do that, you have to bring them back through maintenance. They have to come back to our shipyards. They have to be in nuclear shipyards to have that done.

In the day-to-day operations globally to be able to maintain the requirements that I have and the other combatant commanders have, based on the world as it is, about 11 aircraft carriers is just barely making it today.

Senator KAINE. What would it mean in PACOM if we dropped back from 11 to 10, changed the statutory requirement, did not refuel the *George Washington*, and dropped back from 11 to 10? What would it mean in PACOM?

Admiral LOCKLEAR. I am confident we would still maintain a nuclear carrier forward in the Japanese alliance. We have announced recently that *Ronald Reagan* would be that replacement. So we are moving in that direction.

The implication would be that there would be greater periods of time not only in my AOR but other AORs where a combatant commander would say a carrier is needed in this crisis or needed in this scenario and there would not be one available.

Senator KAINE. If I could continue, Admiral, with you, I want to talk a little bit about China. I think, as I was hearing your testimony, you were indicating that China is pretty rapidly chewing away any dominance that we might have in the region, but I think you indicated that even at a 12 percent growth in defense expenditures, it would be many decades before they could reduce our dominance globally. Did I understand the gist of your testimony correctly?

Admiral LOCKLEAR. That is correct.

Senator KAINE. Does China have military bases outside of China?

Admiral LOCKLEAR. Not that I am aware of today.

Senator KAINE. Does China have significant military presence today in the Americas?

Admiral LOCKLEAR. Military presence, no.

Senator KAINE. Africa?

Admiral LOCKLEAR. Military presence, no.

Senator KAINE. Europe?

Admiral LOCKLEAR. No.

Senator KAINE. Middle East?

Admiral LOCKLEAR. Just in the Gulf of Aden, where they have done counter-piracy operations.

Senator KAINE. So based on that, is it your understanding that China is basically trying to significantly grow the projection of military presence in their region but is not, at least to this point, significantly growing military presence elsewhere?

Admiral LOCKLEAR. The predominance of their efforts are in the region.

Senator KAINE. So that explains the testimony you gave earlier. They are chewing away our dominance in their region, but it would take a long time for them, even at significant growth, to chew away our dominance elsewhere.

Admiral LOCKLEAR. That is correct. When you combine the U.S. global security capability with that of our allies, with that of our significant allies in all parts of the world, they would have a difficult time of it globally.

Senator KAINE. Mr. Chairman, I just ask these questions to suggest, I think, most would say China is our "principal competitor" in the next century. They have a fundamentally different business model than we do. Our business model is a global projection of presence both physical with fixed assets, bases, and flexible assets like carriers. At least to now, they are pursuing a very different business model. Military bases. That is not what we are focused on. Other regions. That is not what we are focused on. It is as if we pulled all our resources into the Americas, we would be a major force in one part of the world. That is not what we are doing. So our principal competitor has a different business model than we do.

One last question, if I could, on the Senkaku Islands. I think this is a confusing one for us because these are uninhabited islands. Is the debate, the controversy, the skirmish potentially between China and Japan over those islands—it is not about the islands as an economic source unless there are natural resources there. Is it more about national pride or dominating sea lanes or just for China creating a buffer in that region they care about? How would you describe it?

Admiral LOCKLEAR. I would describe it as primarily a sovereignty issue, less economic, and it is not something new. This issue has been around for a long time. Of course, as a Government, we do not take sides on territorial disputes, but Japan is our ally and we made it pretty clear how we would support our ally in the case of this particular scenario.

Senator KAINE. Thank you, Mr. Chairman.

Thank you to the witnesses.

Chairman LEVIN. Thank you very much, Senator Kaine.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

I want to begin by pursuing the line of questioning that Senator Kaine began and his very pertinent observation that China's strategic model is focused on its part of the world. Yet, you make the point, I think, very tellingly in your testimony, Admiral, that China will soon have its first credible sea-based nuclear deterrent probably before the end of this year. Now, that ability to project nuclear power beyond its area, if it is further grown and expanded, would somewhat contradict the reasoning that Senator Kaine has just advanced or the model that he has just outlined, would it not? In other words, it projects a nuclear deterrent that potentially could be aimed at this country protecting interests beyond just its immediate area.

Admiral LOCKLEAR. I think they have had a nuclear deterrent that could be aimed at this country. So putting in a sea-based for

them, I think, just as it does for us or for the Indians who are pursuing the same thing, it adds another layer of confidence that their strategic nuclear deterrent will not be compromised.

So what it does for me, a PACOM Commander, is that in the event you should ever have crisis, I do not think a conflict or a crisis with China is inevitable. I do not think it is. Certainly it would not be in the best interest of peace and security in the world for that to happen. So we have to walk ourselves back from that dialogue, I think.

In general, I think what they are doing would just add more complexity to how we would ever enter a contingency, but we should not talk ourselves into one either.

Senator BLUMENTHAL. On our strategic lay-down in the Pacific, I noted that the notional 2020 strategic lay-down seems to contemplate a 22 percent ship increase based in that part of the world. Is that correct?

Admiral LOCKLEAR. I think that when you define my AOR and where the ships and the submarines and airplanes are, it extends basically from California to the intersection of India and Pakistan. They will be somewhere in that large area, not necessarily west of the dateline.

Senator BLUMENTHAL. But is that 22 percent increase not based outside of the United States, in other words, non-U.S. bases?

Admiral LOCKLEAR. Not all of it, no.

Senator BLUMENTHAL. What percentage of it?

Admiral LOCKLEAR. I will have to get you the exact percentage that will be outside of U.S. bases. I cannot give it to you off the top of my head.

[The information referred to follows:]

The potential for U.S. domestic job creation and economic activity resulting from the basing of forward deployed Pacific forces to Hawaii or California in the U.S. Pacific Command area of responsibility has not been assessed. If Congress requires such data, a request to the Department of the Navy is recommended. Force lay-down decisions are based on operational and strategic considerations in an effort to deliver required capability in the most cost-effective way.

Senator BLUMENTHAL. Is there a way that more of those ships can be based in the United States rather than based abroad? I know I am putting it in somewhat simplistic terms, but I think the reason for my questioning is basing more of these ships in the United States means more jobs in the United States and potentially greater levels of scrutiny and oversight about contracting.

Admiral LOCKLEAR. To some degree we are an island nation, when you take a look at us globally where we are located. As an island nation that is predominantly a maritime nation, the value of maritime forces forward is why you have a Navy. Otherwise, if you just want to bring them all home—because of the vast distances we have to travel, to continually rotate them from home, first of all, is very expensive. For instance, for every one ship that I have deployed forward somewhere, it takes about four ships back in the continental United States to be able to support that rotation. So it is a cost-effective solution to be forward particularly where you have an ally or a host nation that is willing to help support you. I am always reticent to say let us just bring everything back

to the Homeland. It sounds good but it is not operationally a good thing to do.

Senator BLUMENTHAL. I am not suggesting and I am not in any way arguing with you, so to speak. What I am suggesting is an analysis that assesses the potential for creating jobs, for sustaining economic activity at those bases, whether it is Hawaii or California, rather than abroad. I recognize that it may be more cost-effective looking at it solely in terms of the dollars and cents in your budget, but I am thinking about employment and economic activity.

If you would get back to me with those numbers, I would very much appreciate it.

General, I noticed that yesterday there was an announcement that the ROK has officially selected the F–35, the conventional takeoff and landing design, and announced purchase of 40 of them. I am wondering if you could tell us how that helps you in terms of both a common platform with our ally and also the qualitative military advantage of the F–35.

General SCAPARROTTI. Senator, first of all, the announcement yesterday was one of those that included the Global Hawk, I believe, as well. Those are commitments that as an alliance the ROK has made as a part of the commitments of Strategic Alliance 2015. The first part is that they have invested in the qualities and the capabilities that they bring to this alliance. Both those platforms—in particular, the F–35 provides the state-of-the-art capability, compatible with us and interoperability, and particularly having the same systems gives us a great deal more agility.

Finally, their air force is building. It is getting stronger all the time and that helps us a great deal.

In the plans that we have there, both in armistice and if we were to go to crisis, the air force and the establishment of air dominance is critical.

Senator BLUMENTHAL. I understand that there are eight other international partners. I do not know whether any of those are in the area under your command. Do you know what the state of purchases by those other eight international partners are at this point?

General SCAPARROTTI. No, Senator, not specifically.

Senator BLUMENTHAL. Thank you. Thank you, Mr. Chairman. Again, thank you both for your extraordinarily distinguished service to our country, and thank you to all the men and women under your command. Thank you.

Chairman LEVIN. Thank you, Senator Blumenthal.

I just have one additional question. Others, obviously if they have questions, we will have them addressed as well.

In your prepared remarks, Admiral, you said that it would enhance our security cooperation effectiveness with key allies and partners if we had an authority to have $30 million in a security cooperation authority managed by the Joint Staff under the MILCON appropriation. I am wondering whether that request was made of the administration when they put together their budget and whether or not there is something like that in the budget request. We are trying to find out if there is any reference to that.

Admiral LOCKLEAR. DOD is aware of my desire to do that. I cannot tell you if it is actually in a line somewhere. I will have to look myself and see if it is in there.

The purpose of it is it would give us enhanced flexibility to be able to do some of the things that statute-wise we are prevented from doing today from small dollars to big impact.

Chairman LEVIN. All right. If you can give us that for the record, we would appreciate it.

[The information referred to follows:]

[Deleted.]

Chairman LEVIN. I have a number of other questions for both of you for the record. Other colleagues may as well.

Are there any additional questions? Senator Kaine?

Senator KAINE. Did our intelligence provide us any advance warning that China was going to impose the ADIZ in November 2013?

Admiral LOCKLEAR. We had been observing the dialogue, the potential for that for some time. As far as the exact date, and maybe a day or 2 warning, we did not receive indications of that. So it was a surprise to the region of when they actually announced it. But we knew for some time that there was a contemplation of that.

Senator KAINE. So the surprise was the timing rather than that they actually took this step.

Admiral LOCKLEAR. Right. We came out pretty firm about how we felt about it afterwards, but in reality every country should have the ability to look at their own defenses and to put these types of things in place. We have more ADIZs than any other country in the world, but it is the method and the extra caveats that were put on it that made it unacceptable. Instead of being just, well, let us have a dialogue with our neighbors and talk about how we are going to defend our territorial air space, it was laid on as a direct issue with Japan and the Senkakus. There was not any dialogue among the region or among the neighbors. There was not any dialogue with the United States about it. So in the end, it did not sit well with the region in general.

Senator KAINE. Thank you.

Senator BLUMENTHAL. Mr. Chairman, one last quick question. Thank you.

Admiral, thank you for being so forthcoming on the bases abroad.

One of the reasons for my questions is not only the jobs and economic activity but also some of the reports of corruption or waste in contracting and so forth. I wonder whether there have been changes in the systems providing for greater oversight and scrutiny, whether the systems of contracting and procurement have been changed at all with respect to those bases abroad.

Admiral LOCKLEAR. I would have to dig into the specifics of your question, Senator. I am not sure I know contracting irregularities that we are talking about.

I know we have, including General Scaparrotti here, very credible leadership in these alliances and the bases and the dialogue that goes on about how we share costs, how we share responsibilities. We just finished negotiating the mutual agreement between us and the South Koreans, which we hope that they ratify as soon

as their congress comes back into session. We have a very deliberate dialogue with our allies in Japan about how the money is spent. So I think we are doing due diligence.

Senator BLUMENTHAL. Let me be more specific then just to give you a little bit more—Glenn Defense Marine Asia. I am sure that name is familiar to you. It is a Singapore-based firm that has serviced Navy vessels throughout Asia, in fact, continued to do so until its chief executive was recently arrested. I wonder if you could provide us with the records of contracts that the Navy signed since 2009 and also—I am not going to prolong this hearing, but perhaps in a written response—an account of what is being done to prevent occurrences of that kind of issue in the future.

Admiral LOCKLEAR. I will, Senator. I will have to get with the Navy, with the CNO. It is his primary oversight of those contracts, even in my AOR, as the Army has primary oversight of the contracts in Korea. So we will try to consolidate an answer for you with the Navy.

[The information referred to follows:]

Oversight for our contracting is critical to ensure we have the proper support to execute our mission. Secretary Mabus has spoken to the Chief of Naval Operations, the fleet commanders, component commanders, and three- and four-star admirals stationed around the world on the importance and diligence to prevent, identify, and stop improper behavior. The alleged behavior by government employees is not acceptable in the Navy or anywhere in the U.S. Government. With respect to husbanding in particular, the Assistant Secretary of the Navy for Research, Development, and Acquisition, Sean Stackley, has engaged to review acquisition strategies for husbanding and similar contracts worldwide. A team of experts met and implemented changes in the acquisition process, tightening up procedures to provide the maximum effective oversight. This includes further standardizing of fleet requirements, removing pay functions from ships, and better guidance to ship commanding officers.

As combatant commander, I utilize my engagement team continually to address both U.S. forces and foreign countries on proper engagement, strong ethics, and oversight of contracts and our own personnel. I make it a point to address and stress integrity and our duty to prevent, detect, and properly adjudicate failures with our foreign partners during my meetings, our exercises, and mutual engagements.

Senator BLUMENTHAL. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you.

Any other questions? [No response.]

If not, we thank you both for your service and for your testimony. Again, please pass along our thanks to the men and women with whom you serve.

We will stand adjourned.

[Whereupon, at 11:44 a.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

NORTH KOREAN REGIME PRIORITIES AND DETERRENCE

1. Senator LEVIN. Admiral Locklear and General Scaparrotti, for many years our senior intelligence and military leaders have told us their assessment that the highest priority for the North Korean leadership is regime survival. Do you believe that regime survival is also the highest priority for the current leader of North Korea, Kim Jong-Un?

Admiral LOCKLEAR. [Deleted.]

General SCAPARROTTI. [Deleted.]

2. Senator LEVIN. Admiral Locklear and General Scaparrotti, if North Korea's leadership most values regime survival, do you believe that we will be able to continue to deter North Korea from taking actions that would result in the destruction of their regime, such as attacking South Korea or the United States?

Admiral LOCKLEAR. [Deleted.]

General SCAPARROTTI. [Deleted.]

MISSILE DEFENSE AND NORTH KOREA

3. Senator LEVIN. Admiral Locklear and General Scaparrotti, last year, in response to North Korea's provocative behavior, including threats to use missiles against the United States, Secretary Hagel announced plans to deploy 14 additional Ground-Based Interceptors (GBI) in Alaska and an additional radar in Japan. Do you agree that we need to continue to improve our Homeland missile defense capabilities relative to North Korea, especially our sensor and discrimination capabilities like the long-range discriminating radar that Congress mandated in last year's defense authorization bill, which is funded in the budget request?

Admiral LOCKLEAR. [Deleted.]

General SCAPARROTTI. [Deleted.]

INTELLIGENCE, SURVEILLANCE, AND RECONNAISSANCE CHALLENGES AGAINST NORTH KOREA

4. Senator LEVIN. Admiral Locklear and General Scaparrotti, North Korea is a tightly controlled and closed country, which makes it particularly hard to know much about what their government is planning or doing. Can you describe the challenges you face in obtaining reliable information about North Korea's military capabilities and intentions, especially the challenges related to our intelligence, reconnaissance, and surveillance (ISR) requirements?

Admiral LOCKLEAR. [Deleted.]

General SCAPARROTTI. [Deleted.]

CHINA'S DECLARED AIR DEFENSE IDENTIFICATION ZONE

5. Senator LEVIN. Admiral Locklear, during your testimony you stated that China's declaration of the Air Defense Identification Zone (ADIZ) has not changed Japan's operations in the area of the Senkaku Islands. Has it, however, been used by China as justification for greater People's Liberation Army (PLA) Navy or Air Force activity in the area of the Senkaku Islands?

Admiral LOCKLEAR. [Deleted.]

CHINA'S MILITARY GROWTH AND MODERNIZATION

6. Senator LEVIN. Admiral Locklear, it was recently announced that China is increasing its defense budget for fiscal year 2014 by 12 percent. Due to the lack of transparency with regard to the Chinese military budget, it is unclear how the budget increase will be spent. Much of the interest in China's continued rise as a global power is focused on how its rise will challenge regional security and stability. In your assessment, where is China focusing the bulk of its military spending increase?

Admiral LOCKLEAR. [Deleted.]

SOUTH CHINA SEA AND THE LAW OF THE SEA CONVENTION

7. Senator LEVIN. Admiral Locklear, the need to maintain the free, unimpeded flow of international trade and commerce throughout the Asia-Pacific region is one of the reasons the administration seeks to rebalance toward the Asia-Pacific region. One maritime area of particular importance in the western Pacific is the South China Sea, through which trillions of dollars of global commerce, including about $1 trillion of U.S. commerce, passes each year. However, stability in the South China Sea is complicated by the various conflicting claims to land features and water space by bordering countries and the meaningful resolution of those claims has been elusive. You have previously stated your support for the United States becoming a party of the U.N. Convention on the Law of the Sea (UNCLOS). How would joining this treaty benefit the U.S. military operations in the Asia-Pacific region and how does not being a party disadvantage the United States?

Admiral LOCKLEAR. U.S. accession would increase our credibility and influence in defending the Convention's existing norms that enable the access, mobility, and sustainment of our fleet. Our non-party status detracts from our ability to lead developments in the maritime domain and enables emerging powers to advance their contrary interpretations of the UNCLOS.

Not being a party to the UNCLOS is used against the United States when we challenge—diplomatically or operationally—excessive maritime claims of nations in the Asia-Pacific region. Most States in the area are Parties to the Convention and cite to its language as legal authority for their claims. Some of those countries state the U.S. invocation of the UNCLOS language as disingenuous as a non-Party since the U.S.'s legal foundation is based in customary international law as opposed to the Treaty. The U.S. asserts the Convention embodies customary international law, which binds all nations regardless of their status with respect to the Convention. However, customary international law is created by state practice over time. States' claims and actions create and alter customary international law; it is not necessarily static. However, the Convention binds the Parties to the language of the Convention and that language only changes through a formal amendment process. The current language in the Convention is favorable to the United States. By acceding to the Convention, the United States will be in a better position to interpret and control that language.

8. Senator LEVIN. Admiral Locklear, in view of the various territorial and maritime disputes in the South China Sea and the East China Sea, how would joining the UNCLOS support U.S. interests in these critical maritime areas?

Admiral LOCKLEAR. The rules of the Convention that guarantee the freedom of navigation are favorable to our interests. Being a party to the Convention would enhance the credibility of our operational assertions and diplomatic challenges against excessive maritime claims throughout the world. Being a Party to the Convention would demonstrate U.S. commitment to the rules-based international order and strengthen the foundation for partnerships with countries that share our national interest in preserving the navigational rights that are codified in the Convention. Our status as a non-party hampers our ability to push back against spurious claims. Joining the Convention would allow us to bring the full force of our influence as the world's foremost maritime power to bear against countries with excessive maritime claims.

TENSION BETWEEN SOUTH KOREA AND JAPAN

9. Senator LEVIN. Admiral Locklear, since Prime Minister Abe's visit to the Yasukuni Shrine at the end of last year, already-strained relations between South Korea and Japan have worsened. How have the tensions between these two allies affected the strategic and military relationship between the two countries and your ability to conduct in trilateral security engagements?

Admiral LOCKLEAR. The Japan-South Korea relationship is strained; however, we are cautiously optimistic that Japan and South Korea will improve their relations this year. The trilateral meeting of President Obama, President Park, and Prime Minister Abe during the Nuclear Security Summit at The Hague this March was an encouraging first step towards trilateral cooperation. They discussed regional security and the nuclear threat from North Korea. As a result of that meeting, South Korea and Japan agreed to hold director general-level talks on the historical issues of contention. Both sides shared the opinion that these issues should be settled speedily in order to remove obstacles in South Korea-Japan relations.

Last month we successfully participated in the Office of the Secretary of Defense (OSD)-led Defense Trilateral Talks between the United States, South Korea, and Japan, which are held at the Deputy Defense Minister level. Japan and South Korea work well together in trilateral military cooperation with the United States; however, bilateral security cooperation between Japan and South Korea remains elusive. We continually encourage regular trilateral exercise engagement with both Japan and the Republic of Korea. We look forward to both countries participating in the multilateral Exercise Rim of the Pacific (RIMPAC) and a pre-RIMPAC trilateral ballistic missile tracking exercise this summer. Our goal is to encourage Japan and the Republic of Korea at the highest level to manage their relations through a dual approach, separating sensitive historical and territorial issues from security cooperation.

10. Senator LEVIN. Admiral Locklear, do you see the possibility of a breakthrough in the troubled relations between Japan and South Korea in the next year?

Admiral LOCKLEAR. The Japan-South Korea relationship is strained; however, we are cautiously optimistic that Japan and South Korea will improve their relations this year. The trilateral meeting of President Obama, President Park, and Prime Minister Abe during the Nuclear Security Summit at The Hague this March was an encouraging first step towards trilateral cooperation. They discussed regional security and the nuclear threat from North Korea. As a result of that meeting, South Korea and Japan agreed to hold director general-level talks on the historical issues of contention. Both sides shared the opinion that these issues should be settled speedily in order to remove obstacles in South Korea-Japan relations.

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FACILITY HARDENING

11. Senator LEVIN. Admiral Locklear, for the last 3 years, the committee has expressed concern about the affordability of hardening of facilities on Guam and elsewhere in U.S. Pacific Command (PACOM), believing that such a large investment is not an efficient use of taxpayers' dollars and would be of limited utility in the event of an attack. Partially as a result of these concerns, PACOM significantly scaled back its plans for facility hardening. Can you assure me that PACOM does not anticipate any requirements for hardening of large facilities, including hangars, beyond those that have already been authorized by Congress or identified for funding in fiscal year 2015 and fiscal year 2016?

Admiral LOCKLEAR. [Deleted.]

U.S. MILITARY RELATIONS WITH INDIA

12. Senator LEVIN. Admiral Locklear, India remains an important partner in the region and our countries share mutual interests such as combating violent extremism, protecting vital sea lanes of communication, and gaining a better understanding of the ever-growing military capabilities in China. However, it seems that establishing a military-to-military relationship with India has been difficult. While you mention that India has been purchasing C–17s, C–130Js, and P–8s from the United States, the country is also increasingly looking to make its own defense hardware. Can you provide an update on the current status of defense cooperation with India?

Admiral LOCKLEAR. [Deleted.]

13. Senator LEVIN. Admiral Locklear, do you believe there is room for future cooperation on the defense side with India and what might the United States do to improve our military-to-military relationship?

Admiral LOCKLEAR. [Deleted.]

ENGAGEMENT WITH CHINA

14. Senator LEVIN. Admiral Locklear, you have been a proponent of increased engagement with China's military, at a time when we have concerns about China's behavior and claims in Asian waters. What do you believe is the benefit to U.S. security that we could achieve by such increased engagement with China's military?

Admiral LOCKLEAR. The U.S. military must engage with the People's Republic of China (PRC) military to build trust and channels of effective communication. Through these means, the United States and China can improve our understanding of how our respective governments use the military as an instrument of national power. There are many opportunities for cooperation in fields of mutual interest such as humanitarian assistance/disaster relief, counter-piracy, non-proliferation, counter-terrorism, noncombatant evacuation operations, and the safety of sailors and airmen in the maritime environment.

15. Senator LEVIN. Admiral Locklear, have we seen tangible improvements in China's responsibility to our request for information and engagement on difficult issues as a result of our increased military-to-military engagement with China, and can you briefly describe these improvements?

Admiral LOCKLEAR. Yes, we have seen improvements in coordination and communication as a result of military-to-military engagement with China. These engage-

ments help reinforce the architecture of bilateral and multilateral agreements that set international norms. A specific example of where China's adherence to bilateral security mechanisms ultimately proved helpful in difficult circumstances was the December 2013 encounter between the USS *Cowpens* and a Chinese naval vessel. In this particular case, communication channels established in the Military Maritime Consultative Agreement (MMCA) were key to avoiding a collision at sea.

Similar efforts to expand coordination and communication with China are showing hopeful signs. For example, the United States, China, and 18 other nations recently agreed to a region-wide Code for Unplanned Encounters at Sea (CUES) that will help set norms and reduce risks of accidents. Bearing in mind U.S. policy and section 1201a of the National Defense Authorization Act for Fiscal Year 2000 limiting certain categories of military-to-military contacts, the United States is also increasing the number of bilateral venues for military-to-military engagement, to include additional working groups associated with the annual Security and Economic Dialogue and a new dialogue between U.S. Assistant Secretaries of Defense and their Chinese counterparts.

U.S. efforts to help expand China's participation in bilateral and multilateral security venues and military-to-military engagement will continue to aim to support regional stability through increased adherence to international norms and standards of conduct.

EFFECT OF THE REBALANCE ON SCIENCE AND TECHNOLOGY

16. Senator LEVIN. Admiral Locklear, as a result of the Department of Defense's (DOD) increased strategic focus on the Asia-Pacific region, there has been discussion of increased emphasis on using science and technology (S&T) programs to improve military capabilities in areas of high interest for PACOM, such as electronic warfare, space systems, cybersecurity, and undersea warfare. From your perspective, what gaps in current warfighting capabilities concern you and what are your recommendations for what capabilities and technologies should the DOD S&T community develop?

Admiral LOCKLEAR. [Deleted.]

17. Senator LEVIN. Admiral Locklear, what are some examples of capabilities that have been delivered to your command that have improved your command's effectiveness or reduced operational costs?

Admiral LOCKLEAR. [Deleted.]

COOPERATIVE SECURITY LOCATIONS

18. Senator LEVIN. Admiral Locklear, your prepared remarks refer to a request for a new authority that would allow the geographic combatant commanders to spend up to $30 million per year to make low-cost modifications to cooperative security locations used by U.S. forces on a periodic basis. Please describe the requirement for such an authority and why current authorities, including unspecified minor military construction, do not adequately meet your requirement.

Admiral LOCKLEAR. Combatant commanders lack the authority to rapidly fund low-cost repairs and improvements during Phase 0 operations at Cooperative Security Locations (CSL). Existing Security Cooperation authorities, including Exercise Related Construction (ERC), Combatant Commander's Initiative Fund (CCIF), Overseas Humanitarian, Disaster, and Civic Aid (OHDACA), section 1206, Minor Military Construction (MMC), and military construction (MILCON) do not adequately address the unique challenges of quickly funding low-cost repairs or improvements to non-U.S.-owned/limited presence facilities. The new authority seeks to maximize investments to existing facilities and infrastructure by host nations, joint, interagency, intergovernmental. and multinational entities to enhance the deployment and mobility of U.S. forces and supplies in support of Theater Campaign Plan (TCP) objectives.

CSLs are enduring Global Defense Posture locations characterized by the periodic presence of U.S. Forces with little to no permanent U.S. military presence or real property interest at host nation facilities. CSLs play a vital access role in PACOM's ability to respond agilely throughout the theater and respond to the full range of military operations. Many CSLs provide critical strategic access and support multiple Services, missions, and purposes. No specific authority exists to rapidly fund low-cost repairs/improvements to CSLs or other defense-related infrastructure, including host nation-owned ports, airfields, roads, bridges or C2 facilities—facilities

and infrastructure PACOM must use when responding to the full range of military operations outside the United States.

Existing Title 10/22 Security Cooperation authorities (e.g., ERC, CCIF, OHDACA, 1206, MILCON/MMC, and others), are limited in scope and not specifically designed to support repairs or improve non-U.S.-owned/limited presence facilities and infrastructure. The primary shortfalls for the existing authorities are listed below.

- ERC: Limited to Joint Staff approved exercises only; limited annual funding of just $9 million.
- CCIF: Construction not authorized; limited to "emergent" issues.
- OHDACA: Limited to humanitarian projects—no dual civilian-military use.
- Title 10, section 1206: Limited to military-to-military programs/stability operations and counter terrorism urgent and emergent requirements; funding limited to $750,000 per project; infrastructure projects not authorized.
- Title 10, section 2805, MMC: Although limited Service operation and maintenance (O&M) funds are available to conduct minor repairs and improvements at CSLs, a lack of lead Service designation at many CSLs, downward budget pressure, and a $750,000 per project limit combine to effectively remove MMC from use.
- MILCON: Requires a U.S. real property interest (lease or purchase).

To address this gap, PACOM is requesting a new "Security Cooperation Construction Authority," similar to ERC and part of the MILCON appropriation managed by the Joint Staff through the Global Posture process (GPIT/GPEC). The new authority will provide greater flexibility to rapidly fund CSL development and make defense-related infrastructure improvements in support of the TCP. The proposal requests an ERC-like construction capability at dual-use (Civ/Mil) locations, to ensure partner/ally infrastructure is able to support U.S. operations. The new authority can be included in the MILCON appropriation managed by the Joint Staff with a single-line appropriation of $30 million.

19. Senator LEVIN. Admiral Locklear, is there a line item in the budget for the low cost modifications to cooperative security locations?

Admiral LOCKLEAR. No. The fiscal year 2015 President's budget does not have a line item specifically funding low-cost modifications to cooperative security locations. PACOM will formally submit this request in response to the upcoming call for legislative proposals for fiscal year 2016 implementation. PACOM will recommend amending title 10, section 166a (CCIF) or title 10, section 2805 (a)(2) (MMC), to provide specific authorities for improving CSLs and defense-related infrastructure.

MILITARY-TO-MILITARY ENGAGEMENT WITH BURMA

20. Senator LEVIN. Admiral Locklear, as you noted in your written opening statement, "Burma continues to undergo its dramatic democratic and economic transition, including the release of over 1,000 political prisoners and the possibility of a national ceasefire agreement." The military plays a critical role in the transition since it controls 25 percent of the Parliament and still plays a significant role in a number of government ministries. There have been small steps forward to engaging the Burmese military, but these have been limited to a few small workshops. DOD has expressed an interest in a more robust engagement focusing on human rights training, English-language training, military medicine training, and humanitarian response and disaster relief training. What are the benefits to engaging with the Burmese military and how will these engagements help to shape the future of the Burmese military?

Admiral LOCKLEAR. In view of recent political reforms, we believe that Burma requires a new approach that focuses on building trust and relationships in helping to shape what Aung Sun Sui Kyi has envisioned as a "professional military for the people of Burma." Recognizing current restrictions on military-military interaction, our challenge is to develop a limited engagement strategy that will advance the reform process and stay in step with our human rights agenda.

21. Senator LEVIN. Admiral Locklear, do you foresee difficulties in providing human rights, humanitarian assistance, and disaster relief training to the Burmese military because of vetting requirements?

Admiral LOCKLEAR. Yes. Burma remains a restricted country, and all forms of military engagement require a rigorous vetting process involving the National Security Council, OSD, the Department of State, and Embassy Rangoon.

SPECIAL MEASURES AGREEMENT WITH SOUTH KOREA

22. Senator LEVIN. General Scaparrotti, the United States and South Korea recently concluded negotiations for the Special Measures Agreement (SMA) that will govern host nation support until 2018. As you are aware, our committee concluded a report on overseas basing a few years ago that found that South Korean SMA contributions had not kept pace with growth in U.S. costs. Given the current fiscal climate, there is a growing concern that our allies and partners are not carrying a sufficient part of the financial burden for security in the region. Do you think the recent SMA agreement reflects a fair division of the financial burden between the South Koreans and the United States for security on the Korean peninsula?

General SCAPARROTTI. Given the current fiscal climate, I think the recent SMA agreement reflects a fair division of the financial burden between the Republic of Korea and the United States for security on the Korean peninsula.

A new 5-year (2014 to 2018) SMA was signed on February 2, 2014. This agreement specifies contributions the Republic of Korea (ROK) will make towards offsetting the cost of stationing U.S. forces in Korea. Under the new SMA, the ROK will provide $866 million cost-sharing support in 2014; these funds will be used to offset costs of employing local national workers, procuring supplies and services, and executing MILCON projects. The annual ROK SMA cost sharing contribution will be increased by the local inflation rate—as measured by the ROK consumer price index—not to exceed 4 percent in a given year during the 2015 to 2018 time period.

The ROK SMA contribution of $866 million in 2014 marks a 5.8 percent increase from the 2013 ROK SMA contribution. This is the largest annual increase since 2005. ROK cost sharing support received over the next 5 years under the new SMA will play a key role in maintaining and enhancing force readiness by providing local national workers to support the force, making available valuable supplies and services, and building and modernizing needed facilities. It also helps position the U.S.-ROK alliance as a linchpin for regional peace and stability.

U.S.-SOUTH KOREA COMBINED COUNTER-PROVOCATION PLAN

23. Senator LEVIN. General Scaparrotti, while a wide-scale attack by North Korea, whether conventional or otherwise, seems highly unlikely, there is a prospect for a limited military action, and such an event would likely draw a military response from South Korea. The United States and South Korea have finalized a "combined counter-provocation plan" in effort to formalize the terms of any such response. Can you describe the general terms of that agreement and if you are satisfied that the plan strikes the right balance between enabling South Korea to respond and defend itself while also ensuring that the United States is involved in any decisions that might implicate the involvement of U.S. forces?

General SCAPARROTTI. [Deleted.]

TRANSFER OF WARTIME OPERATIONAL CONTROL TO SOUTH KOREA

24. Senator LEVIN. General Scaparrotti, as it stands now, during a time of war on the Korean Peninsula, the United States would be in operational control of the combined U.S. and South Korean forces. That arrangement was put in place 60 years ago. Today, South Korea is a prosperous nation with a very capable military and should be responsible for its own national defense. The plan to transfer wartime operational control from the United States to South Korea has been delayed until 2015, and there are a number of conditions and milestones that must be met before the transfer can occur. Are the United States and South Korea on track to fulfill all the conditions necessary so that the transfer is not delayed again?

General SCAPARROTTI. [Deleted.]

25. Senator LEVIN. General Scaparrotti, what obstacles, if any, do you see to completing the transfer of wartime operational control no later than 2015?

General SCAPARROTTI. [Deleted.]

LITTORAL COMBAT SHIP

26. Senator LEVIN. Admiral Locklear, during the hearing, you said: "I think that if you talk about a Navy that is the size of 320 or 325 ships, which is what I would say would be an assessment some have made is necessary for the global environment you are in, having 50 or 55 Littoral Combat Ships (LCS) makes a lot of sense because there are a lot of places in the world where you can use them. But if you

are talking about a budget that can only support a Navy much smaller than that, then having that heavy of a reliance on LCS does not make that much sense. So I can understand why the reduction was made, but I am still a supporter of the LCS and what it can do." Our understanding is that the Navy has not reduced the requirement for small surface combatants, which still is set at 52 ships. What DOD is investigating is whether, after acquiring 32 ships of the current LCS designs, it will build more of the current designs, build some variant of the current designs, or build an entirely new design to fill out the requirement for 52 ships. Is that correct?

Admiral LOCKLEAR. DOD remains committed to supporting the current LCS program of record. The requirement for LCS still exists, although the Secretary of Defense has expressed concerns about emerging threats and the need for greater power projection. In view of these concerns, he has ordered that no new contract negotiations beyond 32 ships go forward. The Navy has been directed to provide the Secretary of Defense a list of alternative proposals for the President's 2016 budget deliberations which may include a new ship design, existing ships (including LCS), and a modified LCS. A Small Surface Combatant Task Force has been chartered with researching potential solutions and will provide their findings to the Secretary by July 31, 2014. Criteria for their recommendations will include: target cost, mission requirements, sensors and weapon requirements, and required delivery dates.

QUESTIONS SUBMITTED BY SENATOR RICHARD BLUMENTHAL

HOST NATION OVERSIGHT

27. Senator BLUMENTHAL. Admiral Locklear, as mentioned in the hearing, I am concerned about the oversight provided to contracting support required by ships and other U.S. military assets stationed overseas in the PACOM area of responsibility (AOR). With the proposed repositioning of 7 more ships to PACOM—increasing the total number to 39 ships—I want to be assured that appropriate mechanisms are in place to prevent any illegalities or improprieties so far removed from CONUS. The recent Glenn Defense Marine Asia case exemplifies my concerns. As combatant commander, what discussions have you had with host nations and countries that receive port visits as to the standards the United States abides by with regards to contract for logistics, ship repair, and other support services?

Admiral LOCKLEAR. Oversight for our contracting is critical to ensure we have the proper support to execute our mission. Secretary Mabus has spoken to the Chief of Naval Operations, the fleet commanders, component commanders, and three- and four-star admirals stationed around the world on the importance and diligence to prevent, identify, and stop improper behavior. The alleged behavior by government employees is not acceptable in the Navy or anywhere in the U.S. Government. With respect to husbanding in particular, the Assistant Secretary of the Navy for Research, Development, and Acquisition Sean Stackley has engaged to review acquisition strategies for husbanding and similar contracts worldwide. A team of experts met and implemented changes in the acquisition process, tightening up procedures to provide the maximum effective oversight. This includes further standardizing of fleet requirements, removing pay functions from ships, and better guidance to ship commanding officers.

As combatant commander, I utilize my engagement team continually to address both U.S. forces and foreign countries on proper engagement, strong ethics, and oversight of contracts and our own personnel. I make it a point to address and stress integrity and our duty to prevent, detect, and properly adjudicate failures with our foreign partners during my meetings, our exercises, and mutual engagements.

28. Senator BLUMENTHAL. Admiral Locklear, what impact, if any, have the reports of improper influence determining naval port calls had on our military-to-military relations with other countries in the Pacific region?

Admiral LOCKLEAR. Military-to-military relations with Pacific region countries were minimally impacted. Some port visits were deferred or locations changed immediately following the incident, but no exercises or significant engagements were cancelled.

29. Senator BLUMENTHAL. Admiral Locklear, what are your recommendations to prevent such abuses in the future as there is going to be a sizeable increase in forward deployed naval assets?

Admiral LOCKLEAR. First, emphasizing ethics in all aspects of our operations is an absolute must. Second, we must be proactive, not reactive, in promoting process changes for 7th Fleet husbanding services. I am confident our Navy team can continue to implement stricter cost controls necessary to prevent any and all gross improprieties by our contractors and government employees in the future.

To this effect, the Pacific Fleet has taken the lead in driving weekly port visit line-item cost reviews and cultivating improved business practices to prevent future abuses in the husbanding service provider (HSP) business. The implementation of standardized logistics requisitions by ship class, supply officer checklists for quality assurance, installation of flow meters on ships to measure volume-based services, increased education on contracts and husbanding services at the Navy Supply Corps School, and a new multiple HSP award approach for future 7th Fleet husbanding contracts are steps now in effect. Additionally, the Pacific Fleet has received funding for an overall Port Visit Program Manager for policy guidance and two Contracting Officer Representatives (COR), whose sole purpose will be contract performance oversight.

QUESTIONS SUBMITTED BY SENATOR MAZIE K. HIRONO

U.S. MILITARY RELOCATION PLANS IN THE REPUBLIC OF KOREA

30. Senator HIRONO. General Scaparrotti, the U.S. Government has plans to relocate U.S. Military Forces from Seoul and other bases to Camp Humphreys. While significant portions of the relocation costs are being paid by the ROK, the Army is responsible for ensuring that adequate housing meeting applicable U.S. standards is available, both on-post and off-post, for military personnel, DOD civilians, and their families stationed at Camp Humphreys. I understand that the project has encountered some challenges. I am also concerned that if a solution is not identified and implemented relatively quickly, the Army could be forced to settle for off-post housing that are not safe for our families, or will require families to have to pay huge amounts out of pocket to find an adequate house, and/or will require families to find housing located too far off-base to meet operational readiness needs of the U.S. Forces Korea (USFK). What is the current status of the relocation?

General SCAPARROTTI. The Yongsan Relocation Plan and Land Partnership Plan relocation to U.S. Army Garrison Humphreys largely remains on schedule to meet USFK objectives. However, I am very concerned about the Army's ability to determine a solution that meets our on-post housing requirements at Camp Humphreys, particularly given the majority of the moves will occur in 2016. I am also committed to ensuring off-post housing meets quality of life, safety, and operational requirements.

31. Senator HIRONO. General Scaparrotti, what are your plans for family housing and when do you need to have family housing available for the relocation to stay on schedule?

General SCAPARROTTI. Housing is a USFK top relocation priority. USFK requires on-installation family housing by mid-2016 for 40 percent of the command-sponsored families throughout Korea to maintain operational readiness. To achieve operational readiness, USFK has conducted extensive assessment and planning on housing with DOD and the Department of the Army. Currently, there is not a full programmatic solution to our housing requirements. The Army has the responsibility to develop family housing solutions to meet the USFK requirement on Army installations. As such, USFK requested an Army-proposed solution no later than July 2014 to stay on the relocation timeline.

OPERATIONAL CONTROL QUESTION

32. Senator HIRONO. General Scaparrotti, in 2010, the United States and South Korea agreed to postpone the transfer of wartime operational control. U.S. officials noted that doing so would send an important message about the U.S. presence in the region. Given that North Korea is as significant a threat today as it was in 2010, would you support an additional postponement of operational control transfer beyond 2015?

General SCAPARROTTI. [Deleted.]

33. Senator HIRONO. General Scaparrotti, what would be your most important considerations in making a recommendation on this issue?

General SCAPARROTTI. [Deleted.]

KOREA-JAPAN MILITARY-TO-MILITARY INTERACTIONS

34. Senator HIRONO. Admiral Locklear and General Scaparrotti, Japan and Korea are strong allies of the United States. I understand that Japan and South Korea were planning to meet in a trilateral summit at The Hague. In your opinion, how well are our allies Japan and Korea working together in the military arena?

Admiral LOCKLEAR. South Korean military leaders meet often with Japan Self Defense Force leaders at various PACOM and OSD-led forums such as our Chiefs of Defense Conference, Strategy Talks, and the OSD-led Defense Trilateral Talks. Japan and South Korea work well together in trilateral military cooperation with the United States; however, bilateral security cooperation between Japan and South Korea remains elusive. In terms of trilateral exercises, we've seen several important recent achievements, such as training in advanced air combat skills during Exercise Red Flag Alaska in 2012 and 2013; several iterations of at-sea training in the Yellow Sea by our maritime forces since 2012; and the first-ever trilateral counter-piracy exercise held last year in the U.S. Central Command AOR. Japanese and Korean forces also work very well together as leaders in multilateral security cooperation events, such as Exercise RIMPAC and the regular series of Proliferation Security Initiative (PSI) exercises.

Our goal is to encourage Japan and the Republic of Korea at the highest level to manage their relations through a dual approach, separating sensitive, historical, and territorial issues from security cooperation.

General SCAPARROTTI. Because of different historical interpretations of the events of the 20th century, and their territorial dispute over the Liancourt Rocks (a.k.a. Dokdo and Takeshima), our Korean and Japanese allies are politically at odds. Their continued disagreements make collaboration on shared national interests difficult, and they rarely cooperate bilaterally in the military arena. They do, however, join U.S. forces in trilateral discussions and exercises, and we are using this as a way to achieve incremental improvements in regional defense cooperation.

The Korea-Japan bilateral military relationship is hampered by limitations on the sharing of defense and security information. The United States has information-sharing agreements with both of our allies, but Korea and Japan still do not agree to share information directly between themselves. This has generally constrained their collaboration to humanitarian assistance, disaster relief, and search and rescue operations. Within these areas, bilateral cooperation between them, including trilateral activities with us, has been slowly but steadily increasing, building capacity within the North-East Asia region and worldwide.

In recent years, despite the political friction, we have been able to advance beyond the naval search and rescue operations our countries have focused on in the past. In 2013, our air forces participated together in the Red Flag-Alaska exercise, which was the first time Korea and Japan trained in close coordination on air operations. Also, last year, for the first time, units from our three navies trained together in the East Sea, while all three also participated in counter-piracy operations together in the Gulf of Aden.

We consistently encourage dialogue and security collaboration among our three countries. We hope today's minimal but increasing level of military cooperation will grow to include multi-Service exercises, but that will depend largely on having some formal agreement on sharing military information. Such an agreement will pave the way toward more comprehensive collaboration improving security and stability throughout the region.

PHILIPPINES

35. Senator HIRONO. Admiral Locklear, we are now working closer with the Philippines. How will an access agreement with the Philippines assist our operations in the Pacific theater?

Admiral LOCKLEAR. [Deleted.]

36. Senator HIRONO. Admiral Locklear, in addition to the Philippines, what other countries is the United States exploring options for additional basing or access arrangements in the Asia-Pacific region?

Admiral LOCKLEAR. During President Obama's visit to Australia in November 2011, he and Prime Minister Gillard announced two force posture initiatives that would significantly enhance defense cooperation between the United States and Australia: (1) the rotational deployment of U.S. marines to Darwin, culminating in the rotation of a full Marine Air Ground Task Force through the Northern Territory; and (2) increased rotations of U.S. aircraft through northern Australia. The announcement was seen as the first tangible manifestation of the U.S. rebalance to

the Asia-Pacific region. The United States is currently in negotiations with the Government of Australia to establish a binding access agreement that will codify these arrangements. PACOM is also exploring options for an airborne tanker divert and dispersal location on Saipan, Commonwealth of the Northern Marianas Islands (CNMI) and joint military training ranges on Tinian, CNMI.

ASIA-PACIFIC CENTER FOR STRATEGIC STUDIES

37. Senator HIRONO. Admiral Locklear, I have found that the Asia-Pacific Center for Strategic Studies (APCSS) is an outstanding institution bringing together a diverse group of outstanding faculty and students to discuss, debate, and learn from each other. As we rebalance to the Pacific and expand our relationships across the region, I'd expect that the APCSS would play a significant role. Please share your thoughts on the APCSS and its importance to our rebalance strategy and expanding and strengthening our relationships in the region.

Admiral LOCKLEAR. The APCSS provides critical support to the PACOM mission. Its course offerings, workshops, and numerous special events play an important role in promoting understanding of U.S. policy and objectives. The Center's programs contribute significantly to building U.S. and partner capacity, problem-solving, and the development of enduring relationships. By providing access to senior security practitioners from around the region, APCSS improves multi-national security cooperation, and helps build individual and institutional capability. These efforts are key to PACOM's contribution to U.S. strategy in the region, including the Asia-Pacific rebalance.

QUESTIONS SUBMITTED BY SENATOR ANGUS S. KING, JR.

NORTH KOREA COLLAPSE SCENARIO

38. Senator KING. General Scaparrotti, how confident are you in the ability of South Korea, the United States, China, and other regional powers to deal with a state collapse scenario in North Korea?

General SCAPARROTTI. [Deleted.]

39. Senator KING. General Scaparrotti, what are the opportunities and risks associated with this scenario and how do you assess the likelihood that this is how the North Korean regime will eventually end?

General SCAPARROTTI. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

EAST CHINA SEA PEACE INITIATIVE

40. Senator INHOFE. Admiral Locklear, tension has increased as a result of disputes over the waters of the South China Sea as well as the East China Sea in recent years. Ensuring the right of free passage and stability in these waters is critical to the security and economic interests of the United States, as well as our regional allies. In August 2012, Taiwan President Ma Ying-Jeou proposed an East China Sea Peace Initiative to address the ongoing dispute over the Senkaku/Diaoyutai Islands, the sovereignty of which is claimed by the PRC, Japan, and Taiwan. The initiative calls upon all parties concerned to resolve disputes through peaceful means, and seek cooperation on explorations and developing resources in the East China Sea. Do you think this particular initiative could contribute to resolving the dispute in a peaceful and comprehensive manner?

Admiral LOCKLEAR. Key elements of President Ma's East China Sea Peace Initiative deserve praise. The principles of resolving disputes peacefully, shelving controversies, and cooperating on resource exploration and development helped Taiwan finalize a fisheries agreement with Japan in spring 2013 and, in the South China Sea, enter into fisheries negotiations with the Philippines in summer 2013. We encourage all claimants to define their claims clearly in ways that are consistent with international law and to resolve their disputes peacefully.

41. Senator INHOFE. Admiral Locklear, what is the administration's view of this initiative, and is this something the administration can support?

Admiral LOCKLEAR. We encourage all claimants to define their claims clearly in ways that are consistent with international law and to resolve their disputes peacefully. We applaud Taiwan's recent progress in working with its neighbors, most no-

tably Japan and the Philippines, to address competing maritime claims, and in advancing its economic and commercial cooperation with its neighbors.

TAIWAN RELATIONS ACT

42. Senator INHOFE. Admiral Locklear, this year marks the 35th anniversary of the Taiwan Relations Act (TRA). The TRA, along with the Six Assurances of 1982, form the basis of U.S. policy towards Taiwan and affirm the U.S. commitment to Taiwan's self-defense capability. This has successfully ensured peace in the Taiwan Strait and contributed to the stability and prosperity in the Asia-Pacific region. With the PRC's arms buildup and naval modernization shifting the cross strait military balance in its favor, and the U.S. Air Force planning to defund the Combat Avionics Programmed Extension Suite (CAPES) program—which serves to upgrade Taiwan's F–16 fleet with advanced avionics—how do you and the administration plan to continue to implement the security commitment the United States has to Taiwan under this framework?

Admiral LOCKLEAR. We remain committed to assisting Taiwan to maintain sufficient self-defense capabilities consistent with our obligations under the TRA. We encourage Taiwan to continually evaluate many aspects of their defense approaches and to seek innovative and asymmetric methods and strategies that are commensurate with its capacities, as well as with the current strategic landscape in the Asia-Pacific region. With respect to the F–16 retrofit program, U.S. Air Force funding for the CAPES program will continue through fiscal year 2014. The U.S. Air Force F–16 program office has determined that the lack of U.S. Air Force participation beyond fiscal year 2014 will not have a significant impact on the Taiwan program, and that all funding can be covered in Taiwan's current Letter of Offer and Acceptance. As a result, potential cuts in U.S. Air Force funding for the CAPES program will not negatively impact the Taiwan F–16 retrofit program.

REBALANCE TO THE ASIA-PACIFIC REGION

43. Senator INHOFE. Admiral Locklear, from your time in the region, you can most effectively evaluate the rebalance to the Asia-Pacific region called for in the Defense Strategic Guidance (DSG). A rebalance toward the Asia-Pacific region would seem to signal an increase in presence and resources. From your interactions with your counterparts and defense leaders in the Pacific, what is their perception of the rebalance?

Admiral LOCKLEAR. While the Asia-Pacific region is a complex region, with vibrant civil discourse and diverse points of view, the rebalance has generally been welcomed by Asia-Pacific region defense leaders. The enhanced regional focus and increased U.S. engagement is welcome in both bilateral and with multilateral organizations (e.g. with the Association of Southeast Asian Nations-centered organizations).

Regional leaders continue to seek further understanding and updates regarding the execution of the rebalance. A common view is that the rebalance may not be sustainable; therefore, regional leaders are watching the U.S. budget process closely. Nations are weighing their relationships carefully in light of China's ascendance and questions regarding U.S. commitment. Our allies and partners desire reassurance via our actions that the rebalance is sustainable. China, while skeptical of our intentions, also questions the strategy's sustainability and may take advantage of any sign that the U.S. commitment to the region is decreasing.

44. Senator INHOFE. Admiral Locklear, how does China perceive our announced rebalance?

Admiral LOCKLEAR. China regards the rebalance as an attempt at "containment" and often overemphasizes its military aspects.

45. Senator INHOFE. Admiral Locklear, what does China stand to gain if we fall short of following through on the rebalance?

Admiral LOCKLEAR. I don't believe China would gain if the rebalance is unsuccessful. In fact, China would likely see an increasingly destabilized region if the United States does not successfully implement the security aspect of the rebalance. Changes in the region's political dynamics, driven heavily by a major increase in Chinese national power, is encouraging countries to accelerate military preparations and intensify competition over various security disputes. The U.S. rebalance encourages the regional restraint and stability that China requires to achieve domestic development goals.

DEFENSE STRATEGIC GUIDANCE

46. Senator INHOFE. Admiral Locklear, the January 2012 DSG says "the growth of China's military power must be accompanied by greater clarity of its strategic intentions . . . " Do you think that China's unilateral declaration of an ADIZ covering the airspace of Japan, South Korea, and Taiwan has given us greater clarity on China's strategic intentions?

Admiral LOCKLEAR. [Deleted.]

47. Senator INHOFE. Admiral Locklear, what strategy do you suggest to counter those aggressive intentions?

Admiral LOCKLEAR. PACOM will continue to monitor PRC force development and strategy in order to act in concert with partners and allies adapting military forces, posture, and operational concepts to maintain regional stability. The complexity of the regional and global security environment, as well as the advances in China's military capabilities and expanding military operations and missions, call for a continuous dialogue between our militaries to expand practical cooperation and candidly discuss areas of disagreement. Military-to-military engagement with the PRC provides an opportunity to build trust, enhance transparency, and reduce the risk of misperception and miscalculations.

FORCE STRUCTURE

48. Senator INHOFE. General Scaparrotti, operational demands continue to place a heavy load on scarce, highly valuable systems and units. Assets such as ISR aircrafts, battle management airplanes, combat search and rescue teams, stealth aircraft, and combat control teams play vital roles in our planned and contingency operations. Aircrafts such as the E–3 Airborne Warning Control System (AWACS), E–8 Joint Surveillance and Target Attack Radar Systems (JSTARS), U–2s, EC–130s, and RC–135s are examples of low-density, high-demand. However, the Air Force is proposing to cut seven AWACS, six JSTARS, seven EC–130s, and the entire fleet of U–2s. As the commander of USFK were you consulted on the retirement of these assets?

General SCAPARROTTI. Yes, I was consulted, and I am closely monitoring the Air Force proposals to cut or replace our aging aircraft. We remain concerned about these cuts, and while the Air Force is working on their replacements, we request the uninterrupted continuation of our ISR and command and control missions. I have discussed these issues with our Services and DOD leaders, and understand the difficult choices they face. I remain hopeful the Air Force will rapidly field equally capable replacement aircraft to continue the important roles they fill in our theater.

49. Senator INHOFE. General Scaparrotti, how would you assess the risk of not having enough of these assets in a North Korea aggression scenario?

General SCAPARROTTI. [Deleted.]

50. Senator INHOFE. General Scaparrotti, the U.S. Air Force reversed its decision from last year regarding the U–2 and Global Hawk, proposing to retire the U–2 in fiscal year 2016, not the Global Hawk Block 30, as proposed in prior years. Did you articulate a position on the retirement of the U–2? If so, what was your position?

General SCAPARROTTI. The position I continue to articulate is that I am concerned about the loss of the significant capability of the U–2. I rely on this asset heavily in my theater. While I understand DOD has to make tough choices with respect to our future budget, I require capabilities that can match the U–2—in both imagery and signals intelligence capabilities. We will incur a significant amount of risk in this theater if we have a less-capable platform available to us during a North Korean provocation or attack.

51. Senator INHOFE. General Scaparrotti, how will this decision impact your ability to address critical intelligence shortfalls?

General SCAPARROTTI. No other ISR asset currently has the capabilities as that of the U–2. Unless the Air Force is able to provide similar sensor capability on another platform such as the Global Hawk, the Combined Forces Command will suffer a loss of vital intelligence. As they look at the retirement of the U–2, we'll continue to advocate for the Air Force to improve the capabilities of the Global Hawk so that USFK receives a consistent level of performance from its ISR platforms to address our critical indications and warning mission.

WEAPONS AND AMMUNITION SHORTFALLS

52. Senator INHOFE. General Scaparrotti, are you experiencing any shortfalls in weapons or ammunition for training and operational requirements?
General SCAPARROTTI. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR SAXBY CHAMBLISS

JOINT SURVEILLANCE TARGET ATTACK RADAR SYSTEM

53. Senator CHAMBLISS. Admiral Locklear, the JSTARS platform provides vital surveillance in the form of Ground Moving Target Indication (GMTI) to support targeting and attack operations. The President's budget proposal calls for a 40 percent reduction in our JSTARS fleet, presumably to fund the acquisition of a replacement platform. Is the Air Force currently meeting your battle management, command, and control requirements?
Admiral LOCKLEAR. [Deleted.]

54. Senator CHAMBLISS. Admiral Locklear, how will this proposed reduction in aircrafts impact your mission?
Admiral LOCKLEAR. [Deleted.]

55. Senator CHAMBLISS. Admiral Locklear, can you speak to the importance of having the GMTI capability available in your AOR?
Admiral LOCKLEAR. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR ROGER F. WICKER

U–2 AND GLOBAL HAWK

56. Senator WICKER. General Scaparrotti, in your testimony, you referenced the capabilities provided by the U–2 that is lacking in the Global Hawk. I would like for you to provide me with the details of those capabilities. In your response on differences in capabilities between the U–2 and the Global Hawk, please include a classified annex.
General SCAPARROTTI. [Deleted.]

57. Senator WICKER. General Scaparrotti, given the decision of DOD to retire the U–2 and continue operating the Global Hawk as the high altitude ISR system for the U.S. Air Force, would it be important to you that the Global Hawk is able to carry the same sensors as the U–2?
General SCAPARROTTI. [Deleted.]

58. Senator WICKER. General Scaparrotti, if the Global Hawk carries the U–2 multi-spectral imagery and broad area mapping sensors, and carries them farther and longer, wouldn't this afford the additional capability and capacity to meet your ISR peacetime and wartime requirements, as well as other obligations?
General SCAPARROTTI. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

SOUTH KOREA'S CONCERNS

59. Senator AYOTTE. General Scaparrotti, in your prepared statement, you say that, "South Korea is concerned about adjustments in U.S. security strategy, particularly about reduction of U.S. commitment and resources." South Korea is an important ally in Asia. We have major strategic interests there, not the least of which is the fact that more than 110,000 Americans reside there. Can you explain in more specific detail what South Korea's concerns are?
General SCAPARROTTI. As is the case with our Nation, South Korea is adapting its national security strategy to a rapidly evolving strategic environment, including an increasing North Korean asymmetric threat. There are concerns in South Korea that American political and economic challenges will lead to a reduction of U.S. commitment or the resources available to fulfill its responsibilities under the Mutual Defense Treaty. South Korea is concerned that North Korea's increasing asymmetric capabilities could erode the U.S. commitment to extended deterrence.

South Korea is also paying close attention to a rising China. Like many of the nations in the region, South Korea finds itself in a situation of complex interdependence. It relies on the United States as its preferred security partner, but depends on China for continued economic growth and prosperity. Consequently, South Korea is striving to ensure that its security decisions do not detrimentally impact its economic opportunities.

U.S. budget reductions have prompted South Korean concerns over whether the United States will have ready forces available in the quantity called for by our operational plans. Our ally closely watches U.S. force posture, training, and acquisitions, examining their impact on U.S. commitments. Though we have seen few direct impacts to our forces in Korea, other forces that would come to Korea in time of crisis face increasing readiness challenges and our ally knows this.

In raising these concerns, the ROK is inviting the United States to engage in a dialogue to ensure our interests and efforts are aligned. My command works in concert with the U.S. Embassy in Seoul, PACOM, and the U.S. interagency to address concerns, and to deepen the quality of our alliance to surmount concerns and challenges to achieve our mutual interests and objectives.

60. Senator AYOTTE. General Scaparrotti, in your prepared statement, you state that you are "concerned about shortfalls in critical areas including command, control, communications, computers, intelligence, surveillance, reconnaissance, missile defense, critical munitions, and the readiness of follow-on forces." What are your missile defense shortfalls?

General SCAPARROTTI. The current ballistic missile defense architecture in the Korean theater of operations lacks an organic upper tier ballistic missile defense capability, such as Terminal High Altitude Area Defense (THAAD) or theater ballistic missile capable AEGIS ships to fully address the North Korean missile threat.

While the decision to place a THAAD system in Korea is not finalized, adding this capability would provide a layered ballistic missile defense posture for the Korean peninsula against an asymmetric no-warning attack. We are working closely with PACOM and the Services to address this challenge.

Stationing the THAAD system in Guam enhances ballistic missile defenses of the overall PACOM AOR, but it does not specifically address the ballistic missile defense shortfalls and challenges in the Korean theater of operations.

61. Senator AYOTTE. General Scaparrotti, what are your concerns about the readiness of follow-on forces?

General SCAPARROTTI. [Deleted.]

RADAR IN JAPAN TPY–2

62. Senator AYOTTE. Admiral Locklear, in your prepared statement, you state that, "it became apparent to both PACOM and Japan that we need an additional TPY–2 radar in Japan." Why do you believe we need an additional TPY–2 radar in Japan?

Admiral LOCKLEAR. [Deleted.]

AIR DEFENSE IDENTIFICATION ZONE

63. Senator AYOTTE. Admiral Locklear, in November of last year, China declared an ADIZ in the East China Sea encompassing the Senkaku Islands. What is your assessment of this move by China?

Admiral LOCKLEAR. [Deleted.]

64. Senator AYOTTE. Admiral Locklear, is the U.S. military abiding by the demands of this ADIZ?

Admiral LOCKLEAR. [Deleted.]

65. Senator AYOTTE. Admiral Locklear, are you concerned that China may move to impose an ADIZ over the South China Sea?

Admiral LOCKLEAR. We have no indications that the PRC is planning to implement an ADIZ in the South China Sea in the near-term, but they remain open to future ADIZ announcements.

CHINA'S MILITARY MODERNIZATION

66. Senator AYOTTE. Admiral Locklear, in his March 5, 2014, prepared statement, Secretary Hagel said, "With the proliferation of more advanced military technologies and other nations pursuing comprehensive military modernization, we are entering an era where American dominance on the seas, in the skies, and in space—not to mention cyber—can no longer be taken for granted." Do you agree with the Secretary of Defense that we are entering an era where American dominance on the seas and in the skies can no longer be taken for granted?

Admiral LOCKLEAR. Yes, I agree with the Secretary's comment.

67. Senator AYOTTE. Admiral Locklear, why is this happening?

Admiral LOCKLEAR. While budget uncertainty has hampered our readiness and complicated our ability to execute long-term plans, the Chinese military has continued to pursue a long-term, comprehensive military modernization program. Last year, China continued large-scale investment in advanced short- and medium-range conventional ballistic missiles, land-attack and anti-ship cruise missiles, counterspace weapons, military cyberspace capabilities, improved capabilities in nuclear deterrence and long range conventional strike, advanced fighter aircraft, integrated air defenses, undersea warfare, and command and control. Meanwhile, over the past year, the U.S. military has been forced to prioritize current readiness at the expense of follow-on force readiness and critical investment needed for these forces to outpace emerging threats.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

CYBER RED TEAM CAPABILITY

68. Senator BLUNT. Admiral Locklear, what is the current PACOM demand for cyber capabilities and/or entities that are focused on cyber security, information operations, and cyber intelligence? Please describe new initiatives or authorities, and the capabilities provided therein, that will assist in the cyber integration of PACOM activities.

Admiral LOCKLEAR. [Deleted.]

69. Senator BLUNT. Admiral Locklear, given the increasingly active cyber warfare environment, have you expressed a desire for cyber capabilities to be integrated into PACOM planning, training, and exercises?

Admiral LOCKLEAR. [Deleted.]

70. Senator BLUNT. Admiral Locklear, is there a desire for cyber capabilities to be provided by NSA-certified cyber Red Teams? Please explain how cyber Red Team capabilities may be integrated into PACOM planning, training, and daily activities.

Admiral LOCKLEAR. [Deleted.]

71. Senator BLUNT. Admiral Locklear, in addition, how will PACOM simulate cyber threats posed by cyber Red Teams and who will carry out the cyber Red Team activities?

Admiral LOCKLEAR. [Deleted.]

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

THURSDAY, MARCH 27, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

POSTURE OF THE DEPARTMENT OF THE NAVY

The committee met, pursuant to notice, at 9:36 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, Nelson, McCaskill, Hagan, Manchin, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, Inhofe, McCain, Sessions, Chambliss, Wicker, Ayotte, Blunt, and Cruz.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody.

I want to welcome Secretary of the Navy Raymond E. Mabus, Jr., Chief of Naval Operations Admiral Jonathan W. Greenert, USN, and Commandant of the Marine Corps General James F. Amos, USMC, to the committee this morning to testify on the plans and the programs of the Department of the Navy as part of our review of the fiscal year 2015 annual budget request. We're grateful to each of you for your service to our Nation and for the truly professional service of the men and women with whom you work. We want to pay tribute to their families, because of the vital role that families play in the success of the men and women of our Armed Forces.

Our witnesses this morning face huge challenges as they strive to balance the need to support ongoing operations and sustain readiness with the need to modernize and keep the technological edge that's so critical to military success. These challenges have been made particularly difficult by the spending caps imposed in the Budget Control Act (BCA), caps that were modestly relieved for fiscal year 2015 in the Bipartisan Budget Act (BBA) that we enacted earlier this year. However, these caps are scheduled to resume full blast in fiscal year 2016 and beyond. These caps already seriously challenge our ability to meet our national security needs, have already forced all of the military departments to make painful

trade-offs. Unless modified for years after fiscal year 2015, they will threaten our long-term national security interests.

Last year, the Department of the Navy was facing serious readiness problems, caused by deferred maintenance, reduced steaming and flying hours, and canceled training and deployments. The increased emphasis on readiness in this year's budget will address some of the Navy's most serious readiness problems, but results in a serious shortfall in modernization funds to meet future threats.

The Navy budget says it continues to support a fleet of 11 aircraft carriers. However, the budget and Future Years Defense Program (FYDP) include a plan to retire, rather than refuel, the USS *George Washington* (CVN–73). To follow through on the 11-carrier fleet, the administration would have to add almost $4 billion to the FYDP to refuel and retain the *George Washington*.

The Navy budget would continue the planned buy of 29 MH–60R helicopters in fiscal year 2015, but would cancel the planned buy of 29 aircraft in fiscal year 2016. The Navy says this is because of the planned retirement of the *George Washington*. However, the air wing that supports the *George Washington* would be retired if the carrier is retired, as it only contains at most five MH–60 aircraft.

Moreover, the Navy's failure to execute the planned purchase of 29 aircraft in fiscal year 2016 would break the multiyear procurement contract for H–60 helicopters that are managed by the Army. This action would result in the government having to pay termination charges of at least $250 million, but get nothing in return. This action would result in increased costs to the Army, as well.

For Marine Corps modernization, we have yet another in a series of changes in plans that started with the cancellation of the Expeditionary Fighting Vehicle (EFV) several years ago. After the Marine Corps said it could not afford the EFV, we spent many months trying to see whether we could achieve high-speed capability more cheaply or whether marines in combat units could do their jobs without the high speed. Now, the Marine Corps has deferred all armored amphibious assault vehicle (AAV) work as being unaffordable, regardless of speed capability. In place of that, the Marine Corps is now evaluating plans for a simpler, more affordable armored personnel carrier that can operate in shallow water. That may be the right solution, but it is vital that we promptly find a solution and stick to it.

The Department of Defense (DOD) most recent Defense Strategic Guidance (DSG) issued in January 2012, refocuses the U.S. military on the Asia-Pacific region. Consistent with that strategy, DOD has been working to realign U.S. military forces in South Korea and Okinawa, and plans to position Navy and Marine Corps forces in Australia, Singapore, and possibly elsewhere in the region. DOD has also begun implementing a plan to deploy forward more ships as shown by the Navy's first rotational deployment of a Littoral Combat Ship (LCS), the USS *Freedom*, to Singapore last year. We look forward to hearing more about the results of that deployment.

Finally, I want to commend you, Secretary Mabus, for your efforts to lead in the areas of energy efficiency and energy self-reliance. You have wisely placed a strong emphasis on an area where, as strong as our military forces may be, we remain subject to the

tyranny of energy supplies. I want to thank you for your commitment to a more sustainable, stronger Navy.

Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

We'd all agree that our security is being challenged in ways that we haven't seen in many years, and maybe ever. Events across the Middle East, Africa, and most recently, Ukraine, have brought into sharp focus the reality the President seems unwilling to accept, that the tide of war is not receding, in spite of statements he has made.

Continuing down a path to slash $1 trillion from our national security budget will leave us with a Navy unable to meet its mission, overtaxing our sailors and marines, and prematurely retiring ships and aircraft. A shrinking Navy directly impacts our economic and security interests around the world. The global economic system is dependent upon open sea lanes, as 90 percent of the global trade is by sea. A strong and well-resourced U.S. Navy is vital to protecting our access and freedom of maneuvering.

The Navy projects that the fleet would remain below its 306-ship goal during most of the period. The Navy needs to buy 10 ships per year to sustain a 300-ship fleet. Last year's budget bought eight and this year's budget will buy only seven.

Admiral Greenert has stated that the Navy would need a 450-ship fleet in order to meet the needs of combatant commanders. A small fleet will lead to longer deployments—that's something we will be talking about, a very serious problem—and more strain on our personnel and their families. Just this week, Admiral Samuel J. Locklear III, USN, the Commander of U.S. Pacific Command (PACOM), testified that submarine requirements in his area of responsibility (AOR) are not being met. While the United States is shrinking our submarine force, the Chinese are growing theirs, as well as developing new ballistic missiles that will provide them with credible second strike. It's reminiscent of the 1990s, I would suggest. How can our allies and our adversaries take the pivot into Asia seriously when we aren't even adequately resourcing the requirements of our combatant commanders?

Further complicating our ability to meet our combatant commanders' and the ship force-level requirements, is the future acquisition of the *Ohio*-class ballistic-missile submarine, the centerpiece of our nuclear triad. The new *Ohio* will require annual spending of well over $5 billion a year. Without additional Navy procurement funding, the *Ohio* replacement will crowd out other ships as well as other Navy and Marine Corps investments and our readiness needs. This greatly increases the prospect of a hollow Navy force at the same time our industrial base is struggling to sustain both itself and a much smaller fleet.

Under the fiscal year 2015 budget, readiness will also deteriorate further as the Navy is short about $5 to $6 billion in its base budget. The Navy is still very dependent upon Overseas Contingency Operations (OCO) funding to meet readiness needs. The Commandant has consistently told us that the Marine Corps requires 2 to 3 years of OCO funding for reset after all forces return from

Afghanistan. That bill is $1.3 billion. We face the prospect of a future Navy unable to meet the global presence mission, looking more and more likely to succumb to the same fate as the befallen British fleet, no longer to be a global force. The Nation needs to reset its fiscal priorities and embark on a second Reagan-like build-up of our Nation's defenses, particularly our Navy.

Before closing, I would like to say that, General Amos, this likely will be your last appearance before this committee. Maybe you're happy about that, but we're not. It's been great to have you, and you're one of our heroes. Your service has just been exemplary. Thank you for your service.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

If, indeed, this turns out to be your last hearing, General Amos, I would totally concur with what Senator Inhofe said. You are a true hero, for everybody who knows you and everybody who's under your command and with whom you work.

Secretary Amos—I mean, Secretary Mabus. I don't know if that was a promotion or a demotion. [Laughter.]

Secretary Mabus.

STATEMENT OF HON. RAYMOND E. MABUS, JR., SECRETARY OF THE NAVY

Mr. MABUS. I'll answer to almost anything, Mr. Chairman. [Laughter.]

Before I begin my opening statement, I would like to say that the thoughts and prayers of our entire Navy family are with the families, the shipmates, and the friends of our sailor that we lost in the shooting in Norfolk on Tuesday, the midshipman who died this week, and also the sailors and family members who are missing in the Washington mudslides.

Chairman Levin, Ranking Member Inhofe, members of this committee, first I want to express my deep thanks to the committee on behalf of the Department of the Navy, our sailors, our marines, our civilian employees, and their families for all your help and all your support.

General Amos, the Commandant of the Marine Corps, and Admiral Greenert, the Chief of Naval Operations (CNO), and I could not be more proud to represent these courageous and faithful sailors, marines, and civilians. These men and women serve their Nation around the world with skill and dedication, no matter what hardships they face, no matter how far away from home they are, and from their families.

As both of you have noted, this will certainly be Commandant Amos's last posture hearing before this committee. I just want to say what a true privilege it has been for me to serve with Jim Amos as the Commandant of the Marine Corps.

The architects of our Constitution recognized the inherent value of the U.S. Navy and Marine Corps. Article I, Section 8, gave Congress the responsibility "to provide and maintain a Navy" because our Founding Fathers knew that the Nation needed a naval force to operate continuously in war and in peace.

Over 2 centuries ago, the United States had a crucial role in the world. Today, that role is exponentially greater. Whether facing

high-end combat or asymmetrical threats or humanitarian needs, America's maritime Forces are ready and present on day 1 of any crisis for any eventuality. In today's dynamic security environment, naval assets are more critical than ever. In military terms, they provide presence, presence worldwide, they reassure our partners that we are there, and remind potential adversaries that we're never far away. This presence provides immediate and capable options for the Commander in Chief when a crisis develops anywhere in the world. In the past year, our naval forces have operated globally from across the Pacific to continuing combat in Afghanistan, from the Gulf of Guinea to the Arctic Circle.

The 2012 DSG and the newly released Quadrennial Defense Review (QDR) are both maritime in focus and require a presence of naval forces around the world. Four key factors make that global presence and global action possible. These four factors—people, platforms, power, and partnerships—have been my priorities during my tenure as Secretary, and they have to continue to receive our focus looking ahead.

In these fiscally constrained times, we have used these priorities to help balance between the readiness of the force, our capabilities, and our capacity. Our people are our biggest advantage, and we have to make sure that they continue to get the tools they need to do their jobs. In compensation, we've increased sea pay to make sure those sailors and marines deployed aboard ships are appropriately recognized. However, this budget also seeks to control the growth in compensation and benefits which threatens to impact all the other parts of our budget. If this is not addressed, as the CNO so forcefully puts it, the quality of work for our sailors and marines will almost certainly decline.

Shipbuilding and our platforms remain key elements of our maritime power and have been a focus of this committee. The number of ships, submarines, and aircraft in our fleet is what gives us the capacity to provide that global presence. While we have the most advanced platforms in the world, quantity has a quality all its own.

I think it's important to understand how we got to our current fleet size. On September 11, 2001, our fleet stood at 316 ships; but by 2008, after one of the great military buildups of all times, that number had dropped to 278 ships. In the 4 years before I took office, the Secretary of the Navy put 19 ships under contract. Since I took office in May 2009, we have put 60 ships under contract; and, by the end of this decade, our plan will return the fleet to 300 ships. We're continuing our initiatives to spend smarter and more efficiently, and we're driving down costs through things like competition, multiyear buys, and just driving harder bargains for taxpayers' money.

Power, or energy, is a national security issue and central to our naval forces and our ability to provide the presence needed. Dramatic price increases for fuel threaten to degrade our operations and training, and could impact how many platforms we can acquire. Having more varied, stably priced, American-produced sources of energy make us better warfighters. From sail, to coal, to oil, to nuclear, and now to alternative fuels, the Navy has led in energy innovation.

Since the end of World War II, U.S. Naval Forces have protected the global commons to maintain the foundation of the world's economy. In today's complex environments, partnerships with other nations, evidenced by interoperability, by exercises, and by operations, continue to increase in importance. The Navy and Marine Corps, by nature of their forward presence, are naturally suited to develop these relationships, particularly in the innovative, small-footprint ways that are required.

With the fiscal year 2015 budget submission we are seeking, within the fiscal constraints imposed, we will provide our Navy and Marine Corps with the equipment, training, and tools needed to carry out the mission the Nation needs and expects from them. There are never any permanent homecomings for sailors or marines. In peacetime, in wartime, and all the time, they remain forward-deployed, providing presence, and providing whatever is needed by our country. This has been true for 238 years, and it is our task to make sure it remains true now and in the future.

Thank you.

[The prepared statement of Mr. Mabus follows:]

PREPARED STATEMENT BY HON. RAYMOND E. MABUS, JR.

Chairman Levin, Ranking Senator Inhofe, and members of the committee, today I have the privilege of appearing to discuss posture and readiness for the fifth time on behalf of the men and women of the Department of the Navy. It is an honor to represent the sailors and marines across the globe, as the Marine Hymn says, "in every clime and place;" the civilians who support them at home and around the world; and to report on the readiness, posture, progress, and budgetary requests of the Department. Along with Commandant of the Marine Corps, General James Amos, and Chief of Naval Operations (CNO), Admiral Jonathan Greenert, I take great pride in the opportunity to both lead and serve the dedicated men and women of our Department. This statement, together with the posture statements provided by CNO Greenert and Commandant Amos, are designed to present an overview of the state of the Department of the Navy for your consideration as we move forward with the fiscal year 2015 budget process.

The architects of our Constitution recognized the inherent value of the U.S. Navy and Marine Corps. Article 1, Section 8, gave Congress the responsibility to "provide and maintain a Navy," because our Founding Fathers knew that the Nation needed a naval force to operate continuously in war and peace. Over two centuries ago they recognized that having a Navy and Marine Corps to sail the world's oceans in defense of our national interests and our commerce sent a powerful signal to our allies and our potential adversaries. Even then, the United States had a crucial role in the world. Today that role is exponentially greater.

This year we celebrate the Bicentennial of Thomas Macdonough's "signal victory" on Lake Champlain during the War of 1812. From that early triumph in the defense of our Republic to the heroic fights in places like Mobile Bay and Manila; to the Chosin Reservoir and the quarantine during the Cuban Missile Crisis and the coastal and riverine patrols of Vietnam; to the mountains of Afghanistan and the littorals of the Pacific presently; our Navy and Marine Corps have been there when the Nation called. We have given our Commanders in Chief the options needed.

These options are far greater than just waging war, although the Navy and Marine Corps are ready, when necessary, to fight and win our Nation's wars. In today's complex world, with a dynamic security environment, naval assets are more critical than ever. This year our ground forces are returning home from the battlefields of Afghanistan, just as they have from Iraq. Yet our sailors and marines know that they will continue to forward deploy as the Guardians of our safety and security. In peace, as in war, we will deploy, day after day, year after year. For 7 decades our global presence and maritime strength have ensured the freedom of the seas and the security of peaceful free trade around the world. This has resulted in unprecedented growth in the world's economy, which has benefitted all. It also ensures America's interests are respected and our people remain secure.

The Navy and Marine Corps respond whenever the Nation calls. Whether facing high-end combat, asymmetrical threats or humanitarian needs, America's maritime forces are ready and present on day one of any crisis, for any eventuality.

STRATEGIC CONTEXT IN 2013

Throughout the past year, the Navy and Marine Corps repeatedly demonstrated the critical role they play in ensuring global stability. In military terms, they provide worldwide presence. Naval forces operated across the Pacific, and in the continuing combat mission in Afghanistan, from the Gulf of Guinea to the Arctic Circle. As President Theodore Roosevelt said, "A good Navy is not a provocation to war. It is the surest guarantee of peace." We don't have to surge units from home. Our ships don't take up an inch of anyone else's soil. We reassure our partners that we are there, and remind those who may wish our country and allies harm that we're never far away. We protect the global commons and ensure the freedom of navigation which has underwritten the growth of the world's economy for decades.

In recent years we have had a range of examples which illustrate what our Navy and Marine Corps mean for our Nation. Every time North Korea conducts missile tests or threatens their neighbors, our Ballistic Missile Defense ships are already there, already on patrol. There's no overt escalation, because we are already present. When special operations units conduct operations all over the globe, from capturing known terrorists in Libya to raids in Somalia, they rely on Navy ships and Marine Corps units as critical enablers. We support friends and allies with humanitarian assistance missions like Pacific Partnership and in exercises that help build our ability to operate together like our Cooperation Afloat Readiness and Training (CARAT) exercises with numerous partners. Around the world the credible combat power of the U.S. Navy and Marine Corps opens the door for diplomacy and helps our leaders address emerging threats.

A few months ago when Typhoon Haiyan moved toward our allies in the Philippines, our naval forces in the region tracked its progress. U.S. marines were on the ground within hours after the storm. Our C–130s and MV–22 Ospreys brought in early aid and began to survey and assess the damage. Within days we had a dozen ships, including the *George Washington* Strike Group, in the waters around the Philippines along with over a hundred aircraft, providing lifesaving aid and supplies to devastated communities.

Humanitarian assistance and disaster relief missions are an important contribution our Navy and Marine Corps make to our Nation's diplomacy because our presence allows us to respond quickly and effectively. These operations build our partnerships and they encourage stability and security by helping those in need get back on their feet. However, it should not be lost on anyone that we are talking about warships, warplanes and warfighters. We amassed a dozen combat ready warships and massive amounts of air support, rapidly, to respond to a crisis. We were able to do so because of the inherent flexibility of our people and our platforms.

These examples demonstrate that for the Navy and Marine Corps global presence is our purpose. We are there to deal with the unexpected. We are the Nation's hedge against new crises and new conflicts. The Navy and Marine Corps are our Nation's Away Team, ready for whatever comes over the horizon.

TODAY'S PRIORITIES

Four key factors make our global presence and global action possible. These four factors—people, platforms, power and partnerships—have been my priorities during my tenure as Secretary and they must continue to receive our focus looking ahead.

Each of these four priorities contributes directly to the Department of the Navy's ability to provide the presence and options which the Commander in Chief and the American people have come to expect. They are what makes our Navy and Marine Corps the most immediate and capable option when a crisis develops anywhere in the world. Our people, platforms, power, and partnerships guide our approach to the fiscal year 2015 budget process.

PEOPLE—SUPPORTING OUR VITAL ASSET

In 1915, my predecessor, Josephus Daniels testified before Congress that "a Navy, no matter how powerful, unless it is well manned by an adequate number of well-equipped and well-trained sailors, would have very little value." That statement is even more true today. Our Total Force of Active Duty and Reserve military, and civilians are what make the Navy and Marine Corps the best in the world.

Our equipment—the ships, submarines, aircraft, vehicles, weapons and cyber systems; everything that our sailors and marines operate—are technological marvels and the most advanced in the world. But they only exist thanks to those who design,

build and procure them. They would be useless without those who sail and fly and operate them. The people are the real marvel. They are what gives the United States the edge and what sets us apart from the world. That is why our people have been and must continue to be our highest priority. However, the last few years have seen increasing challenges to our people, uniform and civilian.

Those in uniform have seen ever lengthening deployments. The average number of days that ships are underway or deployed increased 15 percent since 2001. In 2013 the USS *Dwight D. Eisenhower* Strike Group returned from back-to-back deployments, totaling 12 months, with only a 2-month break in between. USS *Nimitz*, which returned home just before Christmas, was extended twice because of the crisis in Syria and was deployed for 10 months. Instead of 6 month deployments, which had been standard for decades, 8 months at sea is the new normal and 10 months is becoming more common. These extended deployments, which immediately follow an intense training cycle requiring recurring operations at sea, stress our sailors and marines and their families. This will continue because the requirement for naval presence will not diminish.

Our civilian personnel have been tested as well. We literally could not put our fleet to sea without these committed and courageous individuals. The horrific attack at the Washington Navy Yard in September cost the lives of 12 devoted public servants left 2 physically injured and intangible scars across our workforce. Just days later, as soon as they were permitted, most of their colleagues on the Navy Yard returned to work, committed to their mission despite 3 years in which they received no pay raises and were subject to furloughs. Two weeks after the shooting our Navy and Marine Corps civilians, including many who worked at the Navy Yard but were not part of Naval Sea Systems Command or Naval Facilities Engineering Command, were forced off the job again by the government shutdown.

A concrete demonstration of our support for our sailors, marines, and civilians are their pay and benefits. Military pay and benefits continue at a competitive level, and in some skill areas are better than those found in the private sector. The promise of a military retirement is a key element of the covenant we have with the men and women who serve our country for an entire career. We must safeguard that promise for today's sailors and marines. However, we also have to realize that the growth rate in military compensation must be controlled. Our sailors and marines chose to serve their country out of duty and patriotism, not just for the money. We must ensure that we support our Active-Duty personnel by giving them the resources and tools they need to do their jobs, as well as their well-earned compensation.

We support the sensible and fair reforms to compensation and benefits introduced in the President's budget. We look forward to considering the complete review being conducted by the Military Compensation and Retirement Modernization Commission. We must have a holistic approach which ensures that any changes are reasonable, effective, and fair in sustaining the All-Volunteer Force.

Today's demanding environment will require the most resilient force that our Navy and Marine Corps has ever fielded. Because of that we continue to develop the 21st Century Sailor and Marine Initiative as an overarching method of supporting our people, to eliminate stovepipes and ensure a comprehensive approach. The goal is to help our sailors and marines maximize their personal and professional readiness, and to assist them and their families with the mental, physical and emotional challenges of military service.

The initiative is influencing sailors and marines around the world. In particular, we are working to counter the challenges of suicide, sexual assault and alcohol-related incidents. These tragic occurrences not only impact the resilience of our sailors and marines, they also directly impact the discipline of the force and degrade combat effectiveness.

We remain resolute in our efforts to minimize suicides and we are striving to understand the root causes and contributing factors that lead to suicide and suicide-related behavior. We want an environment in which sailors and marines are comfortable coming forward when they feel they may harm themselves, or when they know of a shipmate contemplating harm. Over the past few years we have introduced a number of initiatives including the Navy Operational Stress Control (OSC) Program to help build personal resilience, promote peer-to-peer support, enhance family support, and enable intervention up and down the chain of command. We have also added additional mobile training teams who travel to units around the world to teach these skills and foster a sense of community. Our suicide prevention teams examine each incident for insights and data to inform our programs and we apply those lessons to help improve our training and policy.

Sexual assault continues to be an "insider threat" with serious impacts on the Navy and Marine Corps. Because of the seriousness of this issue, soon after taking

office I established the first and only Sexual Assault Prevention and Response Office reporting directly to me as Secretary. We have implemented numerous programs to strengthen our approach, including consistent leadership, new training methods, and victim-centered support efforts. Reporting of sexual assaults increased in fiscal year 2013, which we believe reflects a positive aspect of our efforts. It indicates that our sailors and marines believe that their reports will be taken seriously and that perpetrators will be held accountable.

Another key element is our effort to strengthen the expertise and increase the resources of the Naval Criminal Investigative Service and our judge advocates to investigate and prosecute sexual criminals. We have also focused some of their training on advocating for victims. We continue to conduct regular voluntary anonymous surveys in order to learn as much as possible about perceptions and the factors influencing decisions to report or not report sexual assaults

We continue to work to curb alcohol abuse and reduce the number of alcohol-related incidents which can end lives and careers. There has been a downward trend in alcohol related incidents which continued in 2013 as we saw yet another reduction in cases of driving under influence (DUI) and alcohol related behavior. We attribute this in part to dynamic media and education campaigns and directed-actions for irresponsible use of alcohol. We have also instituted limits to the shelf space available for the sale of alcohol at Navy and Marine Corps exchanges. Implementation of the alcohol detection device program is still relatively new but fleet feedback suggests these devices, paired with an effective command prevention program which includes things like curfews and base patrols, provide an effective deterrent to alcohol abuse.

Another positive development in 2013 was the significant strides the Navy made toward our goal of complete equality of opportunity for women in every officer designator and enlisted rating. Female officers and enlisted currently serve on virtually every class of surface ship and in every type of aviation squadron. Female officers now serve as well in our submarine force and the Task Force on Enlisted Women in Submarines continues to develop details for full submarine force integration. The Navy is opening 252 enlisted and 15 officer billets to women in the coastal riverine force. The sole remaining area in the Navy not yet open to women is Navy Special Warfare. However, once assessments are complete and Congress has been notified, assigning women in that area will be in accordance with the U.S. Special Operations Command implementation plan.

The Marine Corps continues to implement its plan to open closed positions to women. All positions currently closed will either be opened to women or an exception to policy requested from the Secretary of Defense by January 2016. Since the 2011 NDAA the Marine Corps has opened 463 positions in 22 units in the ground combat element to female officers and staff non-commissioned officers with open occupational specialties. Female officers and female enlisted marines have been given the opportunity to volunteer for the training in Infantry Officer School or the Infantry Training Battalion as part of the research effort to inform decisions to open currently closed positions to women.

PLATFORMS—BUILDING THE FUTURE FLEET

The marines, sailors, and civilians are the heart of our force, but what enables them to do their job are the ships, submarines, and aircraft in our fleet. As I noted earlier, we have the most advanced platforms in the world and we must constantly work to maintain that technological advantage. However, at a certain point quantity has a quality all its own.

The very nature of the Navy and Marine Corps mission, maintaining a global presence and positioning forces to respond immediately to emergent threats from man or nature, means that there is not much difference in our operations in times of war or peace. The updated Defense Strategic Guidance and Quadrennial Defense Review clearly rely even more on maritime assets in our national security strategy.

It is important to understand how we got to our current fleet size. On September 11, the fleet stood at 316 ships. By 2008, after one of the largest military buildups in American history, that number had dropped to 278 ships. In the 4 years before I took office as Secretary, the Navy put 19 ships under contract. Since I took office in May 2009, we have put 60 ships under contract and by 2019 our current plan will enable us to return the fleet to 300 ships.

Some of the Navy's decline in the number of ships may be attributed to our understandable focus on ground forces involved in two major wars for more than a decade. But when I took office, I found it necessary to significantly revamp our basic management and oversight practices as well.

When I took office, many of the Navy's shipbuilding programs were seriously troubled, with costs spiraling out of control and schedules slipping. There were some fundamental flaws in the acquisition process we were using. Ships were still being designed while under construction, immature technology was added before being proven, and requirements grew without restraint or realistic price forecasts. One of the central problems the Navy faced was a lack of competition in the system. With a smaller number of shipbuilders, Navy contracts had begun to be treated like allocations, rather than competitions to earn our business.

In the past 5 years, we have turned shipbuilding around by promoting acquisition excellence and integrity as well as aggressive oversight. We have been rebuilding the Department's core of acquisition professionals. Our focus is on everything from requirements, to design, to construction efficiency, to projected total life cycle costs. We emphasized firm, fixed-price contracts over the cost-plus contracts that can inflate costs. We introduced initiatives to spend smarter and more efficiently through competition, multi-year buys, and driving harder bargains for taxpayer dollars. I have made it clear to industry that Navy expects three things. A learning curve should be evident so each ship of the same type, whose design had not dramatically changed, would take fewer man-hours to build and should cost less than previous ships. Second, costs have to be scrubbed relentlessly with total visibility for Navy in estimates and bids. Third, appropriate investments in both infrastructure and workforce training must be made and are a shipbuilder's responsibility.

But along with those harder bargains and expectations I made a commitment to our industry partners that the Department will do three things to keep up our end of the relationship. First, we must build stable designs without major changes during construction. Second, if a new advanced technology comes along after construction has started; it must wait until the next block of ships. Finally, we will offer a realistic shipbuilding plan so that the number, type, and timing of building would be transparent and offer some stability to the industry.

In today's fiscal environment maintaining and increasing the fleet size will require sound management, innovative solutions, and continuing to seek out efficiency in our acquisition system. Navy shipbuilding is a unique public-private partnership; a key economic engine touching all but one of the 50 States that provides over 100,000 high-skilled, high-paying jobs and the basis for the global prosperity and security that naval presence has assured since World War II.

The fiscal year 2015 Shipbuilding Plan projects that we will reach 300 ships by the end of the decade. This plan maintains a force that is balanced and flexible and focuses on critical technologies. It is designed to be able to prevail in 21st century combat situations, including anti-access, area-denial environments, and to be operationally effective and resilient against cyber attacks. In 2013 we awarded two *Arleigh Burke*-class destroyers (DDG) and contracted for seven more, which will be built over the next several years through a multi-year procurement contract. In total in 2013 we delivered seven new vessels to the fleet. We deeply appreciate the support of this committee and will work with you in order to build and maintain the fleet needed to address our global requirements and responsibilities.

2013 saw a number of significant milestones for our new platforms and our research and development programs. Our interim Afloat Forward Staging Base (AFSB) USS *Ponce* continued to develop operating concepts for future AFSBs and Mobile Landing Platforms (MLP). The next generation destroyer USS *Zumwalt* (DDG–1000) and the MLP USNS *Montford Point* were launched. The first P–8 Poseidon maritime patrol aircraft deployed to the Pacific and the Navy and Marine Corps established their first F–35 Lightning II squadrons. The Air and Missile Defense Radar (AMDR) began development. The Standard Missile 6 (SM–6) was introduced to the fleet. None of these programs would be possible without your continued support.

The deployment of Littoral Combat Ship (LCS) USS *Freedom* to the Pacific is an important milestone in the LCS Program. The deployment tested the ship and its key operating concepts, overcame first-in-class challenges, and provided the Navy with lessons learned and ways to improve the program. The rotational forward deployment of the ship with our friends in Singapore was an unqualified success. In addition to contributing to relief efforts for Typhoon Haiyan, the ship also conducted a very successful crew-swap, teaching us a great deal about the LCS's new and innovative manning and deployment concepts.

Our aviation and weapons programs are just as important to our ability to project power and provide presence as our shipbuilding. In May Admiral Greenert and I stood on the deck of USS *George H.W. Bush* and watched the landing of the X–47B unmanned carrier demonstrator. It was an historic moment in naval aviation, and a critical step forward in the development of our naval unmanned systems. We are pushing ahead with the Unmanned Carrier Launched Airborne Surveillance and

Strike system (UCLASS) to develop an aircraft capable of multiple missions and functions, including precision strike in a contested environment. Support for this aircraft is vital for shaping the carrier air-wing for the challenges of the 21st century. To enhance our combat effectiveness and efficiency, these unmanned systems need to be integrated into everything we do across the full range of military operations.

The at-sea testing of a directed energy weapon system was also an important development. These new systems can give the Navy an affordable, multi-mission weapon with a deep magazine and unmatched precision. Their modular nature will allow them to be installed on numerous different classes of ships in the future. We intend to deploy the system on the USS *Ponce* to continue testing and inform follow on Navy and DOD research into developing and integrating affordable directed energy weapons into the Joint Force.

During difficult fiscal times it may be tempting to target research and development programs for savings. However, that kind of thinking is short sighted. These programs, and our entire research and development establishment from the Office of Naval Research to Navy labs to our industry partners, are vital to our future.

POWER—A NATIONAL SECURITY ISSUE

Power and energy are central to our naval forces and our ability to be in the right place, around the world. It is what we need to get them there and keep them there. The Navy has a long, proud history of energy innovation. From sail to coal to oil to nuclear, and now to alternative fuels, the Navy has led the way.

Energy is a national security issue and can be, and is, used as a geostrategic weapon. Even with domestic oil production up, imports declining, and new oil and gas Reserves being discovered, energy is still a security concern and military vulnerability. One reason for this is that oil is the ultimate global commodity, often traded on speculation and rumor. In the aftermath of the chemical weapons attack in Syria, oil prices surged to over $107 per barrel and remained there for weeks, in what oil traders call a "security premium." This same scenario plays out, such as during the crises in Egypt and Libya, and every time instability arises. Each $1 increase in the price of a barrel of oil results in a $30 million bill for the Navy and Marine Corps. This has huge implications across the Department of Defense and for our security. DOD is the largest single institutional consumer of fossil fuels on earth and budgets about $15 billion each year on fuel. But in fiscal years 2011 and 2012 price spikes added another $3 billion to the DOD fuel bill. The potential bills from that "security premium" can mean that we will have fewer resources for maintenance and training. But more importantly, the cost of meeting our high fuel demand can also be measured in the lives of marines killed or wounded guarding fuel convoys. During the height of operations in Afghanistan, we were losing one Marine, killed or wounded, for every 50 convoys transporting fuel into theater. That is far too high a price to pay.

In 2009, I announced five energy goals for the Department of the Navy in order to improve our energy security, increase our strategic independence, and improve our warfighting capabilities. The topline goal commits the Department of the Navy to generate one-half of its energy needs from non-fossil fueled sources by 2020. We are making real progress toward that goal through greater energy efficiency and alternative fuel initiatives. Burning cleaner fuel, or burning less fuel, is better for the environment but that is not our primary incentive. We're pursuing these alternatives because they can make us better warfighters.

Under a Presidential directive, the Department of the Navy is working with the Departments of Energy and Agriculture to help promote a national biofuel industry. This past year, under the authority in Title III of the Defense Production Act (DPA), we took an important step forward, with a DOD DPA award to four companies which committed to produce 160 million gallons of drop-in, military-compatible biofuels each year at an average price of well below $4.00 per gallon, a price that is competitive with what we are paying today for conventional fuels. DOD policy and my prior commitment has been that we will only buy operational quantities of biofuels when they are cost competitive. This initiative moves us far down that road. At full production, biofuels combined with conventional fuel at a 50/50 blend hold the promise of being able to cost-effectively provide our fleet with much of its annual fuel demand, providing real competition in the liquid fuels market.

We also continue to develop our energy efficiency through research and development of more efficient propulsion systems, shore-based power management and smart-grid technology, and conservation measures. For example, in the past year the Naval Facilities Engineering Command's Engineering and Expeditionary Warfare Center provided technology demonstrators at Camp Lemonnier, Djibouti which

reduced fuel consumption 9 percent base wide, even with a 3 percent increase in energy demand because of an increased population. At Joint Base Pearl Harbor Hickam a $2.2 million contract for the Daylight Project was awarded, which will use sunlight to light warehouse spaces and utilize photo sensors to automatically turn off lights when daylight levels are sufficient. In aggregate, fiscal year 2013 energy programs in Hawaii are projected to save the government $4.7 million a year. The Marine Corps' development of expeditionary power solutions, through the experimental forward operating bases or ExFOB, has made them better warriors who are lighter and more agile in the face of today's global threats.

The Navy has a long and successful history of partnering with industry to promote business sectors and products important to our Nation's military and economic security. From the development of the American steel industry to nuclear power, the Navy has helped the country develop economically while helping sailors benefit from the cutting edge of technology to defend our Nation. These programs are about diversifying fuel supplies, stabilizing fuel costs and reducing overall energy needs. In achieving these energy goals, we will maximize our reach and maintain our global presence and make our Navy and Marine Corps more combat capable.

PARTNERSHIPS—THE GLOBAL MARITIME WORLD

For the last 7 decades, American naval forces have deployed around the world to be, as President Obama said this past year, the anchor of global security. We operate and exercise alongside our friends and partners around the world, to maintain the stability of the global maritime commons. We work to uphold the key principles of free trade in free markets based on freedom of navigation, which underwrites the unprecedented growth of the global economy.

In times of economic uncertainty it is more critical than ever to protect the stability of the global system. As 90 percent of worldwide trade moves at sea, this system, and the sophisticated set of international rules and treaties on which it is based, has become central to our global marketplace. However the efficiency and intricate interdependencies of a "just in time" economy place the system at risk from the destabilizing influences of rogue nations, non-state actors, and regional conflicts.

The Navy and Marine Corps, by nature of their forward presence and the boundless quality of the world's oceans, are naturally suited to develop relationships, particularly in the innovative, small footprint ways the updated Defense Strategic Guidance and QDR require. Helping international partners increase their abilities and become more interoperable with us helps us all. Allies and partners around the world recognize that our combined naval forces offer a unique and critical capability. As an Asian ambassador to the United States recently remarked to me, the competing claims in the Pacific today have reminded some of our friends of the vital role U.S. naval forces play in global stability.

Providing security for free trade and freedom of navigation across the maritime domain requires more capacity than any single nation can muster. The U.S. Navy plays a principal role in maintaining the freedom of the seas, but it cannot play an exclusive role. Partnerships between like-minded nations, collaborating to ensure security and safety at sea, distribute the burden based on alliances, shared values and mutual trust.

A recent Naval History and Heritage Command study titled "You Cannot Surge Trust" has reinforced the fact that partnership and trust do not appear overnight. Naval operations, in peace and war, are fundamentally human endeavors. Operational success is based as much, or more, on professional norms, personal relationships and human decision making as on technology or hardware. Partnerships are a critical naval endeavor.

In the past year, we continued to develop the strength of our partnerships across the globe. Engagement between the leaders of the world's naval forces is a critical component of building those human connections. Because of this, our senior uniformed leaders and I have traveled extensively to meet and consult with our peers.

Many nations have a longstanding territorial view inward, which caused them to focus overwhelmingly on land forces in the past. But in today's globalized world they recognize that they now have to face outward. They are looking to the U.S. Navy and Marine Corps for advice and assistance as they make that shift. Other nations are already maritime focused, and look to develop the ability to train, exercise, and operate together effectively to forward our shared goals. Through our meetings between senior leaders and exercises with our allies, partners, and friends we are building the international relationships, trust, and inter-operability which are vital to protecting our common interests in a globalized world.

In 2013, we conducted the largest exercise of the year in the Arabian Gulf, the International Mine Countermeasures Exercise. With representatives from 41 coun-

tries, including 6,600 sailors on 35 ships, the world's navies cooperated to help promote regional stability and address the global challenge of mine warfare. Also this past year, Expeditionary Strike Group 3 and the 1st Marine Expeditionary Brigade conducted the multilateral amphibious exercise Dawn Blitz. Alongside amphibious units from Canada, New Zealand, and Japan, and observers from Australia, Chile, Colombia, Israel, Mexico, Peru and Singapore, the exercise helped increase our core amphibious capabilities, while also strengthening our partnership and interoperability. As I mentioned earlier our partners in Singapore hosted the first forward stationing of the Littoral Combat Ship USS *Freedom*. The ship conducted numerous exercises with our friends in Southeast Asia, expanding the number of ports we can visit and work from in the littorals.

Some of our exercises are smaller and more focused, like Obangame Express 2013 which occurred this past spring in the Gulf of Guinea. It concentrated on developing the maritime security and patrol capabilities of local forces in West and Central Africa that have seen increasing armed robbery at sea, piracy, smuggling and other maritime crimes. In part of this exercise a team of U.S. sailors who specialize in maritime security missions worked on board the Belgian Naval Ship Godetia with our European allies, to train African sailors in the tactics for boarding and inspecting ships.

These are just a few examples of literally hundreds of operations, engagements, and exercises that the Navy and Marine Corps participated in during the past year. However, we also had a challenge in 2013 when it came to funding our operational, partnership and theater security cooperation missions. The Navy was forced to cancel or defer ship deployments supporting counter-narcotics missions in the Southern Command area of operations. Some exercises, including some in support of the Southern Partnership Station in Central and South America, had to be scaled back significantly because the sequester level funds did not provide us with the operating budget we needed to complete the missions. Future funding at sequester levels is likely to force us to continue to limit and prioritize our critical partnership building operations.

But our partnerships mean a great deal more than our alliances and friendships around the world. The Navy and Marine Corps also have critical relationships with industry and with the American people. Our nation's defense industrial workers are skilled, experienced, and innovative and can't be easily replaced. We must provide stability and predictability to the industrial base to maintain our ability to build the future fleet and keep our technological advantage. One of the strengths of our system is the teamwork of our uniformed warfighters, our Navy and Marine Corps civilians, the leadership team in Washington, and our industry partners.

Recently, the Chief of a Navy in the Asia-Pacific region reminded me of a fundamental difference between land forces and naval forces. Land forces, he said, look down at a map. They look at borders and lines and limitations. Naval forces look out toward the vast horizon and they look to the future. Sailors and marines are a unique breed. When they join the sea services they accept the challenge of the unknown with an adventurous spirit and an open mind. That is part of why the Navy and Marine Corps are naturally inclined toward partnership, and have been throughout our history, from operating with the Royal Navy to fight the slave trade in the 19th century to modern coalition operations in the Pacific and the Arabian Gulf. That same spirit which causes us to look for what comes next also causes us to look for new and innovative solutions, and new friends to help us across the globe.

FISCAL YEAR 2015 BUDGET SUBMISSION

The Department of the Navy's fiscal year 2015 budget request is designed to meet the updated Defense Strategic Guidance, and is informed by the 2014 Quadrennial Defense Review. It meets the objectives the strategy laid out, but our fiscal limits force us to accept a certain amount of risk in some mission areas. The Navy and Marine Corps continue to focus on planning for the 21st century including preparing for the anti-access, area-denial challenge, sustaining our global capability by increasing forward stationing and implementing new deployment models, and sustaining the All-Volunteer Force. Based on our strategic outlook we have had to make tough choices, and look to fund the most critical afloat and ashore readiness requirements, continue to provide sovereign sea-based options for the Commander in Chief, and to sustain our vital industrial base.

The President's budget for fiscal year 2015 continues to build the fleet of more than 300 ships we will have by the end of this decade. This fleet will include established and proven platforms which we are currently deploying, next generation platforms, and new advanced weapons, sensors, and payloads. Guided by operational

concepts like air sea battle, the experiences of more than 10 years of war, and the lessons from our wargaming and studies, the Navy and Marine Corps of 2020 will be able to continue to project power and to maintain stability in the global commons.

Supporting our sailors and marines is a vital part of our budget request. We have increased spending on high priority Quality of Service programs, including increased career sea pay to help incentivize sea duty. We have also modestly increased spending on quality of life programs including on-base housing. But these initiatives must be balanced to ensure our sailors and marines have the resources and equipment they need to complete the mission. Across the Future Years Defense Program (FYDP) we will add funds to improve quality of work issues like training support and improving the availability of spare parts so our sailors and marines remain the most knowledgeable in the world and have the tools they need to do their jobs. We protect programs that support our sailors or marines when they need help. This includes sexual assault incident response and training, suicide prevention, and family support programs. We remain committed to our military-to-civilian transition assistance and work to ensure that our veteran employment programs offer the best opportunities to capitalized on the knowledge and skills of transitioning sailors and marines.

Maintaining undersea dominance is vital to the U.S. Navy. The development of the *Virginia* Payload Module (VPM) will be critical when our guided missile submarines (SSGNs) begin to retire in 2026. We must develop the VPM by funding R&D through fiscal year 2018, so that we can introduce the modules into the very successful *Virginia*-class submarines, thus assuring that we will not lose capability as the SSGNs retire. This budget also funds the development of improved sonar processors, improved sonobuoys, and improved torpedoes to help ensure that we maintain our core undersea advantage.

Continued production of proven platforms for the fleet is a key element in this budget and across the FYDP. We will continue to build two *Virginia*-class submarines and two *Arleigh Burke*-class destroyers per year in order to help increase the size of the fleet and replace older ships as they retire. In fiscal year 2015 we will purchase 29 MH–60R and 8 MH–60S helicopters, completing the upgrade of our tactical helicopter force which has been underway for the past decade. We will also continue the procurement of the next generation E–2D airborne early warning aircraft and of the MV–22B for the Marine Corps. These established and world leading platforms provide the foundation of the future fleet.

This budget also procures new and advanced platforms that will take our fleet into the future. We will build LCSs and AFSB, and continue to introduce Joint High Speed Vessels (JHSV) and MLPs to the fleet. This will provide modular and mission focused capabilities around the world, while helping to meet the presence requirements of the fleet. In aviation we will continue production of the new P–8 Poseidon maritime patrol aircraft across the FYDP, deploying new squadrons, as well as the F–35 Lightning II for both the Navy and Marine Corps. We will continue the introduction of the next generation SM–6 Standard Missile to our Aegis capable ships, and fund the R&D for the Long-Range Anti-Ship Missile which is vital for our future surface combatants. However, it is important to point out that given the reality of the $38 billion reduction from the President's budget for fiscal year 2014 to the President's budget for fiscal year 2015, many of these purchases will be made at reduced rates. PB15 buys 111 fewer aircraft and over 5,000 fewer weapons across the FYDP than the President's budget for fiscal year 2014 program. This is part of the increased risk that we have had to accept.

Unmanned platforms and systems will be an important part of the future Navy and Marine Corps and our budget carries on with R&D and production of these critical platforms. The MQ–4 Triton will complete its testing phase during this budget, and we will begin production for the fleet across the rest of the FYDP. The R&D for UCLASS also continues in fiscal year 2015, and throughout the FYDP. Developing these aircraft is vital to the future of the carrier air-wing. Unmanned undersea vehicles (UUVs) will be central to our mine-warfare capabilities and maintaining undersea dominance. This budget includes R&D for multiple systems, as well as deployment of the Mk 18 Kingfisher UUV for counter-mine missions. Across the entire spectrum of military operations, an integrated force of manned and unmanned platforms is the future.

We will continue to fund our energy programs with this budget by moving forward with the biofuels program under the DPA, as well as continuing our sea and shore based efficiency programs. This budget includes $776 million in tactical and ashore energy programs in fiscal year 2015, and $3.8 billion across the FYDP. Our ashore initiatives, including appropriated funds and third party investments, of $570 million in fiscal year 2015 are projected to generate annual savings of over $100 mil-

lion, starting in fiscal year 2017, due to efficiencies. Investments in tactical programs help increase our on station time for ships, reduce need for resupply, and increase the amount of time our Marine Corps units can stay in the field, making us more capable militarily. Continuing to work toward the Department's energy goals will allow us to lessen the impact of price volatility in the energy market and make us better warfighters.

This budget includes funds to maintain our presence in the Middle East, and advance our capabilities there. Funding for the continued deployment of the interim-AFSB USS *Ponce*, improved manning for our mine-countermeasures ships, and the introduction of new capabilities, are important parts of this effort. The new weapons and systems, like the Laser Weapon System (LaWS) aboard *Ponce*, the Advanced Precision Kill Weapon System (APKWS) guided rockets for our MH–60 helicopters, and the Sea Fox UUV mine neutralization system, will help our sailors and marines maintain their edge in the Arabian Gulf and beyond. We are also funding the forward stationing of 10 Coastal Patrol ships (PCs) to Bahrain which will increase their availability to the combatant commander and increased presence in the shallow waters of the region.

The President's budget for fiscal year 2015 also represents the platforms and payloads necessary for increasing operations in the Asia-Pacific region as we continue to support the rebalance toward Asia. This budget sustains the operations of our LCSs in Singapore, which includes early investment for the rotational deployment of up to four LCSs by 2017. Exercises in the Pacific, like our CARAT and Pacific Partnership missions, will be funded to ensure that we maintain our partnerships in the region. We also continue to support the growth in the number of marines who are rotating through Darwin, Australia. This year we are expanding from a company-sized unit to a battalion, and in the coming years we will continue to expand to a Marine air ground task force (MAGTF).

In our fiscal year 2015 budget we include funding to support the movement of more of our ships and units forward as the most effective and cost-efficient means of maintaining our global presence. Forward based, stationed, or operating ships all provide presence at a significantly lower cost since one ship that operates continuously overseas provides the same presence as about four ships deploying rotationally from homeports in the United States. Besides the PCs to Bahrain and the LCSs to Singapore, we continue to fund the forward basing of four BMD capable DDG's to Rota, Spain. As the DDGs from Rota patrol European and African waters, we free other ships to deploy elsewhere. This year we will also begin moving JHSVs forward and prepare for the fleet introduction of the MLPs and AFSBs. We will continue the operations of, and expand the size of, the Marine Corps' new Special Purpose MAGTF–Crisis Response operating out of Moron, Spain.

It is our duty to spend the taxpayers' dollars wisely, and it is a duty that we take very seriously in the Department of the Navy. We continue to look at contractual services spending for efficiencies, with conscious decisions made to challenge requirements through mechanisms such as "contract courts," requiring annual justification of contracts. We are willing to accept higher levels of risk in some areas of services spending before sacrifices are made in force structure, modernization, or readiness. I have also ordered the Deputy Under Secretary of the Navy/Deputy Chief Management Officer to begin a comprehensive assessment of the business challenges facing the Navy and Marine Corps.

The fiscal year 2015 budget request for the Navy and Marine Corps gives us what we need to accomplish the missions assigned in the new Quadrennial Defense Review and updated Defense Strategic Guidance. However, the funding levels allowed under the Bipartisan Budget Act mean that we have to accept higher levels of risk for some of those missions. If the Nation is confronted with a technologically advanced challenger, or more than one major contingency operation at a time, those risks would increase further. We face readiness challenges that are a result of sequester induced shortfalls, continuing fiscal constraints, and the high demand for naval forces globally.

CONCLUSION

This year we commemorate the 150th anniversary of the Battle of Mobile Bay. A century and a half ago our Nation was engulfed in the Civil War. A Task Force under the command of Admiral David Farragut, one of our Navy's greatest heroes, attacked the ships and forts that defended the port at Mobile, AL. Facing down confederate ironclads and a treacherous minefield in the shallow, enclosed waters, he issued his famous order, "Damn the torpedoes, full speed ahead." Lashed high in the rigging of his flagship he led the attack from the front of the formation to capture the last major Confederate port on the Gulf Coast.

From the halls of Montezuma to Point Luck and the waters around Midway, our sailors and marines have demonstrate that kind of dedication and daring time and again. They, and our Navy and Marine Corps civilians, continue in that spirit today whether facing combat in Afghanistan, dangerous operations at sea, or the challenges created by the past year of budget instability. The budget request that we are making for fiscal year 2015, the specific details of which are included in the President's fiscal year 2015 budget submission, will provide them with the equipment, training, and resources they need to continue their efforts in support of our Nation's security. As our founding fathers outlined over two centuries ago, it is our responsibility to ensure that we maintain our Navy and Marine Corps.

Today we face a dangerous and challenging world. Rising powers and maritime territorial conflicts threaten freedom of navigation and the free trade of today's global economic system. Terrorist organizations continue to proliferate around the world. Political instability threatens to break into violence in numerous regions. The Navy and Marine Corps are our Nation's insurance policy. Our people, platforms, power, and partnerships must be efficiently developed and appropriately funded to ensure our ability to provide the President with the options required and the American people with the security they deserve.

For 238 years, our sailors and marines have been there when the Nation called and we must endeavor to ensure that we are there for the future. Difficult times pose difficult questions, and the Commandant, CNO and I look forward to answering yours. The continued support of this committee is essential in ensuring the Navy and Marine Corps team has the resources it needs to defend our Nation now and in the future. As President Woodrow Wilson once said, "A powerful Navy, we have always regarded as our proper and natural means of defense."

Chairman LEVIN. Thank you, Secretary Mabus.

Admiral Greenert.

STATEMENT OF ADM JONATHAN W. GREENERT, USN, CHIEF OF NAVAL OPERATIONS

Admiral GREENERT. Thank you, Mr. Chairman.

Chairman Levin, Senator Inhofe, and distinguished members of the committee, I'm proud to represent 633,000 sailors, Navy civilians, and their families, especially approximately 50,000 sailors deployed and operating forward around the globe today. The dedication and resilience of our people continue to amaze me, Mr. Chairman, and the citizens of this Nation can take great pride in the daily contributions of their sons and daughters in places that count.

Mr. Chairman, since I've been appearing before this committee, about 2½ years, you have always thanked us for our service. This being the last Navy posture hearing under your leadership, I'd like to take the opportunity to thank you for your service to the Nation over the past 36 years, and for all that you've done in support of the Navy, our sailors, and their families. We wish you and Barbara the best as you complete your distinguished service.

I, too, like Secretary Mabus just passed earlier, would like to offer my condolences to the family, friends, and shipmates of the sailor who was killed Monday, in Monday night's shooting. The sailors, particularly those of the USS *Mahan*, are in our thoughts and prayers, as well as the entire Norfolk Naval Station family.

I am pleased to appear this morning beside Secretary Mabus and General Amos. Your Navy/Marine Corps team is united in fulfilling our longstanding mandate to be where it matters, when it matters, and to be ready to respond to crises to ensure the stability that underpins the global economy is in place.

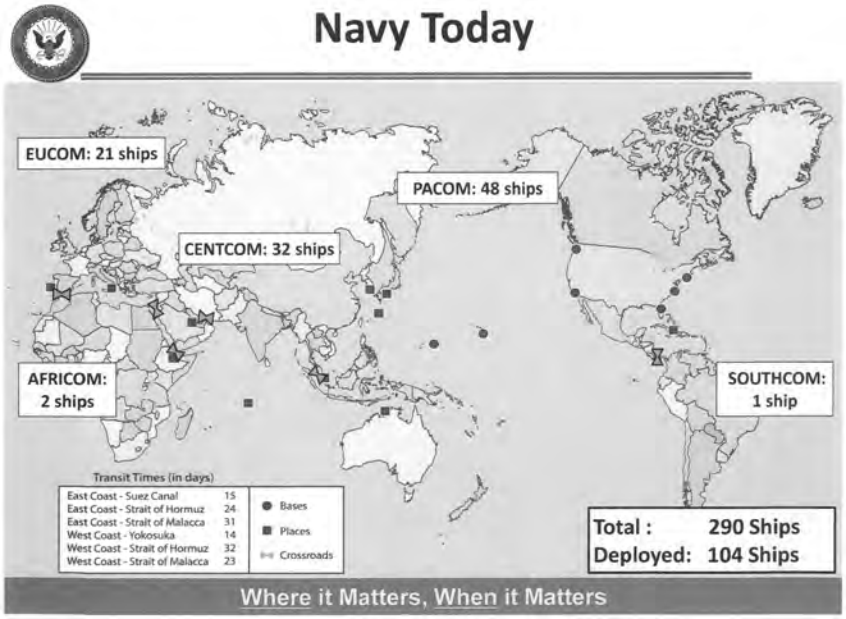
General Amos has been a great shipmate. Our Services' synergy of effort has never been better, and I am committed to continuing that momentum.

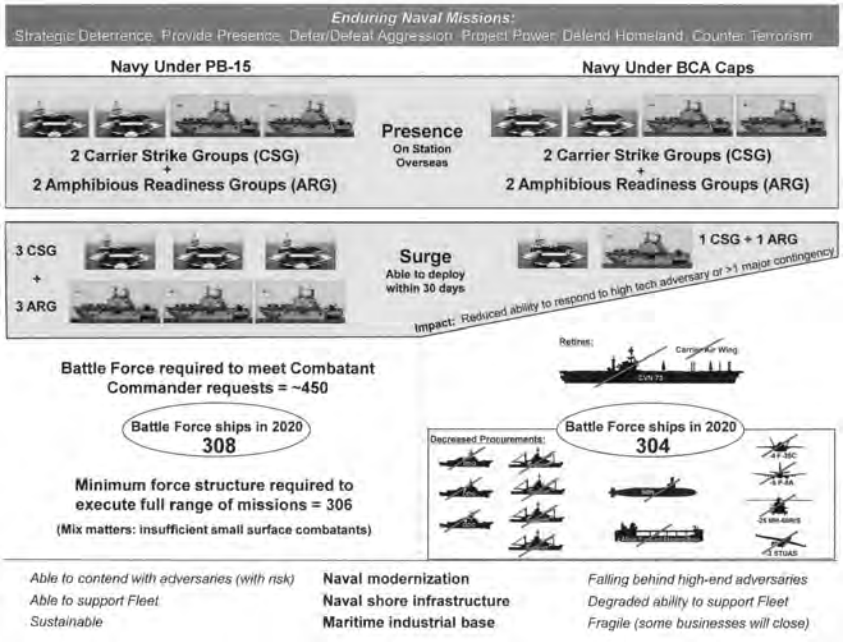
Secretary Mabus has provided us the vision, the guidance, and the judiciousness to build the finest Navy and Marine Corps that the Nation is willing to afford.

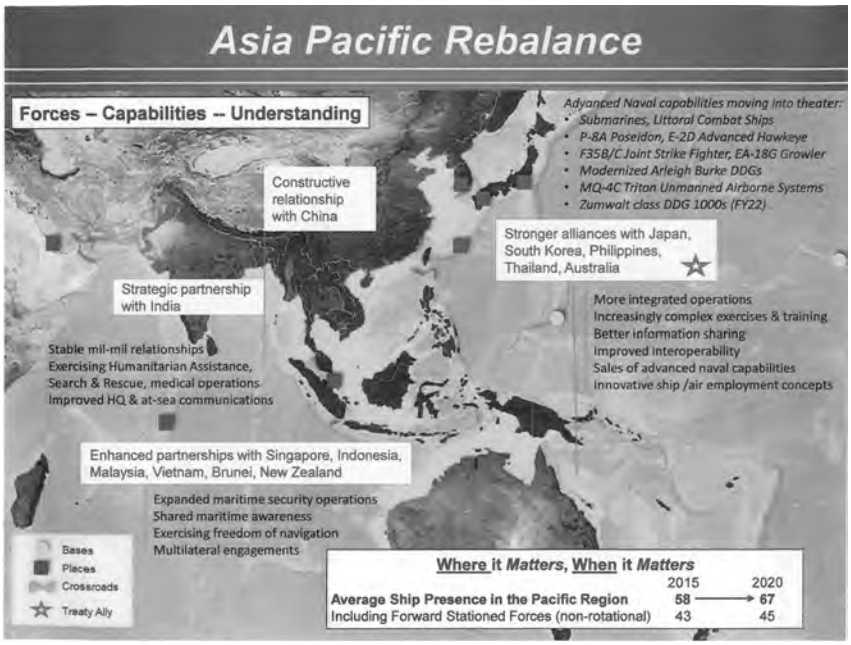
Forward presence is our mandate. We operate forward to give the President options to deal promptly with contingencies. As we conclude over a decade of wars and bring our ground forces home from extended stability operations, your naval forces will remain on watch.

The charts that I provided in front of you show today's global distribution of deployed ships, as well as our bases and our places that support them. Our efforts are focused in the Asia-Pacific region and the Arabian Gulf, but we provide presence and respond as needed in other theaters, as well.

[The information referred to follows:]




Enduring Naval Missions:
Strategic Deterrence, Provide Presence, Defer/Defeat Aggression, Project Power, Defend Homeland, Counter Terrorism
Navy Under PB-15
Navy Under BCA Caps
Presence
On Station
Overseas
2 Carrier Strike Groups (CSG)
+
2 Amphibious Readiness Groups (ARG)
2 Carrier Strike Groups (CSG)
+
2 Amphibious Readiness Groups (ARG)
3 CSG
+
3 ARG
Surge
Able to deploy
within 30 days
1 CSG + 1 ARG
Impact: Reduced ability to respond to high tech adversary or >1 major contingency
Retires:
Battle Force required to meet Combatant Commander requests = ~450
Battle Force ships in 2020
308
Minimum force structure required to execute full range of missions = 306
(Mix matters: insufficient small surface combatants)
Battle Force ships in 2020
304
Decreased Procurements:
Able to contend with adversaries (with risk)
Able to support Fleet
Sustainable
Naval modernization
Naval shore infrastructure
Maritime industrial base
Falling behind high-end adversaries
Degraded ability to support Fleet
Fragile (some businesses will close)


Asia Pacific Rebalance
Forces – Capabilities – Understanding
Advanced Naval capabilities moving into theater:
• Submarines, Littoral Combat Ships
• P-8A Poseidon, E-2D Advanced Hawkeye
• F35B/C Joint Strike Fighter, EA-18G Growler
• Modernized Arleigh Burke DDGs
• MQ-4C Triton Unmanned Airborne Systems
• Zumwalt class DDG 1000s (FY22)
Constructive relationship with China
Stronger alliances with Japan, South Korea, Philippines, Thailand, Australia
Strategic partnership with India
More integrated operations
Increasingly complex exercises & training
Better information sharing
Improved interoperability
Sales of advanced naval capabilities
Innovative ship /air employment concepts
Stable mil-mil relationships
Exercising Humanitarian Assistance, Search & Rescue, medical operations
Improved HQ & at-sea communications
Enhanced partnerships with Singapore, Indonesia, Malaysia, Vietnam, Brunei, New Zealand
Expanded maritime security operations
Shared maritime awareness
Exercising freedom of navigation
Multilateral engagements
Bases
Places
Crossroads
Treaty Ally
Where it Matters, When it Matters
2015 2020
Average Ship Presence in the Pacific Region 58 → 67
Including Forward Stationed Forces (non-rotational) 43 45

Admiral GREENERT. Now, with this forward presence, over the last year we were able to influence and shape the decisions of leaders in the Arabian Gulf, Northeast Asia, and the Levant. We have patrolled off the shores of Libya, Egypt, and the Sudan to protect American interests and to induce regional leaders to make the right choices. We relieved suffering and provided assistance and recovery in the Philippines in the wake of a devastating typhoon. Our presence dissuades aggression and coercion against our allies and friends in the East China Sea and the South China Sea. We kept piracy at bay in the Horn of Africa. We continue to support operations in Afghanistan while taking the fight to insurgents, terrorists, and their supporting networks across the Middle East and Africa with our expeditionary forces supporting our Special Operations Forces.

The fiscal year 2014 budget will enable an acceptable forward presence. Through the remainder of the fiscal year, we will be able to restore fleet training, maintenance, operations, and recover a substantial part of our 2013 backlog.

The President's 2015 budget submission enables us to continue to execute our missions, but we will face high risk in specific missions that are articulated in the DSG. I laid this out in more detail in my written statement.

Our President's 2015 budget fiscal guidance through that FYDP is about halfway between the BCA gaps and our President's budget for fiscal year 2014 plan, still a net decrease of $31 billion, when compared to the President's budget for fiscal year 2014.

To prepare our program within these constraints, I set the following six priorities. Number one is the sea-based strategic deterrence. Number two, forward presence. Number three, the capability

and the capacity to win decisively. Number four, the readiness to do that. Number five, to sustain our asymmetric capabilities and our technological edge. Number six, to sustain a relevant industrial base.

Using these priorities, we built a balanced portfolio of capabilities within the fiscal guidance provided. We continue to maximize our presence in the Asia-Pacific region and the Middle East using innovative combinations of rotational forward-basing and forward-stationing forces. We still face shortfalls in support ashore and a backlog in facilities maintenance that erode the ability of our bases to support the fleet. We have slowed modernization in areas that are central to remain ahead of, or keep pace with, technologically-advanced adversaries. Consequently, we face higher risk, if confronted with a high-tech adversary or if we attempt to conduct more than one multi-phased major contingency simultaneously.

As I testified before you in November, I am troubled by the prospects of reverting to the BCA revised caps in 2016. That would lead to a Navy that is too small and lacking the advanced capabilities needed to execute the missions that the Nation expects of its Navy. We would be unable to execute at least 4 of the 10 primary missions that are articulated in the DSG and in the QDR.

On the back of the chart that I provided you, our ability to respond to contingencies would be dramatically reduced, and I'm showing that. It limits our options and decision-space, and we would be compelled to inactivate an aircraft carrier in the air wing. Further, our modernization and recapitalization would be dramatically reduced, threatening readiness in our industrial base. Reverting to BCA caps year-by-year will leave our country less prepared to deal with crises, our allies trust will wane, and our enemies will be less inclined to be dissuaded or to be deterred.

Mr. Chairman, I remain on board with the efforts to get our fiscal house in order. I look forward to working with the committee to find solutions that enable us to sustain readiness while building an affordable but relevant future force. The force has to be able to address a range of threats, contingencies, and high-consequence events that could impact our core interests.

I appreciate the opportunity to testify. Thank you for your continued support for your Navy and the families. I look forward to your questions.

[The prepared statement of Admiral Greenert follows:]

PREPARED STATEMENT BY ADM JONATHAN W. GREENERT, USN

Chairman Levin, Senator Inhofe, and distinguished members of the committee, I am honored to represent more than 600,000 Active and Reserve sailors, Navy civilians, and their families, especially the 48,000 sailors who are underway on ships and submarines and deployed in expeditionary roles, around the globe today.

As the chart below shows, 104 ships (36 percent of the Navy) are deployed around the globe protecting the Nation's interests. This is our mandate: to be where it matters, when it matters.

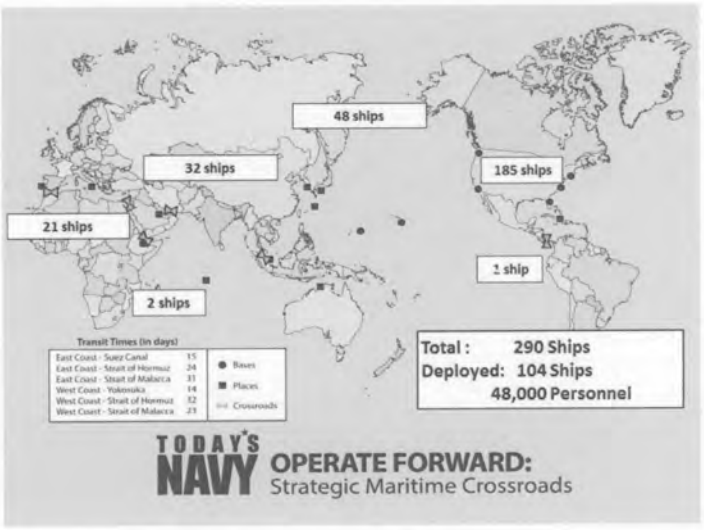


Figure 1: The Navy's forward presence today.

I would like to begin this statement by describing for you the guidance that shaped our decisions within the President's budget for fiscal year 2015 (PB–15) submission. I will address the Navy's situation following the budget uncertainty in fiscal year 2013, the Bipartisan Budget Act of 2013 (BBA), and the National Defense Authorization Act (NDAA) for Fiscal Year 2014. Then, I will provide details of our PB–15 submission.

STRATEGIC GUIDANCE

The governing document for PB–15 is the 2014 Quadrennial Defense Review (QDR). The QDR uses the 2012 Defense Strategic Guidance (DSG) as a foundation and builds on it to describe the Department of Defense's role in protecting and advancing U.S. interests and sustaining American leadership. The DSG and its 10 Primary Missions of the U.S. Armed Forces have guided Navy's planning for the past 2 years. Validated by the QDR, those missions remain the baseline against which I measure our posture in various fiscal scenarios. Also, 2020 is the benchmark year identified by the DSG, and that remains the timeframe on which my assessments are focused.

The QDR's updated strategy is built on three pillars: protect the Homeland, build security globally, and project power and win decisively. In support of these, it requires the Navy to "continue to build a future fleet that is able to deliver the required presence and capabilities and address the most important warfighting scenarios."

In order to improve its ability to meet the Nation's security needs in a time of increased fiscal constraint, the QDR also calls for the Joint Force to "rebalance" in four key areas; (1) rebalancing for a broad spectrum of conflict; (2) rebalancing and sustaining our presence and posture abroad; (3) rebalancing capability, capacity, and readiness within the Joint Force; and (4) rebalancing tooth and tail. To satisfy these mandates of the QDR strategy, the Navy has been compelled to make tough choices between capability and capacity, cost and risk, and to do so across a wide range of competing priorities. Our fundamental approach to these choices has not changed since I assumed this position. We continue to view each decision through the lens of the tenets I established when I took office: Warfighting First, Operate Forward, Be Ready.

OVERVIEW

When I appeared before you in November 2013, I testified that adherence to the Budget Control Act of 2011 (BCA) revised discretionary caps, over the long term,

would result in a smaller and less capable Navy. That Navy would leave us with insufficient capability and capacity to execute at least 4 of the 10 primary missions required by the DSG.

Passage of the BBA and the topline it sets for fiscal year 2015, together with the fiscal guidance provided for this submission provide a level of funding for the Navy that is $36 billion above the estimated BCA revised discretionary caps across the fiscal year 2015 to fiscal year 2019 Future Years Defense Program (FYDP). That funding level is still $31 billion below the level planned for in our PB–14 submission. Accordingly, the Navy PB–15 program reduces risk in most DSG primary missions when compared to a BCA cap scenario, but we still face higher risk in at least two primary missions compared to PB–14. This high risk is most likely to manifest if we are faced with a technologically advanced adversary, or if we attempt to conduct more than one multi-phased major contingency simultaneously.

In the PB–15 submission, we assess that the Navy of 2020 will:

- Include 308 ships in the battle force,[1] of which about 123 will be deployed. This global deployed presence will include more than two carrier strike groups (CSG) and two amphibious ready groups (ARG) deployed, on average. It is similar to the presence provided by PB–14.
- Provide "surge" capacity of about three CSG and three ARG, not deployed, but ready to respond to a contingency.
- 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, compared to PB–14.
- Conduct, but with greater risk, the DSG primary mission Project Power Despite anti-access/area denial (A2/AD) Challenges against a technologically advanced adversary compared to PB–14. This is principally due to slower delivery of new critical capabilities, particularly in air and missile defense, and overall ordnance capacity.
- Provide increased ship presence in the Asia-Pacific region of about 67 ships, up from about 50 on average today; presence in the Middle East will likewise increase from about 30 ships on average today to about 41 in 2020. These are both similar to the levels provided by PB–14.

In order to ensure the Navy remains a balanced and ready force while complying with the reduction in funding below our PB–14 plan, we were compelled to make difficult choices in PB–15, including slowing cost growth in compensation and benefits, maintaining the option to refuel or inactivate 1 nuclear aircraft carrier (CVN) and a carrier air wing (CVW), inducting 11 guided missile cruisers (CG) and 3 dock landing ships (LSD) into a phased modernization period, canceling procurement of 79 aircraft, canceling 3,500 planned weapons procurements, and reducing funding for base facilities sustainment, restoration, and modernization.

Additional challenges are on the horizon. In the long term beyond 2019 (the end of the PB–15 FYDP), I am increasingly concerned about our ability to fund the *Ohio* Replacement ballistic missile submarine (SSBN) program—our highest priority program—within our current and projected resources. The Navy cannot procure the *Ohio* Replacement in the 2020s within historical shipbuilding funding levels without severely impacting other Navy programs.

WHERE WE ARE TODAY

Before describing our fiscal year 2015 submission in detail, I will discuss the Navy's current posture, which established the baseline for our PB–15 submission.

The impact of the continuing resolution and sequestration reductions in fiscal year 2013 compelled us to reduce afloat and shore operations, which created an afloat and shore maintenance and training backlog. We were able to mitigate some of the effects of this backlog through reprogramming funds in fiscal year 2013 and congressional action in fiscal year 2014 to restore some funding. Impact to Navy programs, caused by the combination of sequestration and a continuing resolution in fiscal year 2013 included:

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[1] It should be noted that the Department of the Navy revised guidelines for accounting for the size of the Navy's battle force. Therefore, numbers in this statement are not directly comparable to those used in prior testimony. Changes to guidelines include clarifying the accounting for smaller, forward deployed ships (e.g. patrol coastal, mine countermeasures ships, high speed transports) and ships routinely requested by combatant commanders (e.g, hospital ships).

The table illustrates the differences between new and old battle force accounting guidelines:

PB–15: New Guidelines; Today - 290; Fiscal Year 2015 - 284; Fiscal Year 2020 - 308

PB–15: Old Guidelines; Today - 284; Fiscal Year 2015 - 274; Fiscal Year 2020 - 302

- Cancellation of five ship deployments and delay of a carrier strike group (CSG) deployment.
- Inactivation, instead of repair, of USS *Miami* beginning in September 2013.
- Reduction of facilities sustainment by about 30 percent (to about 57 percent of the requirement).
- Reduction of base operations, including port and airfield operations, by about 8 percent (to about 90 percent of the requirement).
- Furlough of civilian employees for 6 days.

Shortfalls caused by fiscal year 2013 sequestration still remain in a number of areas. Shipbuilding programs experienced $1 billion in shortfalls in fiscal year 2013, which were partially mitigated with support from Congress to reprogram funds and by fiscal year 2014 appropriations. PB–15 requests funding to remedy the remaining $515 million in shipbuilding shortfalls. Funding to mitigate (but not enough to completely reconcile) other carryover shortfalls that remain in areas such as facilities maintenance, fleet spares, aviation depots, and weapons maintenance is requested in the Opportunity, Growth and Security (OGS) Initiative submitted to Congress with PB–15.

In fiscal year 2014, Congress' passage of the BBA and subsequent appropriations averted about $9 billion of the estimated $14 billion reduction we would have faced under sequestration. As a result:

- We are able to fully fund our fiscal year 2014 shipbuilding plan of eight ships.
- We are able to protect research, development, testing, and evaluation (RDT&E) funding to keep the *Ohio* Replacement Program—our top priority program—on track.
- We are able to fund all Navy aircraft planned for procurement in fiscal year 2014.

In our readiness programs, $39 billion of the $40 billion requirement was funded, enabling us to:

- Fund all ship maintenance.
- Fund all required aviation depot maintenance.
- Fully fund ship and aircraft operations.

The remaining $5 billion shortfall below our PB–14 request includes about $1 billion in operations and maintenance accounts and about $4 billion in investment accounts. To deal with this shortfall, in the area of operations and maintenance we are aggressively pursuing contracting efficiencies in: facilities sustainment projects, aviation logistics, and ship maintenance. To address the remaining investment shortages, we are compelled to reduce procurement of weapons and spare parts, to extend timelines for research and development projects, and to defer procurement of support equipment for the fleet.

OUR STRATEGIC APPROACH: PB–15

In developing our PB–15 submission, we evaluated the warfighting requirements to execute the primary missions of the DSG. These were informed by current and projected threats, global presence requirements defined by the Global Force Management Allocation Plan (GFMAP), and warfighting scenarios described in the combatant commanders' operational plans and Secretary of Defense-approved Defense Planning Scenarios (DPS). To arrive at a balanced program within fiscal guidance, we focused first on building appropriate capability, then delivering it at a capacity we could afford. Six programmatic priorities guided us:

First, maintain a credible, modern, and survivable sea-based strategic deterrent. Under the New START treaty, the Navy SSBN force will carry about 70 percent of the U.S. accountable deployed strategic nuclear warheads by 2020. Our PB–15 request sustains today's 14-ship SSBN force, the Trident D5 ballistic missile and support systems, and the nuclear command, control, and communications (NC3) system. The *Ohio*-class SSBN will retire, one per year, beginning in 2027. To continue to meet U.S. Strategic Command presence and surge requirements, PB–15 starts construction of the first *Ohio* Replacement SSBN in 2021 for delivery in 2028 and first deterrent patrol in 2031.

Second, sustain forward presence of ready forces distributed globally to be where it matters, when it matters. We will utilize cost-effective approaches such as forward basing, forward operating, and forward stationing ships in the Asia-Pacific, Europe, and the Middle East. Rotational deployments will be stabilized and more predictable through implementation of an improved deployment framework we call the Optimized Fleet Response Plan (O–FRP). We will distribute our ships to align

mission and capabilities to global region, ensuring high-end combatants are allocated where their unique capabilities are needed most. We will meet the adjudicated fiscal year 2015 Global Force Management Allocation Plan (GFMAP); however, this represents only 44 percent of the global Geographic Combatant Commander (GCC) requests. Sourcing all GCC requests would require about 450 combatant ships with requisite supporting structure and readiness.

Third, preserve the means (capability and capacity) to both win decisively in one multi-phase contingency operation and deny the objectives of.or impose unacceptable costs on.another aggressor in another region. In the context of relevant warfighting scenarios, we assessed our ability to provide more than 50 end-to-end capabilities, also known as "kill chains" or "effects chains." Each chain identifies all elements needed to provide a whole capability, including sensors, communications and networks, operators, platforms, and weapons. PB–15 prioritizes investments to close gaps in critical kill chains, and accepts risk in capacity or in the rate at which some capabilities are integrated into the Fleet.

Fourth, focus on critical afloat and ashore readiness to ensure "the force" is adequately funded and ready. PB–15 (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 fiscal year 2015, compared to PB–14, by reducing facilities sustainment, restoration, and modernization (FSRM) and military construction (MILCON) investments. This reduction adds to backlogs created by the deferrals in fiscal year 2013 and fiscal year 2014, exacerbating an existing readiness problem.

Fifth, sustain or enhance the Navy's asymmetric capabilities in the physical domains as well in cyberspace and the electromagnetic spectrum. Our fiscal year 2015 program prioritizes capabilities to remain ahead of or keep pace with adversary threats, including electromagnetic spectrum and cyber capabilities and those capabilities that provide joint assured access developed in concert with other Services under air-sea battle. Our program terminates certain capability programs that do not provide high-leverage advantage, and slows funding for those that assume too much technical risk or could be developed and "put on the shelf" until needed in the future.

Sixth, sustain a relevant industrial base, particularly in shipbuilding. We will continue to evaluate the impact of our investment plans on our industrial base, including ship and aircraft builders, depot maintenance facilities, equipment and weapons manufacturers, and science and technology researchers. The government is the only customer for some of our suppliers, especially in specialized areas such as nuclear power. PB–15 addresses the health of the industrial base sustaining adequate capacity, including competition, where needed and viable. We will work closely with our industry partners to manage the risk of any further budget reductions.

Stewardship Initiatives. Another important element of our approach in PB–15 included business transformation initiatives and headquarters reductions to comply with Secretary of Defense direction. In order to maximize warfighting capability and capacity, the Department of the Navy achieved approximately $20 billion in savings across the PB–15 FYDP through a collection of business transformation initiatives. These can be grouped into four major categories: (1) more effective use of operating resources (about $2.5 billion over the FYDP); (2) contractual services reductions (about $14.8 billion FYDP); (3) Better Buying Power (BBP) in procurement (about $2.7 billion FYDP); and (4) more efficient research and development (about $200 million FYDP). These initiatives build on Navy and Department of Defense (DOD) initiatives that date back to 2009 and represent our continuing commitment to be good stewards of taxpayer dollars.

Our PB–15 request also achieves savings through significant headquarters reductions, placing us on track to meet the 20 percent reduction by fiscal year 2019 required by Secretary of Defense fiscal guidance. We applied reductions to a broader definition of headquarters than directed, achieving a savings of $33 million in fiscal year 2015 and $873 million over the FYDP from reductions in military, civilian, and contractor personnel. In making these reductions, we protected fleet operational warfighting headquarters and took larger reductions in other staffs.

WHAT WE CAN DO

As described earlier, PB–15 represents some improvement over a program at the BCA revised caps, but in PB–15 we will still face high risk in executing at least 2 of the 10 primary missions of the DSG in 2020. The 2012 Force Structure Assess-

ment[2] (FSA) and other Navy analysis describe the baseline of ships needed to support meeting each of the 10 missions required by the DSG. Against that baseline and our "kill chain" analysis described earlier, we assess that under PB–15 the Navy of 2020 supports each of the 10 DSG missions as follows:

1. Provide a stabilizing presence. Our PB–15 submission will meet the adjudicated presence requirements of the DSG. By increasing the number of ships forward stationed and forward based, PB–15 in some regions improves global presence as compared to our PB–14 submission. The Navy of 2020:

- Provides global presence of about 123 ships, similar to the aggregate number planned under PB–14.
- Increases presence in the Asia-Pacific from about 50 ships today on average to about 67 in 2020 on average, a greater increase than planned under PB–14.
- "Places a premium on U.S. military presence in—and in support of—partner nations" in the Middle East, by increasing presence from about 30 ships[3] today on average to about 41 on average in 2020.
- Continues to "evolve our posture" in Europe by meeting ballistic missile defense (BMD) European Phased Adaptive Approach (EPAA) requirements with four BMD-capable guided missile destroyers (DDG) in Rota, Spain and two land-based sites in Poland and Romania. The first of these DDG, USS *Donald Cook*, arrived in February 2014 and all four will be in place by the end of fiscal year 2015. Additional presence in Europe will be provided by forward operating joint high speed vessels (JHSV) and some rotationally deployed ships.
- Will provide "innovative, low-cost, and small-footprint approaches" to security in Africa and South America by deploying one JHSV, on average, to each region.

Beginning in fiscal year 2015, we will deploy one hospital ship (T–AH), on average, and, beginning in fiscal year 2016, add one patrol coastal (PC) ship, on average, to South America. Afloat forward staging bases (AFSB) forward operating in the Middle East will also provide additional presence in Africa as required.

2. Counter terrorism and irregular warfare (CT/IW). We will have the capacity to conduct widely distributed CT/IW missions. This mission requires Special Operations Forces, expeditionary capabilities such as intelligence exploitation teams (IET), and specialized platforms such as two AFSB and four littoral combat ships (LCS) with embarked MH–60 Seahawk helicopters and MQ–8 Fire Scout unmanned air vehicles. PB–15 adds capacity for this mission by procuring a third mobile landing platform (MLP) AFSB variant in fiscal year 2017 for delivery in fiscal year 2020.

3. Deter and defeat aggression. FSA analysis described the ship force structure required to meet this mission's requirement: to be able to conduct one large-scale operation and "simultaneously be capable of denying the objectives of.or imposing unacceptable costs on.an opportunistic aggressor in a second region." According to the FSA, the Navy has a requirement for a force of 11 CVN, 88 large surface combatants (DDG and CG), 48 attack submarines (SSN), 11 large amphibious assault ships (LHA/D), 11 amphibious transport docks (LPD), 11 LSD, 52 small surface combatants (collectively: LCS, frigates, mine countermeasure ships) and 29 combat logistics force (CLF) ships. This globally distributed force will yield a steady state deployed presence of more than two CSG and two amphibious ready groups (ARG), with three CSG and three ARG ready to deploy in response to a contingency ("surge"). The Navy of 2020 delivered by PB–15, however, will be smaller than the calculated requirement in terms of large surface combatants, LHA/D, and small surface combatants. This force structure capacity provides less margin for error and reduced options in certain scenarios and increases risk in this primary mission. If we return to a BCA revised caps funding level in fiscal year 2016, the situation would be even worse. We would be compelled to inactivate a CVN and CVW and to reduce readiness and other force structure to ensure we maintain a balanced, ready force under the reduced fiscal topline. As in the BCA revised caps scenario I described previously, these reductions would leave us with a Navy that is capable of one multi-phase contingency. Under these circumstances, we would not meet this key DSG mission.

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[2] Consistent with other "ship counts" in this statement, the regional presence numbers described in this section are not directly comparable to those used in previous years due to the Battle Force counting guidelines revision.

[3] Under revised Battle Force accounting guidelines, the Middle East presence today now includes eight patrol coastal (PC) ships forward based in Bahrain; the number will increase to 10 in fiscal year 2014. PC were not counted previously before the revision.

4. Conduct stability and counterinsurgency operations. The Navy of 2020 will be able to meet the requirements of this DSG mission.

5. Project power despite anti-access/area-denial (A2/AD) challenges. Compared to PB–14, our overall power projection capability development would slow, reducing options and increasing our risk in assuring access. The reduced procurement of weapons and slowing of air and missile defense capabilities, coupled with joint force deficiencies in wartime information transport and airborne intelligence, surveillance, and reconnaissance (ISR), will cause us to assume high risk in conducting this DSG mission if we are facing a technologically advanced adversary. PB–15 makes results in the following changes to air and missile defense capabilities (versus PB–14):

- The Navy Integrated Fire Control-Counter Air (NIFC–CA) Increment I capability will still field (with the E–2D Advanced Hawkeye aircraft) in 2015, but only four air wings (versus six in PB–14) will have transitioned to the E–2D by 2020. Fewer air wings with E–2D translates to less assured joint access. NIFC–CA Increment I integrates aircraft sensor and ship weapon capabilities, improving lethality against advanced air and missile threats.
- The F–35C Lightning II, the carrier-based variant of the Joint Strike Fighter, is scheduled to achieve Initial Operational Capability (IOC) between August 2018 and February 2019. However, our F–35C procurement will be reduced by 33 airframes in the PB–15 FYDP when compared to PB–14. The F–35C, with its advanced sensors, data sharing capability, and ability to operate closer to threats, is designed to enhance the CVW's ability to find targets and coordinate attacks. The impact of this reduced capacity would manifest itself particularly outside the FYDP, and after F–35C IOC.
- All components of an improved air-to-air kill chain that employs infrared (IR) sensors to circumvent adversary radar jamming will be delayed 1 year. The Infrared Search and Track (IRST) Block I sensor system will field in 2017 (versus 2016) and the improved longer-range IRST Block II will not deliver until 2019 (versus 2018).
- Improvements to the air-to-air radio frequency (RF) kill chain that defeats enemy jamming and operates at longer ranges will be slowed, and jamming protection upgrades to the F/A–18E/F Super Hornet will be delayed to 2019 (versus 2018).

However, PB–15 sustains our advantage in the undersea domain by delivering the following capabilities:

- PB–15 procures 56 P–8A Poseidon maritime patrol aircraft over the FYDP, replacing the legacy P–3C Orion's capability.
- Continues to procure two *Virginia*-class SSN per year through the FYDP, resulting in an inventory of 21 *Virginia*-class (of 48 total SSN) by 2020.
- Continues installation of anti-submarine warfare (ASW) combat system upgrades for DDG and improved multi-function towed arrays (MFTA) for DDG and CG. Both installations will be complete on all DDG forward based in the Western Pacific by 2018.
- All of our P–8A and ASW helicopters in the Western Pacific will still be equipped with upgraded sonobuoys and advanced torpedoes by 2018.
- The LCS mine countermeasures (MCM) mission package, which employs unmanned vehicles and offboard sensors to localize and neutralize mines, will complete testing of its first increment in 2015 and deploy to the Arabian Gulf with full operational capability by 2019.
- The LCS ASW mission package, which improves surface ASW capability by employing a MFTA in concert with a variable depth sonar (VDS), will still field in 2016.
- Additional Mk 48 Advanced Capability (ADCAP) heavyweight torpedoes, restarting the production line and procuring 105 Mod 7 torpedoes across the FYDP. The restart will also provide a basis for future capability upgrades.

6. Counter weapons of mass destruction. This mission has two parts: (1) interdicting weapons of mass destruction as they proliferate from suppliers, and (2) defeating the means of delivery during an attack. PB–15 will meet requirements for this mission by providing sufficient deployed CSG, ARG, and surface combatants, as well as SEAL and EOD platoons, to address the first part. For the second part, BMD-capable DDG exist in sufficient numbers to meet adjudicated GCC presence requirements under the GFMAP, and can be postured to counter weapons delivered by ballistic missiles in regions where threats are more likely to emanate. That said, missile defense capacity in some scenarios remains a challenge and any reduction in the number of BMD-capable DDG raises risk in this area.

7. Operate effectively in space and cyberspace. Our PB–15 submission continues to place priority on cyber defense and efforts to build the Navy's portion of the Department of Defense's cyber mission forces. Continuing PB–14 initiatives, PB–15 will recruit, hire, and train 976 additional cyber operators and form 40 cyber mission teams by 2016. Additionally, we will align Navy networks with a more defensible DOD Joint Information Environment (JIE) through the implementation of the Next Generation Enterprise Network (NGEN) ashore and Consolidated Afloat Networks and Enterprise Services (CANES) at sea.

8. Maintain a safe, secure, and effective nuclear deterrent. This mission is the Navy's top priority in any fiscal scenario, and our PB–15 submission will meet its requirements. It satisfies STRATCOM demand for SSBN availability through the end of the current Ohio class' service life. Additionally, our PB–15 submission funds Nuclear Command, Control, and Communications (NC3) modernization and the Trident D5 ballistic missile Life Extension Program (LEP) while sustaining the fleet of E–6B Mercury Take Charge and Move Out (TACAMO) aircraft.

9. Defend the Homeland and provide support to civil authorities. PB–15 will maintain an appropriate capacity of aircraft carriers, surface combatants, amphibious ships, and aircraft that are not deployed and are ready for all homeland defense missions.

10. Conduct humanitarian, disaster relief, and other operations. Our analysis determined that a global presence of two ARG and nine JHSV is sufficient to conduct these operations. Our PB–15 submission will support this level of presence.

MANPOWER, MODERNIZATION, WARFIGHTING CAPABILITY, AND READINESS

The following paragraphs describe more specific PB–15 programs actions that result from our strategic approach and influence our ability to conduct the missions required by the DSG:

End Strength

PB–15 supports a fiscal year 2015 Navy Active end strength of 323,600, and Reserve end strength of 57,300. It appropriately balances risk, preserves capabilities to meet current Navy and Joint requirements, fosters growth in required mission areas, and provides support to sailors, Navy civilians, and families. We adjusted both Active and Reserve end strength to balance available resources utilizing a Total Force approach. PB–15 end strength remains fairly stable across the FYDP, reaching approximately 323,200 Active and 58,800 Reserve in fiscal year 2019.

Shipbuilding

Our PB–15 shipbuilding plan combines the production of proven platforms with the introduction of innovative and cost-effective platforms in order to preserve capacity while enhancing capability. Simultaneously, we will sustain efforts to develop new payloads that will further enhance the lethality and effectiveness of existing platforms and continue mid-life modernizations and upgrades to ensure their continued relevance. We will continue to field flexible, affordable platforms like AFSB and auxiliary ships that operate forward with a mix of rotational civilian and military crews and provide additional presence capacity for certain missions requiring flexibility, volume, and persistence. PB–15 proposes:

- Funding for 14 LCS across the FYDP (3 per year in fiscal years 2015–2018 and 2 in fiscal year 2019). However, in accordance with Secretary of Defense direction, we will cease contract negotiations after we reach a total of 32 ships (12 procured in the PB–15 FYDP). Per direction, we will assess LCS' characteristics such as lethality and survivability, and we are studying options for a follow-on small surface combatant, and follow on flight of LCS.
- Two *Virginia*-class SSN per year, maintaining the planned 10-ship Block IV multi-year procurement (fiscal year 2014–fiscal year 2018).
- Two *Arleigh Burke*-class DDG per year, maintaining the 10-ship multi-year procurement (fiscal year 2013–2017). PB–15 procures 10 DDG (3 Flight IIA and 7 Flight III) in the FYDP. The first Flight III DDG, which will incorporate the advanced Air and Missile Defense Radar (AMDR), will be procured in fiscal year 2016 and delivered in fiscal year 2021.
- An additional AFSB variant of the *Montford Point*-class MLP in fiscal year 2017. This AFSB will deliver in fiscal year 2020 and will forward operate in the Asia-Pacific region.
- Three T–AO(X) fleet oilers (in fiscal year 2016, 2018, and 2019, respectively).
- Advanced procurement requested in fiscal year 2019 to procure one LX(R) amphibious ship replacement in fiscal year 2020.

Additionally, to comply with fiscal constraints, our PB–15 submission delays delivery of the second *Ford*-class CVN, USS *John F. Kennedy* (CVN–79) from fiscal year 2022 to fiscal year 2023.

Aviation

PB–15 continues our transition to the future carrier air wing, which will employ manned and unmanned systems to achieve air, sea, and undersea superiority across capability "kill chains." We will also continue to field more advanced land-based maritime patrol aircraft (manned and unmanned) to evolve and expand our ISR, ASW, and sea control capabilities and capacity. To further these objectives while complying with fiscal constraints, PB–15:

- Continues plans to transition the F/A–18E/F Super Hornet fleet from production to sustainment with the final 37 aircraft procured in fiscal year 2013 and scheduled for delivery in fiscal year 2015. Likewise, the final EA–18G Growler electronic warfare aircraft will be procured in fiscal year 2014 and delivered in fiscal year 2016. We are forced to assume the risk of moving to a single strike fighter prime contractor due to fiscal constraints.
- Maintains IOC of the F–35C Lightning II between August 2018 and February 2019. However, due to fiscal constraints, we were compelled to reduce F–35C procurement by 33 airframes across the FYDP.
- Maintains initial fielding of the E–2D Advanced Hawkeye and its NIFC–CA capability in fiscal year 2015. Due to fiscal constraints, we were compelled to reduce procurement by 10 airframes over the FYDP with 4 CVW completing transition to the E–2D by 2020, versus the preferred 6 in PB–14.
- Continues development of the Unmanned Carrier Launch Surveillance and Strike System (UCLASS), a major step forward in achieving integration of manned and unmanned systems within the CVW. UCLASS remains on a path to achieve early operational capability (EOC) within 4 to 5 years of contract award, which is projected for fiscal year 2015.
- Continues to transition to the P–8A Poseidon maritime patrol aircraft from the legacy P–3C Orion. However, we were compelled by fiscal constraints to lower the final P–8A inventory objective from 117 to 109 aircraft. The warfighting requirement remains 117, but we can only afford 109.
- Continues development of the MQ–4C Triton land-based unmanned ISR aircraft. However, technical issues delayed the low-rate initial production decision from fiscal year 2015 to fiscal year 2016. Together with fiscal constraints, this reduces procurement of MQ–4C air vehicles in the FYDP from 23 to 16. Triton will make its first deployment to the Pacific in fiscal year 2017. The multi-INT version will start fielding in 2020.
- Aligns the MQ–8 Fire Scout ship-based unmanned helicopter program to LCS deliveries. Fiscal constraints and global force management (GFM) demands on our surface combatants compelled us to remove options to conduct dedicated ISR support to Special Operations Forces from DDG and JHSV, but Fire Scout-equipped LCS can be allocated to combatant commanders by the GFM process to support this mission. This decision reduces procurement of MQ–8 air vehicles across the FYDP by 19.
- Continues our maritime intelligence, surveillance, reconnaissance, and targeting (ISR&T) transition plan to deliver increased ISR persistence by the end of fiscal year 2018 and exceed the aggregate capability and capacity of our legacy platforms by the end of fiscal year 2020. However, as we transition from legacy platforms like the EP–3E Aries II, fiscal constraints will compel us to take moderate risk in some collection capabilities over the next few years.

Modernization

In parallel with recapitalization, PB–15 continues modernization of in-service platforms. Flight I and II of the *Arleigh Burke*-class DDG began mid-life modernization in fiscal year 2010, and will continue at the rate of two hulls per year (on average) through fiscal year 2016. In fiscal year 2017, we will begin to modernize Flight IIA DDG in parallel with Flight I and II in order to do so closer to the midpoint in the Flight IIA's service lives and increase return on investment. This will also increase operational availability and BMD capacity sooner than a serial, "oldest-first" plan. Nine of 12 *Whidbey Island*-class LSD have undergone a mid-life update and preservation program, and 7 *Wasp*-class large deck amphibious assault ships (LHD) will complete mid-life modernization by fiscal year 2022. Modernization of

the 8th LHD, USS *Makin Island* will be addressed in subsequent budget submissions.

The Navy's budget must also 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," PB–15 proposes to induct 11 *Ticonderoga*-class CG into a phased modernization period starting in fiscal year 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 CG such that the modernized ships will replace one-for-one, 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 CG 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 FYDP for 11 CG. In addition, it precludes Navy 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.

PB–15 also proposes to induct three *Whidbey Island*-class LSD into phased modernization availabilities on a "rolling basis" beginning in fiscal year 2016, with two of the three always remaining in service. Similar to the CG plan, the LSD plan avoids approximately $128 million across the FYDP in operating and maintenance and an end strength increase of approximately 300 people (approximately $110 million over the FYDP) for the 1 LSD that will be in this category during the PB–15 FYDP. This plan adds 35 operational "ship years" and sustains the presence of the *Whidbey Island*-class in the battle force through 2038.

We appreciate the additional funding and expanded timeframe given by Congress for modernizing and operating the LSD and CG proposed for permanent inactivation in PB–13. Consistent with the spirit of congressional action, we are committed to a phased modernization of these nine ships, plus an additional four CG and one LSD. However, funding constraints still make us unable to keep all of these ships operational in every year, in the near term. While we would prefer to retain all LSD and CG deployable through the FYDP, a balanced portfolio under current fiscal constraints precludes this.

To mitigate a projected future shortfall in our strike fighter inventory while integrating the F–35C, PB–15 continues the service life extension program (SLEP) for the legacy F/A–18A–D Hornet. With SLEP modifications, some of these aircraft will achieve as much as 10,000 lifetime flight hours, or 4,000 hours and 16 years beyond their originally-designed life.

Electromagnetic Maneuver Warfare

In addition to the actions described earlier in the statement to improve air and missile defense and sustain our advantage in the undersea and information domains, our program enhances our ability to maneuver freely in the electromagnetic spectrum, while denying adversaries' ability to do the same. It maintains our investment in the Ships' Signals Exploitation Equipment (SSEE) Increment F, which equips ships with a robust capability to interdict the communications and targeting elements of adversary kill chains by 2020. It delivers upgraded electromagnetic sensing capabilities for surface ships via the Surface Electronic Warfare Improvement Program (SEWIP) Block 2 that will deliver in 2016. PB–15 then begins low rate initial production (LRIP) of SEWIP Block 3 in 2017 to add jamming and deception capabilities to counter advanced anti-ship cruise missiles. To enhance CVW capabilities to jam enemy radars and conduct other forms of electromagnetic spectrum maneuver warfare, PB–15 maintains our investments in the Next Generation Jammer (NGJ). NGJ will provide the EA–18G Growler with enhanced airborne electronic attack (AEA) capabilities for conventional and irregular warfare. The current ALQ–99 jammer, which has been the workhorse of the fleet for more than 40 years, will not be able to meet all requirements in challenging future environments.

Mine Warfare

Mines are a low-cost, asymmetric weapon that can be effective in denying U.S. forces access to contested areas. To enhance our ability to counter mines in the Middle East and other theaters, our PB–15 program sustains investments in the LCS mine countermeasures (MCM) mission package, completing initial testing of its first increment in 2015 and achieving full operational capability in 2019. With these

packages installed, LCS will locate mines at twice the rate our existing MCM ships can achieve, while keeping the LCS and its crew outside the mine danger area. LCS also has significantly greater on-station endurance and self-defense capability than existing MCM. PB–15 sustains our interim AFSB, USS *Ponce*, in service until fiscal year 2016. USS *Ponce* provides forward logistics support and command and control to MCM ships and helicopters, allowing them to remain on station longer and sustain a more rapid mine clearance rate. In the near-term, PB–15 continues funding for Mk 18 Kingfish unmanned underwater vehicles (UUV) and Sea Fox mine neutralization systems deployed to the Arabian Gulf today, as well as increased maintenance and manning for *Avenger*-class MCM ships forward based in Bahrain.

Precision Strike

Our precision strike capabilities and capacity will be critical to success in any foreseeable future conflict. Accordingly, PB–15 funds research and development for the *Virginia* Payload Module (VPM) through fiscal year 2018 to increase *Virginia*-class SSN Tomahawk missile capacity from 12 to 40 missiles, mitigating the loss of capacity as *Ohio*-class guided missile submarines (SSGN) begin to retire in 2026. These efforts will support the option to procure the VPM with Block V of the *Virginia* class, as early as fiscal year 2019, in a future budget. Also in support of strike capacity, PB–15 sustains the existing Tactical Tomahawk cruise missile inventory by extending service life through investments in critical capability enhancements and vital parts to achieve maximum longevity. To develop a follow-on weapon to replace Tactical Tomahawk when it leaves service, PB–15 commences an analysis of alternatives (AoA) in fiscal year 2015 for planned introduction in the 2024–2028 timeframe. Also, our program enhances CVW precision strike capabilities by integrating the Small Diameter Bomb II (SDB II) on the F/A–18 by 2019.

Anti-Surface Warfare

To pace improvements in adversaries' long-range anti-ship cruise missiles and maritime air defenses, PB–15 implements a plan to deliver next-generation anti-surface warfare (ASuW) capability. The program maintains current ASuW capability inherent in the Harpoon missile, Joint Standoff Weapon (JSOW) C–1, and Mk 48 ADCAP torpedoes. In the near term, we are pursuing options to develop an improved, longer-range ASuW capability by leveraging existing weapons to minimize technical risk, costs, and development time. Additionally, PB–15 funds enhanced ASuW lethality for LCS by introducing a surface-to-surface missile module (SSMM) in fiscal year 2017. PB–15 accelerates acquisition of the next-generation Long Range Anti-Ship Missile (LRASM), fielding an early air-launched capability on the Air Force B–1B Lancer bomber in fiscal year 2018 and integration with the F/A–18E/F in fiscal year 2019. Additionally, PB–15's restart of Mk 48 ADCAP production and acquisition of 105 Mod 7 torpedoes over the FYDP enhances submarine ASuW capacity and provides a basis for future capability upgrades.

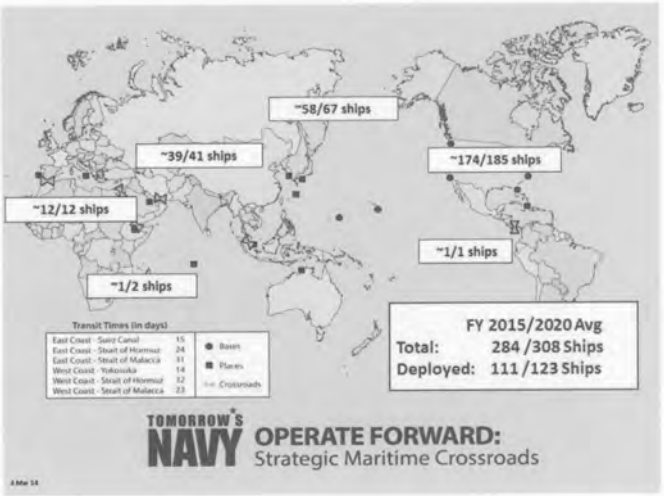


Figure 2: Navy's projected forward presence in FY 2015 and FY 2020

Forward Presence

PB–15 continues our DSG-directed rebalance to the Asia-Pacific both in terms of force structure and in other important ways. It increases our presence in the region from about 50 ships today on average to about 67 by 2020. In doing so, we continue to leverage our own "bases" in the region, such as Guam and Hawaii, as well as "places" where our allies and partners allow us to use their facilities to rest, resupply, and refuel. PB–15 continues to preferentially field advanced payloads and platforms with power projection capabilities, such as the F–35C Lightning II, the *Zumwalt*-class DDG, the AIM–120D Advanced Medium Range Air-to-Air Missile, and the P–8A Poseidon to the Asia-Pacific first in response to the rapidly increasing A2/AD capabilities of potential adversaries in the region.

In our PB–15 submission, we seek to maximize our presence in the Asia-Pacific and other regions using both rotational and non-rotational forces. Rotational forces deploy to overseas theaters from homeports in the United States for finite periods, while non-rotational forces are sustained in theater continuously. Nonrotational forces can be forward based, as in Spain and Japan, where ships are permanently based overseas and their crews and their families reside in the host country. Forward stationed ships operate continuously from overseas ports but are manned by crews that deploy rotationally from the United States, as is the case with the LCS deployed to Singapore, with four ships in place by 2017. Forward operating ships, by contrast, operate continuously in forward theaters from multiple ports and are manned by civilian mariners and small detachments of military personnel who rotate on and off the ships. Examples of forward operating ships include MLP, JHSV, AFSB, and the oilers and combat support ships of the combat logistics force (CLF). Forward based, stationed, or operating ships all provide presence at a significantly lower cost since one ship that operates continuously overseas provides the same presence as about four ships deploying rotationally from homeports in the United States.

To capitalize on this advantage, our PB–15 program continues the move of four BMD-capable destroyers to Rota, Spain. The first of these, USS *Donald Cook*, is already in place, and three ships will join her by the end of fiscal year 2015. We will likewise forward base an additional (fourth) SSN in Guam in fiscal year 2015. PB–15 sustains our forward based MCM and PC in Bahrain, and forward stationed LCS will begin to assume their missions at the end of the decade. As JHSV are delivered and enter service, they will begin forward operating in multiple regions, including the Middle East in fiscal year 2014, the Asia-Pacific in fiscal year 2015, Africa in fiscal year 2016, and Europe in fiscal year 2017. USNS *Montford Point*, the first MLP, will deploy and begin forward operating from Diego Garcia in fiscal year 2015.

USNS *Lewis B. Puller*, the first AFSB variant of the *Montford Point*-class, will relieve our interim AFSB, USS *Ponce*, and begin forward operating in the Middle East in fiscal year 2016.

The Optimized Fleet Response Plan (O–FRP)

In addition to maximizing forward presence by basing ships overseas, our PB–15 submission also takes action to maximize the operational availability and presence delivered by units that deploy rotationally from the United States. In fiscal year 2015 we will begin implementation of the O–FRP, a comprehensive update to our existing Fleet Response Plan, the operational framework under which we have trained, maintained, and deployed our forces since 2003.

The legacy FRP employed units on repeating cycles about 30 months in length that were divided into four phases: maintenance, basic training, integrated (advanced) training, and sustainment. Scheduled deployments of notionally 6 to 7 months were intended to take place in the sustainment phase, and the units' combat readiness was maintained for the remainder of the sustainment phase to provide "surge" capacity for contingency response.

Over the past few years, continuing global demand for naval forces coupled with reduced resources has strained the force. Continued demand in the Asia-Pacific, combined with increased commitments in the Persian Gulf, as well as responses to crisis events in Syria and Libya, coupled with an emerging global afloat BMD mission, have driven recent deployment lengths for certain units (CSG, ARG, and BMD-capable DDG in particular) as high as 8 to 9 months. Sequestration and a continuing resolution in fiscal year 2013 added to these pressures by hampering maintenance and training, which slowed preparation of ships and delayed deployments. In many instances, we have been compelled to shorten training and maintenance or to deploy units twice in the same sustainment cycle. While the FRP provides flexibility and delivers additional forces where required for crisis response, the increased operational tempo for our forces in recent years is not sustainable in the long term without a revision of the FRP. Reductions in training and maintenance reduce the combat capability and readiness of our forces and the ability of our ships and aircraft to fulfill their expected service lives. These effects combine with unpredictable schedules to impact our sailors' "quality of service," making it more difficult to recruit and retain the best personnel in the long-term.

The O–FRP responds to these schedule pressures and simultaneously makes several other process and alignment improvements to more effectively and efficiently prepare and deploy forces. Our analysis concluded that a 36-month deployment cycle (versus about 30 months) with scheduled deployments of up to 8 months (versus 6 to 7 months) is the optimal solution to maximize operational availability while maintaining stability and predictability for maintenance and training. Beyond scheduling, the O–FRP increases cohesiveness and stability in the composition of the teams we prepare for deployment by keeping the same group of ships and aircraft squadrons together in a CSG through successive cycles of training and deployment. The O–FRP also takes actions to make maintenance planning more predictable and maintenance execution more timely and cost-effective. It takes parallel steps in training by closely aligning the many inspections and exercises that units must complete in a predictable, rationalized sequence.

Our PB–15 submission implements the O–FRP beginning in fiscal year 2015 with the *Harry S. Truman* CSG, and will implement it in all other CSG and surface combatants as they prepare for and execute their next deployments. The O–FRP will subsequently be expanded to amphibious ships (ARG) and we are studying the desirability of expanding it to submarines and other unit types in the future.

Fleet Readiness

A central challenge in delivering the best Navy possible for the funds appropriated is properly balancing the cost of procuring force structure and capability with the cost of maintaining them at an appropriate level of readiness. When faced with a future of declining budgets, if we are returned to BCA revised caps funding levels in fiscal year 2016 and beyond, we are forced to make difficult decisions. Unstable budget levels (due to continuing resolutions and sequestration) force reductions in maintenance and training. Over time, this begins to take an untenable toll on our enduring ability to deploy forces that are sufficiently ready to complete their missions with acceptable risk and the ability of our ships and aircraft to reach their expected service lives. We are mandated to fund readiness. In a declining budget, we must look at reducing recapitalization and modernization. This can also have the consequences, of falling behind competitors in terms of capability and relevance, or we risk having too few ships and aircraft to execute certain missions in the future.

As a result, we balance force structure capacity and capability with readiness in any financial situation.

Despite the reduction in funding below levels planned in PB–14, PB–15 strikes this balance and the result is a program that delivers sufficient readiness to meet our GFMAP presence commitments and provide sufficient "surge" capacity for contingency response.

As part of our efforts to sustain fleet readiness, Navy continues to improve its maintenance practices for surface ships by increasing governance, transparency, and accountability. Over the last several years, these practices have enabled us to decrease the amount of backlogged ship maintenance caused by high operational tempo.

Going forward, PB–15 funds Navy's fiscal year 2015 afloat readiness to the DOD guidelines and goals. As in previous years, a supplemental funding request will be submitted to address some deployed ship operations, flying, and maintenance requirements.

Readiness and Investment Ashore

To comply with fiscal constraints, we are compelled to continue accepting risk in shore infrastructure investment and operations. PB–15 prioritizes nuclear weapons support, base security, child development programs, and air and port operations. PB–15 funds facilities' sustainment to 70 percent 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 to non-operational facilities will be deferred; however, this risk will compound over years and must eventually be addressed.

Depot Maintenance Infrastructure

Due to fiscal constraints, the Department of the Navy will not meet the mandated capital investment of 6 percent across all shipyards and depots described in 10 U.S.C. 2476 in fiscal year 2015. The Navy projects an investment of 3.5 percent in fiscal year 2015. PB–15 does, however, fund the most critical deficiencies related to productivity and safety at our naval shipyards. We will continue to aggressively pursue opportunities such as reprogramming or realignment of funds to find the appropriate funds to address this important requirement and mandate.

Base Realignment and Closure

PB–15 continues to fund environmental restoration, caretaking, and property disposal at Base Realignment and Closure (BRAC) 2005 and prior-round BRAC installations. We meet the legal mandates at all levels from previous BRAC rounds.

HEALTH OF THE FORCE

Compensation Reform and Quality of Service

PB–15 addresses readiness by applying an important concept: quality of service. Quality of service has two components: (1) quality of work; and (2) quality of life. Both are intrinsically tied to readiness. At work, the Navy is committed to providing our sailors a challenging, rewarding professional experience, underpinned by the tools and resources to do their jobs right. Our obligations don't stop at the bottom of the brow. We support our Navy Families with the proper quality of life in terms of compensation, professional and personal development, and stability (i.e., deployment predictability). Our sailors are our most important asset and we must invest appropriately to keep a high caliber All-Volunteer Force.

Over the last several years, Congress has been generous in increasing our benefits and compensation by approving pay raises, expanding tax-free housing, increasing health care benefits for retirees, and enhancing the GI Bill. This level of compensation and benefits, while appropriate, is costly and will exceed what we can afford.

Personnel costs for military and civilian personnel make up about half of DOD's base budget.a share that continues to grow and force tradeoffs with other priorities. It is a strategic imperative to rein in this cost growth; therefore, we propose to slow rates of military pay raises, temporarily slow basic allowance for housing growth, and reduce indirect subsidies provided to commissaries. Coupled with reductions in travel expenses, these reforms will generate $123 million in Navy savings in fiscal year 2015 and $3.1 billion across the FYDP. None of these measures will reduce our sailors' pay.

When my Senior Enlisted Advisor (the Master Chief Petty Officer of the Navy) and I visit Navy commands around the world, the message I get from our sailors is that they want to serve in a force that is properly manned and one that provides them with the tools, training, and deployment predictability they need to do their jobs. Sailors tell us that these factors are as important as compensation and bene-

fits. Any Navy savings from compensation reform, therefore, will be re-invested to quality of service enhancements that include:

- Increases in travel funding for training.
- Expansion of the Navy e-Learning online training system
- Improvement in training range and simulation capabilities, simulated small arms training, and other shore-based simulators and trainers for surface ship and submarine personnel.
- Additional aviation spare parts.
- Enhancements to aviation logistics and maintenance.
- Enhancements to surface ship depot maintenance.
- Increasing financial incentives for sailors serving in operational capacities at sea.
- Increasing retention bonuses.
- Enhancing base operating support (BOS) funding to improve base services for sailors and their families.
- Restoring of $70 million per year of funding for renovation of single sailors' barracks that we were previously compelled to reduce due to fiscal constraints.
- Military construction projects for five barracks and a Reserve Navy Operational Support Center (NOSC).
- Improving berthing barges in Yokosuka, Japan that house sailors while forward based ships undergo depot maintenance.
- Increasing support to active commands by Selected Reserve (SELRES) personnel, thereby reducing workloads on active duty personnel.
- Implementing an information technology (IT) solution that enables Reserve personnel to remotely access Navy IT resources in support of mission objectives.
- Increasing funding for recapitalization projects at our flagship educational institutions.

For the same reasons we support reform of pay and other benefits, the Navy also supports DOD-wide proposals in PB–15 to reduce military health care costs by modernizing insurance options for dependents and retirees, and through modest fee and co-pay increases that encourage use of the most affordable means of care.

Enduring Programs

Along with the plans and programs described above, I remain focused on enduring challenges that relate to the safety, health, and well-being of our people. In June 2013, we established the Navy 21st Century Sailor Office (OPNAV N17), led by a flag officer, to integrate and synchronize our efforts to improve the readiness and resilience of sailors and their families. The most pressing and challenging problem that we are tackling in this area is sexual assault.

Sexual Assault

The Navy continues to pursue a deliberate strategy in combatting sexual assault. We continue to focus on preventing sexual assaults, supporting and advocating for victims, improving investigation programs and processes, and ensuring appropriate accountability. To assess effectiveness and better target our efforts, Navy's Sexual Assault Prevention and Response (SAPR) program is driven by a metrics-based strategic plan that focuses on care and support to victims, as well as individual, command and institutional efforts to prevent this destructive crime. We receive feedback directly from our sailors through surveys, polls, and Fleet engagements, which steers our program and efforts. In fiscal year 2013, more sailors than ever came forward to report incidents, many of which occurred months or even years prior.

Sustaining a world-class response and victim advocacy system remains a top priority; preventing sexual assaults from occurring is an imperative. Our strategy focuses on creating a climate where behaviors and actions that may lead to sexual assault, as well as sexual assault itself, are not tolerated, condoned or ignored. This multi-faceted approach focuses on command climate; deterrence; and bystander intervention. To prevent more severe crimes in the continuum of harm, we are concentrating our leadership efforts on ending the sexist and destructive behaviors that lead up to them. Our metrics indicate that sailors are reporting unacceptable behavior and that commands are taking it seriously.

We will continue to measure, through surveys and reports, prevalence data, command climate and perceptions of leadership support, investigation length, and victim experience with our response and investigative system. We also measure key statistics about the investigative and adjudication process itself, such as length of time from report to outcome, as we continue to ensure a balanced military justice system for all involved. These metrics will be utilized to further improve and refine

our prevention strategy, as well as inform a DOD-wide report to the President due in December 2014.

Every sailor and Navy civilian deserves to work in an environment of dignity, respect, and trust. We hold our leaders accountable for creating a command climate that promotes these basic principles and thereby reduces the likelihood of an environment where sexual harassment might occur. We are strengthening our sexual harassment prevention policy by separating it from Equal Opportunity and aligning it with previous SAPR policy amendments, which have resulted in increased trust in our system to report incidents.

When sexual assaults do occur, we ensure the victims' rights and preferences are respected throughout the investigative and disposition processes. In October 2013, we established the Victims' Legal Counsel (VLC) Program. The program is currently staffed by 25 Navy judge advocates acting as VLC, providing legal advice and representation to victims. The program will eventually expand to 29 VLC located on 23 different installations, and VLC services are already available to all eligible victims worldwide. Our VLC work to protect and preserve the rights and interests of sexual assault victims, and in the case of investigation and prosecution, to ensure victims understand the process, can exercise their rights, and are able to have a voice in the process.

However, work remains to be done. Despite 80 percent of sailors reporting confidence in the Navy's response system to sexual assault and 86 percent agreeing that the Navy and their individual commands are taking actions to prevent sexual assault, nearly 50 percent cite "fear of public exposure" or "shame" as barriers to reporting. We continue to seek ways to overcome these perceived barriers.

We greatly appreciate Congress' interest and support in our efforts to combat sexual assault, particularly the measures contained in the NDAA for Fiscal Year 2014. We are fully engaged in implementing the new requirements and we believe that given time to measure progress following full implementation, we will be able to better assess whether any additional legislative or policy measures are required. We remain committed to eradicating sexual assault within our ranks and ensuring that sexual assault cases are processed through a fair, effective, and efficient military justice system. We must ensure that all changes to the system do not adversely impact the interests of justice, the rights of crime victims, or the due process rights of the accused.

Suicide

Another critical problem we are focused on is suicides. Suicides in the Navy declined last year by 28 percent, from 65 in 2012 to 47 in 2013. This is cautiously optimistic, but one suicide is still one too many. Preventing suicide is a command-led effort that leverages a comprehensive array of outreach and education. We cannot tell precisely what combination of factors compel an individual to contemplate suicide, so we address it by elevating our awareness and responsiveness to individuals we believe may in trouble. For example, all sailors learn about bystander intervention tool known as "A.C.T." (ask-care-treat) to identify and encourage at-risk shipmates to seek support. We also know that investing in the resilience of our people helps them deal with any challenge they may face.

Resilience

Our research shows that a sailor's ability to steadily build resilience is a key factor in navigating stressful situations. Education and prevention initiatives train sailors to recognize operational stress early and to use tools to manage and reduce its effects. Our Operational Stress Control (OSC) program is the foundation of our efforts to teach sailors to recognize stressors in their lives and mitigate them before they become crises. In the past year, we expanded our training capacity by 50 percent and increased OSC mobile training teams (MTT) from four to six. These MTT visit each command within 6 months of deployment and teach sailors resiliency practices to better manage stress and avoid paths that lead to destructive behaviors.

In addition, we are strengthening support to sailors who are deployed in unfamiliar surroundings. We have started a program to assign trained and certified professionals as deployed resiliency counselors (DRC) to our largest ships, the CVN and LHA/D. DRC are credentialed clinical counselors that can assist or provide support to sailors who are coping with or suffering from common life events, common life stressors, and discrete traumatic events that may include sexual assault. This initiative extends the reach of Navy's resiliency programs to deployed commands and allows a "warm hand-off" to shore services when the sailor returns to homeport.

Character Development

At all levels in the Navy, leadership, character, and integrity form the foundation of who we are and what we do. These bedrock principles are supported by our cul-

ture of accountability, command authority, and personal responsibility. Leadership failures and integrity shortfalls undermine our organization and erode public trust. We will continue to reinforce standards and hold those who violate the rules appropriately accountable.

One avenue by which we instill character and ethics in our leaders is by teaching ethics education and character development in the College of Operational and Strategic Leadership at the Naval War College. Building on this effort and other guidance to the force, in January 2013, I approved the Navy Leader Development Strategy to promote leader character development, emphasize ethics, and reinforce Navy core values. This strategy provides a common framework to develop Navy leaders at every stage of a sailor's career. We are implementing an integrated framework through a career-long continuum that develops our leaders with the same attentiveness with which we develop our weapons systems. The focus on character development in our professional training continuum has increased, and we employ techniques such as "360 degree" assessments and peer mentoring to help young officers better prepare to be commanding officers. The Navy Leader Development Strategy reemphasizes and enhances the leadership, ethics, and professional qualities we desire in our force.

Family Readiness Programs

Family readiness is fully integrated into our Navy's call to be ready. The critical programs which support our families are also overseen by the policy and resourcing lens of our 21st Century Sailor Office. These programs and services assist sailors and their families with adapting to and coping with the challenges of balancing military commitment with family life. Fleet and family support programs deliver services in four key areas: deployment readiness, crisis response, career support and retention, and sexual assault prevention and response.

This past year, our Family Advocacy program (FAP) has implemented the DOD Incident Determination Committee (IDC) and Clinical Case Staff Meeting (CCSM) model Navy-wide. This model ensures standardization and consistency in child abuse and domestic abuse decisionmaking. It also guarantees that only those with clinical expertise in child abuse and domestic abuse are involved in determining treatment plans.

Other career and retention support services include the family employment readiness program, personal financial management, and the legislatively-mandated transition goals, plan, success program to assist separating sailors. Increased stress and longer family separations have amplified program demand and underlined the importance of these support programs and services to ensure the psychological, emotional and financial well-being of returning warriors and their families. Financial issues are still the number one cause of security clearance revocation and our financial counselors have noted an increase in the number of sailors entering the Service with debt, including student loan debt. We continually monitor the environment for predatory lending practices targeting servicemembers and families.

Auditability. To be good stewards of the funding appropriated by Congress, effective internal controls over our business operations and auditability of our outlays is essential. It remains our goal to achieve full financial auditability by the end of fiscal year 2017. Our near-term objective is to achieve audit readiness on the Department of the Navy's schedule of business activity (SBA) in fiscal year 2014, and thus far, 8 of the 10 components of Navy's SBA have been asserted as audit ready. In the area of property management, the Department has asserted audit readiness for 7 of 13 property subclasses, and 4 of those have been validated as audit ready. Continuing resolutions and sequestration in fiscal year 2013 and fiscal year 2014 have had no measurable impact on our ability to meet the fiscal year 2014 SBA auditability mandate, but they have increased risk to our ability to meet the fiscal year 2017 full financial auditability requirement.

CONCLUSION

We believe it is vital to have a predictable and stable budget to develop and execute an achievable program to conduct the 10 primary missions outlined in the DSG, and support the pillars and "rebalance" called for in the QDR.

PB–15 proposes the best balance of Navy capabilities for the authorized amount of funding. It sustains sufficient afloat readiness in today's Navy but accepts more risk while building a future fleet that is able to conduct full-spectrum operations. I remain deeply concerned that returning to BCA revised caps spending levels in fiscal year 2016 will lead to a Navy that would be too small and lacking in the advanced and asymmetric capabilities needed to conduct the primary missions required by our current guidance: the DSG and the QDR.

Chairman LEVIN. Thank you so much, Admiral Greenert, for that very pointed testimony.

General Amos.

STATEMENT OF GEN. JAMES F. AMOS, USMC, COMMANDANT OF THE MARINE CORPS

General AMOS. Chairman Levin, Ranking Member Inhofe, members of the committee, I'm pleased to appear before you today to tell you about your U.S. Marine Corps.

Before I get into my prepared text, Mr. Chairman, I, too, want to thank you for your faithful service. We have a great word that, while it's not unique to the Marine Corps, we certainly claim it as such, and that's the word, "fidelity," and that means "faithful." You've been that for decades and decades, and you certainly have to the naval forces as well as my fellow colleagues in the other Services. Sir, thank you for your sacrifice, you and your wife. This Nation will sorely miss you next year when you're not serving the committee.

Chairman LEVIN. Thank you so much, General Amos and Admiral Greenert. Thank you for those very personal remarks. I will pass them along to Barbara.

General AMOS. Please do, sir.

Since our founding in 1775, marines have answered the Nation's call, faithfully protecting the American people and maintaining a world-class standard of military excellence. Nothing has changed, and nothing will change in the future. Yet, we find ourselves at a strategic inflection point. After 12 years of war, we are drawing our forces down in Afghanistan, resetting our institution, and resetting and reawakening the soul of the U.S. Marine Corps.

Today, we are challenged by fiscal uncertainty that threatens both our capacity and capabilities, forcing us to sacrifice our long-term health for near-term readiness. As I have testified before many times, despite these challenges, I remain committed to fielding the most capable and ready Marine Corps that the Nation is willing to afford.

Our greatest asset is our individual marine, the young man or woman who wears my cloth. Our unique role as America's signature crisis response force is grounded in the legendary character and warfighting ethos of our people. As we reset and prepare for future battles, all marines are rededicating themselves to those attributes that carried marines across the wheat fields and into the German machine guns at Belleau Wood, France, in March 1918; those same attributes that enabled raw, combat-inexperienced, young marines to succeed against a determined enemy at America's first offensive operation in the Pacific on August 7, 1942, as the first marine division landed at Guadalcanal; and, lastly, those timeless strengths of character and gut courage that enabled marines to carry the day in an Iraqi town named Fallujah and against a determined enemy in the Taliban strongholds of Marjah and Sangin. Your Marine Corps is rededicating itself to those simple, four timeless attributes: persistent discipline; faithful obedience to orders and instructions; concerned and engaged leadership 24-hours-a-day, 7-days-a-week; and strict adherence to standards.

These ironclad imperatives have defined our Marine Corps for 238 years, and they will serve us well in the decades to come.

As we gather here today, some 30,000 marines are forward-deployed around the world, promoting peace, protecting our Nation's interests, and securing our defense. But, we do not do this alone. Our partnership is with the U.S. Navy, and that partnership provides an unmatched naval expeditionary capability. Our relationship with the Navy is a symbiotic one. My relationship with Admiral Jon Greenert is unprecedented. This is why I share the CNO's concerns about the impacts associated with the marked paucity of building ship funds. America's engagement throughout the future security environment of the next 2 decades will be naval in character, make no mistake about that.

To be forward-engaged and to be present when it matters most, we need capital ships, and those ships need to be loaded with its U.S. Marine Corps. Expeditionary naval forces are our Nation's insurance policy. We are a hedge against uncertainty in an unpredictable world. The Navy/Marine Corps team provides power projection from the sea, responding immediately to crises when success is measured in hours, not in days. From the super typhoon that tragically struck the Philippines late last year, to the rescue of American citizens in South Sudan over the Christmas holidays, your forward-deployed naval forces were there. We carried the day for America.

As the Joint Force draws down and we conclude combat operations in Afghanistan, some argue, quite frankly, that we are done with conflict. My view is completely different. As evidenced in the recent events currently unfolding in Central Europe, the world will remain a dangerous and unpredictable place. There will be no peace dividend for America, nor will there be a shortage of work for its U.S. Marine Corps. Ladies and gentlemen, we will not do less with less. We will do the same with less.

In closing, you have my promise that we will only ask for what we need, we will continue to prioritize and make the hard decisions before coming before this committee and Congress.

Once again, I thank the committee for your continued support. I'm prepared to answer your questions.

[The prepared statement of General Amos follows:]

PREPARED STATEMENT BY GENERAL JAMES F. AMOS, USMC

I. AMERICA'S CRISIS RESPONSE FORCE

The U.S. Marine Corps is the Nation's crisis response force. Since our founding in 1775, marines have answered the Nation's call, faithfully protecting the American people and maintaining a world-class standard of military excellence. Today we are at a strategic inflection point. Fiscal uncertainty has threatened both our capacity and capabilities, forcing us to sacrifice our long-term health for near-term readiness. Despite these fiscal challenges, we remain committed to fielding the most ready Marine Corps the Nation can afford. Around the globe marines stand ready to engage America's adversaries or respond to any emerging crisis. Thanks to the support of Congress, the American people will always be able to count on the Marine Corps to fight and win our Nation's battles.

America is a maritime nation: its security, resilience, and economic prosperity are fundamentally linked to the world's oceans. Our naval forces serve to deter and defeat adversaries, strengthen alliances, deny enemies sanctuary, and project global influence. The amphibious and expeditionary components of our naval force allow us to operate with assurance in the world's littoral areas. The Marine Corps and the Navy are prepared to arrive swiftly from the sea and project influence and

power when needed. Operating from the sea, we impose significantly less political burden on our partners and allies, while providing options to our Nation's leaders. We remain committed to the mission of assuring access for our Nation's forces and its partners.

Forward deployed naval forces enable our Nation to rapidly respond to crises throughout the world. The ability to engage with partnered nations, through highly trained and self-sustaining forces, maximizes America's effectiveness as a military power. For approximately 8 percent of the Department of Defense's (DOD) budget, the Marine Corps provides an affordable insurance policy for the American people and a highly efficient and effective hedge against global and regional tensions that cause instability. We provide our Nation's leaders with time and decision space by responding to today's crisis, with today's forces . . . TODAY.

Naval Character

We share a rich heritage and maintain a strong partnership with the U.S. Navy. Together we provide a fundamental pillar of our Nation's power and security—the ability to operate freely across the seas. Security is the foundation of our Nation's ability to maintain access to foreign markets and grow our economy through trade around the world. 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.

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. Well-trained Marine units embarked aboard U.S. Navy warships increase the Nation's ability to deter and defend against emerging threats. Our adaptability and flexibility provide unmatched capabilities to combatant commanders.

Unique Roles and Missions

The Marine Corps provides unique, sea-based capabilities to the joint force. Our forward deployed amphibious based marines have long played a critical role across the full range of military operations. We assure littoral access and enable the introduction of capabilities provided by other Military Services, government agencies, nongovernmental organizations, allies, and international partners. The stability and vitality of the global economic system is dependent on this capability, especially where our Nation's vital interests are challenged.

The Marine Corps provides operating forces that are a balanced air-ground-logistics team. They are responsive, scalable and self-sustaining. As our Nation's middleweight force, we must maintain a high state of readiness, able to respond wherever and whenever the Nation requires. Crisis response requires the ability to expand the expeditionary force after its introduction in theater. The Marine Air-Ground Task Force (MAGTF) modular structure lends itself to rapidly right sizing the force as the situation demands, to include a joint or combined force.

II. OUR COMMITMENT TO THE NATION'S DEFENSE

Global Crisis Response

At our core, the Marine Corps is the Nation's crisis response force and fulfilling this role is our top priority. We have earned a reputation as the Nation's most forward deployed, ready, and flexible force. Our performance over the past decade underscores the fact that responsiveness and versatility are always in demand. Marines formed the leading edge of the U.S. humanitarian response to earthquakes in Pakistan and Haiti, and disasters in the Philippines and Japan, all while fully committed to combat operations in Iraq or Afghanistan.

During 2013, four Marine Expeditionary Units (MEUs) and their partnered Amphibious Ready Groups (ARGs) participated in overseas operations and exercises. These forward deployed amphibious forces—normally built around a 3-ship amphibious squadron with 2,200 embarked marines—provided a uniquely trained and integrated task force, postured to immediately respond to emerging crises. The Marine Corps has placed increased emphasis over the past several years partnering with coalition nations. Through security cooperation activities we advance mutual strategic goals by building capacity, deterring threats, and enhancing our crisis response capabilities. Throughout the year, ARG–MEUs strengthened our relationships through major exercises and operations with partnered nations which include Saudi Arabia, Kuwait, United Arab Emirates, Jordan, Egypt, Qatar, Oman, India, Thailand, Australia, Japan, and the Philippines.

Super Typhoon Haiyan

Typhoon Haiyan struck the Philippines on November 7, 2013 with winds gusting up to 195 mph, the fourth highest ever recorded. Even before the storm reached landfall, marines and sailors forward-based in Okinawa were preparing to respond. After returning to home port, elements of the 31st MEU embarked aboard USS *Germantown* and USS *Ashland* to support Typhoon Haiyan humanitarian assistance/disaster relief operations in the Philippines. Within 8 hours, Marine Forces forward based in the Pacific Theater provided the initial humanitarian response. This effort was followed by a Marine Corps led Joint Task Force, to include Marine MV–22 and KC–130J aircraft that flew 1,205 sorties (totaling more than 2,500 flight hours), delivered more than 2,005 tons of relief supplies and evacuated 18,767 Philippinos, 540 American citizens and 301 third country nationals. These efforts were closely coordinated on scene with the U.S. Agency for International Development's Office of Foreign Disaster Assistance. With the longstanding partnership and trust built between our two nations, marines were able to rapidly respond with critically needed capabilities and supplies in times of crisis. This operation underscores the point, that trust is established and nurtured through forward presence . . . trust cannot be surged.

Special Purpose Marine Air-Ground Task Force-Crisis Response (SP–MAGTF CR)

Forward positioned in Spain, SP–MAGTF–CR marines are trained and equipped to support a wide range of operations. This unit is unique amongst other crisis response forces because it possesses an organic aviation capability that allows for SP–MAGTF CR to self-deploy. This force is primarily designed to support U.S. and partner security interests throughout the U.S. Central Command (CENTCOM) and U.S. Africa Command (AFRICOM) theaters of operation, to include embassy reinforcement, non-combatant evacuation operations, and tactical recovery of aircraft and personnel. The MV–22's unprecedented agility and operational reach enable the SP–MAGTF–CR to influence these theaters of operation in a matter of hours. In 2013, SP–MAGTF–CR collaborated with local authorities to establish a presence that could rapidly respond to the full spectrum of contingencies within AFRICOM's AOR. SP–MAGTF–CR is also involved in bilateral and multilateral training exercises with regional partners in Europe and Africa.

Late last year, we witnessed the security situation deteriorate within South Sudan. Weeks of internal violence threatened to erupt into a civil war as populations were being driven from their homes. On short notice, 150 marines from the SP–MAGTF–CR flew aboard MV–22 Ospreys over 3,400 miles non-stop to stage for future operations at Camp Lemonier, Djibouti on the Horn of Africa. The next day, marines flew to Uganda to prepare for a potential non-combatant evacuation operation and to bolster our East Africa Response Force. In January, marines aboard two KC–130J Hercules aircraft evacuated U.S. embassy personnel from harm's way.

Afghanistan

Marines have been continuously at war in Afghanistan since 2001. In the past year, we have transitioned from counter-insurgency operations to training, advising, and assisting the Afghan National Security Forces (ANSF). With expanding capabilities and increased confidence, the ANSF is firmly in the lead for security in support of the Government of the Islamic Republic of Afghanistan throughout all of Helmand and Nimroz Provinces.

Today, more than 4,000 Active and Reserve marines are forward deployed in Regional Command South West (RC (SW)) and in full support of the Afghan National Police, and Afghan National Army. In 2013, we reduced our coalition force advisory teams from 43 to 15, and we shifted our emphasis from tactical operations to Brigade-level planning, supply chain management, infrastructure management, and healthcare development. In January 2013, there were over 60 ISAF (principally United States, United Kingdom, and Georgian) bases in RC (SW). Today only seven remain. In addition, we removed permanent coalition presence in 7 of 12 districts with Marine forces located only in one remaining district center.

Afghan district community councils currently operate in seven Helmand districts which represent 80 percent of the population. As a result, health and education services have markedly improved. With the presidential election approaching in April 2014, we are expecting a higher turnout than the previous presidential elections due to the population's increased understanding of the electoral process. Currently, there are 214 planned polling stations in Helmand Province. The upcoming election will be conducted with limited International Security Assistance Force (ISAF) military assistance.

Asia-Pacific Rebalance

As our Nation continues to shift its strategic focus to the Asia-Pacific, it is important to note that that the Marine Corps—specifically, III Marine Expeditionary Force (III MEF)—has been forward based there since the 1940s. Marines have a long history in the Pacific, replete with many hard-won victories. We are ideally suited to operate within this maritime region and we are adjusting our force laydown to support the President's Strategic Guidance for the Department of Defense issued in January 2012. We remain on course to have 22,500 marines west of the International Date Line—forward based and operating within the Asia-Pacific theater.

We have the experience, capabilities, and most importantly, the strategic relationships already in place within the region to facilitate the national security strategy. Marines forward deployed and based in the Asia-Pacific Theater conduct more than 70 exercises a year, all designed to increase interoperability with our regional partners, build theater security cooperation, and enhance prosperity and stability in this region. By strategically locating our forces across the region, we enable more active participation in cooperative security and prosperity. No forces are more suited to the Pacific than naval amphibious forces. We envision an Asia-Pacific region where our marines' presence will continue to build upon the excellent cooperation with our regional partners and allies to advance our common interests and common values.

Security Cooperation

The Marine Corps supports all six geographic combatant commands (GCC) with task-organized forces of marines who conduct hundreds of Theater Security Cooperation (TSC) activities with the armed forces of more than 50 partner nations each year. Per the Defense Strategic Guidance, our forward-engaged marines conducted TSC with a focus on building partner capacity, amphibious capability, interoperability for coalition operations, and assured access for U.S. forces. Overall, the Marine Corps participated in over 200 security cooperation engagements in 2013, including TSC exercises, bilateral exercises, and military-to-military engagements.

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. 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 achieving an integrated maritime approach to security cooperation in support of national security objectives.

Black Sea Rotational Force (BSRF)

Forward postured in Romania, the BSRF engages partner nations and operates in multiple countries throughout the Black Sea-Eurasia region. Engagements included peacekeeping operations training events, technical skills familiarization events, and various professional symposia throughout the Caucasus region.

SP–MAGTF-Africa 13 (SP–MAGTF–AF)

As a sub-component of SP–MAGTF–CR, SP–MAGTF-Africa 13 is forward based in Italy, consisting of a company-sized Marine element that engages with partnered countries in Africa. SP–MAGTF–AF 13 focused on training African troops primarily in Burundi and Uganda, bolstered militaries attempting to counter groups affiliated with al-Qaeda operating across the Maghreb region, and provided security force assistance in support of directed Africa Union Mission in Somalia (AMISOM).

Marine Rotational Force-Darwin (MRF–D)

In 2013, a company sized element of MRF–D marines deployed to support U.S. Pacific Command (PACOM) requirements and emphasize the U.S. commitment to the Asia-Pacific region. During their stay in Darwin, marines conducted bilateral training with the Australian Defense Forces. In conjunction with the 31st MEU—from August through September 2013—MRF–D supported the bilateral Exercise Koolendong at the Bradshaw Field Training Area in Australia to serve as a proof of concept in preparation for the expected arrival of 1,150 marines in 2014. This next deployment—the first step of Phase II, expands the rotational force from company to battalion sized rotational units. The intent in the coming years is to establish a rotational presence of a MAGTF of up to 2,500 marines. The presence of marines in Australia reflects the enduring alliance and common security interests in the region and improves interoperability between the United States and Australia

III. FISCAL YEAR 2015 BUDGET PRIORITIES

For fiscal year 2015, the President's budget provides $22.8 billion in our baseline budget, down from our fiscal year 2014 budget of $24.2 billion. This budget has been

prioritized to support a highly ready and capable Marine Corps focused on crisis response. The capabilities we prioritized in this year's budget submission protect near-term readiness while addressing some shortfalls in facility sustainment, military construction, equipment recapitalization and modernization. The Marine Corps budget priorities for 2015 include:

Amphibious Combat Vehicle

The development and procurement of the Amphibious Combat Vehicle (ACV) is my top acquisition priority. The modern battlefield requires both highly mobile and armor-protected infantry forces. The ACV will be designed to provide the capabilities required to meet current and future amphibious operations. This program is critical to our ability to conduct surface littoral maneuver and project Marine units from sea to land in any environment; permissive, uncertain, or hostile. The Marine Corps requires a modern, self-deployable, survivable, and affordable amphibious vehicle as a once-in-a-generation replacement for the existing Amphibious Assault Vehicles, which have been in service for more than 40 years.

Marine Aviation

The Marine Corps continues to progress towards a successful transition from 13 types of aircraft to six. This transformation of our aviation combat element will provide the Marine Corps and the future naval force with highly advanced fixed-wing, tilt-rotor, and rotary-wing platforms capable of operating across the full spectrum of combat operations. As the Marine Corps moves towards a future battlefield that is digitally advanced and connected, the F–35B/C Joint Strike Fighter's (JSF) fifth-generation capabilities will enable the collection, fusion, and dissemination of information to all elements of the MAGTF. Additionally, MV–22 Osprey vertical flight capabilities coupled with the speed, range, and endurance of fixed-wing transports, are enabling effective execution of current missions that were previously unachievable on legacy platforms.

Modernization and sustainment initiatives are required to enhance the capabilities of Marine Aviation's legacy platforms to maintain warfighting relevance. Specifically, modernization and relevancy of F/A–18A–D Hornet and AV–8B Harrier aircraft are vital as the Marine Corps completes the transition to the F–35B short take-off and vertical landing JSF in 2030. The F–35B is critical to our ability to conduct future combined arms operations in expeditionary environments.

Resetting our Ground Equipment

We have made significant strides in resetting our equipment after 12 years of wartime wear and tear. We are executing a reset strategy that emphasizes both our commitment to the American taxpayer and the critical linkage of balancing reset and readiness levels. Over 75 percent of the Marine Corps equipment and supplies in RC (SW) have been retrograded. 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.

The current rate of equipment returning from theater will allow the Corps to reset our ground equipment by 2017, but this will require the continued availability of Overseas Contingency Operations funding for fiscal year 2015 through fiscal year 2017 to support our planned schedule of depot level maintenance. We are not asking for everything we want; only what we need. We have consciously chosen to delay elements of modernization to preserve current readiness. These short term solutions cannot be sustained indefinitely without cost to our future capabilities.

Joint Light Tactical Vehicle

We remain firmly partnered with the U.S. Army in fielding a Joint Light Tactical Vehicle (JLTV) that lives up to its name, while also being affordable. The JLTV is needed to provide the Marine Corps with modern, expeditionary, light-combat and tactical mobility while increasing the protection of our light vehicle fleet. By replacing only a portion of our High Mobility Multipurpose-Wheeled Vehicle (HMMWV) fleet, the JLTV will help to preserve our expeditionary capability with a modern level of protected mobility.

Military Construction

For fiscal year 2015, the Marine Corps is requesting $331 million for Military Construction programs to support warfighting and critical infrastructure improvements. This fiscal year 2015 budget represents a 61 percent funding level decrease from our fiscal year 2014 request of $842 million and a significant decrease from the Marine Corps' previous 6 year average. Our primary focus is toward the construction of Joint Strike Fighter (F–35B) and Osprey (MV–22) facilities that support unit relocations to Hawaii and Japan. We have prioritized environmental and safety

corrections such as water plant improvements and emergency communication capabilities. Funding is also included for the continued consolidation of the Marine Corps Security Force Regiment and its fleet antiterrorism security teams from the Norfolk area to Yorktown, VA. Finally, we are providing funding to continue the renovation, repairs and modernization of junior enlisted family housing units located in Iwakuni, Japan.

Readiness and Risk in the Fiscal Year 2015 Budget

The Marine Corps remains committed to building the most ready force our Nation can afford, but this comes at a risk. As our Nation continues to face fiscal uncertainty, the Marine Corps is responsibly building a relevant and lean force for the 21st century. The emerging security threats to our Nation demand that America has a globally responsive, truly expeditionary, consistently ready, maritime crisis response force.

While today's fiscal constraints may make us a leaner force, we are committed to maintaining our readiness—the real measure of our ability to meet unforeseen threats. Our innovative spirit, strong leadership, and enduring stewardship of the Nation's resources will guide our modernization efforts. We will invest in our marines as they are the foundation of the Marine Corps. We will continue to reset our warfighting equipment and reconstitute our force after more than a decade of combat operations. We will maintain our investments in the research and development of new equipment and technologies that ensure our Nation's crisis response force remains relevant and ready well into the 21st century.

In a fiscally constrained environment, it is critical that we maximize every taxpayer dollar entrusted to the Marine Corps. Our ability to efficiently manage our budget is directly related to our ability to properly account for every dollar. To that end, for the first time, the Marine Corps achieved an "unqualified" audit opinion from the DOD Inspector General. We became the first military service to receive a clean audit, which provides us with the ability to have a repeatable and defendable process to track, evaluate and certify each dollar we receive. We are particularly pleased that this audit will give the American people confidence in how the Marine Corps spends taxpayer money.

As fiscal realities shrink the Department of Defense's budget, the Marine Corps has forgone some important investments to maintain near-term readiness. To protect near-term readiness, we are taking risks in our infrastructure sustainment and reducing our modernization efforts. These trades cannot be sustained long term and portend future increased costs. As America's crisis response force, however, your Corps does not have a choice. We are required to maintain a posture that facilitates our ability to deploy today. As we continue to face the possibility of further budget reductions under sequestration, we will be forced into adopting some variation of a less ready, tiered status, within the next few years.

As we enter into fiscal year 2015 and beyond, we are making necessary trade-offs to protect near-term readiness, but this comes at a risk. Today, more than 60 percent of our non-deployed units are experiencing degraded readiness in their ability to execute core missions. Approximately 65 percent of non-deployed units have equipment shortfalls and 35 percent are experiencing personnel shortfalls necessitated by the effort to ensure that forward deployed units are 100 percent manned and equipped. The primary concern with out-of-balance readiness of our non-deployed operating forces is an increased risk in the timely response to unexpected crises or large-scale contingencies. The small size of the Marine Corps dictates that even non-deployed units must remain ready to respond at all times as they are often the Nation's go-to forces when unforeseen crises occur.

The risk to the Nation is too great to allow the readiness of the Marine Corps to be degraded. Through congressional support we will continue to monitor our five pillars of readiness: high quality people, unit readiness, capability and capacity to Meet the Combatant Command Requirements, Infrastructure Sustainment, and equipment modernization. Our current funding levels protect current readiness; however, it does so at the expense of the infrastructure sustainment and equipment modernization efforts, which are keys to protecting future readiness. This is a rational choice given the current fiscal situation, but it is not sustainable over time. Ignoring any of these areas for long periods will hollow the force and create unacceptable risk for our national defense.

IV. SHARED NAVAL INVESTMENTS

Naval forces control the seas and use that control to project power ashore. The fiscal and security challenges we face demand a seamless and fully integrated Navy-Marine Corps team. Achieving our shared vision of the future naval force requires

strong cooperation. Now more than ever, the Navy-Marine team must integrate our capabilities to effectively protect our Nation's interests.

Amphibious Warships

The force structure to support the deployment and employment of 2 Marine Expeditionary Brigades (MEB) simultaneously is 38 amphibious warfare ships. However, considering fiscal constraints, the Navy and Marine Corps have agreed to sustain a minimum of 33 amphibious warfare ships. The 33-ship force accepts risk in the arrival of combat support and combat service support elements of a MEB, as well as meeting the needs of the naval force within today's fiscal limitations.

The LX(R) program is the next major amphibious ship investment necessary to replace our aging fleet of LSDs. As we move forward with this program we should take advantage of the knowledge developed in building the LPD–17 class of ship. It is imperative that this is a warship capable of delivering marines to an objective in a non-permissive environment. Replacing the LSD with a more capable platform with increased capacity for command and control, aviation operations and maintenance, vehicle storage, and potential for independent operations gives the geographic combatant commander a powerful and versatile tool, and permit independent steaming operations.

Maritime Prepositioning Force

The second method of deployment for the MEB is the Maritime Prepositioning Force, which combines the speed of strategic airlift with the high embarkation capacity of strategic sealift. The two remaining Maritime Prepositioning Ship Squadrons (MPSRON), each designed to facilitate the deployment of one MEB, carry essential combat equipment and supplies to initiate and sustain MEB operations for up to 30 days. With the introduction of the seabasing enabling module, which includes large medium speed roll-on/roll-off (LMSR) vessels, dry cargo and ammunition ships and mobile landing platforms, MPSRON-supported forces will have enhanced capability to operate from a seabase.

Ship-to-Shore Connectors

Ship-to-shore connectors move personnel, equipment and supplies, maneuvering from a seabase to the shoreline. These are critical enablers for any seabased force. Modern aerial connectors, such as the MV–22 Osprey extend the operational reach of the seabased force and have revolutionized our ability to operate from the sea. The Navy is in the process of modernizing the surface connector fleet by replacing the aging Landing Craft Air Cushion and the 50-year-old fleet of Landing Craft Utility. Continued funding of the maintenance and extended service life programs of our existing fleet of connectors as well as investment in recapitalization of the surface connector capability through procurement of the Ship-to-Shore Connector and Surface Connector will be critical for future security environments. We need to continue to push science and technology envelopes to develop the next generation of connectors.

V. OUR VISION: REDESIGNING THE MARINE CORPS

As we drawdown the Marine Corps' Active component end strength from war time levels of 202,000 marines, we have taken deliberate steps to construct a force that we can afford to operate and sustain in the emerging fiscal environment. Over the past 3 years, we have undertaken 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. Under the constraints of the 2011 Budget Control Act and the 2012 Defense Strategic Guidance, we estimated that a force of 182,100 active component marines could still be afforded with reduced modernization and infrastructure support. More recently, as we entered into the Quadrennial Defense Review, we came to the difficult conclusion that, under the threat of continued sequestration or some variant, an Active-Duty Force of 175,000 marines is what our Nation can afford, along with very steep cuts to Marine Corps modernization accounts and infrastructure. 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.

The redesigned force is built to operate using the familiar MAGTF-construct, but it places greater emphasis on the 'middleweight' Marine Expeditionary Brigades by establishing standing MEB Headquarters. These MEB Headquarters will be prepared to serve as a ready crisis response general officer-level command element for the joint force. The redesigned force will deploy Special Purpose Marine Air Ground

Task Forces and MEUs to provide combatant commanders ready forces for a broad range of missions from forward presence to crisis response.

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. A redesigned force of 175,000 reduces that to a 1:2 dwell ratio for our operational units during a peacetime environment. This 1:2 ratio is the same operational tempo we have operated with during much of the past decade while engaged in combat and stability operations in Iraq and Afghanistan.

The redesigned force size implements the Strategic Choices Management Review (SCMR) directed 20 percent headquarters reduction, and it includes the elimination of one three-star Marine Expeditionary Force Headquarters. Our ground forces will be reduced by 1 regimental headquarters and 8 battalions (6 infantry, 2 artillery), as well as a reduction of an additional 27 companies or batteries. Our aviation forces will be reduced by 3 group headquarters and 13 squadrons. Our logistics forces will be reduced by 3,294 marines (14 percent) and 1 battalion while conducting an extensive reorganization to gain efficiencies from reduced combat service support resources. In ground force terms, our aggregate cuts across the force comprise a reduction in nearly a Marine Division's worth of combat power.

The redesigned force will retain the ability to generate seven rotational MEUs, with the capacity to deploy one from the east coast, one from the west coast, and one from Okinawa every 6 months. New Special Purpose MAGTF (SP–MAGTF) force structure responds to greater demand for multi-role crisis response forces in several geographic combatant commands under the so-called "New Normal" security environment.

In support of the rebalance to the Pacific, we prioritized our Pacific theater forces and activities in the new force structure. Despite end strength reductions, III Marine Expeditionary Force—our primary force in the Pacific—remains virtually untouched. We also restored Pacific efforts that were gapped during Operation Enduring Freedom, including multiple exercises and large parts of the Unit Deployment Program. A rotational presence in Darwin, Australia also expands engagement opportunities and deterrence effects.

In support of U.S. Cyber Command and in recognition of the importance of cyberspace as a warfighting domain, we are growing our cyberspace operations forces organized into a total of 13 teams by the end of 2016. The teams will provide capabilities to help defend the Nation from cyber-attack, provide support to combatant commanders, and will bolster the defenses of DOD information networks and the Marine Corps Enterprise network.

Lastly, the Marine Corps remains fully committed to improving embassy security by adding approximately 1,000 Marine Corps embassy security guards (MCESG) as requested by Congress. The redesigned force structure consists of the marines necessary to maintain our steady-state deployments and crisis-response capabilities in the operating forces as well as the additional marines for MCESG. We have absorbed new mission requirements while reducing our overall force size.

Expeditionary Force 21

Expeditionary Force 21 is the Marine Corps' capstone concept that establishes our vision and goals for the next 10 years and provides a plan for guiding the design and development of the future force. One third of the Marine Corps operating forces will be forward postured. These forces will be task-organized into a greater variety of formations, capable of operating from a more diverse array of ships dispersed over wider areas, in order to meet the combatant commanders' security cooperation and partner engagement requirements. In the event of crises, we will be able to composite these distributed formations into larger, cohesive naval formations.

Expeditionary Force 21 will inform future decisions regarding how we will adjust our organizational structure to exploit the value of regionally focused forces. A fixed geographic orientation will facilitate Marine commanders and their staffs with more frequent interactions with theater- and component-level organizations, establishing professional bonds and a shared sense of the area's challenges and opportunities.

Expeditionary Force 21 provides the basis for future Navy and Marine Corps capability development to meet the challenges of the 21st century. The vision for Expeditionary Force 21 is to provide guidance for how the Marine Corps will be postured, organized, trained, and equipped to fulfill the responsibilities and missions required around the world. Through Expeditionary Force 21 we intend to operate from the sea and provide the right-sized force in the right place, at the right time.

VI. THE REAWAKENING

As we drawdown our force and focus the Marine Corps toward the future, we see an opportunity to re-set our warfighting institution and foster a Reawakening within our Corps. For the past 12 years of war, marines have performed heroically on the battlefield. In Iraq and Afghanistan, marines have carried on the Corps' legacy of warfighting prowess, and every marine should be proud of that accomplishment. But as the preponderance of our Marine forces return from Afghanistan and we are focusing our efforts on the foundations of discipline, faithfulness, self-excellence and concerned leadership that have made us our Nation's premier, professional fighting force. This is the time to reset and prepare for future battles.

Focus on Values

There is no higher honor, nor more sacred responsibility, than becoming a U.S. marine. Our record of accomplishment over a decade of conflict will be in vain if we do not adhere to our core values. Our time honored tradition and culture bears witness to the legions of marines who have gone before and who have kept our honor clean. Marine Corps leadership has long recognized that when resetting the force following sustained combat, marines must embrace change. We are mindful of the many challenges that lie ahead; there is much work left to be done.

Our purposeful and broad-range efforts to reset the Corps have to be successful. We must retain our focused observance to the basic principles and values of our Corps. We refer to them as the soul of our Corps. As such, all marines are rededicating themselves to persistent discipline; faithful obedience to orders and instructions; concerned and engaged leadership; and strict adherence to standards. These iron-clad imperatives have defined our Corps for 238 years. As we reset and Reawaken the Corps, our focus on the individual soul of the Corps is crucial.

The Marine Corps is fully committed to improve diversity and opportunity for the men and women who wear our uniform and we are actively seeking innovative solutions to improve our Corps. Over the last year, I have personally sought out successful women leaders in the corporate sector to help us better understand how they are achieving success in the areas of diversity, inclusion and integration of women in the workplace. This has paid immeasurable dividends, as we have gained a better appreciation for the dynamics on how to address and positively affect culture change within our ranks.

Marine Corps Force Integration

The Marine Corps continues its deliberate, measured, and responsible approach to researching, setting conditions, and integrating female marines in ground combat arms military occupational specialties (MOS) and units. We welcome the chance to broaden career opportunities for all marines that the Secretary of Defense's overturning of the direct ground combat assignment rule offers us. Beginning in 2012, we assigned qualified female Marine officers and staff noncommissioned officers to 21 previously closed combat arms battalions in the assault amphibian, tank, artillery, low-altitude air defense and combat engineer fields. Since the elimination of the assignment policy restriction last year, we began conducting infantry-specific research by providing an opportunity for female officer volunteers to attend the Infantry Officer Course following completion of initial officer training at the Basic School.

In 2013, we continued this infantry-specific research by providing an opportunity for enlisted female Marine volunteers to attend the Infantry Training Battalion (ITB) following graduation from recruit training. As a result of these assignment and early training assessments, the Marine Corps currently offers opportunities to female marines in 39 of 42 occupational fields representing over 90 percent of our primary individual MOSs and in more than 141,000 positions worldwide. Know that your Marine Corps will continue to maintain high levels of combat readiness, while integrating female marines into previously closed occupational fields and units to the maximum extent possible. We will continue to conduct the research and assessment of these integration efforts to ensure all marines are provided an equitable opportunity for success in their chosen career path.

Sexual Assault Prevention and Response

Sexual assault is criminal behavior that has no place in our Corps; we are aggressively taking steps to eradicate it. Over the past 2 years, we have tackled the sexual assault problem head on and have seen measurable improvements in three specific areas—prevention, reporting, and offender accountability.

The Marine Corps continues to implement its Sexual Assault Prevention and Response Campaign Plan. Launched in June 2012, the SAPR Campaign Plan called for large-scale institutional reforms, to include the implementation of SAPR training programs on an unprecedented scale and frequency. This includes the continued re-

finement of prevention training Corps-wide, while strengthening capabilities for victim care, offender accountability, and program assessment. Our reforms have yielded many positive results that affect marines on an individual level, while steadily transforming the Corps into a leading institution in both preventing and responding to this crime. The most promising result of the campaign plan thus far has been the continued rise in reporting.

In fiscal year 2013, reports of sexual assault in the Marine Corps increased by 86 percent continuing a trend started in fiscal year 2012, which saw a 31 percent reporting increase. In addition, 20 percent of all fiscal year 2013 reports were made for incidents that occurred prior to the victim joining the Corps; 17 percent were made for incidents that took place over 1 year ago. With sexual assault being a historically under-reported crime, we believe that these trends speak directly to the trust and confidence that marines have in their immediate commanders and the overall Marine Corps' program. These encouraging developments suggest that our efforts are working to increase awareness of SAPR resources and to establish a healthy environment of respect and dignity where victims feel confident in coming forward.

With this increased sexual assault reporting, I anticipated an increased demand within the military justice system. Consistent with this prediction, between fiscal year 2012 and fiscal year 2013, the number of child and adult sex offense prosecutions increased from 59 to 119. The number of those cases that were contested increased by over 160 percent. These numbers reinforce the need to continue building and manning a first-rate legal practice in the Marine Corps, comprised of quality judge advocates and legal service specialists, that anticipates and adapts to evolving legal challenges.

In 2012, I restructured the model for the delivery of legal services in the Marine Corps in order to elevate the practice of law and better handle complex cases, such as sexual assaults. This new model does two key things: (1) it centralizes supervision of the military law practice; and (2) it puts more competent and experienced attorneys in charge of the military justice system. Without question, the restructuring of our legal community dramatically improved our performance in prosecuting, defending, and judging sexual assault and other complex trials. I am committed to reinforcing the success gained by this reorganization.

We are continuing to evaluate and assess the new demands placed on our military justice system and our legal community. These include the creation and expansion of the Victims' Legal Counsel Organization and the extension of the requirement to provide military justice experts to the Office of Military Commissions. To meet these increasing demands and new legislative initiatives affecting our justice system, I have directed an internal review of our retention and assignment policies to ensure we can continue to operate a first class military justice system. This review will have two goals. In the short term, we must ensure we have a sufficient number of qualified judge advocates to confront the immediate requirements. In the long term, we must ensure that judge advocates serve in assignments that will maximize their military justice expertise, while maintaining their credibility and skills as unrestricted Marine officers, to include operational law and traditional Marine Corps leadership assignments.

Recruiting and Retaining High Quality People

We make marines, win battles, and return quality citizens back to their homes across America, citizens who, once transformed, will be marines for life. Your Corps must be comprised of the best and brightest of America's youth. To operate and succeed in volatile and complex environments, marines must be physically fit, morally strong, and possess the intelligence required to make good decisions and operate advanced weapon systems. It is a complex and ever-evolving profession.

The Marine Corps utilizes a variety of officer and enlisted recruiting processes that stress high mental, moral, and physical standards. Additionally, all processes are continuously evaluated and improved to ensure that recruits meet or exceed the highest standards possible. Retaining the best and most qualified marines is accomplished through a competitive career designation process for officers, and a thorough evaluation process for enlisted marines, both of which are designed to measure, analyze, and compare our marines' performance, leadership and accomplishments.

Civilian Marines

Our civilian marines serve alongside our marines all around the world. Our civilian marine workforce remains the leanest of all Services with a ratio of 1 civilian to every 10 Active Duty marines (1:10). Additionally, our civilian labor represents less than 5 percent of the Marine Corps' total operations and maintenance 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.

The Marine Corps supports measures that enhance consistency, efficiency and cost effectiveness of our workforce. Since 2009, we have restrained growth by prioritizing civilian workforce requirements. Additionally, we have realigned resources to retain an affordable and efficient workforce. In reaction to Defense Departmental reductions, we stood up an Executive Steering Group to determine how to minimize stress to our workforce. As we move forward we will continue to keep faith with our all-volunteer force of Federal civilians.

VII. SUMMARY

Marines are key components to the range of military missions our national security demands. 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.

As we continue to work with Congress, the Department of the Navy, and the Department of Defense, your Marine Corps remains focused on today's fight and the marines in harm's way. The U.S. Marine Corps will remain the Nation's premier crisis response force. We will remain most ready, when the Nation is least ready . . . always faithful to our marines, sailors, and families.

Chairman LEVIN. Thank you very much, General Amos.

Let's try 7-minutes on our first round.

Let me ask both of you, Admiral and General, about the budget request, which includes a number of personnel-related proposals which would slow the growth of personnel costs. Included in that is a 1 percent pay raise for most military personnel, which is lower than the currently projected 1.8 percent that would take effect under current law. It includes a 1-year pay freeze for general and flag officers and a slight reduction in the growth of the housing allowance. Over time, it has a phased reduction by about $1 billion of the annual direct subsidy provided to military commissaries, which is down from the current annual subsidy of about $1.4 billion, and some changes in the TRICARE program.

DOD has testified that the savings that are achieved by these proposals, which are estimated by DOD to be a little over $2 billion in fiscal year 2015—those savings would be used to invest in modernization and readiness. Admiral and General, let me ask you, do you agree with these proposals?

Admiral GREENERT. Mr. Chairman, I agree with those proposals.

Chairman LEVIN. Okay.

General?

General AMOS. Mr. Chairman, I do. I completely do.

Chairman LEVIN. Can you tell us why?

Admiral GREENERT. Mr. Chairman, for me, I think it's about balance. I ask our folks—we spent a lot of time talking to our folks—"How is your compensation?" They say, "My compensation is good, but you can't just pay me and keep running me into the ground." Operations tempo (OPTEMPO) is high, and when I put the discussion together, their quality of work is out of balance with their quality of life and compensation. What we need to do in the Navy is, we need to improve the amount of spare parts they have: the gaps at sea, the training, personal and unit. We need to do more for their training courses.

For me, Mr. Chairman, it's about balancing the compensation they have with the environment that they work in. All the money that we would garner—$123 million projected from this—would go into exactly that, to improve their quality of work, where they work, day in and day out, and train and become better sailors.

Chairman LEVIN. Thank you.

General Amos?

General AMOS. Mr. Chairman, today, the latest figure is 63 cents of every $1 that Congress gives the U.S. Marine Corps goes to pay some form of compensation. That leaves me a small amount to modernize the Marine Corps, to pay for training, to educate my marines, pay for fuel, ammunition, and all that. That projected cost will only increase over the FYDP. If sequestration stays in effect, it will continue to increase as it edges up.

For me, as I travel around the Marine Corps, the marines are not complaining about their pay. I make no apology for the fact that they've been well-compensated for and well-paid for, for the last 12 years, because quite frankly they've shouldered a pretty heavy burden for America and they deserve to be paid for accordingly. But, right now we are doing well, sir. If we don't arrest the increase in cost, in things like TRICARE and things like pay raises and basic allowance for housing, none of these are we trying to take money away from marines. What we're trying to do is just lower the slope of growth so that we can get this under control. Like Admiral Greenert stated, sir, it's my intention to take that money and plow that back into the U.S. Marine Corps for things like quality of life.

Chairman LEVIN. Okay, thank you.

Secretary, the President's budget, relative to the question of the *George Washington*, says that it continues to support a Navy fleet which includes 11 aircraft carriers, but the budget and the FYDP include a plan to retire, rather than to refuel, the *George Washington*. To follow through on the 11-carrier fleet, the administration would have to add almost $4 billion to the budget and the FYDP to refuel and to retain the *George Washington*. Now, if we were to try to restore the refueling plan envisioned last year, that would require adding about $770 million in fiscal year 2015, alone.

Secretary Hagel testified before the committee earlier this month that the administration would modify the FYDP for years 2016 through 2019 to restore funding for the refueling in order to maintain the 11 aircraft carriers in the Navy's fleet if—capital "IF"—they were to receive a clear signal that Congress would support DOD's FYDP for those years that include $115 billion more than the BCA caps for national defense.

My first question for you, Mr. Secretary, what signal would be sufficient for the administration to restore funding for CVN–73, the *George Washington* refueling overhaul?

Mr. MABUS. Mr. Chairman, I want to add my thanks, before I answer your question, to you and to give you a Bravo Zulu, well done, for your years of service and to the sponsor of the USS *Detroit* (LCS–7), Barbara Levin.

Chairman LEVIN. Thank you.

Mr. MABUS. As you pointed out, what we have done in the fiscal year 2015 budget is move the decision about the *George Wash-*

ington for 1 year. We can move it for a year without impacting the schedule, without impacting the cost, and without impacting the next carrier that comes along to be refueled. We need 11 aircraft carriers, and we are very cognizant of that fact. As Admiral Locklear testified about the need for further carriers, we need those 11 carriers for the OPTEMPO and for the stress that is put on the other carriers, should we lose one.

What you pointed out was very accurate, in terms of restoring the costs. We will submit a budget for fiscal year 2016 that, according to the initial guidance that we have received, will have money for the carrier. It will be dependent on Congress, whether or not the funding gets restored in 2016 and throughout the FYDP, because it is a fairly large bill for us to bear, and it probably cannot be done if sequestration kicks back in fiscal year 2016.

Chairman LEVIN. Just to conclude that then, you need the signal during the fiscal year 2016 budget consideration rather than during consideration of the fiscal year 2015 budget. Is that what I understand you to say?

Mr. MABUS. We need the decision in 2016.

Chairman LEVIN. You need a signal in 2015?

Mr. MABUS. I think the signal could come either in fiscal year 2015 or fiscal year 2016, but a decision will have to be made in fiscal year 2016.

Chairman LEVIN. Thank you.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Secretary Mabus and Admiral Greenert, the Navy's long-range 30-year ship acquisition plan calls for a 306-ship Navy. How many do we have right now?

Mr. MABUS. We have 290.

Senator INHOFE. Okay. If sequestration continues in full into 2023, what size of fleet would we see at that time?

Admiral GREENERT. I'd have to get you the 2004 numbers.

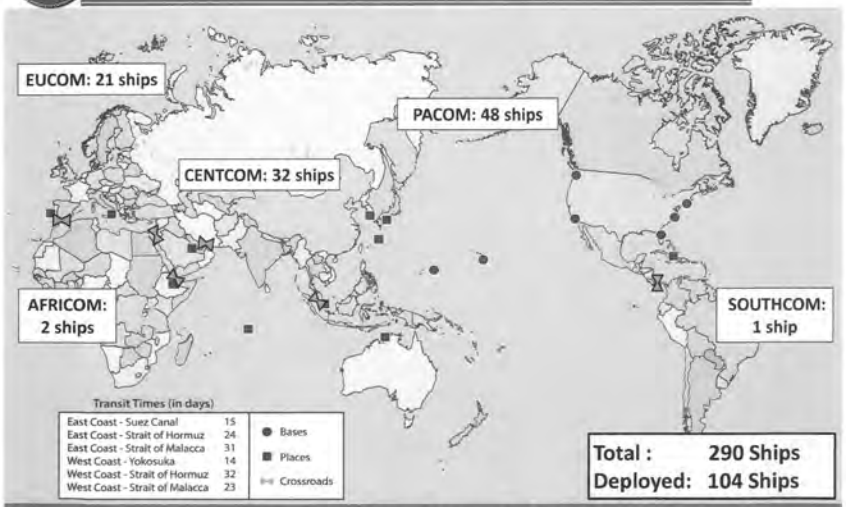
Senator INHOFE. Okay, fine.

Admiral GREENERT. On the back, it's 304 ships.

Senator INHOFE. For the record, you can go ahead and do that.

[The information referred to follows:]

Navy Today



Where it Matters, When it Matters

Enduring Naval Missions:
Strategic Deterrence, Provide Presence, Defer/Defeat Aggression, Project Power, Defend Homeland, Counter Terrorism

Navy Under PB-15		Navy Under BCA Caps
2 Carrier Strike Groups (CSG) + 2 Amphibious Readiness Groups (ARG)	**Presence** On Station Overseas	2 Carrier Strike Groups (CSG) + 2 Amphibious Readiness Groups (ARG)
3 CSG + 3 ARG	**Surge** Able to deploy within 30 days	1 CSG + 1 ARG

Impact: Reduced ability to respond to high tech adversary or >1 major contingency

Retires:

Battle Force required to meet Combatant Commander requests = ~450

Battle Force ships in 2020
308

Minimum force structure required to execute full range of missions = 306

(Mix matters: insufficient small surface combatants)

Battle Force ships in 2020
304

Decreased Procurements:

Able to contend with adversaries (with risk)	**Naval modernization**	*Falling behind high-end adversaries*
Able to support Fleet	**Naval shore infrastructure**	*Degraded ability to support Fleet*
Sustainable	**Maritime industrial base**	*Fragile (some businesses will close)*

Senator INHOFE. Admiral Greenert, with a smaller fleet, we're going to see longer deployments, right?

Admiral GREENERT. Yes, sir, we will.

Senator INHOFE. We've gone through this before, historically. In the 1970s we went through this, and to a lesser degree, in the 1990s. Is that correct?

Admiral GREENERT. That's correct, sir.

Senator INHOFE. It's my experience, in going around and talking to the kids that are out there, that the deployments are just killing the families. It's a real hardship. Do you agree with that?

Admiral GREENERT. That's a strong term, but it's definitely cost dissatisfiers around, and you're right, there.

Senator INHOFE. Maybe I'm getting a different reading than some of the uniforms might get, but I think it is something that's really serious.

It seems to me that if you're building the *Ford*-class aircraft carrier every 5 years, it would only support a 10-aircraft carrier deployable force. I think that's right. Do you think that's right?

Admiral GREENERT. No, sir. If we keep the CVN–73, we'll build to 11 aircraft carriers.

Senator INHOFE. When?

Admiral GREENERT. When the *Ford*'s delivered, that would get us to 11.

Senator INHOFE. About when?

Admiral GREENERT. Oh, I'm sorry. March 2016.

Senator INHOFE. Okay. Actually, the dispensation from the law that requires 11 is good until 2015, so you're satisfied that that's going to happen?

Admiral GREENERT. I'm satisfied that in March 2016, we'll have delivery of the *Ford*, yes, sir.

Senator INHOFE. Okay.

Secretary Mabus, in light of the civilian personnel hiring freezes and furloughs for fiscal year 2014—now, I know something about this because while we don't have any—our depot is an Air Logistics Center (ALC) at Tinker—we had 15,000 that were affected by that. I know what the furloughs do. Are the impacts similar on the shipyards and aviation depots as they were in my State of Oklahoma?

Mr. MABUS. We were able to exempt most of the shipyard workers from the furloughs, and some of the aviation depot workers, but certainly not all of them. There was an impact. There was an impact across the entire civilian workforce, to include the people that design our ships.

Senator INHOFE. Now, how many of those actually had to take furloughs, of the numbers that you have?

Mr. MABUS. We were able to exempt about 20 percent of our civilians.

Senator INHOFE. You were able to shorten some of those furloughs also, as we were.

Mr. MABUS. Yes.

Senator INHOFE. Yes, okay.

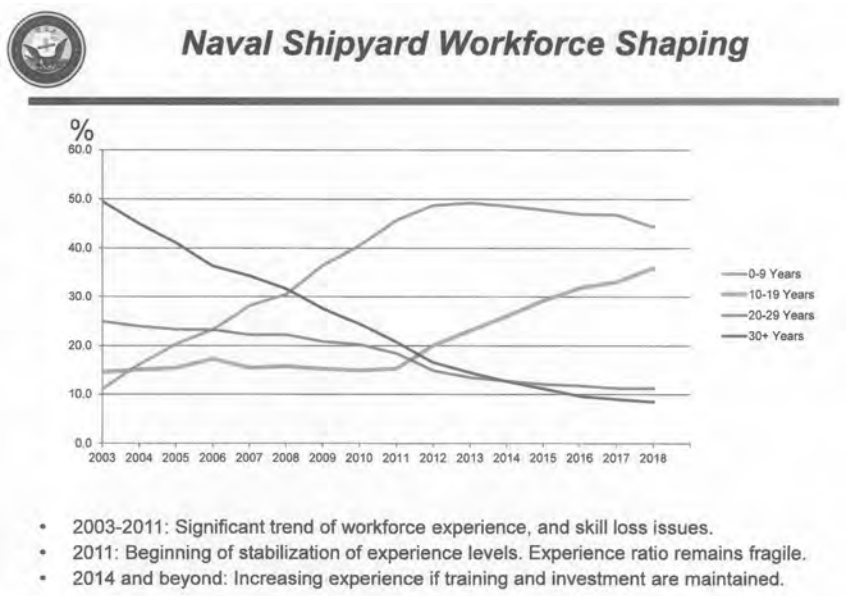
Yesterday at a hearing—I was not there, but I looked at this chart from the hearing. It shows the problem that we're having right now is in the older and more experienced people. This chart shows that it's skyrocketing, the number of workforce with experi-

ence from 0 to 9 years, and then it's dropping precipitously in 30 years and over. Are you familiar with that chart? Were you in the hearing of the Subcommittee on Readiness and Management Support yesterday?

Mr. MABUS. No, sir, I was not.

Senator INHOFE. Oh, okay. But have you seen this chart?

[The information referred to follows:]



Mr. MABUS. I'm aware of the trend.

Senator INHOFE. You're aware of the problems.

What kind of a problem is this? Because you're losing your experienced personnel. We went through this back in the 1990s when we went from 8 shipyards with 70,000 personnel down to 4 shipyards with 20,000 personnel at the same time you're losing your most experienced personnel. That's happening today, isn't it?

Mr. MABUS. It is happening today and I think it's the thing you pointed out about the 1990s. That's why we're losing so many people today. They're reaching retirement age now.

Senator INHOFE. Yes, I understand that.

General Amos, regardless of what happens with sequestration, the Marine Corps is going to be required to reduce its end strength from 182,000 to 175,000. In terms of battalions, that means you're dropping from 21 to 20. Is that correct?

General AMOS. No, sir, that's not exactly correct.

Senator INHOFE. From 21 from 28.

General AMOS. No, sir. We started at 202,000, we're at 194,000, about 193,000 today. We're on our way to 175,000. At 2002, we had 27 infantry battalions. When we go to full sequestration, at 175,000, we'll have 21 infantry battalions.

Senator INHOFE. Okay. Now, the statement you made a minute ago—and it's typical of a marine's statement, and I agree with it, and I'm very proud of you—you say we won't do less with less, we will continue to do it. I know you will. But you will also be assuming more risk. Isn't that correct?

General AMOS. Senator, that's absolutely correct.

Senator INHOFE. Yes. Risk equals lives, doesn't it?

General AMOS. Risk equals a whole bunch of things, unit readiness, but at the end of the day, it could result in increased casualties.

Senator INHOFE. Okay.

General Amos, you may have to answer this for the record, because I should know this, and I don't. I'm familiar with what we went through with the non-line-of-sight (NLOS) cannon and that capability in the Army; the Crusader program that was canceled during the Bush administration; and the Future Combat System (FCS) program that was canceled 5 years ago in this administration.

As you've gone through this thing—and it seems to me it's in all of the Services—we get our expectations up, we start working on a program, and then it's canceled, and we already have an investment in that program. We went through, in the Marine Corps, the AAV, then we went through the EFV, then the amphibious combat vehicle (ACV), and now, I understand that the Marine Corps personnel carrier is going to be taking over in some form. I'm not sure what that form is. We don't have time to elaborate on that, but can you explain to me what the problem is when we have to go through all these programs? That isn't your fault, that's a policy that you were handed. Is that a problem, when you go through these various developments of equipment?

General AMOS. Senator, I am mindful of the time and I'll be happy to give you the complete detailed brief for the record.

I regret that this has been the history of this vehicle. If you remember, I appeared before this committee 3 years ago along with Secretary Gates, and he said that we had canceled that. He canceled it because of cost, he canceled it because of reliability. Then what we discovered after that as we really got into it, was quite frankly, the EFV ashore, where it was going to live most of its life carrying the marines, was marginalized with regards to maneuverability and protection. This is all the things that we have put in the alchemy as we have looked forward over the last 3 years to try to figure out what's the best way ahead.

We can build a high water speed vehicle today but the tradeoffs in survivability protection, in maneuverability ashore, where it's going to live most of its life, and maintainability, are more than I'm willing to pay. What we've done is we've changed the paradigm. We've said, "Okay, the requirement for the vehicle to go high water speed from a sea base considerably off the shore is we can solve that with a connector." We're looking inside, organically, to the connectors that we currently own, connectors that we're buying right now like the joint high speed vessel (JHSV), which will go 30, 40, 50 knots in the right sea state, and we can now, buy a vehicle that is basically one-third the cost that is easily much more maneuver-

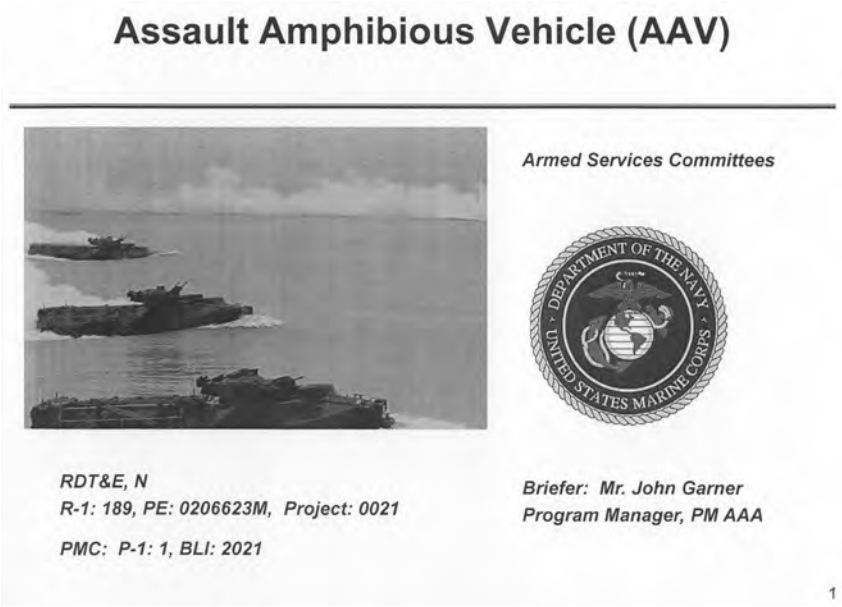
able and safe ashore. That's the direction we're going. It's a better cost.

Senator INHOFE. That I do appreciate. For the record, if you could elaborate on that, starting through the various entities that we've talked about, that would be very helpful for us to understand that.

General AMOS. Senator, I'll be happy to.

[The information referred to follows:]

The complete detailed brief was submitted to Senator Inhofe on March 28, 2014, by the Marine Corps.



Assault Amphibious Vehicle (AAV) System Description

Mission:

Sustain 1,058 fielded AAVs through a series of modifications, engineering change proposals, and survivability upgrade program to address safety and obsolescence issues. Modifications and capability upgrades ensure vehicles are relevant through 2030.

Description:

The AAV is an armored assault tracked landing vehicle.

Platforms:

- AAVP7A1 – Personnel (934)
- AAVC7A1 – Command and Control (72)
- AAVR7A1 – Recovery (52)

Employment:

- Lands the surface assault elements of the landing force from assault shipping
- Primary means of armor protected mobility to the Ground Combat Element
- AAV design meets a mission profile for 20% operation in water and 80% on land

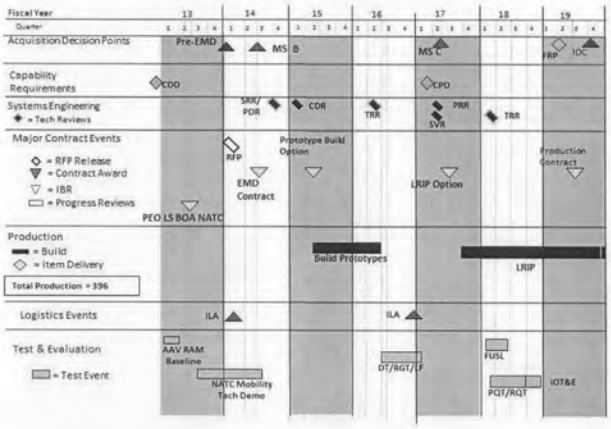
Assault Amphibious Vehicle (AAV) Survivability Upgrade Requirements (KPPs)

- **Requirements Documents:**
  - Required Operational Capability (ROC) for the AAV7A1Family of Vehicles (No. MOB 1.13B) dated 1 May 1990
  - Revised (ROC) Clarification for AAV7A1 Survivability Initiative dated 2 June 2010
  - Capability Development Document for the AAV Survivability Upgrade dated 9 November 2012
- **Key Performance Parameters:**

KPP	Threshold	Objective
Average Procurement Unit Cost (APUC)	$1.65M; BY12 $	$1.65M; BY12 $
Force Protection: Under Vehicle Blast Protection	Prevent Incapacitation to Crew & Occupants Against Improvised and Conventional Under-Vehicle Attacks	Classified Annex

AAV Integrated Program Plan

As of 11 OCT 2013



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Assault Amphibious Vehicle (AAV) Total Program Budget Request

APPN/LI	FY14	FY15	FY16	FY17	FY18	FY19	Total
RDTE,N ($M)							
R-1#195, PE: 0206623M / PU: 0021	32.6	104.2	37.1	29.8	46.1	4.6	**254.6**
Procurement ($M)							
PMC, P-1# 1	32.4	16.8	26.9	114.6	109.1	115.4	**415.1**
PMC, P-1# 1 OCO	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total ($M)	**65.0**	**121.0**	**64.1**	**144.4**	**155.2**	**120.1**	**669.7**
Quantity (Upgrade Kits)	0	0	0	16	26	47	**89**

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Assault Amphibious Vehicle (AAV) Budget Request, RDTE,N

RDT&E,N - R-1:189 PE: 0206623M PROJECT: 0021

	FY14	FY15	FY16	FY17	FY18	FY19	Total
Funding ($M)							
PB 14	34.6	39.1	14.5	6.2	6.3		**100.7**
PB 15	32.6	104.2	37.1	29.8	46.1	4.6	**254.6**
Delta (BY-CY)	**(2.0)**	**65.1**	**22.6**	**23.7**	**39.9**	**4.6**	**153.9**
Quantities							
PB 14	0	0	0	0	0	0	**0**
PB 15	0	10	0	4	0	0	**14**
Delta (BY-CY)	**0**	**10**	**0**	**4**	**0**	**0**	**14**

Changes:

Cost/Funding

- FY14 decrease; Congressional reduction citing schedule slip.
- Increase in FY15 and out fully funds AAV Survivability Upgrade development program in the FYDP.
- $33M of the FY15 increase funds developmental and nonrecurring engineering and design effort for AAV safety obsolescence modifications, and sustainment initiatives.

Assault Amphibious Vehicle (AAV) Budget Request, PMC

PMC, P-1: 1; BLI: 2021

	FY14	FY15	FY16	FY17	FY18	FY19	Total
Funding ($M)							
PB 14	32.4	53.8	84.0	104.2	106.1		**380.4**
PB 15	32.4	16.8	26.9	114.6	109.1	115.4	**415.1**
Delta (BY-CY)	**0.0**	**(37.1)**	**(57.0)**	**10.4**	**3.0**	**115.4**	**34.7**
Quantities							
PB 14	0	0	0	0	0	0	**0**
PB 15	0	0	0	16	26	47	**89**
Delta (BY-CY)	**0**	**0**	**0**	**16**	**26**	**47**	**89**

Changes:

Technical – N/A

Cost/Funding

- FY15 and FY16 decreases are service department reductions.
- Increases in FY17, FY18, and FY19 funds AAV Survivability Upgrade procurements and installs for Lots 1 thru Lot 3.

Other - N/A

Assault Amphibious Vehicle (AAV) Detailed Funding (RDT&E, N)

RDT&E, N ($M)	FY14	FY15
Product Development		
System Design & Development	24.8	50.4
Other Product Development	0.0	18.1
Support		
Travel	0.2	0.3
In-House Technical Support	0.7	17.9
Engineering and Technical Services (ETS)	2.3	9.0
Test & Evaluation		
DT, OT, LFT&E	0.7	0.2
Management Services		
Management Support Services (MSS)	4.0	8.3
Total Funding ($M)	**32.6**	**104.2**

Funding Profile Highlights

Product Development
- FY15 Increase fully funds AAV Survivability Upgrade prototype build contract option, and design engineering for AAV turret, power train, and suspension improvements.

Support
- **ETS:** FY15 increase funds contract engineering services for AAV safety, obsolescence, modernization, and performance improvement modifications.
- **In-House Technical Support:** FY15 increase funds NRE and design for AAV Power Characterization and Electrical Modernization, Fire Suppression System, Auxiliary System, and C2 enhancements

Management Services
- **MSS**: FY15 increase funds contract services to facilitate SOW and documentation development for AAV safety, obsolescence, modernization, and performance improvement modifications.

Assault Amphibious Vehicle (AAV) Detailed Funding (PMC)

PMC ($M)	FY13	FY14	FY15
Nonrecurring Engineering & Vehicle Mods			
Nonrecurring Engineering	1.4	1.4	1.4
Engineering Change Orders (ECO)	1.5	1.5	1.6
USMC Reserve Unit Vehicle Mods	0.2	0.4	0.4
Vehicle Modifications	4.3	17.5	9.0
Production Engineering Support			
Support Equipment	5.2	2.7	0.0
Peculiar Training Equipment and Simulators	0.5	1.2	0.0
Acceptance Testing	0.1	0.0	0.0
Production Engineering Support	2.9	7.6	4.3
Total Funding ($M)	**16.1**	**32.4**	**16.8**

Funding Profile Highlights

Vehicle Modifications
- Funding spikes in FY14 and FY15 funds procurement and installation of 665 Emergency Egress Lighting System (EELS) Kits in FY14, and 384 EELS Kits in FY15.

Production Engineering Support
- FY14 increase funds program services in support of the AAV modification and sustainment program.

Assault Amphibious Vehicle (AAV) FY 2014 Congressional Budget Track

Congressional Action FY14 ($M)

Appn	PB	HASC	SASC	Auth Conf	HAC	SAC	Appn Conf
RDTE,N	34.6	34.6	34.6	34.6	30.4	34.6	32.6
PMC	32.4	32.4	32.4	32.4	32.4	32.4	32.4

Congressional Language:

- N/A

Above Threshold Reprogramming (ATRs):

- N/A

RDT&E,N:

- The HAC recommended a $4.3M reduction due to schedule slip. The Appropriation Conference reduced the budget request $2.0M citing AAV schedule slip.

PMC:

- N/A

Assault Amphibious Vehicle (AAV) Obligations and Expenditures, RDTE,N

RDT&E,N - R-1:189 PE : 0206623M PROJECT: 0021 As of: 02/28/2014

			Obligations ($M)			Expenditures ($M)		
Appropriation/ FY	Approp'd ($M)	Released BA ($M)	YTD Actual	EOY Forecast	EOY OSD Std	YTD Actual	EOY Forecast	EOY OSD Std
FY13	37.2	35.2	26.6	35.2	35.2	13.1	31.6	31.7
%			72%	100%	100%	37%	90%	90%
FY14	32.6	1.0	0.1	28.6	29.4	0.0	1.8	18.0
%			0%	88%	90%	2%	6%	55%

EXPLANATION:

FY13 – FY13 funds were withheld pending legal sufficiency review of the FY13 NDAA. Additionally, the AAV Survivability Upgrade Design Contract award slipped from 2Q FY14 to 3Q FY14. AAV will meet its 2nd year obligation goal upon award of the Fixed-Price Design Contract in 3Q FY14, with expenditures upon completion of PDR and CDR. FY13 expenditures will continue to lag until the first PDR deliverables are invoiced in 1Q FY15.

FY14 – FY14 Obligations will meet goal upon award of the EMD prototype build option in 2Q FY15. FY14 expenditures will meet goal upon delivery of EMD prototypes in 2Q FY15.

Assault Amphibious Vehicle (AAV) PMC Obligations

USMC PMC P-1: 1 BLI: 2021

As of: 02/28/2014

			Obligations ($M)		
Appropriation/ FY	Approp'd ($M)	Released BA ($M)	YTD Actual	EOY Forecast	EOY OSD Std
FY12	9.9	9.9	9.9	9.9	
%			100%	100%	
FY13	16.1	15.9	14.2	15.9	14.3
%			88%	99%	90%
FY14	32.4	14.9	5.1	31.3	25.9
%			16%	97%	80%

Assault Amphibious Vehicle (AAV) Contractors and Government Field Activities

Supporting Contractors	Location	Role
L-3 Communications	Cincinnati, OH	Thermal Sight Repair
Skylla Engineering	Humble, TX	Field Service Support
VSE Corporation	Alexandria, VA	Equipment Maintenance Test Support
Government Field Activities		
NSWC Panama City	Panama City, FL	Emergency Egress Lighting (EELS)
NSWC Dahlgren Division	Dahlgren, VA	Systems Integration, Engineering, & Configuration Management
MARCORSYSCOM	Quantico, VA	Diminishing Manufacturing Sources and Material Shortage (DMSMS)
NSWC Carderock	West Bethesda, MD	Program Support & Testing
SPAWAR	Charleston, SC	AAVC7 Support
Amphibious Vehicle Test Branch	Camp Pendleton, CA	Program Support & Testing
Aberdeen Test Center	Aberdeen, MD	Systems Evaluation
NUWC Keyport	Keyport, WA	Wiring Harnesses
JTMC Rock Island	Rock Island Arsenal, IL	Component Fabrication

Assault Amphibious Vehicle (AAV)

Back Up Slides

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Assault Amphibious Vehicle (AAV) Additional Topics

- N/A

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Assault Amphibious Vehicles Acronyms

Acronym	Name
AAV	Assault Amphibious Vehicle
APUC	Average Procurement Unit Cost
BOA	Basic Ordering Agreement
CDR	Critical Design Review
COR	Contracting Officer's Representative
DIF	Digital Integration Facility
DMSMS	Diminishing Manufacturing Sources and Material Shortage
DT	Developmental Test
ECP	Engineering Change Proposal
EELS	Emergency Egress Lighting System
FMB	Financial Management and Budget
FOC	Full Operational Capability
FRP	Full Rate Production
FUSL	Full-Up System Live Fire

Acronym	Name
ILA	Independent Logistics Assessment
IOC	Initial Operational Capability
IOT&E	Initial Operational Test & Evaluation
LFT&E	Live Fire Test & Evaluation
LRIP	Low Rate Initial Production
NATC	Nevada Automotive Test Center
NSWC	Naval Surface Warfare Center
OT	Operational Test
PDR	Preliminary Design Review
PEO LS	Program Executive Officer, Land Systems
RAM	Reliability, Availability and Maintainability
RFP	Request for Proposal
ROC	Required Operational Capability

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Amphibious Combat Vehicle (ACV)

Armed Services Committees

RDT&E, N
R-1: 53, PE: 0603611M, Project: 0025

Briefer: Mr. John Garner
Program Manager, PM AAA

1

ACV Increment 1.1 System Description

Mission:

The new amphibious vehicle is an armored personnel carrier, balanced in performance, protection, and payload for employment within the Ground Combat Element (GCE) and throughout the range of military operations, to include swim capability.

Description:

The ACV phased approach allows the Marine Corps to procure a modernized assault amphibian to serve as a complimentary platform for forcible entry operations. The ACV Increment 1.1 variant will deliver combat ready Marines from ship-to-shore via connector craft in order to mass forces at a littoral penetration points and continue to maneuver onward to inland objectives. The estimated Acquisition Objective is 204 vehicles (ACV 1.1).

Platforms:

The ACV Increment 1.1 is an advanced generation eight-wheeled armored personnel carrier. The base vehicle is the ACV Increment 1.1-P (Personnel Carrier).

Employment:

The ACV Increment 1.1 capability is designed to fill gaps identified in the Expeditionary Armored Forces Initial Capabilities Document (EAF ICD), dated 11 Dec 07. The ACV Increment 1.1 supports expeditionary maneuver warfare of the GCE maneuver task force by enhancing Marine Operating Forces' tactical and operational mobility on a platform that possesses balanced levels of performance, protection, and payload, and sufficient design growth to account for future requirements. The ACV Increment 1.1 is highly mobile on land and possesses sufficient lethality to protect the vehicle and support dismounted infantry. Additionally, the ACV Increment 1.1 offers a robust swim capability that extends the maneuver space across littoral and inland water obstacles.

ACV 2.0 High Water Speed Capability Description

Background:

Planned ACV 2.0 Technology Exploration efforts focus on the weight problem, preserving maximum flexibility in the ACV design to accommodate future weight/capability growth, and maturing prospective technologies. For example, failure to accommodate for future weight/capability growth may prohibit future upgrades and introduce durability and reliability issues as shown with the Up-Armored HMMWV. A high-water speed (HWS) ACV is limited by the maximum vehicle weight that can get on plane, which in turn limits the vehicle capability set (armor, lethality, troop carrying capacity, etc.).

Planned Technology Exploration Efforts:

Planned Technology Exploration contracts with BAE and GDLS will focus on assessing the technical and cost impacts of incorporating requirements for flexibility and modularity into the Contractor's current high water speed (HWS) ACV concept designs, and conducting experimentation/test of prospective component and subsystem technologies to mature them to TRL 6/7.

Additionally, NAVATEK will design, build and install an Aft Lifting Body and bow extension on a full scale high water speed ACV hydrodynamic test rig (HTR). NAVATEK will provide technical and test support and perform complexity reduction analysis and design work. The testing of the various components will be performed at the Amphibious Vehicle Test Branch (AVTB) located in Camp Pendleton, California.

Government efforts focus primarily on three (3) ways to address the HWS ACV weight problem and provide design alternatives to reduce cost and/or technical risk:

- Improve Hydrodynamic Performance (increase planing weight)
- Improve Power Train Performance (increase planing weight)
- Weight Reduction (reduce planing weight)

ACV Increment 1.1 Requirements (KPPs)

- **Requirements Documents:**
  - 2006 Strategic Planning Guidance to field a mix of ground combat and tactical vehicles capable of supporting the full range of military operations
  - December 2007 Expeditionary Armored Forces Initial Capabilities Document (ICD)
  - 2011 Service Ground Combat and Tactical Vehicle Strategy
  - Draft Capability Development Document (CDD)

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ACV Increment 1.1 DRAFT Requirements (KPPs)

KPP Attribute	Threshold	Objective
Force Protection UNDER-VEHICLE MINE/IED PROTECTION	Provide Inherent Occupant Protection against Under-Vehicle Attack Using Conventional Anti-Tank Blast Landmines and Buried IEDs SEE CLASSIFIED ANNEX	Provide Inherent Occupant Protection against Under-Vehicle Attack Using Conventional Anti-Tank Blast Landmines and Buried IEDs SEE CLASSIFIED ANNEX
Survivability EGRESS KILL ZONE / PROTECT FUEL	Given ballistic penetration damage to the fuel system, the ACV shall be capable of maneuvering for 5 miles	Given ballistic penetration damage to the fuel system, the ACV shall be capable of maneuvering for 25 miles.
Sustainment Materiel Availability	Materiel Availability of 75% defined as "operational end items/total population"	Materiel Availability of 90% defined as "operational end items/total population"
Sustainment Operational Availability	81%	90%
Net-Ready	Net-Centric military capability through the integration of C4I devices which are secure, interoperable and operationally effective.	Threshold = Objective

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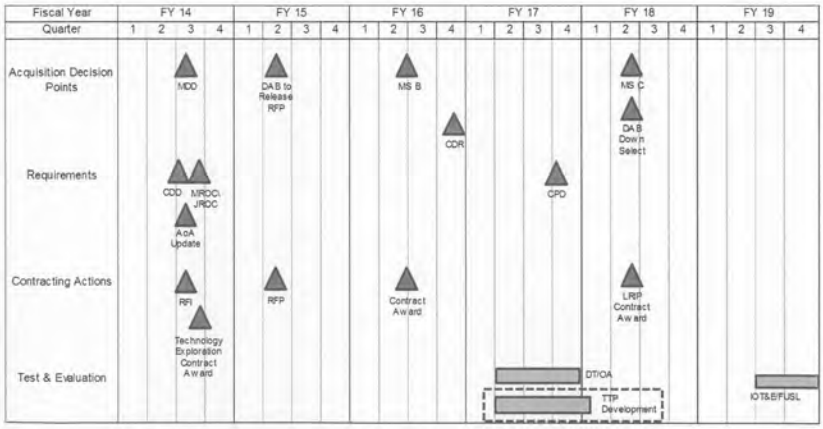
ACV Increment 1.1 DRAFT Requirements (KPPs) Cont.

KPP Attribute	Threshold	Objective
Energy	Achieve at least 1.28 mpg across the land portion of the mission profile. ACV shall consume less than 1.9 gph while stationary.	Achieve at least 2.0 mpg across the land portion of the mission profile. ACV shall consume less than 0.80 gph while stationary.
Sea Connectors	Transportable via Sea Connectors to the beach, through surf zone Two ACV shall be transportable on the SSC at GVW	Threshold = Objective

ACV Planning Schedule

As of 21 Feb 14



ACV
Total Program Budget Request

APPN/LI	FY14	FY15	FY16	FY17	FY18	FY19	Total
RDT&E,N ($M)							
R-1 53, PE 0603611M, PROJECT 0025	123.0	105.7	199.2	200.9	243.5	328.2	1,200.6
Total ($M)	123.0	105.7	199.2	200.9	243.5	328.2	1,200.6

ACV
Budget Request, RDT&E,N

RDT&E,N - R-1: 53 PE: 0603611M PROJECT: 0025

	FY14	FY15	FY16	FY17	FY18	FY19	Total
Funding ($M)							
PB 14	137.0	275.8	387.4	134.6	124.2	0.0	1,059.0
PB 15	123.0	105.7	199.2	200.9	243.5	328.2	1,200.6
Delta (BY-CY)	**(14.0)**	**(170.1)**	**(188.2)**	66.3	119.3	328.2	141.6
Quantities							
PB 14	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 15	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta (BY-CY)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Changes:

Cost/Funding

- $14M reduction in FY14 reflects Congressional reduction for "program delay". Adjustments FY15-19 due to an acquisition strategy change from a TMRR contract award in FY14 to an extension of technology development efforts and a TMRR contract in FY16. Subsequently, the program strategy changed from TMRR in FY16 to an incremental approach with ACV Increment 1.1 and technology exploration efforts beginning in FY14 followed by EMD contract award in FY16.

ACV
Detailed Funding (RDT&E, N)

RDT&E, N ($M)	FY14	FY15
Product Development		
ACV 2.0 Technology Exploration Contracts	33.0	0.0
Support		
Integrated Logistics Support	0.1	0.1
Training Support	0.0	0.0
Software Engineering Support	0.0	0.0
Management Services		
ACV 1.1 Contractor Engineering Support	0.3	6.6
ACV 2.0 Contractor Engineering Support	0.1	7.0
ACV 1.1 Government Engineering Support	5.4	3.1
ACV 2.0 Government Engineering Support	1.0	20.0
Program Management Support	0.1	1.0
Travel	0.0	0.2
Total Funding Required ($M)	40.0	38.0
PB-15 Budget	123.0	105.7
Early to Need	83.0	67.7

Funding Profile Highlights:

Product Development

- Technology Exploration contracts in support of ACV 2.0 high water speed capability will be fully funded with FY14 RDT&E. ACV 1.1 EMD contracts will award in FY16. Contract strategy changed after PB-15 submission.

Management Services

- Contractor Engineering Support increases in FY15 to support Digital Integration Architecture and Facilitization, additional ACV 2.0 technology innovation efforts, and various hydrodynamic testing/analysis efforts.
- Government Engineering Support increases in FY15 to fund the ACV 2.0 Propulsion System Demonstrator and various Warfare Center testing/analysis efforts.

Totals may not add due to rounding.

ACV
Budget Track

Congressional Action FY14 ($M)

Appn	PB	HASC	SASC	Auth Conf	HAC	SAC	Appn Conf
RDT&E,N	137.0	137.0	137.0	123.0	123.0	123.0	123.0

Congressional Language:

- The President's Budget request was reduced by $14M citing "program delay".

Above Threshold Reprogramming (ATRs):

- N/A

RDT&E,N:

- $14M reduction in FY14 due to program delay.

ACV
Obligations and Expenditures, RDT&E,N

RDTE,N – R1: 53 PE: 0603611M PROJECT: 0025

As of: 03/19/2014

			Obligations ($M)			Expenditures ($M)		
Appropriation/ FY	Approp'd ($M)	Released BA ($M)	YTD Actual	EOY Forecast	EOY OSD Std	YTD Actual	EOY Forecast	EOY OSD Std
FY13	83.2	83.1	69.2	83.1	83.1	40.7	74.4	74.8
%			83%	100%	100%	49%	90%	90%
FY14	123.0	123.0	0.0	45.3	110.7	0.0	16.0	67.7
%			0%	37%	90%	0%	13%	55%

Explanation:

- **FY13** - Expenditures will be behind EOY OSD Std by $400K. Program will meet goal in October 2014.
- **FY14** - Obligations and expenditures will be behind EOY OSD Std due to acquisition strategy change from ACV to ACV Increment 1.1.
- **FY14** – Early to need $83M placed on USMC hold leaving $40M authorized. Revised EOY OSD Std based on $40M authorized is $22M. EOY Forecast for expenditures is $16M or 40% therefore the program will be behind EOY OSD Std by $6M or 15%.

ACV
Contractors and Government Field Activities

Prime Contractor	Location	Role
BAE	Santa Clara, CA	Technology Exploration
GDLS	Virginia/Michigan	Technology Exploration
Contractors		
URS	Germantown, MD	Program Mgmt (PM) Support
Government Field Activities		
ARL	APG, MD	Engineering Support
ATC	APG, MD	Engineering Support
AVTB	Camp Pendleton, CA	Engineering Support
NSWC/CD	West Bethesda, MD	Engineering Support
NSWC/DD	Dahlgren, VA	Engineering Support
NSWC/PCD	Panama City, FL	Engineering Support
NSWC/Philadelphia	Philadelphia, PA	Engineering Support
SPAWARSYSCEN Atlantic	Charleston, SC	Engineering Support
TARDEC	Warren, MI	Engineering Support
NAVATEK	Rancho Santa Margarita, CA	Engineering Support

ACV

Back Up Slides

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ACV
Additional Topics

- N/A

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ACV Acronyms

Acronym	Name
AAV	Assault Amphibious Vehicle
ACV	Amphibious Combat Vehicle
AVTB	Amphibious Vehicle Test Branch
CDD	Capabilities Development Document
DODAF	Department of Defense Architecture Framework
EAF ICD	Expeditionary Armored Forces Initial Capabilities Document
GCTVS	Ground Combat and Tactical Vehicle Strategy
GCE	Ground Combat Element
GVW	Gross Vehicle Weight
HTR	Hydrodynamic Test Rig

Acronym	Name
HWS	High Water Speed
ICD	Initial Capabilities Document
MAGTF	Marine Air Ground Task Force
MPF	Maritime Prepositioning Force

Digital Integration Facility (DIF)

DIF Activity	AAV	ACV 1.1	ACV HWS
C4I Architecture Development	✓	✓	
C4I System Testing	✓	✓	
Vehicle Integration	✓	✓	
Software Sustainment	✓		✓ **

** Software Sustainment for the High-Speed Test Rig (HTR) test vehicle.

DIF Activities will support multiple amphibious vehicle platforms and efforts.

Senator INHOFE. Thank you.

General AMOS. Thank you.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Mr. Secretary, Admiral Greenert, General Amos, thank you for your service.

General Amos, if this is your last appearance, thank you for your extraordinary service to the Marine Corps and to the Nation, and for your great counsel and advice.

General AMOS. Thank you.

Senator REED. Thank you, sir.

Admiral Greenert, you've said that the number one priority of the Navy is to fund the *Ohio* replacement submarine. Admiral John M. Richardson, USN, Director of the Naval Nuclear Propulsion Program indicated that there's a delay of at least 6 months in the reactor core manufacturing because of insufficient funding which could throw the whole program into disarray. In fact, in your statement you allude to the possibility that this will slip. This is not simply a Navy issue, because this is the central part of our nuclear triad. Could you comment on the status of this program and what we have to do to keep it on track?

Admiral GREENERT. We have two departments. We have DOD and the Department of Energy (DOE) here that help serve us. DOE is the core development, and they need high computing capability to do that. We're putting a new-type core in the *Ohio* so you don't have to refuel it. Anyway, we need to reconcile this. It's about $150 million, if I'm not mistaken, and the National Nuclear Security Administration (NNSA) and DOD have been talking about it.

Senator, in the end, I have to get with Admiral Richardson and we have to reconcile this. We will, and we'll come to the committee if we need help. The program has to stay on track. We have no slack in this program.

Senator REED. You can probably make this argument for every platform in the military, but this is an issue of our nuclear deterrence which is a national security concern that transcends the Navy. Since that is the case, is there a possibility that resources from DOD could be committed to help you keep this program on track? I'll also ask Secretary Mabus to comment.

Admiral GREENERT. Up to a point. But you'll get into a situation where the charter, if you will, the mission of DOD, you start going outside that and then we would need a nonsecure internet protocol router network (NIPRNet) or something, where you can cross departments. But we're doing all we can within DOD to reprogram from other resources within Admiral Richardson's programs. We'll eventually reach a wall, though, and we'll have to go to DOE.

Senator REED. Mr. Secretary, any comments?

Mr. MABUS. Senator, to your point, I think it's important that we have this conversation, this debate, about how we fund the *Ohio*-class replacement and the strategic deterrent. These platforms will be at sea into the 2080s. We're driving the cost down, but they're expensive platforms. If it's all paid for out of Navy shipbuilding, it will have a very serious and very negative effect on the rest of the fleet to include the rest of our submarine force, our attack sub-

marines. We have to start building the first one in 2021; and sometime between now and then I think there needs to be a very serious look at how we pay for this.

Senator REED. Thank you, Mr. Secretary.

General Amos, you and your marines are conducting joint operations with South Koreans for the first time in a couple of years. It raises a question I also raised with Admiral Locklear this week, which is the ability to conduct amphibious operations in PACOM, specifically.

Can you give us an update on the capabilities? Admiral Locklear indicated to us that he needs more amphibious capabilities to carry out his missions in the Pacific.

General AMOS. Senator, the Asia-Pacific area is 62 percent of the world's surface area. It's huge. The water, it's a maritime theater. For us, the amphibious ships, those three types—the large deck, the landing platform dock and the landing ship dock—are the Swiss Army knives of the naval force for American diplomacy there. That's what marines live on. We have one marine amphibious ready group (ARG) forward deployed in the Pacific right now, and it's based out of Sasebo, Japan. That one has four ships. We use that all of the time. Those are the very ships that are being used in part of this operation. Every now and then, an ARG/Marine Expeditionary Unit (MEU) will come through on its way to the Persian Gulf and swing through and participate in the exercises.

But, quite frankly, in an area that big—and that's part of the reason why the Secretary of the Navy and the CNO have committed in a couple of years to put another ARG/MEU down in the southern part of the Asia-Pacific area so we can move those marines around Australia and out of Guam and use it down there. Quite frankly, we don't have enough. We know that, sir. We're just trying to figure out how we can cut Solomon's baby here with the budget. We need more ships out there.

Senator REED. A followup question, General, about the interconnector—because that was a term that's been used a few times. Is that the high-speed platform to deliver from over the horizon combat vehicles to the beach? I know the marine AAVs that were proposed before were designed to be the high-speed approach to the beach and then the tactical on-the-ground equipment that you could drive forward. Now you're just looking at a platform to get land vehicles to the beach and then beyond?

General AMOS. Essentially, that's true, sir. Connectors is just a general term we're using for everything for vehicles we currently own, like the air-cushioned vehicles (ACU) we have right now, the landing craft utility (LCU) that we have in service right now. We have JHSVs, as you're aware of. We've already commissioned two of them. They're out at sea right now. There's another eight being built. Those will go fast, they will haul a lot of marines and vehicles. That gives us the ability to be able to maneuver from a sea base that could be pushed as far out as perhaps 100 miles because of the enemy threat.

Senator REED. Right.

General AMOS. What we've done is, we've changed the paradigm and the way we've thought, in that we have to swim all that way

in our ACV. It's impractical now. Can we get it on a connector, and can the connector take us in? The answer is yes.

Senator REED. Okay.

Just a final point, because my time is expiring. We talked about the *Ohio*-class, and I think all of this—not only our attack submarine fleet but the ballistic missile fleet—has to be considered in the context of very sophisticated Russian submarines that are coming into the Service, and increasingly sophisticated and increasingly numerical Chinese submarines. We still have a distinct advantage underwater, but that advantage is not as great as it was previously. Admiral, do you concur?

Admiral GREENERT. We own the undersea domain, Senator, but we have to maintain it. I'm very comfortable, and I have pretty good empirical data, and we can give you a briefing, if you'd like.

Senator REED. Yes, I would like to receive a briefing on it, thank you.

[The information referred to follows:]

Senator Reed received a classified briefing on May 6, 2014.

Chairman LEVIN. Thank you very much, Senator Reed.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I thank the witnesses.

General Amos, thank you for your outstanding service over many years. You join other great leaders who preceded you as the Commandant, and it is noteworthy that you served as the first marine aviator to be Commandant of the Marine Corps. I thank you for your outstanding service.

You made two comments in your opening remarks that struck me. One was the 62 cents out of every $1 now spent on the Marine Corps is devoted to personnel and entitlement benefits. It reminds me of the words of Secretary Gates, who said these costs are "eating us alive." I'd be interested in what you think we ought to do in that area, given the benefit of your experience.

The other comment, you mentioned the brave sacrifice of marines at the battle of Fallujah. Second battle of Fallujah, 96 marines and soldiers died, 600 injured. Today, the black flags of al Qaeda fly over the city of Fallujah. It's rather difficult to explain to those family members exactly what happened since they made that sacrifice. I believe it was a failure of American policy towards Iraq. But, whatever caused it, it's really tragic.

As you answer the question about the personnel costs, I can't let this opportunity go by without asking you about the F–35 and how you gauge its progress and how it's doing.

General?

General AMOS. Senator, first of all, on the 60-plus cents of compensation for our manpower, I want to go on record as saying that's not a function of marines costing more per person. I can prove this—we actually cost less. It's just a function of our proportion of the budget. That's why our costs are up there. That's the first point.

The second point is, I think there's a balance as we look forward. There's a commission that's looking at retirement, and we're drawing a force down, and we're rebalancing, and we're under seques-

tration—so there's pressure to cut services, and these types of things across the Corps. I think there's a balance when we start looking at compensation with regards to how much the market will bear.

The proposal by the Joint Chiefs, really over the last 2 years, we think it's modest, we think it's balanced, we think it's reasonable. That's shallowing the pay raise down to 1 percent, no pay raise for general officers and flag officers. We've tried to come up with a simplified TRICARE program that becomes affordable, that hasn't had a pay increase since 1996. That's the only healthcare company in America, I think, that can boast that.

Bachelor allowance for housing: can we lower the ramp of that? It typically goes up somewhere between 2 to 3 percent a year. So do rents. Can we lower that? There's simply things like the commissary. The last thing I want to see is the commissaries going away from our marines. That's a huge satisfier or dissatisfier. Can we get it so it doesn't have to be subsidized like the exchanges have? You remember from the days when they were subsidized. I think that's reasonable.

It's a reasonable approach, trying to lower our costs, our compensation costs, in addition to those things. I paid $152 million in unemployment last year. I have all these things. We're just trying to get it under control, a right balance.

Regarding the F–35, sir, I'll tell you we have 17 airplanes at Yuma out in our 1st fleet squadron. They're flying well, they're doing well. We have another 14 at our training squadron at Eglin Air Force Base. We have 55 airplanes under contract, not delivered, but under contract. The airplane for us is progressing well. We still are working towards a July/August 2015 initial operation capability (IOC). Mindful of the Government Accountability Office report that came out on March 24, we work closely with the Joint Program Office, the program officer, program manager. We have a reasonably okay level of optimism that the software for our version will make the 2015 IOC. We have bulkhead problems that we've discovered. Probably in the next 60 days they'll have the fixes for those things and we'll figure out what we're going to do.

Sir, I'm optimistic about it, but I'm mindful of it. I'm paying very close attention to it.

Senator MCCAIN. Thank you for your stewardship of the program. I must say, it's come a long way.

Secretary Mabus, it's not often that I am surprised, but I must say that I was taken aback when I heard that the Tomahawk missile program—now you're planning to cut it so that the number would drop to 196 last year, 100 in 2015, and 0 in 2016, to be replaced by a "next-generation land attack weapon" whatever that means.

Mr. Secretary, I would remind you, in the Libya exercise we expended 220 Tomahawks. As far as I know, we've never been briefed on any follow-on weapon that would replace the Tomahawk. People like Seth Cropsey and others at the Hudson Institute say it doesn't make sense, it really moves the United States away from a position of influence in military dominance. Cropsey went on to say they couldn't find a better way than depriving the U.S. fleet of Tomahawks. It's breathtaking.

I think we have ample testimony that it takes years to develop a new weapon. Senator Inhofe talked about all the programs that have been canceled. Now we're going to have zero Tomahawks in 2016 and begin on a follow-up weapon? I'd be very interested in the rationale for this decision.

Mr. MABUS. Senator, the supply of Tomahawks which we have today—and you're absolutely correct about the numbers that we used in Libya—that have been manufactured are sufficient to carry us——

Senator MCCAIN. Which is how many?

Mr. MABUS. Which is about 4,000 Tomahawks in the arsenal today, which will carry us—when you add the Tomahawks that we plan to buy in 2015—through any eventuality that we could foresee. The follow-on weapon, we are in the analysis of alternatives, and we believe that we can get that follow-on weapon introduced into the fleet expeditiously, and so we certainly, absolutely don't need a gap between the Tomahawk and the next weapon.

I'll be happy to get you a complete briefing on exactly where we are on that second weapon.

Senator MCCAIN. I would like to receive a briefing on it, thank you.

[The information referred to follows:]

Senator McCain received a classified briefing on May 15, 2014.

Senator MCCAIN. I've overused my time but this is really rolling the dice, in my view, when we haven't even begun the assessment of what that new weapon would look like. I don't think there's any doubt about the absolute criticality of a weapon like the Tomahawk, without even moving forward, most of these weapon systems take as much as a decade to fully develop and move into the fleet. I really am surprised, and obviously we will have the subject of further hearings, I would think, Mr. Chairman, on this particular issue.

I thank you.

Chairman LEVIN. Thank you very much, Senator McCain.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

Admiral Greenert, Secretary Mabus, thank you.

General Amos, thank you very much for all of your service to our country. We're extraordinarily appreciative.

I want to thank all the soldiers, sailors, airmen, and marines around the world for everything they have done.

Senator Ayotte and I just got back from Afghanistan. This past Saturday, we were with General Joseph F. Dunford, Jr., USMC, Commander of the International Security Assistance Force and U.S. Forces-Afghanistan. Secretary Mabus, I know you know this already—Admiral, General—but your sailors and marines are doing extraordinary, just extraordinary work over there. From everyone at [Naval Surface Warfare Center] Crane, [Perry, IN] they wanted me to let you know how appreciative they are for the opportunity to continue to protect our Nation.

Admiral, when we look at what just happened, the Russians just took 51 ships from Ukraine. Russia's navy, in effect, went from 280 to 331 ships. I was wondering the coordination that is going on now

between yourself and the Estonia navy, Latvia navy, Lithuania navy, our NATO partners, and our European partners. Are their navies chipping in? Has there been an increased look at what is going on in that region?

Admiral GREENERT. This much I can tell you, Senator. I've communicated with my colleagues—Romania, Bulgaria, Poland, the NATO nations—to reassure them, "Hey, we're all in this together, okay?" That is number one.

Number two is that our exercise program remains on track, that we have with them staff talks. It's such that we're reassuring our allies, Senator. Let me be clear with that.

Senator DONNELLY. When you look at the Russian navy, they're looking at bases in Cuba, Venezuela, Nicaragua. They've visited South and Central America. Iran has sent a naval ship into the Atlantic. How are we responding to these encroachments into our hemisphere?

Admiral GREENERT. If you look at the chart there today, the places that they have chosen are not places where you can repair ships. You can't do much, really. Many of them are not deep water. The kinds of negotiations that they're doing, maybe you pull in and you get some fuel, which everywhere you see a square on that chart, we can repair, refuel, refresh. I keep my eye on it. They are in this hemisphere. But it is not unusual to be able to go in, anybody that wants to do business. They'll sell you fuel, and they'll let you buy some food and some minor things. But, can you do any reasonably relevant repair to weapon systems in that? That's what we've really have to keep our eye on. I don't see that yet, other than Cuba, of course.

Senator DONNELLY. After what has happened in Crimea, the things you've looked at there, the other challenges that we have, have those things made it more difficult to rebalance to the Pacific? We know you're stretched. Is there a point where the rubberband snaps, in effect?

Admiral GREENERT. There's a point to where the rubberband snaps. If we go to BCA caps and we continue on that track, then I think the rubberband's pretty darn close to snapping, if you will.

But today, you see in that chart, we have 21 ships in the U.S. European Command (EUCOM). I'm reasonably comfortable there. In fact, we're building there. We sent the USS *Donald Cook* (DDG–78), the Aegis destroyer—she's now based in Rota, Spain—and we'll send the USS *Ross* (DDG–71), another one this summer, two more next year. We'll have four DDGs right there, in addition to the little squares there. Those are places where our ships operate out of, and we're moving other ships forward as part of our strategy, including EUCOM.

We need to keep our eye on it and have the right ships at the right place.

Senator DONNELLY. As you look at the rebalance to the Pacific, in regards to the Chinese—looking at last year, this year, and next year—are we in the same or better position this year, as opposed to the Chinese? As we look ahead over the next couple of years, how would you characterize that balance between the two of us?

Admiral GREENERT. When I appeared before you with President's budget for fiscal year 2014, and we talked about the DSG, one of

the things I laid out was to assure joint assured access. Some call it anti-access/area denial or also called A2/AD. I would tell you, yes, I feel very comfortable we can keep pace and stay ahead where we're needed to. We're slipping, even with President's budget for fiscal year 2015. We go to BCA gaps, we fall behind, and I'm very concerned at our ability to project power in an area against an advanced adversary with those, if you will, advanced capabilities. We're slipping behind them, and now we need to prioritize. But I worry about that, Senator.

Senator DONNELLY. General Amos, you have served us in extraordinary ways, this country. As you look at the Marine Corps and looking forward, and the challenges we've had in Afghanistan, which you have met so well, the challenges we've had in Iraq, same thing—when you look at the things that concern you the greatest for the future of the Marine Corps, for the future of the success of our Armed Forces, what would they be?

General AMOS. Senator, we spent a lot of time with my staff working on that, because it covers everything from sexual assault, to abuse, to hazing, to this kind of bad behavior. When you try to look at all that, how do we take some shameful behavior that has perhaps embarrassed the Marine Corps, how do we correct that in light of 12 years singularly focused on combat?

In my opening comment, I talked about reawakening the soul of the Marine Corps. I'm not trying to be corny here, but as we go back in history, what was it that caused the marines to do so well when they crossed the border in March 2003? I remind all the young marines, there were 70,000 marines there, and there were probably less than 500 of that 70,000 that had ever been in combat before. When we crossed the beach on August 7, 1942, in Guadalcanal, with the exception of just a few leaders, almost everybody was green. Same thing in the wheat fields of Belleau Wood, France, when the 5th and 6th Marines charged the machinegun nest and turned the tide of World War I.

It's discipline. It's adherence to standards. It's engaged leadership, leadership where marines, when we come home, the staff noncommissioned officers and the officers actually care about what that young lance corporal is thinking, what he's going to do on the weekend. It will affect all our behavior. Everything from sexual assaults to alcohol abuse to suicides. We have to go back to the basic fundamentals that have kept our Marine Corps what it is for 238½ years.

I know that may sound corny, but it really is the truth. The marines get it, they understand it. That's where we are. I'm not concerned about, "Will we be courageous in the future? Will we work through the budgets and the programmatics?" We will. We'll figure it out, and we'll continue to do the Nation's bidding.

But, we don't want to lose the soul of us, the character of us. We haven't lost it, but if we can just reaffirm it, then a lot of these really important things that go on in the life of a marine, that, quite frankly, bring discredit to us, I think we can help ourselves with this.

I don't know whether that satisfies your question or not.

Senator DONNELLY. It's very eloquent and very on target.

Thank you so much, to all of you, for your service.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator Sessions.

Senator SESSIONS. Thank you to all of you for your leadership and service to the country.

Secretary Mabus, I think you're doing an excellent job in a very difficult time.

Admiral Greenert, thank you for your service.

General Amos, thank you for your long career. I was in Fallujah not long after that great battle. I talked to the marine leaders. It was fabulously courageous service, door-to-door, that they fought, and it is a battle that will rank high in the history of the Marine Corps. Thank you for your long service.

Secretary Mabus, and all of us, I think it's like as they say, ships in the night, when we're talking about budget and numbers. All of us need to begin to get our heads together on the challenge we face. I am worried about it. I'm worried about where we are. I intend to continue to dig into this and get a better handle on where we are.

The projections and suggestions that we're going to have big cuts as a result of the sequester is not exactly correct. Secretary of Defense Chuck Hagel said that DOD's budget cut was $37 billion last year because of sequestration, and, unless Congress changes the law, sequestration will cut another $50 billion, starting—each year—in fiscal year 2016. That's not exactly right, colleagues. It's not right. It's from the President's budget, what he proposed. They're asking for $115 billion above the BCA spending levels over the next 4 years, which is complicated by the fact that the Democratic leadership has made absolutely clear, not one dime more will go to the defense budget that's not matched by an equal expenditure for non-defense discretionary spending. You're talking about $230 billion more, over the next 4 years, above the BCA that the President signed and we agreed to above the BBA that helped. We have a problem with our numbers. Fundamentally, based on what we spent, we'll have 2 years more of flat budgets with an increase of about 2.5 percent, or $13 billion a year through 2021.

Whether you can get by on that, I don't know. But we can't expect big increases in the current climate, in my opinion.

Second, colleagues, I worry that we are sending a message that we're not going to be an effective fighting force in the future because of the reduction in spending and flat spending. I think we are going to have a difficult challenge, but we don't need to overtell the world that we are on some sort of major retreat from our responsibilities. Hopefully, that won't happen.

I just wanted to share that perspective. We're all going to have to wrestle with this. I don't think we're going to see another $115 billion over the next 4 years for DOD.

Secretary Mabus, maybe you'd like to comment on that.

Mr. MABUS. We share the concern, Senator, and we appreciate what Congress has done in 2014 and 2015. It's given us some stability. It's given us some certainty. It's given us an ability to plan. But, even that was significantly below the President's budget for fiscal year 2014 budget request for 2014 and 2015. Our concern is, if it goes back to the sequester levels in 2016 and beyond, both the CNO and the Commandant of the Marine Corps have spelled out

some of the impacts that will have on readiness, platforms, training, steaming, flying, and on doing what you said, which is being the only global Navy and Marine Corps in the world, and meeting our obligations to this country and to the world under the DSG and also under the QDR.

Those are serious concerns. Those are concerns that are right upon us, because 2016 is only a little more than a year away.

Senator SESSIONS. We'll talk about all that some more. I just wanted to share with you that the expectation that we're going to demand that we have to have dollar-for-dollar increases in non-defense as to defense, is not justifiable. We're not going to be able to do that, number one. I'm not sure how much more we can go back and bust the budget. The President's budget that he submitted to us, that you talk about blithely here, is in direct violation of the BBA he signed just a few weeks ago, and Congress voted to help the military. We're forced to double that for non-defense. I just would tell you, that's a problem. It's not going to be easy for us to solve, and we all have a responsibility to do the right thing.

Admiral Greenert, you talked about the Navy's requirement. I just want to briefly ask you about the LCS. The Navy has that as a requirement, does it not? That's a formal process. They have 52 of those ships, and you established 52 as the Navy's requirement for that ship?

Admiral GREENERT. Yes, sir. It fulfills the requirement we refer to as the small surface combatant. I need 52 ships. Today, I have 26 ships.

Senator SESSIONS. We have that ship moving forward now. Secretary Mabus, I know you're alert and watch this project. But, isn't it correct that the ship is under the cost cap that Congress has set and that it seems to be moving forward, let us say, at cruising speed now?

Mr. MABUS. It's moving forward at its high cruising speed, Senator. Yes, it's under the congressional cost cap. One of the things that industry and Congress and the American people ought to be very proud of is the fact that the cost has been driven down on this ship from over $750 million for the first ones to about $350 million for the ones today.

Senator SESSIONS. Briefly, Congress asked the Navy to look for a faster ship, a more flexible ship, a ship that uses a substantially smaller crew as this one does, a fuel-efficient ship, one that can be utilized for a variety of activities at a reasonably lower cost. Secretary Mabus, do you believe this ship is meeting those demands of Congress?

Mr. MABUS. Senator, the ships that we have had delivered in the first deployment of LCS–1 are meeting those requirements.

Senator SESSIONS. Thank you.

Chairman LEVIN. Thank you very much, Senator Sessions.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman.

Thank you, to all of our witnesses today. I want to echo the comments, especially, General Amos, to you. Congratulations on your wonderful service. It's been a treat to work together with you.

Just picking up on Senator Sessions, I don't view the President's budget submission to be contrary to the BBA, which I worked on

and supported. The submission for 2015 is in accord with what we did in 2015. We were able to provide 2 years, 2014 and 2015, partial sequester relief. But, I view it as, we've reserved for another day the discussion about sequester relief in the out-years. I have been impressed that the President's budget submission does not say "fiscal year 2016 and forward, eliminate the sequester." What the President's budget submission says is, "years 2016 and forward, eliminate half the sequester."

DOD, under the President's budget submission, will absorb 50 percent of the sequester cuts over the length of the sequester. But, you've asked for relief from the other 50 percent. None of us took oaths of office to the sequester; we took oaths of office to try to do the best thing for the country. I think many of us are going to reserve our right to try to battle for additional sequester relief in 2016 and forward. That's really what's before us.

Secretary Mabus, I want to talk about this issue that the Chairman began with you on the signal to send. Because this is somewhat about timing—your timing in DOD and doing budgets, and our timing in Congress. We've done a 2-year budget now for the first time. It's generally a good thing. But here's the challenge. By statute, we won't have to have a budget done until April 2015. That budget will be a top-line budget; it won't even be a line-item budget. We'll do a National Defense Authorization Act (NDAA) in May or June 2015. There will be an appropriations bill sometime after that.

You have to give a budget to the President and work with the President on a fiscal year 2016 budget submission that he's required by law to deliver to Congress in February 2016.

I gather you need some kind of a signal, about what fiscal year 2016 will look like from this committee in order to present your budget to the President so that the President can give us a budget in February. But we don't do a budget until April.

On this question of, "When do you need a signal if you're to do things like the statutory requirement of the 11-carrier Navy?"—my sense is, you need a signal as you're presenting the President material about the fiscal year 2016 budget submission, at least a signal of some kind. Am I reading that wrong?

Mr. MABUS. Senator, you're reading that correctly. The earlier the signal could come, obviously the better for us. We're already working on the 2016 budget.

Senator KAINE. If we give you no signal, and then we get into April 2015 and start talking about what we're going to do in fiscal year 2016, I don't know how you could present a budget to the President, and have the President present one to us that assumes a 2016 budget that would support 11 carriers, that would support the end strength that you foresee for the Marine Corps, for the Army, for the National Guard. We really need to give you a signal sooner than next calendar year, don't we?

Mr. MABUS. It would be difficult the later that signal comes. The earlier, as I said, the better, and the easier it is to do the budget workup.

As I told Chairman Levin, the only thing we've done on the carrier is to give that extra year for such a decision and such a signal

or a notion of where we're going to be in 2016 and in the rest of the 2016 FYDP.

Senator KAINE. But, separate from budgets, strategically, I gather there is no dispute within the DOD, the Navy family, the White House, in terms of the 11-carrier strategy, which is statutory but also a strategy that is desired and preferred, in terms of America's maritime defense posture, correct?

Mr. MABUS. It is a strategy that is very desired and very preferred.

Senator KAINE. General Amos, quickly, your discussion with Senator Donnelly, I thought, was an interesting one, because I've really grappled too, with this issue of—what is the stress on the force, the Marine Corps or any force, from 12 years of war? We had a 7-year war, the Revolutionary War; we had a war of 5 to 10 years in Vietnam; but, from late 2001 until now into 2014, we've not had a 13-year period where we've been waging two wars simultaneously.

There's a lot of deferred maintenance. I look at it as deferred maintenance issues, the kind you talk about. There are the character issues, the "returning to roots issues." It's hard to repair your roof in the middle of the rainstorm. Nobody's up on the roof trying to patch it when it's pouring—you wait until the rain stops. Then you go up and try to patch your roof. The whole series of issues that you mentioned, very important ones—military sexual assault, suicide, other kinds of behaviors that may be treated in a cavalier fashion that shouldn't be the pace of an OPTEMPO for 13 or 14 years. It breeds conditions where that's more likely, and we're moving into a phase now where we have to get into those deferred maintenance projects. Is that how you see the task before our organization right now?

General AMOS. Senator, two aspects of that.

Number one is the readiness that you talk about. We have taken money, we've made purposeful decisions to take money out of home-station readiness—training ranges, building some facilities, and those types of things, programs—and moved it to unit readiness. Readiness of our units that are deployed, readiness of our units that are fixing to deploy, is at the highest state. The readiness of those home-station units that are back there, that are a long ways away from deploying, are beginning to erode. My Assistant Commandant testified to that yesterday at this full committee's Subcommittee on Readiness and Management Support hearing. That is a concern of mine, and that's mostly parts, and artisans to be able to fix things, the people that will maintain it. But those are things that are eroding—the things at home station, with regards to facilities and maintenance. I've been given $6 billion, over the last probably 6 or 7 years, to upgrade barracks. We built well over 100 new barracks in the Marine Corps quality of life, and those are better than they've ever been since I've been a marine. But, they'll begin to erode. Our training ranges will begin to erode.

I am concerned about that. I have a near-term requirement for the Nation, and that is to be America's crisis response force. We are meeting that. I want to be clear that we will continue to meet that. We're eating the seed corn back here.

With regards to the marines themselves, 52 percent of 193,000-plus marines that are on Active Duty today, are on their first enlistment, which means the bulk of the Corps are somewhere between 18 and probably 22–23 years old. They joined the Marine Corps to deploy. They joined the Marine Corps to go from one thing, reset, wash their clothes, repack their gear, and then go again. When I traveled around in Afghanistan—there is a classic case—it could be 110 degrees in Afghanistan, and you're talking to marines that haven't had a bath in a month; they're just eating tray rations or T-rats, if they're lucky. You say, "Okay, devil dogs, what have you got?" They'll go, "Sir, when am I going to get to deploy again?"

The morale of the marines, themselves, are high. We don't look at the stress of the multiple deployments and go, "Oh, God, this is terrible." We're not doing that. Marines don't do that. They actually want to deploy.

This budget, this 175,000 Marine Corps that we are building will be on a 1:2 dwell, which is what we've been on now for about the last 5 to 6 years. The young marines like that, because they want to go to Western Pacific (WESTPAC), Australia, Africa, or Europe. It's a little bit harder on what we call the career force, the majors and the gunnery sergeants. There is going to be stress there, sir, but the marines are a happy lot right now.

The equipment piece, the sustainment back for those that are not to deploy, that worries me. That's what concerns me probably the most.

Senator KAINE. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Kaine.

Senator Wicker.

Senator WICKER. Thank you, Mr. Chairman.

To all of our witnesses, thank you for your service, and thank you for your testimony.

I have a letter here that my colleagues and I received from a group of 20 retired Marine Corps generals, including former Commandant of the Marine Corps, General James T. Conway, and former U.S. Central Command (CENTCOM) Commander, General James N. Mattis. The letter from this distinguished group highlights concerns about our current 30-year shipbuilding plan. We've talked about that earlier today in the testimony.

I look forward to receiving your plan next month. Not having a stable and predictable shipbuilding plan creates a ripple effect that extends beyond the demise of our defense industrial bases.

Mr. Chairman, I ask that this letter be entered into the record at this point.

Chairman LEVIN. It will be.

[The information referred to follows:]

March 25, 2014

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

The Honorable James Inhofe
Ranking Minority Member
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Chairman Levin and Ranking Member Inhofe:

We are writing to highlight concerns about two interrelated challenges that degrade our current national security capabilities and will have negative effects long into the 21st century.

For over a decade our national strategy has shifted towards forward engagement and immediate response when U.S. interests are threatened. These factors have placed increased demand on America's amphibious forces and resulted in longer at sea periods and concomitant wear on these critical warships. Reduced shipboard manning has degraded routine at sea maintenance. Increased intervals between Chief of Naval Operations maintenance availabilities; sharply reduced time in those availabilities; reductions in shore maintenance facility capabilities; and reductions in third party material readiness assessments have become the norm. As a result readiness of the amphibious force has suffered. This is exacerbated by the decline in the number of amphibious force warships because retirements of older vessels are exceeding the number of new deliveries. After 9-11 the actual requirement for 38 warships was fiscally constrained to 33 warships. At that time an assumption was made that improved maintenance concepts would yield higher force readiness and therefore the 33 warships would yield 30 ships immediately available or able to surge on short notice responding to urgent needs. The most recent Quadrennial Defense Review again validated the requirement for 38 amphibious warships. However, the assumed benefits of improved maintenance concepts have not materialized and current fiscal pressures are resulting in a decline from 33 to 28 warships. The latest Navy plans do not envision a force of 33 warships until at least the mid-2020s.

Experience over the past decade demonstrates that the demand for amphibious warships will not decrease. These "Swiss Army Knives" of the sea have proven to be much more than just troop transports. Their versatility and interoperability with our Allies have repeatedly caused them to serve as the cornerstone of America's visible forward presence, projecting metered power and response to crises ranging from non-combatant evacuations and humanitarian assistance to direct military intervention. Amphibious warships have conducted air and ship crew rescues; counter-piracy operations; embassy reinforcement; and support for partner nation naval forces. Continuous forward deployments in the Mediterranean Sea have been replaced by new demands in the littorals of Africa, East Asia, and Southeast Asia.

Navy funding has been inadequate to meet today's strategic requirements and to provide a modern Navy for the future. Maintenance and modernization costs have risen. The development costs for the SSBN(X) Ohio class ballistic missile submarine replacements will have significant impact on funds available for construction of other warships. Cost is an increasingly important consideration for the LX(R) class now planned to replace the LSD-41 Whidbey Island and LSD-49 Harpers Ferry class amphibious warships, which are nearing the end of their expected service lives. To reduce LX(R) costs consideration should be given to basing it on a proven warship design such as the LPD-17 San Antonio

class which is still under construction. The LPD-17 program was originally planned for 12 warships but was reduced to 11 vessels due to budget constraints. By using the proven LPD-17 design for a 12th warship we can leverage existing industry workforce and supplier relationships, thereby building a timely cost-effective bridge to LX(R) deliveries while also ensuring the health of our amphibious warship industrial base and labor force.

The challenges of diminished ship material readiness and the declining numbers of amphibious warships are interrelated and have cumulative effect on the nation's ability to support strategic imperatives. To address this we recommend that the Congress provide supplemental Overseas Contingency Operations funding to provide improved material readiness and reset for today's surface warships and funding for the proven LPD-17 design in the future LX(R) construction.

Very respectfully,

James T. Conway
General, USMC(ret)

John J. Sheehan
General, USMC(ret)

James N. Mattis
General, USMC(ret)

Walter E. Boomer
General, USMC(ret)

Terrence R. Dake
General, USMC(ret)

Robert Magnus
General, USMC(ret)

William L. Nyland
General, USMC(ret)

Michael J. Williams
General, USMC(ret)

Raymond P. Ayres
LtGen, USMC(ret

Robert R. Blackman
LtGen, USMC(ret)

Harold W. Blot
LtGen, USMC(ret)

Richard E. Carey
LtGen, USMC(ret)

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Charles H. Pitman
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Robert A. Tiebout
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Bernard E. Trainor
LtGen, USMC(ret)

cc: The Honorable John F. "Jack" Reed
The Honorable Bill Nelson
The Honorable Claire C. McCaskill
The Honorable Mark E. Udall
The Honorable Kay R. Hagan
The Honorable Joe Manchin
The Honorable Jeanne Shaheen
The Honorable Kirsten Gillibrand
The Honorable Richard Blumenthal
The Honorable Joe Donnelly
The Honorable Mazie Hirono
The Honorable Tim Kaine
The Honorable Angus King, Jr.
The Honorable John McCain
The Honorable Jeff Sessions
The Honorable Saxby Chambliss
The Honorable Roger Wicker
The Honorable Kelly Ayotte
The Honorable Debra Fischer
The Honorable Lindsey Graham
The Honorable David Vitter
The Honorable Roy Blunt
The Honorable Michael Lee
The Honorable Ted Cruz

Senator WICKER. Let me quote from it. "Experience over the past decade demonstrates that the demand for amphibious warships will not decrease. These "Swiss Army Knives" of the sea have proven to be much more than just troop transports. Their versatility and interoperability with our Allies have repeatedly caused them to serve as the cornerstone of America's visible forward presence, projecting metered power and response to crises ranging from noncombatant evacuations and humanitarian assistance to direct military intervention."

Our PACOM commander, Admiral Samuel J. Locklear III, testified before our full committee on Tuesday. He stated that we have insufficient amphibious ships to meet the current global demand.

This is a concern to me and other members of the committee. Here's my question to you three gentlemen, and we'll start with General Amos and go down the table. In this fiscal austere environment, if sequestration-level cuts to defense spending persist beyond 2016, what sort of gap will these cuts create between America's Asia rebalance strategy and maintaining a presence in Europe? What gaps are we seeing today regarding the right number and type of ships required?

General Amos?

General AMOS. Senator, thank you. We have a gap right now in the Mediterranean. In the late 1990s and early part of 2000s, we had ARG/MEUs, marine ARGs, in the Mediterranean all the time. Quite frankly, we don't have them. We don't have them available right now, because they're spending their time in the CENTCOM area of operations, of necessity.

There's no question that we would like to have more amphibious ships. I've made the statement publicly a couple of times, I'd like to have 50-plus amphibious ships. The demand for steady-state operations all around the world would indicate that that's probably somewhere around the right number: 50-plus. But, we simply can't afford it, because it's capital ships, and they cost a lot of money. That's the reality that Admiral Greenert, the Secretary, and I deal with, a $14 billion-a-year shipbuilding account, trying to figure out how you cut that and parse that out.

Senator WICKER. Is 50 ships going to be your requirement?

General AMOS. The requirement is 38 for forcible entry, Senator, but the steady-state requirement for day-to-day operations around the world is something well above that. It's in the 50s. But, it's impractical, and we're not going to be able to afford that. Can we get more, and should we get more than what we have? The answer is yes. It's a function of where we're going to get the money.

Senator WICKER. Mr. Secretary?

Mr. MABUS. To pick up on what General Amos was saying for forcible entry, the requirement—and that's to do the war plans—is 38 ships. But, the Marine Corps and the Navy have agreed that, because of budget constraints, it can be done with 33 ships, as long as you have 30 ships of those available at any given time.

But, as General Amos said and as the CNO will reiterate, the steady-state requirement, the things that the letter mentioned, things like humanitarian assistance, disaster relief, engagements with our allies and with nations around the world, that number is certainly greater than 38 ships. It ranges from a low of probably 45 ships that the CNO has talked about, to above 50 ships that General Amos just mentioned.

One of the things we're doing to try to mitigate that is using other types of ships to do certain missions that amphibious ships have done in the past—JHSVs to move marines and equipment rapidly across wide areas, afloat forward staging bases (AFSB), and mobile landing platforms to be the sea base with the AFSBs; and our budget has an additional one of those in 2017 to have different ways to move marines, to get marines to where they need to be,

to do the engagement, to do the humanitarian assistance, to do the disaster relief that amphibious ships do so well. But, because as the General said, they are such capital-intensive ships, we're looking for a smaller-footprint, more-affordable ways to do this. To meet steady-state requirements, we would need a good many more of all types of ships.

Admiral GREENERT. Senator, I think you have one of these chartlets in front of you. On the back, in the lower right-hand corner, I summarize: This is what's going to happen to your shipbuilding plan at the BCA level. We'll probably have to cancel three destroyers, a submarine, the carrier we talked about, and, as the Secretary mentioned, a ship called an AFSB currently built on the west coast. These things can be built in other shipyards too.

I agree that there's request, require, and reality. The request out there for ships to do, I'll call it, expeditionary things—because if we try to do it all with amphibious ships, we'll do one of two: we won't get it done or we'll wear them out. That's what we're doing today. We are wearing out our amphibious ships. That letter that you mentioned probably addresses that pretty well.

I agree, the requirement is 38 ships, with an affordable 33 ships, but our reality is, we're at 29 ships, and it will be difficult to hold that. But, amphibious shipbuilding is a requirement of mine. I'm very concerned about it, and it has a high priority. My partner, down to my left, and I will work on that.

We will continue the rebalance to the Asia-Pacific region. The way to do that is to move ships forward, JHSVs like the Secretary mentioned, mobile landing platforms—there's a picture of that in front of you—and to do the things with these ships that you might normally do with an amphibious ship. They don't do joint forcible entry, they do lower-end kinds of things.

We have quite a conundrum. It will hurt the shipbuilding plan. We have to be judicious and innovative. But, it still won't meet all the requirements in the future.

Senator WICKER. I thank all three of you for your answers. My time is gone. But, Admiral, if we look at the difference between requirement and reality, and we stick with what you view now as reality, you say that we're wearing these ships out. Are there any other consequences that this committee needs to know about?

Admiral GREENERT. You'll wear the people out. I worry about that more than I do the ships. You can build ships in less than a decade, probably, with money if you have the industrial base. That's a problem. But, it'll take you more than a generation if you wear this force out. We've seen this before, and we lived it twice—after Vietnam and in the 1990s.

Senator WICKER. Thank you, and thank you all.

Chairman LEVIN. Thank you, Senator Wicker.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

I thank each of you for your extraordinary service. Thank you for being here today, and very helpful testimony.

Let me ask, if I may, Secretary Mabus and Admiral Greenert, as the requirement for the *Ohio*-class replacement draws closer, what can we do in Congress to make sure that we accomplish this mission? I know you're going to say money. But, in what form, over

what period of time, and what amounts do you think are necessary to guarantee that we do the *Ohio*-class?

Mr. MABUS. Senator, I'll take a very quick crack at it and then turn it over to my submariner CNO, here.

We are exactly on track now, in terms of the early engineering, the research and development (R&D) that need to happen for the *Ohio*-class replacement to come online in 2029, when the first ship will need to go on patrol. The big milestones that are coming, we have to start buying advanced procurement in 2019, we have to start construction on the first one of these in 2021. The amounts of money will go up pretty dramatically in that timeframe.

The common missile compartment that we are developing now with the British has to be ready earlier, because the British submarines will put to sea before ours, their replacement for their strategic deterrent. We have to have that capability ready so that they can do the early testing on that.

In answer to an earlier question from Senator Reed, when those additional amounts of money, very substantial additional amounts of money, become necessary in the early 2020s, if all of that comes out of a steady dollar-number Navy shipbuilding account, we will keep the *Ohio*-class replacement on track. What we will do is, we will devastate the rest of the shipbuilding—attack submarines, our surface force. I don't think that is an event that anyone wants to see happen.

I think that there has to be a serious discussion about how we pay for this once-in-a-generation replacement of a strategic deterrence. Because some of these *Ohio*-class replacements are scheduled to be at sea until the 2080s, in order to keep from just taking our fleet down to where we cannot operate and do the missions that our country requires us to do.

Senator BLUMENTHAL. Thank you.

Admiral?

Admiral GREENERT. Secretary Mabus did a pretty good description there. We need a predictable budget, and on time. When we have a Continuing Resolution, we can't do what's called "new starts." Things you want to start during that fiscal year, you can't. We are building up engineers, we're doing the computations now on the designs so that when we reach 2021, we have all the detailed design and we can start building. Because, remember, we slipped it 2 years. We said, "Well, if we're going to do that, when you start building it, you'd better have all the detailed design done, because 2031 on patrol is just not waverable, sir." Predictable and on-time budgets.

There are two elements undergoing this design phase. First is the Navy part, the DOD part, but then second there's the NNSA, the DOE part, to help us with the reactor, the uranium, and all that, to make it a life-of-the-ship core. I'm concerned about that, and those need to come together working with the United Kingdom, as the Secretary said.

Thank you, sir.

Senator BLUMENTHAL. Predictable and on time, which is what the submarine building program has been, very proudly, for Connecticut, where we make them, I thank you for those answers.

Let me ask you, Mr. Secretary. I know that you're considering some initiatives in terms of reducing tobacco sales at exchanges. I think those kinds of changes in tobacco consumption, or the incentive surrounding them, could be very important for the health of the men and women under your command. Could you describe a little bit, specifically, what you're planning to do?

Mr. MABUS. Senator, we're looking at several things to do. We have the fittest force ever. We know that tobacco hurts that fitness. We know that we spend far more money in healthcare than the exchanges make in profit from tobacco sales. We're looking at a range of options that, hopefully, we will be able to come forward with fairly soon.

We want to build on what has been done in the submarine force. Smoking was banned on submarines on January 1, 2011. We have a fitter submarine force because of that. We know the dangers of tobacco. We know what it does to the fitness of our force. We're looking at a good number of initiatives.

Senator BLUMENTHAL. You already have a cessation program. I think it's called You Quit, or something like that, which I think is also commendable.

Mr. MABUS. We have a pretty aggressive cessation program, and we will continue to make that available to our sailors and our marines, to help them quit this addiction.

Senator BLUMENTHAL. Let me ask, finally, about the tuition assistance program. I'm somewhat disappointed to see—if I'm correct in my reading of the budget—that both the Navy and the Marine Corps are reducing available funds. The Navy cuts are about $25 million, and the Marine Corps has proposed cuts of tuition assistance over 67 percent, from $45 million in fiscal year 2014, to only about $15 million. I don't need to tell any of the leaders at the table today how important this program is. I wonder whether there is something we can do about it.

General AMOS. Senator, the numbers are a little bit misleading. We have $15 million in the fiscal year 2015 budget for tuition assistance, and what we've done now is, we're trying to figure out how we did in 2014. We had the $44 million in there. As I recall, we didn't use it all. There was a usage issue. We're trying to capture as much money as we can, so we don't waste it. We put $15 million as a placeholder in 2015, and we've agreed that, internally, with my budget head, we will then feed that account with quarterly offsets as we adjudicate our budget as it goes through the year.

The Marine Corps will not fall short on tuition assistance for the remainder of this year. We're going to pay 100 percent of it. What we have done though is that we've said that for the first 2 years of a marine's life, you're not eligible for tuition assistance. You should be worrying about your military occupational specialty (MOS) credibility, learning to be a marine, and learning about your unit. Then from the third year on, they're eligible for tuition assistance at 100 percent reimbursement.

Admiral GREENERT. Senator, that one got by me. My intention, in talking to my Chief of Naval Personnel, is to fund at 100 percent. We'll work that out in the budget execution.

I want to look closely and make sure our sailors and marines are informed. We have a process to sit down and put together a good

plan with them so they know what they're taking, why it is, what it is going to do for them, and make sure what they're signing up for are credentialed, respected universities, colleges, and trade schools that get them something relevant when they complete their service.

Senator BLUMENTHAL. Your responses are very reassuring and welcome. If there is anything that we can do to make possible full funding, I hope you'll let us know.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Blumenthal.

Senator Blunt.

Senator BLUNT. Thank you, Chairman.

Thank you all for being here today.

General Amos, thanks, particularly, for your great service. We may not see you again in this particular setting, but I know we'll continue to rely on your advice and your judgment on these issues as long as you're willing to give it. I appreciate your service.

I'm sorry I missed the defense appropriations hearing yesterday. I had another appropriations hearing going on at exactly the same time. But I did look at what some of the comments were made there about aviation, which is what I think I want to talk about in my 6½ minutes that are left.

In terms of the electronic attack analysis, Admiral Greenert, where are we in a study that will provide what we think we need to know about what combination of aircraft works best together and what's the best way to approach that package of aircraft?

Admiral GREENERT. We've done a Navy study. Our Naval Air Systems Command did a study, and what we looked at was, what's a good knee in the curve, if you will? Where do you get the most for the number of aircraft? We're talking about platforms, and we're talking about the Growler. Right now, we have five Growlers in a squadron. We looked and said, "For the kinds of packages we would have in the future to get joint assured entry against the kind of defenses that we would be up against in the future, you need closer to six, seven, eight." Eight is premier. Something close to that.

Now what we want to do is look joint-wide. That's good for us, but we are the joint provider for all electronic attack. We'll do that this summer, look joint-wide.

Senator BLUNT. Will we have the Navy analysis that you talked about, will that be available to us before the markup that this committee would have?

What would that time be, Mr. Chairman? End of May?

Chairman LEVIN. We have a scheduled markup right before the Memorial Day recess.

Senator BLUNT. Is the Navy analysis, not the systemwide analysis, available now or will it be by sometime in May?

Admiral GREENERT. Oh, it's available now. I'll take that as a followup for you, Senator.

[The information referred to follows:]

The Navy electronic attack analysis will be provided directly to you and your staff via secret protocols.

Senator BLUNT. Alright. In terms of the Growlers that you brought up, when flying the Growlers together with other aircraft,

you have a lot more electronic attack capacity. That would include the F–35, when that becomes part of the system.

Admiral GREENERT. Yes, sir. Make no mistake, the F–35 has a good electronic attack. However, that's just one of its attributes. We'll need Super Hornets in that package for some time, well into the next decade. Somebody has to do the suppression. The beauty of the Growler is, it has not only the anti-radiation missiles—it can protect itself and the units—it has extraordinary capability. It isn't linear. When you add another Growler, it's more exponential, what you get for that package.

Senator BLUNT. Thank you.

Secretary Mabus, on the F–35, the F–35B or the F–35C, when does the Navy expect that to be operationally ready for combat? I'm not asking IOC. I'm asking when you would expect that to be operationally ready for combat.

Mr. MABUS. Senator, the B, for the marines, the short take-off and vertical landing (STOVL) version, is the first out of the pack. General Amos has followed that very closely. We've stood up our first squadron in Yuma, and IOC would be next year, in 2015. Ready for combat, the threshold would be about 6 months later than for the Marine Corps.

Senator BLUNT. What about for the Navy?

Mr. MABUS. For the Navy, the C version, the carrier version, is the last of the three versions to come online. We are looking at about a 2019 IOC, and the threshold for combat operations, again, about 6 months after IOC.

Senator BLUNT. Sometime in 2019 or 2020?

Mr. MABUS. 2019 or 2020.

Senator BLUNT. Depending on when you get that to start with?

Mr. MABUS. That's correct.

Senator BLUNT. General Amos, I know you're a former pilot, an F–18 pilot. Any comments on either of these questions would be appreciated.

General AMOS. Sir, I hope I'm not a former pilot. [Laughter.]

Senator BLUNT. Exactly. [Laughter.]

General AMOS. But, I do, the Secretary is absolutely correct. Although it sounds squishy, that IOC is 10 pilots, 10 crews, complete maintenance, airplanes all set up, completely combat-ready. If something should happen and our Nation should need to deploy fifth-generation capability, by the end of next year we'll have those capabilities to be able to do that. But, that squadron is scheduled to deploy to the Western Pacific in 2017. That'll be the first debut of a fifth-generation airplane for the United States of America around the world.

Senator BLUNT. Do you want to give me your sense of the diversity of aircraft that's necessary to perform the mission in the best possible way?

General AMOS. Senator, I think the way we're headed right now, the Department of the Navy, is a great blend. We talked a little bit earlier, we're going to have fifth-generation airplanes which are highly stealthy. We have capabilities for information-sharing in electronic warfare, in and of their own class, that will be what I would consider—I don't want to say "strike aircraft," but first aircraft in a contested arena, followed up by the rest of the force,

which doesn't have to be fifth-generation. I think we have the right blend and the right balance.

Senator BLUNT. Admiral Greenert, on your unfunded priorities, back to your earlier comments, the unfunded priority for the Growler was 22. Could you tell us why you need those 22?

Admiral GREENERT. Senator, in a previous discussion, we looked at the study which we could provide to you.

[The information referred to follows:]

[Deleted.]

Admiral GREENERT. The electromagnetic spectrum is a huge issue for us. Electronic warfare will be bigger and bigger. The capabilities are going to expand, they're not going to be less. What we have today in the budget, as I looked at it, is acceptable. It is the minimum. That would be five Growlers per squadron. But, when I look in the future and I think of the study coming up, studies never say, "Hey, guess what? You have too much." All vectors pointed to needing more. The question posed to me was, "What do you need to reduce programmatic and operational risk?" To me, Growlers were clearly one of those.

Senator BLUNT. I would think also, just as my comment, when we add the new plane, that's a very expensive plane. Whatever you can do to protect that package, to use it in the most effective way, would be a good thing for us to be sure we're thinking about. I think the initial cost per copy of those planes, if I divide correctly, is about $400 million a copy. Whatever package you have there should be the best possible package, not of the Growlers, but of the new plane.

Admiral GREENERT. Yes, sir. As General Amos said, and I agree with him, that's an extraordinary plane. It's fifth-generation. We have to have it. It can go in by itself. It networks, it has payload range, and all of that. But, we have a whole air wing that has to come together, from the Hawkeye through the Growler to the strike fighters. You're right, the Growlers will just enhance. The synergy will be expanded. Again, it's exponential when you add additional Growlers.

Senator BLUNT. Thank you.

Chairman LEVIN. Thank you, Senator Blunt.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman.

To all three of you, I just want to say thank you so much for your service, the incredible job you're doing on behalf of our country.

General Amos, I know we have a lot of bases in North Carolina, Camp Lejeune, in particular. I appreciate all of our marines and what they do in North Carolina.

General Amos, I know Senator Blumenthal was asking a question on tuition assistance. I wanted to follow-up on that, the tuition assistance benefit. Because this is something that, across the Services, is a benefit that's a great recruitment benefit, retention benefit, and the outcome that it does for so many of our military men and women, to help them get that college education by taking that one college class a semester on their own time is a real benefit.

I guess my concern is the 65 percent cut that's being proposed of almost $30 million, including the cost-share arrangement, places

a 25 percent burden on the marine. I wanted to say, why such a huge cut? Also, why put that burden on the marine?

I also understand that you're looking at changing the measures so that the marines would have to be on duty for 2 years after they enter the Service to see how they're adapting to the military and how they're comfortable with their duties. But, shouldn't we wait to see the effectiveness of these new measures before we cut this benefit?

General AMOS. Senator, we went from $44 million in fiscal year 2014's budget to fiscal year 2015's budget, budgeting $15 million. We're going to fill the rest of that in throughout the year. It's a commitment. If a marine signs up for a course, and it costs X amount of money, we're going to pay 100 percent of that. It's true. We'll add money into that pot through the annual execution of our budget. Please understand that that will be fully funded at 100 percent.

It is true that we've set some criteria. We've set the criteria of 2 years. You have to have been a marine on Active Duty for 2 years. That's predominantly so that that young marine is spending his or her time focusing on their MOSs, their growing maturity, their understanding, their unit. They've probably deployed at least once, maybe even getting close to twice. They're tightly focused on being a marine.

Once they get just past the end of their 25th month, then they're eligible for this. Once you get to the 36th month, then you're eligible for the GI Bill.

Senator, I think we have the right balance here.

Senator HAGAN. You're saying you're not making the cut down to 75 percent?

General AMOS. We are not making the cut to 75 percent.

Senator HAGAN. Okay. Great.

Admiral Greenert, in the Navy it looks like you've decided not to cut too, that you're going to do 100 percent, but reported that you might eventually ask the sailors to put some skin in the game. The way I understand it, the average sailor using the tuition assistance benefit is an E–5 with 8 years of service, 66 percent of them are married, with children, and they earn $33,000 in base pay. Do they need to put more skin in the game, when we're talking about a recruitment-and-retention benefit like the tuition assistance?

Admiral GREENERT. Senator, I don't know. I have to look at this closely, but I'm not ready to put skin in the game, as they say, through 2015. That's where I am. I like the program. I'm more focused on making sure what they take is of value to them, because to me, this is not a lot of money. In fact, this is a good return on investment that we'll get, but more importantly, society will get. Sooner or later, we're all going to go out and do something else. I want our kids to go out there feeling confident that what they did here in the Navy accelerated their life and made them a better person.

Senator HAGAN. I thank you for that.

General Amos, I wanted to ask you a question about the Marine security guards (MSG). With the rise of the instability in countries like South Sudan, Mali, and then, obviously, Ukraine, the demands and the need for MSGs in support of our diplomatic missions is ob-

viously apparent. The Marine Corps' Embassy Security Group has, as I understand it, 1,300 marines stationed throughout the world at detachments, regional headquarters in over 135 countries, supporting the Department of State (DOS). The MSG program is growing. How do you describe the relationship between the Marine Corps and the DOS?

General AMOS. Senator, I think it's legendary. Every time I go—which is not often, but several times throughout the year—I go to the DOS for different functions and different meetings. Now, as I travel around and visit marines at embassies, and I talk to the Ambassadors, the Chargés, and the rest of the embassy personnel, I think it's legendary. I think we train them that way. They're inoculated down in Quantico, VA, when they go to school that way, in very rigorous training. It's a highly successful program.

We have 163 diplomatic posts today, because some countries will have more—they'll have a consul, and then they'll have an embassy. So, 163 posts. We're going to grow another 35 as a result of the NDAA, when we received the other 1,000 marines.

Probably one of the fallouts of the 1,000 marines that Congress gave us this last year is we've developed a Marine Security Augmentation Group, which is a squad of marines. We have a bunch of them. We blow that balloon up, or shrink it, and we send it to an embassy when an embassy is beginning to sense high threat. When the President of the United States is going to go into a country, or the Vice President is going to travel, we'll send this augmentation unit. They're MSG, they're trained in diplomatic skills, they have all the weapons skills, and they fall in on the marines that are there. Then, either once the crisis goes away or the threat goes, or, in some cases, the very important persons leave, we pull them out. We deployed that now 17 times in the last year since Congress gave us those 1,000 marines. It's a huge success story.

Senator HAGAN. Then I also wanted to follow-up on one of Senator McCain's questions, General Amos. That is, will the F–35B still achieve the IOC by July 2015? What's being done to ensure that the program stays on track?

General AMOS. Senator, the last part of your question is being managed not only at my desk, but at the program office desk at my head of Marine Corps Aviation. To include Admiral Greenert and General Welsh, there is an awful lot of oversight on this thing, a lot of people paying very close attention.

Paying more attention, I don't know that that's possible. We have a great program manager right now, Lieutenant General Christopher C. Bogdan, USAF, Program Executive Officer of the F–35 Lightning II Joint Program Office. He's working through the nuances of this, trying to bring this new program in which is very challenging.

We are still on track at this time for a July IOC of next year for us. But that's predicated on the software delivery, Block 2B, for us. The program manager is moderately okay, thinking that he'll make it. If, for some reason, things don't fall in place, then I'm not going to declare IOC in July 2015. This is event-driven.

Senator HAGAN. Right.

General AMOS. We're keeping the oversight and the pressure on the program, and I'm hoping, I'm anticipating, a July IOC of next year.

Senator HAGAN. I appreciate that, thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Hagan.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

I want to thank all of you here for your leadership and for your service.

I very much want to commend and thank General Amos for your distinguished service to our country and all that you have done for us to keep us safe. Please pass our gratitude on to your family, as well, for their sacrifices.

First of all, I wanted to commend you, Admiral Greenert. As I understand, I received a report from the Military Times that you were in Mayport last week or recently, apparently, and you were asked a question about our naval bases worldwide, and in particular, another base realignment and closure (BRAC) round. As I understand it, you're quoted as saying, "People ask me about BRAC, do you have the need?" You said, "Do you see a need for BRAC? I say no, I don't." I want to commend you for that, because as I look at our needs for our Navy right now, particularly the work being done at our shipyards, including the Portsmouth Naval Shipyard, they're booked out in terms of their work. I'm not sure if we were to go down a BRAC round we could do what we need to do in terms of not only adding to the fleet but also maintaining the fleet in the way that we would need to.

The issue that I'm very concerned about as we look at the overall posture of our attack submarine fleet, as I understand it, even without going down the sequestration road, we're in a position that the number of attack submarine fleets actually decline from 54 currently to, as we go to 2029, 42. Obviously, sequestration is, I imagine, even worse. I would like to hear what you would say about the size of the fleet then. But in addition to that, just even looking at where we are, I'm concerned that with the two replacements of *Virginia*-class submarines, we aren't going to be able to meet all our needs in the Asia-Pacific region and other areas around the world.

Can you comment on that?

Admiral GREENERT. Yes, sure, Senator. I was under the ice last weekend with Senator King on a *Virginia*-class submarine, the USS *New Mexico*. It reminded me that we do own the undersea domain. We can go anywhere in the world with these things.

Senator AYOTTE. Right.

Admiral GREENERT. They're absolutely valuable.

But, to your point, the Asia-Pacific region will remain our priority. I would say, other regions of the world may have to take a backseat to that. But that still won't fulfill Admiral Locklear's requirement. He needs, I think it's 10-ish, or whatever. We get about 70 percent of what he can do. If we are under the BCA caps, and we are sequestered, as the back of this little chartlet shows you, I don't see how we can sustain two *Virginia*-class a year. That's tough. It breaks my heart to lose the USS *Miami*. I thank you for

doing all that you could to help us maintain that. But these eaches really hurt.

Senator AYOTTE. Yes, that broke our hearts too, and we were hoping to, obviously, put the investment back into the *Miami*. I think that, as we go forward, that this is an issue, I know, that Senator King is concerned about as well. But the fact is that the Chinese are investing more in their submarine fleet. Do you think we can take for granted our supremacy underneath the seas that's so important to the protection of our country, but also of our allies?

Admiral GREENERT. No, ma'am, we can't do that. We have it today, and that's what's so critical. It would be a shame to lose it. I have to do everything I can to maintain that.

Under BCA caps, that's going to be very difficult. It's more than submarines. It's a network under there.

Senator AYOTTE. Of course it is.

Admiral GREENERT. It involves the P–8A, and it involves unmanned underwater vehicles and fixed systems. We have to do the R&D to do that, to stay ahead. We are slipping, and we will slip further. I'm very concerned, if we go to BCA caps.

Senator AYOTTE. Right. Thank you, Admiral.

I also wanted to ask you, Admiral Greenert and Secretary Mabus, as Senator Donnelly mentioned, we were in Afghanistan, but then we were also in Ukraine on Sunday. One of the issues that was brought to our attention was the exercises by the USS *Truxtun* in the Black Sea. What I was hoping to really make the point to both of you is that I believe the presence there, whether it's the USS *Truxtun* or another of our naval assets, is very important right now, in terms of the signal it sends, not only in terms of our support for the sovereignty of Ukraine, but as well as our signal to the Russians.

Admiral GREENERT. Yes, Senator. We intend to remain on track for the exercise plan that we have. We have an exercise, usually, with Ukraine, called, I think, Operation Sea Breeze, if I'm not mistaken. We intend to keep that on track until further notice.

Senator AYOTTE. I would say I'm glad we're keeping it on track. We might want to consider increasing our exercises in that region, as well. I hope that's something that both of you will consider, in light of what we see with regard to Russian aggression against the territorial integrity of Ukraine right now. Our presence, I think, very much matters.

General Amos, yesterday, I think as you testified, we had General Paxton before the Readiness and Management Support Subcommittee. We were talking about the size of our Marine Corps. One of the things that struck me that I wanted to ask you about today is, if we go down to 175,000, General Paxton described yesterday that if we have to fight a conflict, as I understand it, that brings us down a 1:2 dwell, even if we're not involved in a conflict. Isn't that right? Let's say we have to go fight a conflict, which none of us wants to do, but we always need to be prepared for. Can you describe for us what that means? Because I think that people need to understand, as I understand it, when we're all in, what that means.

General AMOS. Senator, that's exactly what it means. It means we empty the bench of the Active-Duty Forces. We'll have folks

back at home station that'll be keeping the fires going, but the combat forces of the Marine Corps are all in for a major theater war, and will come home when the war is over.

Now, in the context of what else could be done around the world, we'd activate our 39,600 Reserves, and they'd come on. They're very experienced now. They're an integral part. They would perform some of the shock absorber. They would become part of our combat replacements. But as far as other things going on around the world, we're not the only Service, the Joint Force would then have to address that. But for a major theater war, for 175,000 marines, we're all in, Senator.

Senator AYOTTE. I have supreme confidence in the capability of our Marine Corps, but that's a tough OPTEMPO for the Marine Corps, is it not, when we're all in like that?

General AMOS. Senator, the 1:2 for the steady-state is not optimum. All of us have been trying to get back to a 1:3, so you're gone 6 months and you're home 18 months. It gives you time to reset, go to school, move new leadership in, train——

Senator AYOTTE. See your family, we hope.

General AMOS. Yes, thank you.

Senator AYOTTE. Exactly.

General AMOS. Families actually get to see their spouse, daddies, and mommies. 1:3 is the ideal thing. It just is the right amount of tension and the right amount of, I guess, relaxation. 1:2, we've been at now for at least 5 to 6 years. The young kids in the Marine Corps, our youngsters, they're okay with that. That's why they joined. It's the career force that the 1:2 dwell begins to put pressure on. Those are the marines that have been on Active Duty for 13 to 14 years, they have a family, they're trying to get kids in school, and think about high schools and stuff. It becomes hard for them, Senator.

Senator AYOTTE. Thank you, General.

I want to thank all of you.

I just think it's an important consideration for us, because we're talking about the career force, we're talking about the leadership within the Marine Corps and those that are providing the mentorship and the standards for our newer and younger members of the Marine Corps. I'm very concerned that if we continue at that tempo, we're really jeopardizing our most precious asset, which is our men and women in uniform in our Marine Corps. We're very proud of them. I think this is an important consideration as we look at the impact of sequester and, even without sequester, there are serious issues here.

I want to thank all of you.

Chairman LEVIN. Thank you, Senator Ayotte.

Senator King.

Senator KING. Thank you, Mr. Chairman.

We all talk about sequester. I think we have to step back a moment and remind ourselves that the sequester was designed to be stupid. It was designed to never take effect. It was designed as an incentive to Congress and the President to figure out how to deal with the necessity of getting our budgets under control. I call it the "Wile E. Coyote theory of budgeting," where we throw an anvil off

the cliff, run down to the bottom, and then act surprised when it hits us on the head. That's exactly the situation we're in now.

I just think we have to step back and say, "Wait a minute. This isn't the way it was supposed to be." Senator Kaine said, "We didn't take an oath to the sequester." Our obligation is to figure out how to replace the sequester. I think that's something that we all need to set ourselves as a goal over the next year. We have the BCA in place now, we have a little bit of breathing room. But instead of relaxing and saying, "Oh, we're going to have to deal with the sequester in 2016," we ought to figure out, how do we replace it? The BCA contemplated that, it instructed that, and we haven't been able to do it.

Now, one follow-on question. How could you live under the BCA caps without the sequester? Secretary Mabus, how does that world look? If you take away the sequester, there's still those caps that were imposed in 2011. Is that an adequate level of funding to meet the requirements and the needs of the U.S. Navy over the next 8 years?

Mr. MABUS. Senator, it's far preferable to the sequester. I think that the thing that Senator Kaine talked about is, the President's budget, going forward is about half of the sequester, which is about what BCA caps would be.

We would have some risk, but we would be able to perform the missions that the country has given us, both from the Navy and the Marine Corps. The Marine Corps, under that scenario, would stay at 182,100, almost certainly. The Navy and our shipbuilding plan would stay on track to get to the fleet size that we need with the right mix of ships.

The President's budget that was submitted for 2015 and then on out for the out-years, I haven't seen exactly the lines as they go along, but is about where those caps would be.

Senator KING. I think we should take our obligation to meet the caps but to deal with the sequester, as the BCA contemplated in August 2011.

Let me move on for a minute. I just want to thank Secretary Mabus and Admiral Greenert for your work to move forward with the fifth destroyer, which is going to be built up in Maine at Bath Iron Works. It'll probably be the cheapest ship in the whole series, and it's important to us, it's important to the people of Maine. We're very proud of that shipyard and proud of the work that they are doing.

Mr. Chairman, on April 12, we're commissioning the USS *Zumwalt*, which I've seen under construction now, and it's one of the most amazing ships, I think, in the world. I would certainly invite members of this committee and anyone else to join us in Maine at Bath on April 12. That's going to be an extraordinary day. I talked to somebody the other day who crossed the bridge at Bath and looked back and said, "What is that ship that they're building out there?" It is an amazing piece of military equipment. Of course, my hope is, the Navy's going to like it so much, they're going to want half a dozen more. But that's a discussion for another day.

Tradeoff between personnel costs and readiness. We had a hearing yesterday on the Subcommittee on Personnel of this committee, and I think we need to remind ourselves that, within the budget

constraints we're talking about, this is a zero-sum game. If you don't make the personnel reductions that you're talking about, that's $2 billion a year that has to come out of readiness. General Amos, is that the way you see it?

General AMOS. It is, Senator. There's a difference between reducing the personnel costs and reducing personnel. When I reduce personnel, I go to 175,000. There'll be less overall cost in my budget for people but my proportional part of the budget for people will also go down. But it's the compensation piece inside of each one of those young marines that I need to get adjusted downward.

Senator KING. Right. What I asked at the Subcommittee on Personnel hearing was to get a figure from DOD on the growth of personnel cost, per capita, as opposed to overall. Which says, yes, it's only 50 percent; but if you're down 100,000 or 150,000, then that masks the increase of cost per person. I'm searching for that data.

But the other piece is, as you said earlier, if we don't make savings like this, then it has to come out of your readiness budget.

General AMOS. Senator, maybe I can state it just a little bit differently. What worries me is that, if we don't get this under control, then over time, we will become an entitlements-based Marine Corps instead of a warfighting-based Marine Corps.

We exist for only one reason, to fight our Nation's battles. We have to rebalance this. We can do it. We can do it within reason. We can do it with keeping faith with our own marines and our sailors. But it has to be rebalanced, because we exist to do the Nation's bidding, not to become an entitlements-based Marine Corps.

Senator KING. I think it's important that in the figures that we were given, it's $2.1 billion in this budget year, the savings from these personnel changes, but something like $30 billion over the next 5 years. This is a significant number. Now, of course, there is a commission on compensation. The inclination is to wait until that happens. But if we do, that makes it a year later that we make changes that are necessary to provide more funds for our troops' readiness.

Secretary Mabus and Admiral Greenert, the Navy recently released the Arctic Roadmap. As the Admiral mentioned, he and I were on the USS *New Mexico* this past weekend, 400 feet under the Arctic ice, which was an extraordinary experience.

I have to say, Admiral, that my wife asked, "What was your major impression of the trip?" She expected me to say the cold, the ice, the ship, or the nuclear power plant. But it was the people on that ship. Those young men on that ship were amazing. I was particularly impressed by the enlisted people that had worked their way up through the ranks. They felt it was their machine, and they were so proud, patriotic, and idealistic. That was a tremendous experience, and that was my overall impression.

However, the Arctic is opening up. It's essentially a new ocean. Admiral Greenert, what does that mean for us, in terms of naval assets? Because you have the chart here, and there's nothing up here. What do we have to be thinking about, in terms of naval assets? I know it isn't within your bailiwick, but we only have one icebreaker in the whole shooting match of the U.S. Government, and that's a 40-year-old Coast Guard icebreaker that's powerful

enough to go up there. What do we need to be thinking about as the Arctic Ocean opens up?

Admiral GREENERT. Senator, working with my oceanographer, with the Coast Guard, and my staff, here's the way we're approaching this. Number one, just when is it ice-free and where is it ice-free? We need to figure that out. We went to 2025; a good bit of the icecap that we now know will be ice-free. What does "ice-free" mean? That you can take a commercial ship that doesn't have to be ice-hardened, and you could go through some of the sea lines of communication, if you will.

Where are those? Number two. Where are these sea lines of communication? You have the Northwest Passage, not really highly traveled, sort of shallow. Then you have the northern route. That goes up near Russia, fairly deep. How often is it open during these summer months? Then you have a polar track. How deep is the water? Because draft, for the big ships that would make it commercially viable, is important. We're analyzing that, talking to industry, Maersk and others that do that. That's number two.

Number three, is there a threat such that we need to be up there or is this no different from, say, the south Atlantic or somewhere where you just travel? You say, okay, just travel. We need to figure that out. My people are analyzing that.

Then, number four, what kind of agreements do we need to make, if there is an issue? Are there sovereignty claims that we need to settle down with and talk about? We were in staff talks with the Russians, and we want to continue that, when we're ready to do that. The Chinese have joined a group. They're interested. We want to talk with what I'll call the community of nations, which is interested in using the Arctic. Obviously Canada, obviously all the Scandinavian countries, and Norway. Those are all in progress. From that will become a global force management demand signal, if you will, as to what we need up there. Today, we average one submarine, oddly enough, in that upper Arctic region.

Chairman LEVIN. Thank you.

Senator KING. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator King.

Senator Cruz.

Senator CRUZ. Thank you, Mr. Chairman.

Admiral, General, Mr. Secretary, thank you for being here. Thank you for your service to our Nation.

Secretary Mabus, I'd like to talk some about the proposed reductions to our military in the context of alternative avenues for cost savings. The Army, right now, is planning on reducing its size by six brigade combat teams by 2019, according to this year's budget request. Those proposed cuts concern me greatly.

DOD continues to spend billions of dollars on alternative energy research in programs at DOD that I think are far less essential than maintaining our readiness and ability to defend our national security interest. For example, the Navy spent $170 million on algae fuel, which costs four times as much as regular fuel, which means, potentially, $120 million was spent unnecessarily. Even in these tight budgetary times, the Navy budget now contains nearly $70 million, in this year's budget, for a request for the Navy En-

ergy Program, which funds R&D activities such as the Algae Fuel Research Program.

The first question I wanted to ask is, instead of buying algae fuel, which even the National Research Council says is currently not sustainable, DOD could instead field nearly a battalion's worth of Active Duty soldiers or even more National Guard troops. Secretary Mabus, I would welcome your views, in light of the threats we face, whether you would support more Army infantry troops instead of money spent on algae fuel.

Mr. MABUS. Senator, now is exactly the time that we have to diversify our energy sources. We're facing, in fiscal year 2011 and fiscal year 2012, an unbudgeted $1 billion increase in fuel cost for each year—$2 billion that we had not budgeted for, because of the spikes in the price of oil. If we don't get an American-made, more stably-based source of fuel, if we don't get some competition into the fuel, we're looking at fewer soldiers, fewer sailors, fewer platforms. That's exactly why we're doing this.

The $170 million you mentioned is not for algae fuel, it is for alternative fuels. You'll be happy to know that we now are working with four companies that are obligated to provide us with 163 million gallons of biofuel by 2016 at less than $3.50 a gallon. We're not going to buy any alternative fuels that aren't absolutely price competitive. Because oil is a global commodity, oil is traded globally, and every time there's something happening in the world, every time you have somebody threatening to close a strait, or just instability, oil traders add a security premium. Every time the price of oil goes up a dollar a barrel, it costs our Navy and Marine Corps $30 million additionally in fuel. Now is exactly the time that we have to do it or we will face more cuts just like the type you were talking about.

Senator CRUZ. Now, your comment was that we needed an American-produced energy source that was stable and reliable. As I'm sure you're aware, we're in the midst of an energy renaissance right now, where the United States is on track, in the next few years, to become the world's top producer of natural gas, and a few years later, the world's top producer of oil. Is it your view that DOD is going to somehow revolutionize the study of algae or alternative energy? Is that really the core function of the Navy, and at a time when the Navy is proposing, for example, cutting 5,000 marines and eliminating 2 marine infantry battalions?

Now, obviously, your job is to prioritize. My question is, which is a higher priority, preserving those two marine infantry battalions or continuing to research algae fuel, in the hopes that somehow the world energy market can be transformed by the Navy's research?

Mr. MABUS. To start with, I'm very glad that America is increasing its production of oil and natural gas. But, oil is a globally traded commodity, and even if we produce as much as we could need—and the military's going to go to the head of the line, in terms of fossil fuels or any other kind of fuels—we are dependent on the world price. That's what has just been skyrocketing our fuel costs. That's what I talked about. A more stably-priced, American-produced version.

We are not researching algae, Senator. The research has been done. The production is there. We are moving toward changing the way we use fuel. We're doing energy efficiency as well. If we don't do these things, the cuts that you talked about—and you're absolutely right, I have to set priorities—this is a priority that will save ships, this is a priority that will save marines, and this is a priority that will save marine lives.

Senator CRUZ. At a price——

Chairman LEVIN. Senator Cruz, if I could interrupt, because there's votes now, Senator McCaskill will follow you, and then she's going to have to vote; and Senator Hirono is here as well. If there's no one here when they're done, we will recess for 10 minutes, because I will be coming back. When you're done, Senator Cruz—you have about another half minute or so—it will then go to Senator McCaskill.

Senator CRUZ. Very good. Thank you, Mr. Chairman.

My final question is this. In a hearing before this committee, Secretary Hagel responded to this same line of questioning, and he characterized the algae fuel program, and also programs such as a wind farm in Alaska that was built where there's no wind, as, quote, "luxuries." Now, from your testimony today, it sounds like you don't agree with Secretary Hagel's characterization. I would welcome your views on whether you think he's right or wrong that these programs are "luxuries," and whether the priority—in my view, the priority, the number-one priority, should be maintaining readiness in the capacity to defend our national security, which means the soldiers, sailors, airmen, and marines necessary to protect our interests. That should be prioritized above luxuries. Do you agree with that or not?

Mr. MABUS. I absolutely agree that the number-one priority ought to be readiness, and that's why we're doing the alternative fuels.

Senator CRUZ. Do you agree with Secretary Hagel's characterization?

Mr. MABUS. Senator, I didn't hear Secretary Hagel's characterization, but I'm confident that, in these energy terms, that he did not state that they were luxuries.

Senator CRUZ. Thank you.

Senator MCCASKILL [presiding]. Thank you.

Thank you all for being here today.

I know you have received plaudits today, General Amos, which you deserve, for a career that should make every American proud of you and those marines you love so much. If anybody doesn't know that General Amos loves the marines, talk to me. He loves the marines.

I wanted to give a shout-out to Bonnie. I think that one of the things that happens, so many of you come in front of this committee that have had incredibly long service and have done all kinds of sacrifices. I'd like to have a hearing someday and just have everybody's spouses up here. Frankly, we could learn a lot about the good, the bad, and the ugly of our military. I would love the opportunity to have them sitting there, to thank all of them. Please give my best to Bonnie and thank her for the important role she's played in helping you lead the Marine Corps.

General AMOS. Thank you, Senator. I'll be happy to tell Lynn, Mrs. Greenert, and Bonnie that you'd like to hold a hearing for them.

Senator MCCASKILL. I don't know. They probably wouldn't think that was a love note. [Laughter.]

I don't know that that's a good idea.

Let me talk first about the Growler, Admiral. I know that Senator Blunt covered it with you, about the Growler capability. I notice that it was put in the unfunded priorities. I'm curious as to what was the analysis that went into a request for these additional Growlers, in terms of airborne electronic attack issues.

Admiral GREENERT. The analysis was, looking toward the future air wing, the laydown of the aircraft that we intended to have—really, capability, starting from the Hawkeye, which is the manager—that's the radar plane—and then what we would have for electronic attack in our joint and strike fighters. Today, what do our potential adversaries have out there, and whether they're proliferating—it's not just one; these systems are proliferating—and what are they made up of? What kind of threats would we have in the future for what I call joint assured entry? When doing that, we realized we're at bare minimum right now. Yes, we are at requirement, but if this is going to grow, and this line is shutting down, and this capability is not available, and we are the entire DOD's source, I felt the opportunity existed to reduce risk operationally and reduce risk programmatically. It's time to act.

Senator MCCASKILL. I appreciate that, and I think this is one of those moments, you have these moments, because all of us are, frankly, sometimes appropriately accused of parochial concerns. This is a time that I almost wish that I wasn't from St. Louis, because I'm afraid that my advocating for this very important aircraft could be seen as parochial. In reality, Admiral, what I'm asking you, in fact, should be a national priority, not a parochial priority.

Admiral GREENERT. It is certainly a DOD priority, because we provide all airborne electronic attack. Again, there's another study coming, so I couldn't use that for analysis, but we looked at the last, and you've seen many of these. They don't get smaller.

Senator MCCASKILL. Right.

Admiral GREENERT. The future in the electromagnetic spectrum is expanding dramatically.

Senator MCCASKILL. It's going to explode. I just can't imagine that this isn't going to be one of our highest priorities, in terms of our readiness and capability for decades to come, because of the potential that's there.

I also wanted to talk to you—it made my heart beat a little faster, Secretary Mabus, when I read your opening statement before the hearing today, and I saw you talking about your estimated savings on contractual services, alone, of more than $2.5 billion. You're playing my song. I have worked very hard on the contracting piece, and seeing that you're going to have $15 billion of savings over 5 years, in terms of contractual services, is most of that attributable to cutting programs, or is most of that attributable to more aggressive contracting practices and getting a better bang for our buck?

Mr. MABUS. Door number two. Senator, you and I are both former State auditors. My father was probably the cheapest human that God ever saw fit to put on this Earth, and I am his son.

We spend $40 billion a year on service contracts, more than we do on acquisition. So we decided to take a close look at it. We've set up things like contract courts to have every contracting officer every year bring in their contracts and justify them. We have very senior oversight now of all contract activities. Some of these contracts just go on and on and get renewed whether they're needed or not. We are absolutely confident that we can save the $2.5 billion a year, and we're hopeful that we can do better than that.

It's hard, it's not just as obvious as cutting a program. It's where very large amounts of savings can be had. What we are getting to is the ability to track a dollar from the time it is appropriated by Congress all the way through the process to what do you get in that contract at the end for that dollar? It hasn't been an easy process. But we're a long way down the road and we're absolutely confident of the savings.

Senator MCCASKILL. These are the kinds of savings that is just money in the bank for all the needs we have. I hope their experiences in doing this and how you've done it will be taken to Secretary Hagel so that we can have some joint activity around the processes you're using and what you've learned in the process. Because I know that while I join with, I think, every member of this committee with grave concerns over the notion that we would get back into a sequestered environment and what it would mean to our military, at the same time I know there's still some squeezing we can do, especially in that contract arena.

Secretary Amos, I have to go vote, but I don't want to leave without recognizing the survey that was taken in the Marine Corps that has not gotten very much attention. In 2011 you conducted, in the Marine Corps, a survey on unwanted sexual contact and then you did another one last year, that the Department of the Navy did, that measured the prevalence of unwanted sexual contact. We found that it went down between 2011 and 2013. It decreased for both men and women from 2011 and 2013. Now I know that's because of a lot of factors, and part of it is that we are all working harder at it. I think the work that this committee has done has made a difference in terms of the environment in raising this problem to the very top of everyone's list. I also know we've had an increase in reporting.

That's the goal: decrease in incidence, increase in reporting. It looks like, for at least this year, we're on that track for your Service. I want to make sure that I recognize that I know you're working at it very hard and I just wanted to point out that we do have both of those things going on right now, an increase in reporting and a decrease of incidence. I think that's very important.

General AMOS. Senator, thank you. As you say, there's an enormous amount of work and attention being paid from the very senior level to include this committee and our President. My Service Secretary is absolutely committed to this thing, as are the CNO and myself. We have a lot going on. I guess you could probably say there's a lot of job-ones. But, this is one of those job-ones that is really important. We're just about 2 years into a campaign plan we

launched in July 2012. The vectors are encouraging. Nobody's dancing in the end zone in my Service right now. We have a lot of work to do so we're going to stay at it, Senator. You have my word on that.

Senator MCCASKILL. I know you will. Just as I think everyone in leadership of the military knows that I'm not going anywhere, and this is going to be something that I will continue. I've joked with some people. I was accused of coddling the command during this debate, and I said, "I think people have not been coming to the Armed Services hearings," because I don't think that would be the way they would characterize, typically, the aggressive questioning that sometimes I engage in, in order to make a point and hopefully make positive change for the military that we all care about so deeply, and more importantly, for the men and women who serve nobly and courageously.

I thank all of you for being here.

I know that members are coming back to ask questions. If I don't go now I'm going to miss this vote, so I'm going to recess the hearing briefly, and then I'm sure the chairman will be back momentarily to continue the hearing.

Thank you. [Recess.]

Chairman LEVIN [presiding]. The committee will come back to order.

I don't know if any colleagues are going to be coming back, but if their staff is here, let them know that I only have a few questions and then we will adjourn unless I have notice that a colleague is coming back.

Admiral Greenert, first, you made reference to an unfunded priority list. When will that list be coming in?

Admiral GREENERT. Mr. Chairman, it's due by April 18. I would like to have it within 2 weeks.

Chairman LEVIN. Alright. Now, we also get, I think, an unfunded list from the Marine Corps. Is that correct? General, there's an unfunded priority list which will be forthcoming from the Marine Corps as well?

General AMOS. Yes, sir, it'll all come in here shortly.

Chairman LEVIN. At the same time? Will they come the same time, generally?

General AMOS. Yes, sir.

Chairman LEVIN. Okay. We will also expect the list from the other Services, as the practice is.

Admiral, I wonder if you could tell us about the efforts that we're making relative to Malaysia Flight 370 if you're free to tell us that. Can you tell us what ships are steaming in that direction, what area they're going to, or what their mission will be? I guess we'll start with that if you have that information.

Admiral GREENERT. When the plane went down, we steamed a destroyer, the USS *Pinckney*, that happened to be in the area. That's the goodness of being where it matters, when it matters. Then we had another ship, just a few days later, the USS *Kidd*. Both of those ships steamed in the area until released. They were released within about 5 to 6 days because it was determined—when there became uncertainty as to the location, they said, "Look, we need to do an aerial search so we can do this." Although we had

aircraft there at the same time, and a more, I'd say, organized, or say, more organized laydown, we had a P–8, which is our maritime patrol, our new one, and a P–3, searching in a northern and a southern region. When the area shifted now to just a southern region, we are now working with the Australians and we fly one of our maritime patrol aircraft daily.

Chairman LEVIN. Are our ships going to go to the area where that debris field has been identified? Or are we going to just rely on our planes, in terms of our contribution?

Admiral GREENERT. Our contribution, when tasked, we will go to the debris field. I'm not familiar right now with which ship. We've agreed to provide a sensor—it's a pinger sensor, effectively, using remote and we'll deploy that from a ship. There'll be, as a minimum, an auxiliary ship of some sort that will go down there. I'll take that for the record and get you a synopsis of that.

[The information referred to follows:]

The following ships were in support of Malaysia Flight 370 search: USS *Kidd* (7 days underway), USS *Pickney* (6 days underway), USNS *Ericsson* (5 days underway), USNS *Charles Drew* (1 day underway), and USNS *Tippecanoe* (1 day underway), supported in the search for MH–370. All ships were released upon establishment of the Northern/Southern Corridors west of Australia.

There were no surface vessels utilized in the search for MH–370 in the search areas west of Australia. Two P–8 aircraft were used in the search, flying a total of 404.5 flight hours. One surface vessel, the USNS *Cesar Chavez* (20 days underway), was used for logistical support only.

Chairman LEVIN. Alright. But, as of right now, there's been no specific area where we have assigned our ships to go, as of right this moment?

Admiral GREENERT. Other than the one that would tow this search for the pinger, no, sir. Not at this time, that I'm aware of.

Chairman LEVIN. Okay. Alright, thanks.

Just a couple of questions. Let's see, I guess, Admiral, this might go to you as well. Let me start first with Secretary Mabus. The Navy is going to be conducting a review of the LCS program to assess options for future purchases, beyond the 32 ships currently approved. Is that correct?

Mr. MABUS. That's correct, Senator.

Chairman LEVIN. Will the Navy's review include the current designs derivatives of the current LCS designs and a new ship design?

Mr. MABUS. Senator, the review that was ordered by the Secretary of Defense—and I think it's very important as you pointed out to go exactly with what the Secretary has ordered—is that we do a review of the ship, as we do of almost every Navy type of ship, that there are three options coming out of this review. One, is to continue to build the LCS, as is; two, is to build a modified version of the LCS; and three, is to build a completely new ship. But the instruction also continues that we are to take cost and delivery time to the fleet into account. The only thing that has been paused now is that we are not to enter into contract negotiations past 32 ships. But that 32 ships will take us to 2019.

Chairman LEVIN. You're not to enter contract negotiations beyond that until this review is completed. Is that correct?

Mr. MABUS. That's correct. This review will be completed this year.

Chairman LEVIN. Alright.

Admiral, let me ask you about the survivability requirements for the LCS program. Are those requirements different than the survivability requirements for cruisers and destroyers?

Admiral GREENERT. Yes, sir, they are. There are levels of survivability, as we call them. Survivability three, that's a cruiser, destroyer, and carrier, and that means you take a missile hit, guns hit, mine, and maybe torpedo, and you continue to fight on. The militarization, if you will, the building standards, are different.

Level two, amphibious ships and some submarines. In that one, you are able to continue fighting on in some circumstances very late out.

Then, there's level one, and level one is where we have frigates and the LCS.

If I may, sir, the "survivability" is a broader term than we're giving it credit for. There are three elements to survivability. The susceptibility to get a hit—in other words, your ability to defend yourself; then there's the vulnerability—and that would be taking the shock, the effect of the hit itself, the compartmentalization; and then, lastly is the recovery, the damage control—firefighting, automatic firefighting, automatic dewatering, and all that. All of those go together.

We've looked at LCS and compared it with our frigate, which folks have been happy with, and it meets or exceeds the same standards of those elements of survivability and recoverability that I just laid out to you.

I will tell you, we can do a little bit more in susceptibility, but LCS does meet the standards in the design that we laid forward and everybody, if you will, signed up to. Sometimes the question is, "I want better survivability." That's fine. We can work on the susceptibility, and we do have a plan in place.

Chairman LEVIN. Now, are the requirements for LCS ships, in terms of survivability and the other elements mentioned, approved by the Joint Requirements Oversight Council?

Admiral GREENERT. Yes, sir, they were.

Chairman LEVIN. Okay. Are you a supporter of this ship?

Admiral GREENERT. I am, yes, sir.

Chairman LEVIN. Can you tell us why?

Admiral GREENERT. First of all, we need small surface combatants. I have 26. We need 52.

Number two, I look at the potential of this ship. All the discussions that we just had on survivability notwithstanding, we can get there in that regard, but this ship has the ability to grow. It has speed, it has volume, and it has capacity. We can put payloads in there, as we've proven and as we have in the program of record. We talk about it as only a counter-surface anti-submarine, if you will, and my warfare ship, but I think there's more because of the ability to grow, as we have just talked about with Secretary Mabus. We'll go to another flight, and that ship could look quite different although they're the same hull. If you look at our strike fighter, the Hornet, if you look at our destroyers, we're coming up on our fourth flight, and the very satisfying *Arleigh Burke*-class destroyers.

Chairman LEVIN. Thank you.

Senator Hirono?

Senator, would you, when you're done, if there's no one else here, would you then adjourn? If there is someone else here, would you then call upon them? Because I'm going to have to leave.

Senator HIRONO. Certainly.

Chairman LEVIN. Thank you.

Senator HIRONO. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you all very much for your testimony today.

Senator HIRONO [presiding]. I want to start by, of course, thanking you for your service, and all of the men and women that you lead and their commitment.

Secretary Mabus, as I was reading your testimony and you noted that there are four key factors that make our global presence and action possible, and one of these factors is the people. Your testimony went into some detail about your initiatives in regard to meeting the challenges of suicide, sexual assault, and alcohol-related incidents. I want to commend you for these initiatives, because this committee spent considerable time on the issue of sexual assault. I will have a continuing interest in the outcomes of your initiatives in this area.

Turning to my questions. You responded to a number of questions regarding your efforts to become more energy self-sufficient and to decrease our reliance on very expensive oil to fuel our efforts. I agree with you that over the long-term, that we do need to move toward energy self-sufficiency because that does enable us to pay for the soldiers, sailors, and the platforms that we're all talking about. I commend you for your forward thinking in this area. I wanted to ask you, what is the importance of R&D in helping the Navy meet the energy security goals that you've outlined and that you've set?

Mr. MABUS. R&D in this area, as in all areas, is one of the edges that we have. As I've said in an answer to a previous question, in terms of much of this alternative energy, we're there, in terms of production, in terms of what we can do now. There are still many areas that we need to research, that we need to look into because of potential for growth, potential for savings, potential to make us better warfighters. That's one of the reasons that we have fought so hard in this budget submission to protect R&D funding all across the Navy, because our people are our first edge; our technology and our R&D is the other edge that we bring in the world.

Senator HIRONO. Of course, I am very aware that there are efforts underway in Hawaii that are actually already saving money in this area.

Admiral Greenert, you mentioned that, due to fiscal constraints, the Department of the Navy will not meet the mandated capital investment of 6 percent across all shipyards and depots described in fiscal year 2015. The Navy projects an investment of 3.5 percent in fiscal year 2015, and the budget proposal does fund the most critical deficiencies related to productivity and safety at our naval shipyards. Of course, we have a very large naval shipyard in Hawaii, as well as in other States.

Can you comment to the importance of the sustainment, restoration, and modernization funding for the shipyards, and what the impact of this reduced level of capital investment will be?

Admiral GREENERT. Yes, Senator. It's more than just maintaining, if you will, buildings, utilities, and all that. It will increase the efficiency of the shipyard as well. We've seen payback in that.

I regret that we didn't meet that. I will tell you that I'm committed in the execution of this budget as we look for opportunities to reprogram money. It is my intention to do as much as feasible to do that. We'll look for other programs that aren't obligating right. This will be a priority of mine in a reprogramming request.

Senator HIRONO. I'm glad to hear that because I have certainly seen firsthand how, for example, modernizing of a shipyard really enables for better efficiency, not to mention the impact on the morale of the men and women who work in our shipyards. So thank you for your efforts.

General Amos, as the rotational movements in Hawaii continue for the marines around the Pacific and we in Hawaii are going to see an eventual movement of more troops, additional marines to our State from Okinawa, mainly, can you talk to the importance of the availability of training ranges for our marines as they rotate to Hawaii, for example?

General AMOS. Senator, I'd be happy to. We're joined at the hip with the Army National Guard and the Guard folks there in Hawaii right now, and the U.S. Army, with regards to the Pohakuloa Training Area (PTA) on the Big Island. There's a lot more that we can do there. There's discussion underway right now about building a runway, where we could land C–17s down there in the PTA area itself, making some building areas down there, temporary building areas, that both the Army and the Marine Corps could use, and the Guard when we deploy down there. We use our ground forces in Hawaii, that's really their sole ground training area. You can fire artillery, you can fire mortars, we can do air-to-ground there. It's significant for us, so it's very important for the forces that are there.

We're going to bring in another 900 marines over the next couple of years that will fall in on Kaneohe, on the facilities there. But even beyond that, the other 2,700 marines that we'll bring into the Hawaii area at the end of the Pacific realignment for us—it's one of the last things that happens, but it's 2,700 marines coming to Hawaii—and those are marines that will need training ranges and facilities. So this is very important.

Senator HIRONO. Thank you. I'll certainly do my part to make sure that the people of Hawaii understand the importance of the training facilities, because those kinds of issues can become very controversial in the community, with regard to Pohakuloa, Makua, and other areas.

I see my time is up and I don't see anyone else here.

I thank you, once again, for being here and for your testimony.

This committee is adjourned.

[Whereupon, at 12:42 p.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR BILL NELSON

EAST COAST STRATEGIC DISPERSAL

1. Senator NELSON. Secretary Mabus, the Future Years Defense Program (FYDP) accompanying this year's budget request did not include construction at Naval Sta-

tion Mayport necessary for accomplishing strategic dispersal of the carrier fleet on the east coast. This indicates there will be no progress towards achieving strategic dispersal through at least 2019. When do you anticipate the Navy will request to restart the initiative?

Mr. MABUS. The Navy remains committed to strategic dispersal of east coast carriers and intends to homeport a CVN in Mayport in the future. The current budgetary uncertainty prevents us from identifying a specific timeline. The decision has been made to defer the investment required to homeport a CVN in Mayport at this time due to fiscal constraints.

2. Senator NELSON. Secretary Mabus, do you anticipate having to reanalyze cost projections for the required military construction (MILCON)?

Mr. MABUS. Once the MILCON projects required to support homeporting a CVN at Mayport are programmed in a future year, the cost estimates will be refined to reflect current economic conditions and lessons learned from completed projects.

3. Senator NELSON. Secretary Mabus, one of the facilities which Mayport requires to be constructed to support a nuclear powered aircraft carrier is a nuclear controlled industrial facility (CIF). The Navy's estimate for building a CIF at Mayport was $150 million, while the Government Accountability Office (GAO) estimates the building should cost $35 to $95 million. After those estimates were produced, a CIF was completed in Portsmouth, VA, for $33 million. Why does the Navy estimate a facility at Mayport Naval Air Station would cost almost five times as much as the facility built in Virginia?

Mr. MABUS. Several factors contribute to the disparity in cost between the Norfolk Naval Shipyard (NNSY) CIF and Mayport: project scope, timing, and location. First, a direct one-for-one comparison of the NNSY CIF to Mayport cannot be made as several structures critical to operating a CIF already exist in Norfolk, but not in Mayport. Mayport cost estimates include construction costs for similar facilities.

Second, the Mayport CIF design is more robust to accommodate the increased potential for higher storm surges due to its location adjacent to the coast of Florida.

Third, the downturn in the economy after 2008 has led to a more favorable bidding climate nationwide. The award amount of $26.3 million for the NNSY CIF in 2012 reflects a winning bid in the current economic climate. In contrast, cost estimates for Mayport were prepared early in 2008 to inform the selection of a Preferred Alternative from among many different ship homeporting options as part of the 2008 Environmental Impact Statement. Estimates for all the Mayport options were very conservative, as they were based on preliminary data and took into consideration the post-Katrina cost escalations prevalent in Florida and the other Gulf Coast States at the time. Should the CIF be programmed in a future year, the estimate would be refined to reflect current economic conditions and lessons learned from constructing the CIF in Norfolk.

4. Senator NELSON. Secretary Mabus, are there lessons learned in the construction of the Virginia CIF that could be applied to Mayport?

Mr. MABUS. As with any MILCON project, there were lessons learned during the planning, design, and construction process for the CIF at NNSY. Should the Mayport CIF be programmed in the future, the estimate would be refined to reflect current economic conditions and lessons learned from completed projects.

AERIAL SURVEILLANCE, COMMAND, AND CONTROL

5. Senator NELSON. Admiral Greenert, this year's fiscal year 2015 procurement plan requests four E–2D aircraft in the base budget, with an additional aircraft purchased with the Opportunity, Growth, and Security Initiative (OGSI) funds. Can you please describe the difference in your ability to conduct aerial surveillance and command and control if the Navy is not allowed to procure all five E–2Ds?

Admiral GREENERT. The fifth E–2D currently in the President's budget request for fiscal year 2015 OGSI and on the Navy Unfunded Priority List (UPL) would provide additional flexibility to the Navy's Master Aviation Plan, mitigating the risk of potential delays to E–2C to E–2D transitions, and subsequent operational deployments. The Navy will transition all 10 of its carrier air wings from E–2C to E–2D and can only convert a particular squadron when 5 E–2Ds are built and delivered. Due to training and logistic constraints, operating with mixed E–2 squadrons of Cs and Ds is not effective or efficient. The multiyear procurement and future production plans average five aircraft per year, but fiscal year 2015 funding fell short resulting in only four E–2Ds.

The heart of the E–2D is the new mechanically-rotated, electronically-scanned radar, APY–9, and the 18-channel antenna, ADS–18. Combined with powerful new software and advanced computing power, the E–2D delivers anti-ship cruise missile defense against low observable targets over land and in denied access environments. Integrated with the other elements of Naval Integrated Fire Control-Counter Air (NIFC–CA), E–2D provides the carrier battle group with the highest level of survivability in the anti-access/area-denial (A2/AD) environment, thus increasing its lethality over the legacy E–2C.

P–8 RADAR PERFORMANCE

6. Senator NELSON. Admiral Greenert, I'm pleased to see the Navy's P–8 Maritime Reconnaissance plane being put to use in the Pacific. Can you please discuss how the Navy is addressing concerns about the P–8's radar performance, sensor integration, and data transfer capabilities that were raised in the Department of Defense's (DOD) December 2013 Director, Operational Test and Evaluation (DOT&E) report?

Admiral GREENERT. Initial operational test and evaluation (IOT&E) completed in March 2013 and evaluated the P–8A version 10 software. This evaluation was the basis for the DOT&E report. IOT&E identified four major operational test deficiencies tied to the intelligence collection mission area, all of which had been previously documented during Developmental Test (DT). The four deficiencies were: (1) incorrect radar SAR map elevation data; (2) smeared SAR imagery; (3) inability to connect to some SIPRNET web sites; and (4) inoperative specific emitter identification system.

P–8A version 20 software, released in June 2013, corrected the first three of these deficiencies. These corrections then were evaluated during DT in August 2013 and again during a follow-on test and evaluation (FOT&E) period which completed in March 2014. DT concluded that the version 20 software fixed or significantly reduced the severity of the first three deficiencies. Formal FOT&E results will be reported in the coming months. Additionally, version 20 software has been in use by the Fleet since the beginning of the first operational deployment in December 2013. To date, the Fleet has reported no problems with any of these first three deficiencies, confirming the success of the correction effort. A correction for the fourth and final deficiency (specific emitter identification system) is included in the P–8A version 40 software scheduled for release in July 2015.

QUESTIONS SUBMITTED BY SENATOR JEANNE SHAHEEN

BASE CLOSURE AND REALIGNMENT COMMISSION AND PORTSMOUTH NAVAL SHIPYARD

7. Senator SHAHEEN. Admiral Greenert, as you are aware, DOD has recently announced that it intends to request another Base Realignment and Closure (BRAC) round from Congress. As chairman of the Readiness and Management Support Subcommittee, I fully appreciate DOD's fiscal challenges, particularly our critical readiness shortfalls. However, I strongly disagree that another BRAC round is needed at this time, and I will not support one in the upcoming National Defense Authorization Act (NDAA). I was heartened by your statement in Florida last week that you "did not see a need for BRAC" within the Navy. Could you please speak to the importance of supporting our shipyards and maintenance facilities so that we continue to maintain this critical capability?

Admiral GREENERT. Navy shipyards and maintenance facilities are vital to Fleet readiness. Naval shipyards provide organic capability to perform depot/intermediate-level maintenance, modernization, emergency repair work on nuclear-powered aircraft carriers/submarines, and complement the private sector's capability for conventional surface ship maintenance. It is critical that Navy maintains this capability to meet current operational requirements and achieve the expected platform service life of surface ships, aircraft carriers, and submarines.

DEFENSE INDUSTRIAL BASE

8. Senator SHAHEEN. Admiral Greenert, when Mr. Work testified before this committee last month, he described the U.S. shipbuilding industrial base as "under pressure." Last year, the Navy projected the population of expert and highly experienced shipyard employees to decline by over 40 percent. Are you concerned about the health of the defense industrial base with regards to shipbuilding generally and submarines in particular?

Admiral GREENERT. The shipbuilding industrial base necessary to build and maintain platforms for defense relies on a complex, heavy industry where ships are procured at very low annual production rates that require significant capital investment and infrastructure, coupled with a wide range of technical capabilities designed for operations at sea, undersea, and air, often requiring unique design and engineering skills. Accordingly, lead ship design contracts and modifications to existing ships are the primary means for maintaining shipbuilding design engineering skills in the United States. A stable industrial base is required to ensure minimum sustainable work force employment levels and retention of critical skills to meet both design and construction requirements.

Today, we do have some sectors of the shipbuilding industrial base that are healthier than others. However, there are not enough ships being built to sustain all sectors of the industrial base at an optimal level. Together with Congress, the Navy has worked hard to provide stability, via multi-year and block-buy contracts, to a number of our shipbuilding programs, which has had a positive effect on those shipbuilders and vendors. While our auxiliary shipbuilding sector has been bolstered by recent commercial new construction orders, these orders provide only near-term workload, and future commercial orders are viewed as less probable. Combined with a reduced backlog and projected Navy orders of only one amphibious ship and eight auxiliary ships within the FYDP, this means that the amphibious and auxiliary shipbuilding sector is most at risk.

Our submarine industrial base is at its most robust and healthy level in over 15 years due to the two per year *Virginia*-class multi-year procurement. However, the Navy has not designed a new ballistic missile submarine since the 1970s or built one since the last *Ohio*-class delivered in 1997. We are taking the necessary steps to restart a dormant missile tube and launch tube industrial base.

9. Senator SHAHEEN. Admiral Greenert, I was pleased to see that the Navy is continuing with its plans to procure 21 new *Virginia*-class submarines by 2020. Do you feel confident that the Navy's submarine procurement plan is adequate, particularly given that the overall number of submarines is set to decline and China is expanding its own capabilities in this area?

Admiral GREENERT. The 2012 Force Structure Assessment (FSA) determined that 48 attack submarines is the minimum required for the Navy to meet all mission areas outlined in the Defense Strategic Guidance (DSG).

According to our President's budget for fiscal year 2015 30-year ship building plan, submarine force structure slowly declines below the 48 SSN minimum requirement from 2025–2034, with a low of 41 from 2028–2030. Navy is mitigating this shortfall through three parallel efforts: continuing procurement of two *Virginia*-class submarines per year, reducing the construction span of *Virginia*-class submarines, and extending the service lives of selected attack submarines. Continued procurement of two *Virginia*-class SSNs per year mitigates the severity of the SSN shortfall while maintaining a balanced portfolio throughout the other Navy ship building programs within the fiscal guidance provided.

If we return to the Budget Control Act of 2011 (BCA) revised discretionary caps in fiscal year 2016, we will be compelled to reduce force structure to ensure we maintain a balanced, ready force under the reduced fiscal topline. Under BCA level funding, the Navy will not be able to sustain two *Virginia*-class procurements a year resulting in an even lower number of attack submarines.

SEA-FLOOR SCARRING

10. Senator SHAHEEN. Admiral Greenert, submarines and other ocean vessels produce wakes that can alter water column stresses. In littoral zones containing moveable sediment, these wakes have the potential to leave a vessel-specific signature in bottom roughness patterns. The bottom roughness signature is characterized by the ripple wavelength, height, and orientation. A modification of this roughness due to local modification of the water column and bottom stresses can result in temporary sea-floor scarring. Harnessing this technology could yield significant benefits for the Navy. Can you describe to what extent the Navy has evaluated, or is currently studying, the potential of sea scarring and its ability to aid undersea operations?

Admiral GREENERT. The Navy currently has no program of record to evaluate or study the potential of sea scarring and its ability to aid in undersea operations.

SPECIAL OPERATIONS CRAFT

11. Senator SHAHEEN. Admiral Greenert, one of the persistent challenges for Special Operations Craft is balancing high-speed, open ocean capability with substantial shock and vibration experienced by operators under those conditions. Repeated exposure can lead to discomfort, injury, and performance degradation. Can you describe the U.S. Special Operations Command's (SOCOM) efforts to develop or support commercially available platforms that could address this issue?

Admiral GREENERT. I appreciate your concerns about our special operators, but I defer to Admiral McRaven to provide the answer to your question on SOCOM's small craft acquisition efforts.

12. Senator SHAHEEN. Admiral Greenert, is SOCOM working with the Office of Naval Research or other DOD RDT&E programs on a solution to this challenge?

Admiral GREENERT. I know that NAVSEA Naval Surface Warfare Center (NSWC) Panama City and NSWC Carderock Division, Norfolk Detachment are working with SOCOM, however I defer to Admiral McRaven to provide more specifics on Special Operations craft-related research and development (R&D) efforts.

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

MEETING AND SUSTAINING THE FLEET SIZE GOAL OF 300 SHIPS

13. Senator INHOFE. Secretary Mabus and Admiral Greenert, the Navy's long-range 30-year ship acquisition plan calls for a 306-ship fleet. The Navy's plan calls for building a new *Ford*-class aircraft carrier only every 5 years. How do you reconcile this budget and the FYDP with achieving and sustaining that 306-ship goal, in both the near-term and over the next 30 years?

Mr. MABUS and Admiral GREENERT. The fiscal year 2015 President's budget fully funds the construction of naval vessels in the fiscal years 2015 to 2019 FYDP. This budget also builds and maintains a battle force inventory of near or above 300 ships, and ultimately achieves the 2012 FSA objective of 306 battle force ships.

Within the long-range 30-year shipbuilding plan, both in the FYDP and across the 30-year period, CVN procurement remains on 5-year centers, meeting the requirement of 11 carriers, as validated by the 2012 FSA, in fiscal year 2016 with the delivery of the *Gerald R. Ford* (CVN–78) through fiscal year 2039. The use of incremental funding mitigates funding spikes in the Shipbuilding and Conversion, Navy appropriation, and allows the Navy to procure these large capital ships and apply funding to other shipbuilding programs concurrently. This is a more practical and effective procurement strategy that enables the Navy to reach its force structure goals.

Building CVNs on 5-year centers is more fiscally sustainable, but will ultimately arrive at a CVN force of 10 carriers, as shown in the 30-year shipbuilding plan beginning in fiscal year 2040 based on an expected service life of 50 years. With the current CVN force at 10 ships until CVN–78 delivers in fiscal year 2016, the department has looked at the risk to operational plans and presence requirements. Changes in maintenance and operation strategies such as implementing the Optimized Fleet Response Plan will mitigate the risks associated with having a 10-carrier force.

In addition, over the next 25 years, several factors could influence the force structure requirement necessary in fiscal year 2040, such as changes to the presence requirement, our ability to fulfill requirements based on the capabilities of new and modernized payloads and platforms, the global environment, and the defense strategy. Technology could also advance over the next 25 years to enable us to extend the service life of the *Ford*-class aircraft carriers. The department supports the current acquisition plan to meet today's defense strategy, and continues to review the force structure requirement and long-range shipbuilding plan every year.

14. Senator INHOFE. Secretary Mabus, if sequestration continues in full until 2023, what size fleet are we likely to see and how would that alter the Navy's presence mission? At a certain point doesn't quantity have a quality all its own?

Mr. MABUS. If sequestration continues in fiscal year 2016 and beyond, one potential scenario could result in a fleet size of 304 ships. However, sustaining forward presence would continue to be a high priority for the Navy. One of the key areas of the Quadrennial Defense Review's updated strategy is "rebalancing and sustaining our presence and posture abroad" and it requires the Navy to "continue to build a future fleet that is able to deliver the required presence and capabilities and address the most important warfighting scenarios." Even under sequestration, Navy

would continue to utilize cost-effective approaches to sustaining forward presence, such as forward basing, forward operating, and forward stationing ships.

Capacity does impact the Navy's ability to fulfill the defense missions, primarily in our ability to surge forces and deploy within 30 days. If sequestration continues, we would have a reduced surge capacity and reduced ability to conduct more than one multi-phased major contingency simultaneously.

15. Senator INHOFE. Secretary Mabus, with a smaller fleet we will see longer deployments, and as our experience from the 1970s shows, won't that lead to personnel retention and loss of critical experienced personnel?

Mr. MABUS. I disagree with the opening premise of the question; we will not have a smaller fleet. There were 316 ships in the fleet on September 11, 2001, and 278 ships in 2008. We are growing the fleet to over 300 ships before the end of the decade, assuming we can avoid returning to sequestration.

That said, longer deployments can present retention challenges, which Navy is addressing through the Optimized Fleet Response Plan (OFRP) and special and incentive pays. OFRP will result in more predictable deployment schedules, improved quality of work, enhanced quality of life and an acceptable personnel tempo. In recognition of longer deployments and the arduous nature of sea duty, Navy is increasing career sea pay and career sea pay premium rates, and is pursuing authority from the Office of the Secretary of Defense (OSD) to pay sailors for extended deployments. Funding for these special and incentive pays is included in the President's budget.

16. Senator INHOFE. Secretary Mabus, if the long-range plan is to only build a *Ford*-class aircraft carrier every 5 years, and assuming a service life for the carriers of 50 years, then is that not effectively going to only a 10-aircraft carrier-deployable force instead of the 11 required by law?

Mr. MABUS. Based on the current schedule, the aircraft carrier force structure will be restored to 11 CVNs with the projected delivery of CVN–78 in 2016. The current construction schedule for *Ford*-class carriers, as depicted in the Navy's 30-year shipbuilding plan, maintains a force structure of at least 11 carriers until 2039, after which the fleet is currently projected to be reduced to 10 CVNs without any major changes in the interim 24 years.

SHIP COUNTING RULES CHANGE

17. Senator INHOFE. Secretary Mabus and Admiral Greenert, the Navy's budget reflects a revision to its ship counting rules. Please explain why the Navy has made this change?

Mr. MABUS and Admiral GREENERT. Our decision to change the ship counting procedures was not without careful thought and planning to ensure that we are accurately representing the Fleet and how we are delivering the capability needed to conduct the missions outlined in the DSG. The new counting methodology provides flexibility to the combatant commanders to assess the near-term environment and changing situations faced in meeting the demands of the DSG. This will include Forward Deployed Naval Forces (FDNF), whether self-deployable or non-self-deployable, being added to the battle force count dependent on the mission, location, and required capabilities.

The new counting methodology allows ship types routinely requested by the combatant commanders and allocated through the Global Force Management Allocation Plan (GFMAP) to be counted on a case-by-case basis with the recommendation of the Chief of Naval Operations and approved by the Secretary of the Navy. This will be a temporary authorization to include these ships in the ship count and will remain in effect until the ships are no longer requested in the GFMAP or are retired (whichever occurs first).

18. Senator INHOFE. Secretary Mabus, how are the new ship counting rules more flexible in response to GFMAP and combat command demand signals?

Mr. MABUS. Our decision to change the ship counting procedures was not without careful thought and planning to ensure that we are accurately representing the Fleet and how we are delivering the capability needed to conduct the missions outlined in the DSG. The new counting methodology provides flexibility to the combatant commanderss to assess the near-term environment and changing situations faced in meeting the demands of the DSG. This will include FDNFs, whether self-deployable or non-self-deployable, being added to the battle force count dependent on the mission, location, and required capabilities.

The new counting methodology allows ship types routinely requested by the combatant commanders and allocated through the GFMAP to be counted on a case-by-case basis with the recommendation of the Chief of Naval Operations and approved by the Secretary of the Navy. This will be a temporary authorization to include these ships in the ship count and will remain in effect until the ships are no longer requested in the GFMAP or are retired (whichever occurs first).

19. Senator INHOFE. Secretary Mabus and Admiral Greenert, the Navy's budget reflects a revision to its ship counting rules. What would have been the number of ships before this change was made?

Mr. MABUS and Admiral GREENERT. Under the new counting methodology, the battle force will be 284 ships at the end of fiscal year 2015 and 309 ships at the end of fiscal year 2019. Under the previous counting rules the overall battle force inventory would have been 274 ships at the end of fiscal year 2015 and 301 ships at the end of fiscal year 2019.

20. Senator INHOFE. Secretary Mabus and Admiral Greenert, the Navy's budget reflects a revision to its ship counting rules. Should we also be counting those ships in an extended 3- to 4-year overhaul as a combat readily deployable ship?

Mr. MABUS and Admiral GREENERT. Yes, the Department of the Navy believes that we should continue to include ships in extended overhaul as part of the battle force inventory because they are still "combat capable ships that contribute to warfighting missions, specific combat support missions, or service support missions," as described in Secretary of the Navy Instruction 5030.8B. These ships could still be returned to service should the security environment demand additional ships. At any given point in time and on a continuing basis, all battle force ships enter some type of maintenance or modernization availability lasting from several weeks, to several months and even several years. Not being "combat readily deployable" does not change the ship's status as an inventory asset to the Navy.

BIOFUELS

21. Senator INHOFE. Secretary Mabus, you note in your testimony that, "we now are working with four companies that will—that are obligated to provide us with 163 million gallons of biofuel at 2016 at less than $3.50 a gallon." Are these amounts actually assumed in your budget submission estimates? Please clarify any differences.

Mr. MABUS. If all four Defense Production Act (DPA) companies are selected for Phase II funding awards, those companies have committed to provide the domestic fuels market with more than 160 million gallons of advanced drop-in, military compatible biofuels. The weighted average price of this fuel will be less than $3.50 with production beginning in 2016.

The funding for nearly all operational, conventional and alternative, fuel purchases comes from the Defense Working Capital Fund (DWCF) and will continue to do so for the foreseeable future. The DWCF is a revolving fund of operations and maintenance (O&M) dollars. Each year the Navy submits the total number of gallons of fuel it will need to conduct its mission. The price Navy will pay for fuel is set by the Comptroller in OSD. As a matter of policy, DOD will only purchase bulk quantities of alternative fuels that are cost-competitive with conventional fuels. Therefore, there are no additional budget estimates submitted to account for operational purchases of alternative fuels. The fuel being produced by the DPA companies is "drop-in" meaning it will be mixed into the general fuel pool and indistinguishable from conventional products.

OPPORTUNITY, GROWTH, AND SECURITY INITIATIVE

22. Senator INHOFE. Secretary Mabus, the administration has proposed the OGSI as a means to provide additional funding above the BCA caps as a part of this budget: the administration's initiative would provide for $56 billion in total of which $28 billion would go to DOD. In addition, the DOD budget request includes amounts roughly about $29 billion per-year between fiscal year 2016 and fiscal year 2019, totaling $115 billion. What is the Navy's share of the administration's OGSI for the fiscal year 2015 requested amount of $28 billion?

Mr. MABUS. The Department of the Navy's share of the $28 billion requested for DOD is $9 billion. Of the $9 billion, $7.6 billion was for Navy and $1.4 billion was for Marine Corps.

23. Senator INHOFE. Secretary Mabus, what is the Navy's share of the $115 billion included in the DOD budget request in the out-years by fiscal year, fiscal years 2016–2019?

Mr. MABUS. The OGSI is a 1-year request in fiscal year 2015 to accelerate readiness improvements that are proposed more gradually in the fiscal year 2015 President's budget submission. Currently, there is no OGSI request for fiscal years 2016–2019.

The DOD's fiscal year 2015 President's budget submission includes $115 billion in funding above the revised discretionary caps of the BCA of 2011 for fiscal years 2015–2019. The Navy's share for fiscal years 2016–2019 by fiscal year is estimated as follows:

Fiscal Year 2016: $11 billion
Fiscal Year 2017: $9 billion
Fiscal Year 2018: $8 billion
Fiscal Year 2019: $6 billion
Total Fiscal Years 2016–2019: $34 billion

24. Senator INHOFE. Secretary Mabus, can you provide the specific line item (amount and effort) details of the OGSI request?

Mr. MABUS. Yes, the line item detail, including funding, is provided in the DOD report attached. The report is organized by Appropriation type (e.g., O&M, procurement, et cetera) and with each appropriation is line item detail.

Opportunity, Growth, and Security Initiative
Fiscal Year 2015

March 2014

Office of the Under Secretary of Defense (Comptroller)

OPPORTUNITY, GROWTH, AND SECURITY INITIATIVE

For FY 2015, the President's Budget includes a separate, fully paid-for, $56 billion Opportunity, Growth, and Security (OGS) Initiative. The OGS Initiative, which is split evenly between defense and non-defense funding, shows how additional discretionary investments in 2015 can spur economic progress, promote opportunity, and strengthen national security. For the Department of Defense, the OGS Initiative proposes additional funding of $26.4 billion in FY 2015. These funds are not reflected in the main DoD budget request of $495.6 billion

The budget documents issued by the Office of Management and Budget provide additional detail on the OGS Initiative and the balanced package of mandatory spending cuts and tax loophole closers that will offset its discretionary spending increases. The OGS Initiative includes FY 2015 DoD funding in three key areas:

Making Faster Progress toward Restoring Readiness

Sequestration degraded readiness throughout the Joint Force by requiring sharp cuts to training, maintenance, and support. Although the base budget provides the resources needed to gradually restore readiness and balance, it does not provide funds to accelerate readiness improvements in FY 2015. The OGS Initiative provides the resources needed in FY 2015 to make faster progress by supporting increased activity at depot maintenance facilities around the country; greater training support; and increases in funding for fuel, spare parts, and transportation costs. Some specific examples include increased readiness and training range support for the Air Force, increased training and base support for the Army, increased aviation depot maintenance funding for the Navy; and increased training and Intelligence, Surveillance, and Reconnaissance operations for U.S. Special Operations Command.

Accelerating Modernization of Key Weapons Systems:

Consistent with the reductions in discretionary spending required by the Budget Control Act of 2011 and the Bipartisan Budget Act of 2013, DoD has reduced or slowed down planned purchases of a variety of weapons systems and equipment in recent years. The OGS Initiative would allow DoD to accelerate the schedules for developing and buying new or upgraded systems in order to ensure that the United States maintains technological superiority over any potential adversaries. For example, the OGS Initiative provides enhanced resources for procurement of manned and unmanned aircraft, helicopters, ground vehicles, and communication systems.

Improving DoD Facilities Across the Country

Sequestration required significant cuts to funding for DoD facilities, forcing the Department to defer some sustainment, restoration, and modernization (SRM) projects as well as some military construction projects. The base budget provides the funds necessary to keep DoD bases, housing, and other facilities safe, secure, and operational in the near term but not enough to keep up with long-term deterioration. The OGS Initiative adds additional resources for SRM and construction at DoD installations across the country that will generate jobs and avoid some larger than necessary future costs to replace buildings, roads, runways, and other facilities.

The following pages list the appropriation, budget activity and line item details of the Department's OGS initiative.

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Department of Defense
Opportunity, Growth & Security Initiative
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Department of Defense Summary
Total Obligational Authority
(Dollars in Thousands)

March 2014

Appropriation	FY 2015
Department of the Army	
Operation & Maintenance, Army	2,688,326
Operation & Maintenance, Army Res	551,710
Operation & Maintenance, ARNG	919,254
Aircraft Procurement, Army	1,397,368
Research, Development, Test & Eval, Army	316,433
Environmental Restoration, Army	4,677
Missile Procurement, Army	25,010
Procurement of W&TCV, Army	218,721
Procurement of Ammunition, Army	371,541
Other Procurement, Army	984,960
Total Department of the Army	**7,478,000**
Department of the Navy	
Military Construction, Navy	1,458,793
Operation & Maintenance, Navy	3,667,289
Operation & Maintenance, Marine Corps	205,100
Operation & Maintenance, Navy Res	34,319
Operation & Maintenance, MC Reserve	3,900
Mil. Con., Naval Reserve	61,829
Department of Defense Base Closure Account - Navy	40,000
Environmental Restoration, Navy	101,000
Research, Development, Test & Eval, Navy	493,080
Aircraft Procurement, Navy	2,235,890
Fam Housing Construction, Navy & Marine Corps	76,876
Weapons Procurement, Navy	86,660
Procurement of Ammo, Navy & MC	64,924
Shipbuilding and Conversion, Navy	97,060
Other Procurement, Navy	282,780
Procurement, Marine Corps	64,500
Total Department of the Navy	**8,974,000**
Department of the Air Force	
Military Construction, Air Force	1,159,000
Operation & Maintenance, Air Force	1,885,878
Mil. Con., Air National Guard	139,200
Mil. Con., Air Force Reserve	73,700
Operation & Maintenance, AF Reserve	44,769
Operation & Maintenance, ANG	166,000
Research, Development, Test & Eval, AF	903,719
Aircraft Procurement, Air Force	2,169,473
Procurement of Ammunition, Air Force	19,061
Other Procurement, Air Force	418,200
Total Department of the Air Force	**6,979,000**

Department of Defense
Opportunity, Growth & Security Initiative
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Department of Defense Summary
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March 2014

Appropriation	FY 2015
Defense-Wide	
Military Construction, Defense-Wide	55,408
Operation and Maintenance, Defense-Wide	289,484
Research, Development, Test & Eval, DW	282,000
Procurement, Defense-Wide	235,108
Total Defense-Wide	**862,000**
Total Department of Defense	**24,293,000**
Classified Programs	2,107,000
Grand Total Department of Defense	**26,400,000**

Department of Defense
Opportunity, Growth & Security Initiative
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Operation and Maintenance
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Appropriation	FY 2015
Operation and Maintenance	
Department of the Army	
Operation & Maintenance, Army	2,688,326
Operation & Maintenance, Army Res	551,710
Operation & Maintenance, ARNG	919,254
Environmental Restoration, Army	4,677
Total Department of the Army	**4,163,967**
Department of the Navy	
Operation & Maintenance, Navy	3,667,289
Operation & Maintenance, Marine Corps	205,100
Operation & Maintenance, Navy Res	34,319
Operation & Maintenance, MC Reserve	3,900
Environmental Restoration, Navy	101,000
Total Department of the Navy	**4,011,608**
Department of the Air Force	
Operation & Maintenance, Air Force	1,885,878
Operation & Maintenance, AF Reserve	44,769
Operation & Maintenance, ANG	166,000
Total Department of the Air Force	**2,096,647**
Defense-Wide	
Operation and Maintenance, Defense-Wide	289,484
Total Defense-Wide	**289,484**
Total Operation and Maintenance	**10,561,706**

Department of Defense
Opportunity, Growth & Security Initiative
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Operation and Maintenance
Total Obligational Authority
(Dollars in Thousands)

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Item Nomenclature		FY 2015	Sec
Operation & Maintenance, Army		**2,688,326**	
01 Operating Forces			
111	Maneuver Units	105,506	U
112	Modular Support Brigades	13,308	U
113	Echelons Above Brigade	86,602	U
115	Land Forces Operations Support	32,691	U
116	Aviation Assets	209,916	U
121	Force Readiness Operations Support	41,128	U
122	Land Forces Systems Readiness	129	U
123	Land Forces Depot Maintenance	290,613	U
131	Base Operations Support	1,019,890	U
132	Facilities Sustainment, Restoration & Modernization	413,395	U
Operating Forces Total		**2,213,178**	
02 Mobilization			
211	Strategic Mobility	20,852	U
Mobilization Total		**20,852**	
03 Training and Recruiting			
311	Officer Acquisition	939	U
312	Recruit Training	2,011	U
313	One Station Unit Training	1,475	U
321	Specialized Skill Training	88,632	U
322	Flight Training	23,574	U
323	Professional Development Education	20,081	U
324	Training Support	88,783	U
334	Civilian Education and Training	13,411	U
Training and Recruiting Total		**238,906**	
04 Admin & Srvwide Activities			
421	Servicewide Transportation	93,705	U
423	Logistic Support Activities	8,459	U
424	Ammunition Management	5,000	U
432	Servicewide Communications	67,831	U
434	Other Personnel Support	3,000	U
435	Other Service Support	5,161	U
441	International Military Headquarters	129	U
Admin & Srvwide Activities Total		**183,285**	
	Classified Programs	32,105	U
Operation & Maintenance, Army Total		**2,688,326**	

Department of Defense
Opportunity, Growth & Security Initiative
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Operation and Maintenance
Total Obligational Authority
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Item Nomenclature		FY 2015	Sec
Operation & Maintenance, Army Res		**551,710**	
01 Operating Forces			
112	Modular Support Brigades	5,960	U
113	Echelons Above Brigade	122,977	U
114	Theater Level Assets	10,648	U
115	Land Forces Operations Support	3,730	U
116	Aviation Assets	12,375	U
121	Force Readiness Operations Support	35,214	U
122	Land Forces Systems Readiness	7,605	U
123	Land Forces Depot Maintenance	82,511	U
131	Base Operations Support	196,770	U
132	Facilities Sustainment, Restoration & Modernization	73,920	U
Operating Forces Total		**551,710**	
Operation & Maintenance, Army Res Total		**551,710**	
Operation & Maintenance, ARNG		**919,254**	
01 Operating Forces			
111	Maneuver Units	198,318	U
112	Modular Support Brigades	21,254	U
113	Echelons Above Brigade	107,650	U
114	Theater Level Assets	11,436	U
115	Land Forces Operations Support	24	U
116	Aviation Assets	63,946	U
121	Force Readiness Operations Support	66,851	U
122	Land Forces Systems Readiness	6,097	U
123	Land Forces Depot Maintenance	54,460	U
131	Base Operations Support	300,927	U
132	Facilities Sustainment, Restoration & Modernization	83,465	U
133	Management and Operational Headquarters	4,000	U
Operating Forces Total		**918,428**	
04 Admin & Srvwd Activities			
432	Servicewide Communications	826	U
Admin & Srvwd Activities Total		**826**	
Operation & Maintenance, ARNG Total		**919,254**	

Department of Defense
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(Dollars in Thousands)

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Item Nomenclature		FY 2015	Sec
Environmental Restoration, Army		**4,677**	
01 Department Of The Army			
493	Environmental Restoration, Army	4,677	U
Department Of The Army Total		**4,677**	
Environmental Restoration, Army Total		**4,677**	
Operation & Maintenance, Navy		**3,667,289**	
01 Operating Forces			
1A1A	Mission and Other Flight Operations	40,158	U
1A2A	Fleet Air Training	43,190	U
1A5A	Aircraft Depot Maintenance	135,100	U
1A6A	Aircraft Depot Operations Support	1,100	U
1A9A	Aviation Logistics	413,736	U
1B1B	Mission and Other Ship Operations	99,041	U
1B2B	Ship Operations Support & Training	12,398	U
1B5B	Ship Depot Operations Support	39,800	U
1C1C	Combat Communications	257	U
1C2C	Electronic Warfare	3,227	U
1C3C	Space Systems and Surveillance	931	U
1C4C	Warfare Tactics	26,876	U
1C6C	Combat Support Forces	15,900	U
1D3D	In-Service Weapons Systems Support	7,431	U
1D4D	Weapons Maintenance	24,723	U
1Z1Z	NWCF Support	165,471	U
BSM1	Sustainment, Restoration and Modernization	2,297,572	U
BSS1	Base Operating Support	115,202	U
Operating Forces Total		**3,442,113**	
03 Training and Recruiting			
3A1J	Officer Acquisition	1,857	U
3B1K	Specialized Skill Training	117,506	U
3B3K	Professional Development Education	6,202	U
3B4K	Training Support	8,274	U
3C1L	Recruiting and Advertising	39,113	U
3C3L	Off-Duty and Voluntary Education	1,143	U
Training and Recruiting Total		**174,095**	

Department of Defense
Opportunity, Growth & Security Initiative
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Operation and Maintenance
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(Dollars in Thousands)

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Item Nomenclature		FY 2015	Sec
04 Admin & Srvwd Activities			
4A4M	Military Manpower and Personnel Management	19,337	U
4A5M	Other Personnel Support	1,194	U
4A6M	Servicewide Communications	23,366	U
4B2N	Planning, Engineering and Design	1,239	U
4B7N	Space and Electronic Warfare Systems	2,445	U
4C1P	Naval Investigative Service	3,500	U
Admin & Srvwd Activities Total		**51,081**	
Operation & Maintenance, Navy Total		**3,667,289**	
Operation & Maintenance, Marine Corps		**205,100**	
01 Operating Forces			
1A1A	Operational Forces	33,800	U
BSM1	Sustainment, Restoration & Modernization	171,300	U
Operating Forces Total		**205,100**	
Operation & Maintenance, Marine Corps Total		**205,100**	
Operation & Maintenance, Navy Res		**34,319**	
01 Operating Forces			
1A1A	Mission and Other Flight Operations	969	U
1C6C	Combat Support Forces	441	U
BSIT	Enterprise Information	9,800	U
BSMR	Sustainment, Restoration and Modernization	22,720	U
Operating Forces Total		**33,930**	
04 Admin & Srvwd Activities			
4A4M	Military Manpower and Personnel Management	389	U
Admin & Srvwd Activities Total		**389**	
Operation & Maintenance, Navy Res Total		**34,319**	

Department of Defense
Opportunity, Growth & Security Initiative
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(Dollars in Thousands)

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Item Nomenclature		FY 2015	Sec
Operation & Maintenance, MC Reserve		**3,900**	
01 Operating Forces			
BSM1	Sustainment, Restoration and Modernization	3,900	U
Operating Forces Total		**3,900**	
Operation & Maintenance, MC Reserve Total		**3,900**	
Environmental Restoration, Navy		**101,000**	
02 Department Of The Navy			
044G	Environmental Restoration, Navy	101,000	U
Department Of The Navy Total		**101,000**	
Environmental Restoration, Navy Total		**101,000**	
Operation & Maintenance, Air Force		**1,885,878**	
01 Operating Forces			
011C	Combat Enhancement Forces	241,763	U
011D	Air Operations Training (OJT, Maintain Skills)	172,274	U
011M	Depot Maintenance	36,225	U
011R	Facilities Sustainment, Restoration & Modernization	1,194,013	U
012A	Global C3I and Early Warning	3,510	U
012C	Other Combat Ops Spt Programs	28,870	U
012F	Tactical Intel and Other Special Activities	6,890	U
Operating Forces Total		**1,683,545**	
02 Mobilization			
021D	Mobilization Preparedness	940	U
021R	Facilities Sustainment, Restoration & Modernization	48,507	U
Mobilization Total		**49,447**	
03 Training and Recruiting			
031R	Facilities Sustainment, Restoration & Modernization	21,986	U
Training and Recruiting Total		**21,986**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Operation and Maintenance
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
04 Admin & Srvwd Activities			
041A	Logistics Operations	41,000	U
041R	Facilities Sustainment, Restoration & Modernization	84,300	U
042B	Servicewide Communications	5,600	U
Admin & Srvwd Activities Total		**130,900**	
Operation & Maintenance, Air Force Total		**1,885,878**	
Operation & Maintenance, AF Reserve		**44,769**	
01 Operating Forces			
011R	Facilities Sustainment, Restoration & Modernization	44,769	U
Operating Forces Total		**44,769**	
Operation & Maintenance, AF Reserve Total		**44,769**	
Operation & Maintenance, ANG		**166,000**	
01 Operating Forces			
011G	Mission Support Operations	789	U
011R	Facilities Sustainment, Restoration & Modernization	165,211	U
Operating Forces Total		**166,000**	
Operation & Maintenance, ANG Total		**166,000**	
Operation and Maintenance, Defense-Wide		**289,484**	
01 Operating Forces			
1PL2	Special Operations Command/Operating Forces	259,484	U
Operating Forces Total		**259,484**	
04 Administration and Servicewide Activities			
4GT3	Civil Military Programs	30,000	U
Administration and Servicewide Activities Total		**30,000**	
Operation and Maintenance, Defense-Wide Total		**289,484**	
Operation and Maintenance Total		**10,561,706**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Appropriation	FY 2015
Procurement	
Department of the Army	
Aircraft Procurement, Army	1,397,368
Missile Procurement, Army	25,010
Procurement of W&TCV, Army	218,721
Procurement of Ammunition, Army	371,541
Other Procurement, Army	984,960
Total Department of the Army	**2,997,600**
Department of the Navy	
Aircraft Procurement, Navy	2,235,890
Weapons Procurement, Navy	86,660
Procurement of Ammo, Navy & MC	64,924
Shipbuilding and Conversion, Navy	97,060
Other Procurement, Navy	282,780
Procurement, Marine Corps	64,500
Total Department of the Navy	**2,831,814**
Department of the Air Force	
Aircraft Procurement, Air Force	2,169,473
Procurement of Ammunition, Air Force	19,061
Other Procurement, Air Force	418,200
Total Department of the Air Force	**2,606,734**
Defense-Wide	
Procurement, Defense-Wide	235,108
Total Defense-Wide	**235,108**
Total Procurement	**8,671,256**

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature	FY 2015 Quantity	FY 2015 Cost	Sec
Aircraft Procurement, Army		1,397,368	
01 Aircraft			
5757A05111 AH-64 Apache Block IIIA Reman		596,930	U
6772AA0005 UH-60 Blackhawk M Model (MYP)		533,338	U
6775A05101 CH-47 Helicopter		83,253	U
Aircraft Total		**1,213,521**	
02 Modification of Aircraft			
0420A00020 MQ-1 Payload - UAS		43,847	U
2706AA6605 AH-64 Mods		40,000	U
3264AA0252 CH-47 Cargo Helicopter Mods (MYP)		100,000	U
Modification of Aircraft Total		**183,847**	
Aircraft Procurement, Army Total		1,397,368	
Missile Procurement, Army		**25,010**	
02 Other Missiles			
6005C64400 Guided MLRS Rocket (GMLRS)		25,010	U
Other Missiles Total		**25,010**	
Missile Procurement, Army Total		**25,010**	
Procurement of W&TCV, Army		**218,721**	
01 Tracked Combat Vehicles			
1678GZ2400 Bradley Program (MOD)		40,000	U
3700GA0570 Improved Recovery Vehicle (M88A2 Hercules)		75,913	U
5225GZ3001 Joint Assault Bridge		29,827	U
6406GA0700 M1 Abrams Tank (MOD)		40,000	U
Tracked Combat Vehicles Total		**185,740**	
02 Weapons and Other Combat Vehicles			
8310G04700 Common Remotely Operated Weapons Station		10,000	U
3015GB4000 M2 50 Cal Machine Gun Mods		22,981	U
Weapons and Other Combat Vehicles Total		**32,981**	
Procurement of W&TCV, Army Total		**218,721**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature	FY 2015 Quantity	FY 2015 Cost	Sec
Procurement of Ammunition, Army		371,541	
01 Ammunition			
1722E08000 CTG, .50 Cal, All Types		15,000	U
0050E89600 60MM Mortar, All Types		40,000	U
3584E76000 81MM Mortar, All Types		15,000	U
6780E25500 120MM Mortar, ALL TYPES		37,000	U
1120E22203 Cartridges, Tank, 105MM and 120MM, All Types		40,427	U
0530E15101 Artillery Cartridges, 75MM & 105MM, All Types		26,000	U
3102E89500 Artillery Projectile, 155MM, All Types		33,000	U
6600E80100 Proj 155mm Extended Range M982		13,000	U
8750E27501 Artillery Propellants, Fuzes and Primers, All		5,000	U
Ammunition Total		**224,427**	
02 Ammunition Production Base Support			
0572EP1000 Provision of Industrial Facilities		108,500	U
4099EP1700 Conventional Munitions Demilitarization		38,614	U
Ammunition Production Base Support Total		**147,114**	
Procurement of Ammunition, Army Total		**371,541**	
Other Procurement, Army		**984,960**	
01 Tactical and Support Vehicles			
8331D16506 Pls Esp		52,000	U
8980D04003 Tactical Wheeled Vehicle Protection Kits		18,512	U
8992DA0924 Modification of In Svc Equip		95,996	U
Tactical and Support Vehicles Total		**166,508**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015 Quantity	FY 2015 Cost	Sec
02 Communications and Electronics Equipment				
2948BB8500	Defense Enterprise Wideband Satcom Systems		25,000	U
2956B85800	Transportable Tactical Command Communications		15,000	U
9894K47800	Navstar Global Positioning System (SPACE)		4,759	U
6450B90000	Joint Tactical Radio System		31,000	U
7667B19920	AMC Critical Items - OPA2		10,000	U
0121BA1300	Family of Biometrics		20,380	U
0125B96000	Communications Security (COMSEC)		17,000	U
9716BU4160	Base Support Communications		1,552	U
9200BB8650	Information Systems		13,968	U
9700BU0500	Installation Info Infrastructure Mod Program		103,111	U
9690BZ7316	DCGS-A (MIP)		141,622	U
9704BA0326	TROJAN (MIP)		7,666	U
8387B05201	Lightweight Counter Mortar Radar		20,000	U
0245W61990	Joint Battle Command - Platform (JBC-P)		41,475	U
9142W34600	Battle Command Sustainment Support System		11,000	U
9442BD3955	Life Cycle Software Support (LCSS)		3,084	U
9742BA9320	Maneuver Control System (MCS)		35,698	U
3001BE4169	Army Training Modernization		2,874	U
3002BD3000	Automated Data Processing Equip		2,281	U
Communications and Electronics Equipment Total			**507,470**	
03 Other Support Equipment				
3974G07000	Common Bridge Transporter (CBT) Recap		42,666	U
2881R68400	Grnd Standoff Mine Detectn Sysm (GSTAMIDS)		14,933	U
9140MA7804	Cargo Aerial Del & Personnel Parachute System		8,000	U
4734R06701	All Terrain Cranes		23,613	U
6445M08100	Plant, Asphalt Mixing		3,825	U
1780MA6600	Combat Training Centers Support		35,044	U
2062NA0100	Training Devices, Nonsystem		121,564	U
6650NA0170	Close Combat Tactical Trainer		36,083	U
6800NA0173	Aviation Combined Arms Tactical Trainer		20,804	U
6860NA0176	Gaming Technology In Support of Army Training		1,950	U
9221F00001	Unmanned Ground Vehicle		2,500	U
Other Support Equipment Total			**310,982**	
Other Procurement, Army Total			**984,960**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015 Quantity	FY 2015 Cost	Sec
Aircraft Procurement, Navy			**2,235,890**	
01 Combat Aircraft				
0164	V-22 (Medium Lift)		15,100	U
0178	H-1 Upgrades (UH-1Y/AH-1Z)		73,300	U
0193	P-8A Poseidon		1,125,000	U
0195	E-2D Adv Hawkeye		146,000	U
Combat Aircraft Total			**1,359,400**	
02 Airlift Aircraft				
0246	C-40A		288,300	U
Airlift Aircraft Total			**288,300**	
04 Other Aircraft				
0416	KC-130J		111,700	U
0444	STUASLO UAV		45,640	U
0465	Other Support Aircraft		17,400	U
Other Aircraft Total			**174,740**	
05 Modification of Aircraft				
0514	AV-8 Series		48,200	U
0525	F-18 Series		57,400	U
0528	H-53 Series		7,900	U
0532	H-1 Series		80,800	U
0569	T-45 Series		20,000	U
0577	Common Avionics Changes		12,100	U
0589	RQ-7 Series		3,200	U
Modification of Aircraft Total			**229,600**	
06 Aircraft Spares and Repair Parts				
0605	Spares and Repair Parts		183,850	U
Aircraft Spares and Repair Parts Total			**183,850**	
Aircraft Procurement, Navy Total			**2,235,890**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015 Quantity	FY 2015 Cost	Sec
Weapons Procurement, Navy			**86,660**	
02 Other Missiles				
2206	AMRAAM		62,000	U
2500	Ordnance Support Equipment		17,000	U
Other Missiles Total			**79,000**	
03 Torpedoes and Related Equipment				
3231	Quickstrike Mine		1,020	U
Torpedoes and Related Equipment Total			**1,020**	
04 Other Weapons				
4225	Airborne Mine Neutralization Systems		6,640	U
Other Weapons Total			**6,640**	
Weapons Procurement, Navy Total			**86,660**	
Procurement of Ammo, Navy & MC			**64,924**	
02 Proc Ammo, MC				
1471	Rockets, All Types		64,924	U
Proc Ammo, MC Total			**64,924**	
Procurement of Ammo, Navy & MC Total			**64,924**	
Shipbuilding and Conversion, Navy			**97,060**	
05 Auxiliaries, Craft, and Prior-Year Program Costs				
5110	Outfitting		14,060	U
5139	LCAC SLEP		83,000	U
Auxiliaries, Craft, and Prior-Year Program Costs Total			**97,060**	
Shipbuilding and Conversion, Navy Total			**97,060**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015 Quantity	FY 2015 Cost	Sec
Other Procurement, Navy			**282,780**	
01 Ships Support Equipment				
0831	Sub Periscopes & Imaging Equip		3,045	U
0900	DDG Mod		66,011	U
Ships Support Equipment Total			**69,056**	
02 Communications & Electronics Equip				
2136	AN/SQQ-89 Surf ASW Combat System		21,000	U
2147	SSN Acoustics		18,456	U
2360	Shipboard IW Exploit		13,400	U
2676	Strategic Platform Support Equip		9,045	U
2815	Matcals		3,851	U
2915	CANES		40,400	U
3050	Ship Communications Automation		9,500	U
3057	Communications Items Under $5M		347	U
3215	Satellite Communications Systems		11,000	U
3415	Info Systems Security Program (ISSP)		54,406	U
Communications & Electronics Equip Total			**181,405**	
03 Aviation Support Equipment				
4226	Meteorological Equipment		5,930	U
Aviation Support Equipment Total			**5,930**	
04 Ordnance Support Equipment				
5238	RAM GMLS		3,700	U
5239	Ship Self Defense System		3,333	U
5246	AEGIS Support Equipment		4,757	U
5420	SSN Combat Control Systems		9,442	U
5661	Submarine Training Device Mods		3,029	U
Ordnance Support Equipment Total			**24,261**	
07 Personnel & Command Support Equip				
8081	Training Support Equipment		1,781	U
8106	Command Support Equipment		347	U
Personnel & Command Support Equip Total			**2,128**	
Other Procurement, Navy Total			**282,780**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature	FY 2015 Quantity	FY 2015 Cost	Sec
Procurement, Marine Corps		**64,500**	
02 Weapons and combat vehicles			
2061 Modification Kits		3,300	U
Weapons and combat vehicles Total		**3,300**	
03 Guided missiles and equipment			
3123 Modification Kits		32,500	U
Guided missiles and equipment Total		**32,500**	
04 Communications And Electronics Equipment			
4190 Unit Operations Center		6,300	U
Communications And Electronics Equipment Total		**6,300**	
06 Engineer and Other Equipment			
6274 Bulk Liquid Equipment		5,400	U
6366 Power Equipment Assorted		2,900	U
6544 Family of Construction Equipment		14,100	U
Engineer and Other Equipment Total		**22,400**	
Procurement, Marine Corps Total		**64,500**	
Aircraft Procurement, Air Force		**2,169,473**	
01 Combat Aircraft			
ATA000 F-35		379,410	U
Combat Aircraft Total		**379,410**	
02 Airlift Aircraft			
C130JH HC-130J		510,000	U
C130JM MC-130J		540,000	U
Airlift Aircraft Total		**1,050,000**	
04 Other Aircraft			
10TRGT Target Drones		17,200	U
PRDTB1 MQ-9		192,000	U
Other Aircraft Total		**209,200**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015 Quantity	FY 2015 Cost	Sec
05 Modification of Inservice Aircraft				
B05200	B-52		5,030	U
LAIRCM	Large Aircraft Infrared Countermeasures		40,000	U
F01500	F-15		65,000	U
F03500	F-35 Modifications		24,873	U
C01700	C-17A		21,000	U
C03200	C-32A		5,100	U
C03700	C-37A		4,900	U
C04000	C-40		5,100	U
C13000	C-130		28,900	U
C1300J	C-130J Mods		19,500	U
DARP01	RC-135		19,320	U
E00300	E-3		71,500	U
E00800	E-8		38,000	U
HCMC00	HC/MC-130 Modifications		11,400	U
Modification of Inservice Aircraft Total			**359,623**	
06 Aircraft Spares and Repair Parts				
000999	Initial Spares/Repair Parts		10,000	U
ATA000	Joint Strike Fighter		17,480	U
B05200	B-52		1,250	U
Aircraft Spares and Repair Parts Total			**28,730**	
07 Aircraft Supt Equipment & Facilities				
OTHACF	Other Aircraft		14,000	U
000075	Other Production Charges		11,000	U
F01600	F-16		7,510	U
F02200	F-22 Raptor		40,000	U
OTHACF	Other Aircraft		70,000	U
Aircraft Supt Equipment & Facilities Total			**142,510**	
Aircraft Procurement, Air Force Total			**2,169,473**	
Procurement of Ammunition, Air Force			**19,061**	
01 Ammunition				
352010	Cartridges		1,500	U
Ammunition Total			**1,500**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015 Quantity	FY 2015 Cost	Sec
02 Weapons				
357010	Small Arms		17,561	U
Weapons Total			**17,561**	
Procurement of Ammunition, Air Force Total			**19,061**	
Other Procurement, Air Force			**418,200**	
02 Vehicular Equipment				
822990	Items Less Than $5 Million		10,400	U
823990	Items Less Than $5 Million		10,000	U
Vehicular Equipment Total			**20,400**	
03 Electronics and Telecommunications Equip				
831010	Comsec Equipment		77,025	U
832070	Intelligence Comm Equipment		400	U
834010	General Information Technology		2,600	U
834040	AF Global Command & Control Sys		5,910	U
834130	Air Force Physical Security System		37,260	U
834190	Combat Training Ranges		45,490	U
835080	AFNET		27,300	U
836810	Counterspace System		44,801	U
837100	Tactical C-E Equipment		20,340	U
Electronics and Telecommunications Equip Total			**261,126**	
04 Other Base Maintenance and Support Equip				
842990	Items Less Than $5 Million		5,700	U
845010	Base Procured Equipment		33,650	U
845990	Items Less Than $5 Million		1,190	U
846080	DCGS-AF		85,824	U
846510	Special Update Program		10,310	U
Other Base Maintenance and Support Equip Total			**136,674**	
Other Procurement, Air Force Total			**418,200**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Procurement
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature	FY 2015 Quantity	FY 2015 Cost	Sec
Procurement, Defense-Wide		235,108	
01 Major Equipment			
MD11 BMDS AN/TPY-2 Radars		150,000	U
Major Equipment Total		150,000	
02 Special Operations Command			
020400INTL Intelligence Systems		8,739	U
0204OTHER Other Items <$5M		6,991	U
0204WARSYS Warrior Systems <$5M		69,378	U
Special Operations Command Total		85,108	
Procurement, Defense-Wide Total		235,108	
Procurement Total		8,671,256	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Research, Development, Test and Evaluation
Total Obligational Authority
(Dollars in Thousands)

March 2014

Appropriation	FY 2015
Research, Development, Test and Evaluation	
Department of the Army	
Research, Development, Test & Eval, Army	316,433
Total Department of the Army	**316,433**
Department of the Navy	
Research, Development, Test & Eval, Navy	493,080
Total Department of the Navy	**493,080**
Department of the Air Force	
Research, Development, Test & Eval, AF	903,719
Total Department of the Air Force	**903,719**
Defense-Wide	
Research, Development, Test & Eval, DW	282,000
Total Defense-Wide	**282,000**
Total Research, Development, Test and Evaluation	**1,995,232**

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Research, Development, Test and Evaluation
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
Research, Development, Test & Eval, Army		**316,433**	
04 Advanced Component Development & Prototypes			
0603779A	Environmental Quality Technology - Dem/Val	1,400	U
0603782A	Warfighter Information Network-Tactical - DEM/VAL	19,000	U
0604120A	Assured Positioning, Navigation and Timing (PNT)	3,600	U
	Advanced Component Development & Prototypes Total	**24,000**	
05 System Development & Demonstration			
0303032A	TROJAN - RH12	3,204	U
0604290A	Mid-tier Networking Vehicular Radio (MNVR)	23,341	U
0604601A	Infantry Support Weapons	9,000	U
0604641A	Tactical Unmanned Ground Vehicle (TUGV)	7,500	U
0604715A	Non-System Training Devices - Eng Dev	6,562	U
0604742A	Constructive Simulation Systems Development	1,071	U
0604780A	Combined Arms Tactical Trainer (CATT) Core	1,271	U
0605013A	Information Technology Development	1,303	U
0605380A	AMF Joint Tactical Radio System (JTRS)	12,357	U
0605457A	Army Integrated Air and Missile Defense (AIAMD)	139,819	U
	System Development & Demonstration Total	**205,428**	
06 RDT&E Management Support			
0605805A	Munitions Standardization, Effectiveness and Safety	4,139	U
	RDT&E Management Support Total	**4,139**	
07 Operational Systems Development			
0203735A	Combat Vehicle Improvement Programs	60,000	U
0303150A	WWMCCS/Global Command and Control System	5,000	U
0607664A	Biometric Enabling Capability (BEC)	17,866	U
	Operational Systems Development Total	**82,866**	
Research, Development, Test & Eval, Army Total		**316,433**	
Research, Development, Test & Eval, Navy		**493,080**	
02 Applied Research			
0602131M	Marine Corps Landing Force Technology	2,400	U
0602651M	Joint Non-Lethal Weapons Applied Research	300	U
	Applied Research Total	**2,700**	

Department of Defense
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Research, Development, Test and Evaluation
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
03 Advanced Technology Development			
0603640M	USMC Advanced Technology Demonstration (ATD)	6,800	U
0603651M	Joint Non-Lethal Weapons Technology Development	600	U
Advanced Technology Development Total		**7,400**	
04 Advanced Component Development & Prototypes			
0603502N	Surface and Shallow Water Mine Countermeasures	18,500	U
0603536N	RETRACT JUNIPER	20,000	U
0603582N	Combat System Integration	3,195	U
0603595N	Ohio Replacement	24,326	U
0603658N	Cooperative Engagement	5,300	U
0603713N	Ocean Engineering Technology Development	595	U
0603721N	Environmental Protection	8,051	U
0603734N	CHALK CORAL	20,000	U
0603787N	Special Processes	5,800	U
Advanced Component Development & Prototypes Total		**105,767**	
05 System Development & Demonstration			
0304785N	Tactical Cryptologic Systems	10,300	U
0604214N	AV-8B Aircraft - Eng Dev	22,300	U
0604218N	Air/Ocean Equipment Engineering	270	U
0604234N	Advanced Hawkeye	10,571	U
0604262N	V-22A	17,100	U
0604270N	Electronic Warfare Development	2,853	U
0604274N	Next Generation Jammer (NGJ)	12,300	U
0604307N	Surface Combatant Combat System Engineering	44,265	U
0604373N	Airborne MCM	7,800	U
0604376M	Marine Air Ground Task Force (MAGTF) Electronic Warfare (EW) for Aviation	83,800	U
0604378N	Naval Integrated Fire Control - Counter Air Systems Engineering	2,400	U
0604503N	SSN-688 and Trident Modernization	8,700	U
0604504N	Air Control	18,850	U
0604727N	Joint Standoff Weapon Systems	4,000	U
0604755N	Ship Self Defense (Detect & Control)	8,764	U
0604777N	Navigation/ID System	11,000	U
0605013N	Information Technology Development	5,186	U
0605212N	CH-53K RDTE	5,000	U
System Development & Demonstration Total		**275,459**	
06 Management Support			
0604258N	Target Systems Development	4,400	U
Management Support Total		**4,400**	

Department of Defense
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Research, Development, Test and Evaluation
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
07 Operational Systems Development			
0101221N	Strategic Sub & Weapons System Support	9,000	U
0203761N	Rapid Technology Transition (RTT)	4,465	U
0204136N	F/A-18 Squadrons	13,800	U
0204163N	Fleet Telecommunications (Tactical)	7,020	U
0204575N	Electronic Warfare (EW) Readiness Support	150	U
0205604N	Tactical Data Links	8,697	U
0207161N	Tactical AIM Missiles	33,800	U
0303140N	Information Systems Security Program	6,817	U
0708011N	Industrial Preparedness	13,605	U
Operational Systems Development Total		**97,354**	
Research, Development, Test & Eval, Navy Total		**493,080**	
Research, Development, Test & Eval, AF		**903,719**	
01 Basic Research			
0601102F	Defense Research Sciences	15,646	U
0601103F	University Research Initiatives	7,037	U
0601108F	High Energy Laser Research Initiatives	664	U
Basic Research Total		**23,347**	
02 Applied Research			
0602102F	Materials	8,924	U
0602201F	Aerospace Vehicle Technologies	32,398	U
0602202F	Human Effectiveness Applied Research	8,025	U
0602203F	Aerospace Propulsion	1,301	U
0602204F	Aerospace Sensors	25,756	U
0602601F	Space Technology	6,509	U
0602602F	Conventional Munitions	7,652	U
0602788F	Dominant Information Sciences and Methods	11,481	U
0602890F	High Energy Laser Research	4,079	U
Applied Research Total		**106,125**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Research, Development, Test and Evaluation
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
03 Advanced Technology Development			
0603112F	Advanced Materials for Weapon Systems	1,825	U
0603203F	Advanced Aerospace Sensors	4,826	U
0603211F	Aerospace Technology Dev/Demo	36,199	U
0603216F	Aerospace Propulsion and Power Technology	7,699	U
0603270F	Electronic Combat Technology	5,526	U
0603401F	Advanced Spacecraft Technology	7,617	U
0603444F	Maui Space Surveillance System (MSSS)	2,000	U
0603456F	Human Effectiveness Advanced Technology Development	1,699	U
0603601F	Conventional Weapons Technology	3,760	U
0603605F	Advanced Weapons Technology	5,326	U
0603680F	Manufacturing Technology Program	2,556	U
0603788F	Battlespace Knowledge Development and Demonstration	5,981	U
Advanced Technology Development Total		**85,014**	
04 Advanced Component Development & Prototypes			
0207110F	Next Generation Air Dominance	30,000	U
0603287F	Physical Security Equipment	2,000	U
0603742F	Combat Identification Technology	15,000	U
0603851F	Intercontinental Ballistic Missile - Dem/Val	55,000	U
0604422F	Weather System Follow-on	5,400	U
Advanced Component Development & Prototypes Total		**107,400**	
05 System Development & Demonstration			
0604735F	Combat Training Ranges	43,000	U
0605432F	Polar MILSATCOM (SPACE)	8,163	U
System Development & Demonstration Total		**51,163**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Research, Development, Test and Evaluation
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
07 Operational Systems Development			
0101127F	B-2 Squadrons	176,100	U
0205219F	MQ-9 UAV	32,100	U
0207134F	F-15E Squadrons	34,940	U
0207138F	F-22A Squadrons	25,000	U
0207431F	Combat Air Intelligence System Activities	7,060	U
0207452F	DCAPES	8,000	U
0207583F	Joint Direct Attack Munitions	64,300	U
0207590F	Seek Eagle	280	U
0208006F	Mission Planning Systems	25,191	U
0208021F	Information Warfare Support	260	U
0208088F	AF Defensive Cyberspace Operations	26,503	U
0303131F	Minimum Essential Emergency Communications Network (MEECN)	705	U
0303140F	Information Systems Security Program	5,000	U
0305114F	Air Traffic Control, Approach, and Landing System (ATCALS)	2,110	U
0305116F	Aerial Targets	3,000	U
0305206F	Airborne Reconnaissance Systems	2,500	U
0305221F	Network-Centric Collaborative Targeting	7,200	U
0401119F	C-5 Airlift Squadrons (IF)	16,950	U
0401134F	Large Aircraft IR Countermeasures (LAIRCM)	9,000	U
0401218F	KC-135s	8,300	U
0408011F	Special Tactics / Combat Control	4,170	U
Operational Systems Development Total		**458,670**	
	Classified Programs	72,000	U
Research, Development, Test & Eval, AF Total		**903,719**	
Research, Development, Test & Eval, DW		**282,000**	
03 Advanced Technology Development			
0603175C	Ballistic Missile Defense Technology	65,200	U
0603274C	Special Program - MDA Technology	45,000	U
Advanced Technology Development Total		**110,200**	
04 Advanced Component Development And Prototypes			
0603891C	Special Programs - MDA	86,000	U
0603915C	Ballistic Missile Defense Targets	85,800	U
Advanced Component Development And Prototypes Total		**171,800**	
Research, Development, Test & Eval, DW Total		**282,000**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Research, Development, Test and Evaluation
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature	FY 2015	Sec
Research, Development, Test and Evaluation Total	1,995,232	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Military Construction
Total Obligational Authority
(Dollars in Thousands)

March 2014

Appropriation	FY 2015
Military Construction	
Department of the Navy	
Military Construction, Navy	1,458,793
Mil. Con., Naval Reserve	61,829
Department of Defense Base Closure Account - Navy	40,000
Total Department of the Navy	**1,560,622**
Department of the Air Force	
Military Construction, Air Force	1,159,000
Mil. Con., Air National Guard	139,200
Mil. Con., Air Force Reserve	73,700
Total Department of the Air Force	**1,371,900**
Defense-Wide	
Military Construction, Defense-Wide	55,408
Total Defense-Wide	**55,408**
Total Military Construction	**2,987,930**

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Military Construction
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
Military Construction, Navy		**1,458,793**	
01 Major Construction			
00146222	Airfield Security Improvements, Cherry Point Marine Corps Air Station, NC	19,810	U
00204723	BEQ ""A"" School Repl (NTTC), Pensacola FL, Pensacola, FL	21,110	U
00216450	Aviation Trainer/Squadron Operations Fac Phas, Houston, TX	26,901	U
00245499	LCS Support Facility, San Diego, CA	40,500	U
00246867	Combined Air Traffic Control and Fire Rescue, Coronado, CA	19,089	U
00262647	ATFP Gate, Quantico, VA	5,100	U
00264610	Expeditionary Warfare School Academic Fac, Quantico, VA	84,471	U
00318902	Electrical and Airfield Lighting Upgrades, Kaneohe Bay, HI	26,100	U
00318910	Bachelor Enlisted Quarters, Kaneohe Bay, HI	65,421	U
00620252	P-8A Hangar and Apron Expansion, Whidbey Island, WA	82,386	U
32411452	Berthing for OTC Students, Newport, RI	58,970	U
32411479	Center for Strategic & Operational Leadership, Newport, RI	38,079	U
32443258	Submarine Maintenance Execution Facility, Norfolk, VA	35,700	U
32446285	Unaccompanied Housing Consolidation, Kittery, ME	14,886	U
47608131	Rotary Wing T&E Hangar Replacement, Patuxent River, MD	86,748	U
47608975	Unaccompanied Housing, Patuxent River, MD	36,936	U
60169474	Townsend Bombing Range Acquisition, Phase 2, Townsend, GA	42,300	U
60508274	T-6B JPATS Training Operations Facility, Whiting Field, FL	11,295	U
60514637	Electrical Substation Repacement, Guam, ML	8,020	U
61066603	Shore Power to Ammo Pier, Indian Island, WA	7,710	U
61755491	EOD Compound, Guam, ML	58,120	U
61755519	X-ray Wharf Improvements, Berth 2, Guam, ML	56,025	U
61755535	Waste Water Collection System Recap Phase 2, Guam, ML	37,010	U
62613604	Security Mods for MC159-T CVW-5 Headquarters, Iwakuni, JA	9,240	U
62688518	MH60 Training Facility, Norfolk, VA	7,731	U
62688610	Electrical Repairs to Piers 2,6,7, and 11, Norfolk, VA	44,250	U
62813036	Welding School Shop Consolidation, Pearl Harbor, HI	9,270	U
62813227	Submarine Maintenance Pier, Pearl Harbor, HI	49,665	U
62813704	Sewer Lift Station & Relief Sewer Line, Pearl Harbor, HI	36,410	U
62974602	MAWTS-1 CALA Maintenance Facility, Yuma, AZ	46,080	U
63005985	Potable Water Tank, Yorktown, VA	3,740	U
66691131	Communication Center, Souda Bay, GR	17,310	U
670011280	2nd Radio Bn Complex, Phase 1, Camp Lejeune, North Carolina, NC	50,706	U
670011346	Simulator Integration/Range Control Facility, Camp Lejeune, North Carolina, NC	52,362	U
68436401	Regional Ship Maintenance Support Facility, Bangor, WA	13,833	U
68436425	Nuclear Work Facility, Bremerton, WA	1,920	U
68469041	Space Systems Technology Lab, Anacostia, DC	65,360	U
68539185	Shore Erosion Protection, Fuel Farm Area, Diego Garcia, DG	63,846	U
69232491	Construction/Weight Handling Equipment Shop, Point Mugu, CA	27,490	U
Major Construction Total		**1,381,900**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Military Construction
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature	FY 2015	Sec
02 Minor Construction		
64481400 Unspecified Minor Construction, Unspecified Worldwide Locations, ZU	14,860	U
Minor Construction Total	**14,860**	
03 Planning & Design		
64482044 MCON Design Funds, Unspecified Worldwide Locations, ZU	42,279	U
64482101 USMC Planning and Design, Unspecified Worldwide Locations, ZU	19,754	U
Planning & Design Total	**62,033**	
Military Construction, Navy Total	**1,458,793**	
Mil. Con., Naval Reserve	**61,829**	
01 Major Construction		
00206475 Base Security Upgrade, New Orleans, LA	11,960	U
68967177 Joint Reserve Intelligence Center, Everett, WA	47,869	U
Major Construction Total	**59,829**	
02 Minor Construction		
64069004 MCNR Unspecified Minor Construction, Unspecified Worldwide Locations, ZU	2,000	U
Minor Construction Total	**2,000**	
Mil. Con., Naval Reserve Total	**61,829**	
Department of Defense Base Closure Account - Navy	**40,000**	
01 DoD BRAC		
N9900003 Base Realignment & Closure, Base Realignment & Closure, Navy, ZU	40,000	U
DoD BRAC Total	**40,000**	
Department of Defense Base Closure Account - Navy Total	**40,000**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Military Construction
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
Military Construction, Air Force		**1,159,000**	
01 Major Construction			
AGGN053009	Fire Rescue Center, Altus AFB, OK	17,000	U
AGGN123003	Dormitory (120 RM), Altus AFB, OK	18,000	U
AJXF093000	Construct 21 Point Enclosed Firing Range, Joint Base Andrews, MD	10,000	U
AJXF093005	Construct Child Development Center, Joint Base Andrews, MD	19,500	U
AWUB095000	Consolidated Communication Facility, Barksdale AFB, LA	20,000	U
CZQZ103010	Construct AT/FP Gate - Main, Cannon AFB, NM	11,800	U
CZQZ113000	Construct AT/FP Gate - Portales, Cannon AFB, NM	7,800	U
DBEH063000	Range Communications Facility, Cape Canaveral Afs, FL	20,000	U
DXEE053001	Fire Station, Clear AFS, AK	13,200	U
FBNV033002	AGE Facility, Davis-Monthan AFB, AZ	13,400	U
FBNV113005	HC-130J Wash Rack, Davis-Monthan AFB, AZ	12,200	U
FBNV113008	HC-130J AGE Covered Storage, Davis-Monthan AFB, AZ	4,700	U
FSPM053503C	Fire Station- Flightline, Edwards Air Force Base, CA	24,000	U
FTFA033003	Fire Station- Flightline, Eglin AFB, FL	11,600	U
FTFA043000	Advanced Munitions Technology Complex, Eglin AFB, FL	57,000	U
FXSB093002	Consolidated Communication Facility, Joint Base Pearl Harbor-Hickam, HI	50,000	U
FXSB982839	Add/Alter AWACS Alert Hangar, Joint Base Pearl Harbor-Hickam, HI	26,000	U
GHLN083004	Missile Roll Transfer Facility B4330, F. E. Warren AFB, WY	5,050	U
GHLN153001	Weapon Storage and Maintenance Facility, F. E. Warren AFB, WY	98,000	U
GHLN983001A	Consolidated Squadron Operations / TRF Facili, F. E. Warren AFB, WY	24,157	U
GJKZ040009	Dormitory, USAF SERE Pipeline School (150 Rm), Fairchild AFB, WA	31,000	U
GJKZ090014	Base Operations Facility, Fairchild AFB, WA	9,800	U
JUBJ043142	Fitness Center, Gunter Annex, Gunter AFB, AL	16,000	U
KELL123018	Air Traffic Control Tower, Joint Base San Antonio, TX	10,000	U
KNMD043004	F-22 Fighter Alert Facility, Joint Base Pearl Harbor-Hickam, HI	35,000	U
KRSM123009	388th RANS Mission Control Center, Hill AFB, UT	17,500	U
KWRD123006	F-16 Fighter Group Headquarters, Holloman AFB, NM	9,000	U
MHMV073105	Construct Hot Cargo Pad, Kirtland AFB, NM	12,600	U
MHMV083126A	Fire Station #3, Kirtland AFB, NM	8,300	U
MHMV103108	CRH Full Motion Simulator Facility, Kirtland AFB, NM	7,300	U
MUHJ073013	Fuel System Maintenance Dock, Joint Base Langley-Eustis, VA	16,700	U
MXRD083000	Construct Vandenberg Gate Complex, Hanscom AFB, MA	18,500	U
NUEX093016	Communications Facility, Luke AFB, AZ	23,000	U
PNQS072140	JAG School Expansion, Maxwell AFB, AL	16,000	U
PRQE105144	Air Traffic Control Tower, Mcconnell AFB, KS	11,200	U
QJVF062002	Add/Alter Corrosion Control, Dock 3, Minot AFB, ND	17,300	U
QJVF110089	Add/Alter TRF/Helicopter Operations, Minot AFB, ND	8,500	U
QSEU083021	HC-130J Operations / Aircraft Maintenance Uni, Moody AFB, GA	7,100	U
QYZH063000	Civil Engineer Maintenance Facility, Mountain Home AFB, ID	24,000	U
SAKW143046	PRTC - Roads, Joint Region Marianas, GU	2,500	U

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Military Construction
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
SGBP140906	Cyber Control Center, Offutt AFB, NE	13,000	U
SGBP150907	Dormitory (120 RM), Offutt AFB, NE	21,000	U
TMKH073006	Special Operations Support Building, Fort Bragg, NC	13,000	U
TYMX103001	Construct AFPC B Wing B499, Joint Base San Antonio, TX	34,000	U
UHHZ983006	54th Combat Comm Squadron Facility, Robins AFB, GA	15,200	U
VKAG013004R5	Air Traffic Control Tower/Base Operations Com, Seymour Johnson AFB, NC	16,000	U
WWCX103027	Thule Consolidation - Ph 1, Thule AB, GL	40,910	U
WWYK093003	Air Traffic Control Tower, Tinker AFB, OK	12,900	U
XQPZ094013	Construct Front Gates Force Protection Enhanc, U.S. Air Force Academy, CO	10,000	U
XQPZ124001	Construct Transonic Wind Tunnel Facility, U.S. Air Force Academy, CO	25,200	U
YWHG031002R2	Consolidated Stealth Operations and Nuclear A, Whiteman AFB, MO	23,500	U
YWHG031003R1	Fire Station, Crash amd Structural, Whiteman AFB, MO	17,900	U
ZNRE153001	C-130J Corrosion Control Facility, Yokota AB, JA	22,000	U
Major Construction Total		**1,029,317**	
03 Planning & Design			
PAYZ150002	Planning and Design, Various Worldwide Locations, ZU	78,433	U
Planning & Design Total		**78,433**	
	Classified Programs	51,250	U
Military Construction, Air Force Total		**1,159,000**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Military Construction
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature		FY 2015	Sec
Mil. Con., Air National Guard		**139,200**	
01 Major Construction			
AQRC059093	Fuel Cell and Corrosion Control Hangar and S, Atlantic City IAP, NJ	10,084	U
BRKR009063	Security and Services Training Facility, Birmingham IAP, AL	6,400	U
FAKZ059173	TFI - Replace Squadron Operations Facility, Dannelly Field, AL	7,129	U
FFAN139009	AOG BEDDOWN - RENOVATE BUILDING 430, Des Moines Map, IA	8,897	U
FKNN059220	Add to and Alter Fire Crash/Rescue Station, Bangor IAP, ME	6,900	U
FMKM089018	Load Crew Training and Weapon Release Shops, Duluth IAP, MN	7,623	U
HKRZ129076	NDAA Construct DGS RPA IS SCIF, Fort Smith Map, AR	13,200	U
KJAQ099058	Replace Fire Station, Klamath Falls IAP, OR	6,800	U
KKGA129066	Intel Targeting Facilities, Hector IAP, ND	5,239	U
QMSN099104	Replace Vehicle Maintenance Facility, Moffett Field, CA	6,426	U
RQLH079073	Replace Squadron Operations Facility, New Orleans, LA	9,604	U
RVKQ139005	Remotely Piloted Aircraft Beddown, Building 9, Niagara Falls IAP, NY	5,931	U
TWLR039103	Replace Fire Station, Quonset State Airport, RI	10,000	U
VUBV109002	Range Training Support Facilities, Smokey Hill ANG Range, KS	2,900	U
XDQU949500	C-130 Squadron Operations Facility, Savannah/Hilton Head IAP, GA	9,010	U
YZEU139006	Medium Altitude Manned ISR Beddown, Will Rogers World Airport, OK	9,886	U
Major Construction Total		**126,029**	
02 Minor Construction			
PAYZ150006	Unspecified Minor Construction, Various Worldwide Locations, ZU	2,771	U
Minor Construction Total		**2,771**	
03 Planning & Design			
PAYZ150005	Planning and Design, Various Worldwide Locations, ZU	10,400	U
Planning & Design Total		**10,400**	
Mil. Con., Air National Guard Total		**139,200**	
Mil. Con., Air Force Reserve		**73,700**	
01 Major Construction			
AJJY109003	Aeromedical Staging Squadron, Andersen AFB, GU	4,600	U
FBNV169001	Guardian Angel Operations, Davis-Monthan AFB, AZ	14,500	U
FGWB009002	Fire Station / Security Complex, Dobbins ARB, GA	16,900	U
FGWB009003	Fitness Center Facility, Dobbins ARB, GA	11,900	U
KELL093004	Consolidate 433 Medical Facility, Joint Base San Antonio, TX	9,900	U
MAHG063004	Aeromedical Staging Sqadron, Keesler AFB, MS	3,000	U
ZQEL109001	CATM Facility, Youngstown Map, OH	9,000	U
Major Construction Total		**69,800**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Military Construction
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature	FY 2015	Sec
03 Planning & Design		
PAYZ015313 Planning and Design, Various Worldwide Locations, ZU	3,900	U
Planning & Design Total	**3,900**	
Mil. Con., Air Force Reserve Total	**73,700**	
Military Construction, Defense-Wide	**55,408**	
01 Major Construction		
1500P157 SOF Human Performance Center, Dam Neck, VA	11,147	U
15069210 SOF Expand Organizational Parking, Fort Lewis, WA	3,520	U
1507802X SOF Facility Augmentation (HPC), Torri Commo Station, JA	7,900	U
15093021 SOF NSAV Med 2-Bay Hangar/AMU, Cannon AFB, NM	16,600	U
150P1362 SOF Performance Resiliency Center, Camp Lejeune, North Carolina, NC	14,400	U
Major Construction Total	**53,567**	
03 Planning & Design		
15999999 Planning and Design, Various Worldwide Locations, ZU	1,841	U
Planning & Design Total	**1,841**	
Military Construction, Defense-Wide Total	**55,408**	
Military Construction Total	**2,987,930**	

Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Family Housing
Total Obligational Authority
(Dollars in Thousands)

March 2014

Appropriation	FY 2015
Family Housing	
Department of the Navy	
Fam Housing Construction, Navy & Marine Corps	76,876
Total Department of the Navy	**76,876**
Total Family Housing	**76,876**

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Department of Defense
Opportunity, Growth & Security Initiative
Fiscal Year 2015
Family Housing
Total Obligational Authority
(Dollars in Thousands)

March 2014

Item Nomenclature	FY 2015	Sec
Fam Housing Construction, Navy & Marine Corps	76,876	
01 Construction Of New Housing		
61755251 Replace Guam Nimitz Hill, Unspecified Worldwide Locations, ZU	38,101	U
Construction Of New Housing Total	38,101	
03 Construction Improvements		
N8800411 Improvements, Unspecified Worldwide Locations, ZU	34,707	U
Construction Improvements Total	34,707	
04 Planning & Design		
N8800412 Design, Unspecified Worldwide Locations, ZU	4,068	U
Planning & Design Total	4,068	
Fam Housing Construction, Navy & Marine Corps Total	76,876	
Family Housing Total	76,876	

CIVILIAN PERSONNEL

25. Senator INHOFE. Secretary Mabus, in light of the civilian personnel hiring freezes and furloughs that occurred in fiscal year 2014, what impacts were there on the shipyards and aviation depots? How were they mitigated or what risk was assumed?

Mr. MABUS. The fiscal year 2013 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 fiscal year 2013 to fiscal year 2014. 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 fiscal year 2013 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 fiscal year 2013 hiring freeze and resulted in COMFRC understaffing its fiscal year 2014 requirement by just under 600 full-time equivalent (FTE) 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.

26. Senator INHOFE. Secretary Mabus, what is the civilian personnel hiring plan for the shipyards in fiscal year 2015?

Mr. MABUS. The following table provides information on the staffing requirements for fiscal year 2015 for the four Naval Shipyards (Portsmouth Naval Shipyard, NNSY, Puget Sound Naval Shipyard (PSNS) and Intermediate Maintenance Facility (IMF), and Pearl Harbor Naval Shipyard and 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

27. Senator INHOFE. Secretary Mabus, Avondale Shipyard in Louisiana is scheduled to close in a few years with no remaining work. What other new construction shipyards face a similar problem during the FYDP time horizon?

Mr. MABUS. While no other new construction shipyards are currently scheduled to close during the FYDP time horizon, any reductions in planned ship procurements resulting from sequestration in fiscal years 2016 to 2019 will further exacerbate shipbuilding industrial base issues and could result in significant lay-offs and/or closures in those areas most affected.

OHIO REPLACEMENT PROGRAM

28. Senator INHOFE. Secretary Mabus, 2 years ago due to fiscal challenges the Navy was forced to delay the procurement start of the *Ohio* replacement program (ORP). Planned procurement now will not begin until fiscal year 2021. The ships will begin to deliver about 7 years later just in time to replace the aging *Ohio*-class Ballistic Missile Submarine (SSBN), assuming there are no construction delays. This new submarine is anticipated to cost more than $6 billion per ship in then-year dollars and there is concern that cost will crowd out other important shipbuilding program needs, like attack submarines and surface combatants. Admiral John M. Richardson, Director of Naval Reactors, has testified that funding shortfalls made impossible the purchase of vital capital equipment and postponed infrastructure improvements, most notably defunding high performance computing capacity that is needed to deliver the ORP reactor design on time and to support the existing fleet. Cancelling this computer purchase in fiscal year 2014 has resulted in at least a 6-month delay to reactor core manufacturing, impacting the ORP lead-ship construction schedule. Is the ORP still on schedule, and is the program fully funded in the current fiscal year 2015 DOD budget, including the out-years?

Mr. MABUS. Naval Reactor's Department of Energy (DOE) funding was reduced by $151 million in fiscal year 2014. As a result of that funding shortfall, there was insufficient funding to support a planned procurement ($11 million) for high performance computers (HPC) that are necessary to complete the reactor design for the ORP as well as support fleet operations. As a result, the ORP reactor core design is expected to be delayed by 6 months. Naval Reactors is working with DOE on a path forward that will provide resources to procure the computers this year. If that proves unsuccessful, Naval Reactors will reprioritize fiscal year 2015 resources, at the detriment of other requirements, to procure HPCs, dependent upon their fiscal year 2015 appropriation level. If the HPC procurement can take place by the beginning of fiscal year 2015, the impact to ORP can be minimized.

The DOE shortfall is the only issue delaying the program at this time. The program is fully funded in the fiscal year 2015 President's budget request for the FYDP.

29. Senator INHOFE. Secretary Mabus, are there shortfalls in the related DOE budget request that will impact planned ship construction? How will they be addressed?

Mr. MABUS. Naval Reactor's DOE funding in fiscal year 2014 is $151 million below the requested level. Nearly $100 million of this reduction was directed against the Naval Reactors' Operations and Infrastructure funding line, which among other activities, funds two Naval Reactor laboratories, two prototype reactor plants, and the spent fuel processing facility—all of which support the current and future nuclear fleet. One impact of this shortfall was insufficient funding to support a planned capital equipment procurement ($11 million) for HPCs that are necessary to complete the reactor core design for the ORP. As a result, the reactor core design would have been delayed by 6 months. Additionally, this funding shortfall, if not resolved, would have resulted in shutdown of one training reactor in New York, reducing nuclear operator training pipeline capacity. The resultant 450 operator per year shortfall would have impacted all nuclear powered ships, including those under construction with Navy crews on-board. The delay to spent fuel handling infrastructure will impact nuclear powered submarine and aircraft carrier refueling/defuelings, but not ships in new construction.

Naval Reactors working with the DOE identified funding to enable fiscal year 2014 procurement of the required HPC capability, thus keeping ORP on schedule. The Navy has provided fiscal year 2014 funding relief for training reactor maintenance, ensuring the training pipeline capacity remains consistent.

MARINE CORPS END STRENGTH

30. Senator INHOFE. General Amos, I understand regardless of what happens with sequestration, the Marine Corps is required to reduce end strength to 175,000 Active Duty down from 182,700. In terms of battalions, this translates to 21 battalions down from 28 battalions. Could you articulate the risk and the readiness implications of drawing down the Marine Corps to these levels?

General AMOS. The current budget supports the 175,000 force at moderate risk. At this force level, 20 of our 21 battalions will be required for a major war. Those battalions would be adequately trained and ready, but the Marine Corps will be all in until the war is over. We will have very little left for crises that could occur in other parts of the world.

A return to sequestration in fiscal year 2016 with a 175,000 force would equate to high risk. At this lowered resource level, our units that deploy to combat would not be as well trained, and would be slower arriving. This means that it will take longer to achieve our objectives, and the human cost would likely be higher.

31. Senator INHOFE. General Amos, what were the trade-offs that the Marine Corps made to sustain this level of end strength?

General AMOS. In order to prioritize emerging demands in a fiscally constrained environment, we accepted risk in major combat operations (MCO) and stability operations. Thus, the redesigned Marine Corps made tradeoffs in some high end capabilities, like armor and artillery, in order to concentrate on our role as America's premier crisis response force.

In the short term, our focus on readiness ensures that our 21 battalions will be trained and ready for a major war. However, should major war occur, we will be all in until the war is over. We will have very little left for crises that could occur in other parts of the world. To meet forward presence demands, our force will main-

tain a high operational tempo at 1:2 deployment to dwell ratio which increases risk by stressing training requirements and straining our career force.

The long-term impacts depend in large part on resourcing levels. A return to sequestration in fiscal year 2016 with a 175,000 force would equate to high risk. At this lowered resource level, our units that deploy to combat would not be as well trained, and would be slower arriving. This means that it will take longer to achieve our objectives, and the human cost would likely be higher.

AMPHIBIOUS COMBAT VEHICLE

32. Senator INHOFE. General Amos, I understand the Amphibious Combat Vehicle (ACV) program has been restructured due to technology maturity and affordability. Now, the Marine Corps plans to use Marine Personnel Carrier (MPC) program requirements to define the first increment of the ACV program. How realistic is it to expect MPC to be the first increment of ACV?

General AMOS. The MPC, which we refer to as ACV increment 1.1, is a realistic, practical, and highly effective means of addressing our infantry mobility requirements. ACV 1.1 is intended to be the acquisition of a non-developmental, medium wheeled, armored personnel carrier. This type of combat vehicle is ubiquitous throughout the international defense industry and is used by militaries around the world. We have worked with industry for many years to encourage the development of increased protection, lethality, and mobility capabilities. In 2013, we completed government swim and protection testing of several candidate vendors' vehicles. The results were impressive and we believe that this approach will provide a vehicle that is superior in many aspects to our current Amphibious Assault Vehicle (AAV) and will deliver the capability much faster than a new design. We will upgrade and sustain enough AAVs to ensure that we maintain an amphibious capability until the new vehicle is fully incorporated as a modern component of the Nation's power projection capabilities.

33. Senator INHOFE. General Amos, I understand the ACV program has been restructured due to technology maturity and affordability. Now, the Marine Corps plans to use MPC program requirements to define the first increment of the ACV program. What is the impact of changing the ACV strategy on the current AAV platform?

General AMOS. By pursuing a non-developmental acquisition of a wheeled-armored personnel carrier, we will reduce the time it takes for us to field a vehicle, and reduce the burden of our current AAVs. We will have a parallel survivability upgrade program in place to improve protection and performance of a portion of the AAV fleet so that it will continue to serve as the primary amphibious mobility platform until the fleet is replaced entirely by a modern capability.

34. Senator INHOFE. General Amos, what is the operational impact to the Marine Corps if this program is deferred for several years?

General AMOS. The AAV's current performance capabilities, especially in the areas of protection, mobility, and lethality, are woefully short of required operational capabilities. We did not use the vehicles in the latter stages of Operation Iraqi Freedom and not at all in Operation Enduring Freedom (OEF) for those reasons. We continue to deploy them with our Marine Expeditionary Units (MEU), and if called upon, to conduct major combat operations from the sea or inland. It is likely the AAV will be the maneuver platform used by our infantry forces because that is what we have. However, we should no longer defer the AAV's replacement.

There is no looming readiness or combat capability that will suddenly impact the Marine Corps; however, the current AAV fleet is facing several obsolescence and declining parts supply issues. These factors decrease the readiness of our primary infantry mobility platform. We will be able to address some of the issues through an aggressive survivability and sustainment upgrade program, but without replacement the already 40-year-old vehicle will continue to age and decline in readiness.

OHIO REPLACEMENT PROGRAM

35. Senator INHOFE. Secretary Mabus and Admiral Greenert, the Navy has been advocating for the establishment of a new separate national defense account to fund the future procurement of the new ORP, instead of funding the ship in the Shipbuilding and Conversion, Navy shipbuilding account. This new account would be similar to the National Defense Sealift Fund (NDSF) account used to fund sealift. However, the Navy's budget proposes to cancel the NDSF account because the ac-

count has not executed funding as it was intended to. Given the Navy's proposal to terminate the NDSF account, why would it make sense to fund the new *Ohio* in a separate account? Why not simply fund the new *Ohio* in the same manner the earlier Trident submarine was funded which was in the Shipbuilding and Conversion, Navy account?

Mr. MABUS and Admiral GREENERT. The construction of the ORP SSBN will require significant increases in Navy's top-line for the Shipbuilding and Conversion, Navy appropriation.

If Navy shoulders the entire burden of the *Ohio* Replacement SSBN out of the Shipbuilding and Conversion, Navy appropriation as it is currently estimated each fiscal year, it will significantly reduce other shipbuilding programs once *Ohio* Replacement SSBN construction begins in fiscal year 2021. This will result in substantial gaps in fleet ship requirements in the late 2020s and 2030s.

The Navy has historically been able to resource approximately $13 billion in annual new-ship procurement funding. In addition to the challenge of funding the *Ohio* Replacement SSBN, during several years in the early 2020s Navy will also require approximately $2 billion in additional ship construction funding to recapitalize the large number of ships decommissioning in those years to attempt to reach the FSA required battle force size and shape.

STATUS OF THE USS *GEORGE WASHINGTON* (CVN–73) AIRCRAFT CARRIER REFUELING OVERHAUL

36. Senator INHOFE. Secretary Mabus, there has been considerable confusion over what exactly the Navy's budget supports for the USS *George Washington* CVN–73 aircraft carrier. It is unclear if the ship will be decommissioned only half way through its 50-year service life, or if it will receive an overhaul designed to support another 25 years of service. Secretary Hagel indicated that DOD is looking for an indication from Congress that the fiscal year 2016 and later sequestration caps would be modified to accommodate the extra $115 billion the administration has included in the out-years of the fiscal year 2015 FYDP. Please explain what exactly is in the Navy's budget for this ship in fiscal year 2015?

Mr. MABUS. The President's budget for fiscal year 2015 requests $46 million operation and maintenance, Navy (OMN) in fiscal year 2015 to continue planning requirements to defuel CVN–73 , which will be required whether the ship is inactivated in fiscal year 2016 under a sequestration level budget or proceeds to refueling and complex overhaul (RCOH) under a higher level budget. The President's budget for fiscal year 2015 also includes Military Personnel, Navy (MPN) and OMN funding for ship O&M required to sustain CVN–73 as the Navy's forward-deployed aircraft carrier.

37. Senator INHOFE. Secretary Mabus, what specifically is included in this budget in fiscal year 2016, and the later years of the FYDP?

Mr. MABUS. Program Objective Memorandum (POM) 16 is still under development and preliminary at this time; however, the fiscal year 2015 President's budget and associated FYDP inactivates CVN–73 and a carrier air wing (CVW) under the following funding:

[In millions of dollars]

	Fiscal Year					Future Years Defense Program
	2015	2016	2017	2018	2019	
MPN	323.7	198.5	165.5	90.7	33.0	811.4
DHAN	14.8	9.5	6.3	2.7	0.7	34.0
APN - Termination Fees for MH–60Rs	-	250.0	-	-	-	250.0
OMNR/RPN - Fleet Logistics	11.8	-	-	-	-	11.8
OMN - Air Operations	109.2	-	-	-	-	109.2
OMN - 1B1B (Ship Ops)	30.6	11.2	-	-	-	41.8
OMN - 1B4B (Ship Maintenance)	97.0	-	-	-	-	97.0
OMN - 2B2G (Inactivation)	46.0	211.0	719.0	50.0	35.0	1,061.0
Current Funding for *GW* in President budget 2015	633.1	680.2	890.8	143.4	68.7	2,416.1

The military personnel funding profile supports full manning of CVN–73 and the associated CVW in fiscal year 2015, with declining manning across the FYDP representing the profile necessary to man CVN–73 during inactivation and reduce the Navy inventory by one CVW beginning in fiscal year 2016. The Defense Health Ac-

crual account is a non-appropriated transfer fund that is the Department's contribution to the Medicare-Eligible Retire Health Care Fund for the future Medicare-eligible health care costs of current servicemembers. The cost is based on the average personnel strength and actuarial rate estimates.

The reduction of one CVW eliminates the need for 16 MH–60Rs in fiscal year 2016, resulting in termination fees for cancellation of the multi-year procurement. This action is reversible and will be a POM 16 decision.

Fleet logistics funding represents a reduced reserve aviation posture associated with a smaller carrier fleet. Air operations and ship operations represent the full cost of operating CVN–73 until arrival in Norfolk in December 2015. Ship maintenance funding represents a minimal maintenance event sufficient to operate safely on the return to Norfolk.

The total budget profile for inactivating CVN–73 is $1,124 million ($1,061 million in the President's budget for fiscal year 2015 FYDP) as detailed below:

[In millions of dollars]

CVN–73 Inactivation	Fiscal Year						Future Years Defense Program
	2014	2015	2016	2017	2018	2019	
Advance Planning (AP)	63	46	144				253
GFE and Prime Contractor Support			11	7	7	7	32
Ship's Terminal Offload Program			55				55
Inactivation				710	28		738
Tow					10	23	33
PSNS & IMF (AP Disp & Recycle)			1	2	5	5	13
CVN–73 Inactivation	63	46	211	719	50	35	1,124

The assumptions for this estimate are that:

- There is $63 million of fiscal year 2014 Shipbuilding and Conversion, Navy defueling preps that is for work common to either path: inactivation or overhaul.
- The $46 million of fiscal year 2015 OMN defueling prep is also common to either path.
- The inactivation commences in October 2016.

The above inactivation funding profile in the outyears is partially modeled on CVN–65, and will likely change as cost estimates are refined.

38. Senator INHOFE. Secretary Mabus, when would be the latest date a decision would have to made by DOD in time to support the overhaul in the fiscal year 2016 budget?

Mr. MABUS. A decision not later than December 2014 supports incorporation of the RCOH in the fiscal year 2016 budget with a start date delayed to fiscal year 2017.

39. Senator INHOFE. Secretary Mabus, will this action serve to break the joint Army-Navy H–60 helicopter multi-year procurement contract? What has the Navy budgeted for that multi-year procurement cost penalty?

Mr. MABUS. A final decision on maintaining or terminating the MH–60R multi-year procurement contract has been deferred to fiscal year 2016. Our proposed fiscal year 2015 budget fully funds the multi-year procurement in fiscal year 2015 with advance procurement for the 29 MH–60R aircraft (and full procurement of 8 MH–60S aircraft). If the Navy returns to BCA levels in fiscal year 2016, the subsequent fiscal constraints would challenge our ability to procure the 29 aircraft. MH–60R procurement would be aligned to force structure reductions. This scenario may cause MH–60R multi-year procurement contract termination which could cause contract termination costs and reduce rotary wing capacity for Navy. We have not determined the exact costs and fees associated with a cancellation. Cancellation fees would be calculated in accordance with Federal Acquisition Regulations. Any cancellation decision and notification would occur after the fiscal year 2016 budget is approved by Congress.

The cost to procure 29 MH–60R aircraft is estimated at $760 million; the exact amount will be based on the fiscal year 2015 appropriation. Both multi-year procurement contracts (MH–60R and MH–60S) require fiscal year 2015 advance procurement funding in order to maintain multi-year aircraft pricing for fiscal year 2015. Navy will continue to work with Congress and our industry partners on a resolution for the fiscal year 2016 budget submission.

CVN–78 *FORD* AIRCRAFT CARRIER

40. Senator INHOFE. Secretary Mabus, the lead ship of the new class of aircraft carriers, the USS *Ford* CVN–78 is projected to cost almost $13 billion for procurement, plus more than $3 billion of R&D funding. The procurement funds have been incrementally requested over a 16-year span from 2001 to 2016. While Congress did acquiesce to the Navy's request to break from the longstanding policy of fully funding ships in the year of authorization, back to the Eisenhower 1950s administration, and allowed the Navy to split fund this ship over 6 years, no one realistically contemplated the procurement funding would span 16 years. It is not realistic to expect effective oversight over such a lengthy span of time. Nuclear aircraft carriers have always been expensive. However, is it not time for reconsidering how to fully fund ships and get back to responsible budgeting and more effective program oversight?

Mr. MABUS. USS *Gerald R. Ford* (CVN–78) is the lead ship of the first new class of aircraft carriers in nearly 40 years. CVN–78 was initially financed with Advanced Procurement funding from fiscal years 2001 to 2007 for long lead time material, advance planning, and advance construction. This was followed by 4 years of Full Funding from fiscal years 2008 to 2011. The President's budget 2015 reflects Completion of prior year shipbuilding programs funding for CVN–78 in fiscal years 2014 to 2016 to finance cost increases due first of class issues and government-furnished equipment cost increases.

The NDAA for Fiscal Year 2013 (Public Law 112–239) authorized 6 years of full funding for CVN–78, CVN–79, and CVN–80. The split funding authority granted in the NDAA for Fiscal Year 2013 supports an optimal build profile that minimizes overall construction cost; provides sufficient margin to meet key operation timelines; and meets affordability requirements within a fiscally constrained environment.

Fully funding large capital ships such as aircraft carriers in a single year is not the most efficient and effective use of Navy's total obligation authority for shipbuilding. Using 6 years of full funding avoids funding spikes in the Shipbuilding and Conversion, Navy account and allows the Navy to procure large capital ships and fund other programs concurrently in order to sustain the Navy's 30-year shipbuilding plan. Split funding or incremental funding is a more practical and effective procurement strategy to maintain a weapon system vital to the Nation's defense.

Incrementally funding aircraft carriers or any other shipbuilding program does not alleviate the Navy's responsibility to Congress and the public to provide visibility into program funding and effective program oversight. The President's budget 2015 Justification of Estimates shows, for both CVN–78 and CVN–79, each fiscal year of funding that contributes to the end cost of the ship.

BIOFUELS/ALTERNATIVE FUELS

41. Senator INHOFE. Secretary Mabus, the Navy spent $160 million in fiscal year 2012 and fiscal year 2013 for an ongoing biofuels production project, and is planning for bulk purchases of biofuels in fiscal year 2015. The Navy spent over $26/gallon on their last biofuel bulk-purchase in 2011. Is it in the Navy's best interest to continue to pay for biofuel refineries which it will never own, in order to purchase biofuels which have not yet proven cost competitive with conventional fuels, given that the defense budget has already been decimated by President Obama?

Mr. MABUS. The U.S. Navy and the Marine Corps have a long history and tradition of embracing innovation to gain a strategic and competitive edge. The DPA biofuels effort is a perfect example of innovation that will expand the liquid fuel supply base, ensure competitively priced biofuels to that of petroleum, and make the United States and our military less vulnerable to price shocks of a globally traded commodity.

Oil price shocks in fiscal year 2011 and fiscal year 2012 resulted in an unfunded bill to DOD, in the year of execution, of $3 billion. In fiscal year 2013, oil price shocks and volatility would have resulted in an additional $1 billion bill had it not been for a reprogramming. This unpredictable global commodity has direct and negative impacts on training, readiness, and national security. It is irresponsible and in direct conflict to our national security to not pursue alternative fuels.

The 2011 biofuel purchase was not a bulk buy. This purchase was used in testing and evaluation to demonstrate the performance and feasibility of utilizing alternative fuels in operational conditions. The DOD will only purchase bulk quantities of biofuels that are cost competitive with conventional fuel.

Beginning in 2016, the DPA companies will be producing biofuel at commercial scale. Based upon their commitments, the DPA companies stand to:

- produce more than 100 million gallons per year of drop-in, military compatible fuels;

- at a weighted average price of $3.45 per gallon; and
- with at least 50 percent lower lifecycle greenhouse gas (GHG) emissions than that of conventional fuel.

42. Senator INHOFE. Secretary Mabus, what national security advantage does the United States gain by spending hundreds of millions of the Navy's dollars to produce biofuels within the United States when many of our fuel purchases occur outside of the United States?

Mr. MABUS. Approximately two thirds of the refined fuel purchased by the U.S. Navy is bought in domestic markets. Unfortunately, only about half of that fuel actually comes from domestic sources since roughly half of all oil used to make refined products in the United States is imported. This fact only adds to the importance of expanding the domestic supply base so that the United States is less dependent on unstable foreign oil markets. Expanding the domestic, drop-in biofuels market is paramount to national security.

In fiscal year 2011 and fiscal year 2012, the DOD saw an unfunded bill in the year of execution of $3 billion due to sharp price movements and volatile markets. In fiscal year 2013, oil price shocks and volatility would have resulted in an additional $1 billion bill had it not been for a reprogramming. This unpredictable global commodity has direct and negative impacts on training, readiness, and national security.

It is irresponsible and in direct conflict to national security to not pursue alternative fuels. As major consumers of liquid fuel, the United States as a whole and the DOD in particular would greatly benefit from a competitive, domestic renewable fuels industry capable of broadening the commodity supply base and ultimately helping to ease the impacts of unstable oil markets.

Beginning in 2016, the DPA companies will be producing biofuel at commercial scale. Based upon their commitments, the DPA companies stand to:

- produce more than 100 million gallons per year of drop-in, military compatible fuels;
- at a weighted average price of $3.45 per gallon; and
- with at least 50 percent lower lifecycle GHG emissions than that of conventional fuel.

Finally, while more than the majority of U.S. Navy fuel is purchased in domestic markets, there is still the need for an international biofuel effort. That is why Statements of Cooperation (SOC) for the research and use of alternative fuels have been signed with the Royal Australian and Italian navies. Additional SOC are being sought with numerous other countries. The U.S. Navy is a globally deployed force and it is in our best interest to ensure our allies are also working to expand the fuel supply base and move away from unstable oil markets.

43. Senator INHOFE. Secretary Mabus, how much funding by fiscal year has been committed out of both the Navy and OSD budget for the President's initiative involving DOD, DOE, and the Department of Agriculture to promote a national biofuel industry?

Mr. MABUS. DOD requested the amounts shown below in support of the Advanced Drop-in Biofuels Production effort. No additional funds are programmed for this project.

[In millions of dollars]

Fiscal Year	President's Request	Appropriated
2012	$100	$100
2013	70	60

Beginning in 2016, the DPA companies will be producing biofuel at commercial scale. Based upon their commitments, the DPA companies stand to:

- produce more than 100 million gallons per year of drop-in, military compatible fuels;
- at a weighted average price of $3.45 per gallon; and
- with at least 50 percent lower lifecycle GHG emissions than that of conventional fuel.

COMPENSATION ISSUE

44. Senator INHOFE. Admiral Greenert, in your written hearing statement, you discuss how important it is to control personnel cost growth by slowing military pay raises; slowing basic allowance for housing growth; and reducing commissary subsidies. You go on to say that "none of these measures will reduce our sailors' pay." But, it seems to me that these measures taken together will greatly diminish a sailor's purchasing power and our young enlisted families will suffer the most. How will DOD's proposed pay and benefit changes impact a sailor's stay-or-leave decision about continued military service?

Admiral GREENERT. When my Senior Enlisted Advisor (the Master Chief Petty Officer of the Navy) and I visit Navy commands around the world, the message I get from our sailors is that they want to serve in a force that is properly manned and one that provides them with the tools, training, and deployment predictability they need to do their jobs. Sailors tell us that these factors are as important as compensation and benefits. Navy is committed to providing our sailors with a challenging, rewarding professional experience, underpinned by the tools and resources to do their jobs right. Our sailors are our most important asset and we must invest appropriately to keep a high caliber All-Volunteer Force. Therefore, any Navy savings from compensation reform will be reinvested to quality of service enhancements that I feel will encourage sailors to continue their Navy service.

45. Senator INHOFE. Admiral Greenert, how will future officer and enlisted recruits perceive changes in pay and benefits as they weigh their decisions for future military service?

Admiral GREENERT. The military compensation package offered to future officer and enlisted recruits will remain competitive. Future officers and enlisted will continue to receive regular military compensation (i.e. basic pay, food and housing allowances, and tax advantage) that will very likely exceed earnings of civilians with similar education and work experience. Additionally, the Navy will continue to offer other benefits that exceed what is available to most new hires in the civilian sector including free healthcare for the member, very low cost sharing for family members, 30 days paid leave per year, and the GI Bill.

CUT IN FLIGHT 3 CONFIGURATION CHANGE

46. Senator INHOFE. Secretary Mabus, you have previously testified that we must build stable designs without major changes during construction. If a new advanced technology comes along after construction has started, it must wait until the next block of ships. The fiscal year 2016 ships are part of a 5-year (fiscal years 2012 to 2016) multi-year procurement buy which is predicated on a stable configuration. In light of that statement, why does the budget include $134 million for design to support the introduction of the Flight 3 configuration change for the DDG–51 program starting with the procurement of fiscal year 2016 ships?

Mr. MABUS. You are correct that I said we should build ships without major changes, and I truly believe that statement. However, in this fiscal environment the proposed plan gives the Navy the ability to bring the Air Missile Defense Radar (AMDR) and its critical protection to our sailors and our fleet in a known and tested design with minimum configuration changes. The $134 million DDG–51 advanced procurement Shipbuilding and Conversion, Navy requested in the President's fiscal year 2015 budget will be used to mitigate risk by completing detail design ahead of fabrication for the Flight III configuration. This proposed strategy also provides the flexibility to continue to procure Flight IIA DDGs, if necessary.

47. Senator INHOFE. Secretary Mabus, consistent with your statement, should the start of procurement for Flight 3 be deferred until the multi-year procurement buy is completed?

Mr. MABUS. No. The plan for introducing the DDG–51 Flight III capability in fiscal year 2016 adequately balances both technical and production risk in order to upgrade critical warfighting capability in the most cost effective manner. The Navy has already awarded the DDG–51 fiscal years 2013 to 2017 multi-year procurement contracts for 10 DDG–51 Flight IIA ships as described in the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) approved Acquisition Strategy dated June 2012 and authorized by Congress in the NDAA for Fiscal Year 2013, section 123.

Procurement of the DDG–51 Flight IIA ships using multi-year procurement contracts resulted in significant savings. The multi-year procurement savings will not be affected by the introduction of the Flight III capability. The DDG–51 Flight III

capability consists of a Flight IIA ship which changes the SPY–1D(V) radar to the AMDR along with the associated changes to power and cooling. These changes will be implemented using one or more engineering change proposals (ECP).

While the introduction of any new technology involves some risk, no contractual commitment in advance of appropriations (the definition of a multi-year procurement) will be used to execute these ECPs. The ECPs will be annually funded. The additional technical risk of incorporating the new radar capability is warranted because the ships will deliver a significant increase in integrated air and missile defense (IAMD) capability. The proposed strategy to use ECPs to incorporate the AMDR into the DDG–51 Flight IIA also provides the flexibility to continue to procure Flight IIA DDGs if the technology critical to Flight III (i.e. AMDR) does not mature on schedule. The use of one or more ECPs is the most efficient method to introduce this capability while minimizing both risk and potential cost growth.

LITTORAL COMBAT SHIP

48. Senator INHOFE. Secretary Mabus, given the Navy only budgeted for three Littoral Combat Ships (LCS) in fiscal year 2015, when will the Navy have a revised acquisition strategy for the program?

Mr. MABUS. The deferral of one block buy ship from fiscal year 2015 to fiscal year 2016 was a direct result of funding impacts associated with the Bipartisan Budget Act (BBA). The acquisition strategy to procure three ships in fiscal year 2015 instead of four ships is currently in draft and expected to be approved in late fiscal year 2014.

Navy plans to procure the single LCS shifted to fiscal year 2016 under the current block buy contract(s) by making an adjustment to the terms of the block buy contracts. The adjustment to the procurement profile will be made in consultation with industry, with consideration of cost, production schedule performance, shipyard resource loading, and vendor base considerations. Final determination will be made subject to bilateral negotiations with a focus on minimizing impact to cost by leveraging the affordability initiatives brought to the program by the block buy contracts (stable requirements, stable design, stable production schedule, skilled workforce, facility investments, long-term vendor agreements, fixed price contracts). Minimal to no schedule impact is expected.

49. Senator INHOFE. Secretary Mabus, what action will the Navy take to avoid breaking their 20-ship block buy construction contract?

Mr. MABUS. See answer to question 48.

50. Senator INHOFE. Secretary Mabus, Assistant Secretary Stackley has testified that, "the reduction from four to three LCS in fiscal year 2015 will require the Navy to extend the pricing for one block buy ship." What exactly does that statement mean?

Mr. MABUS. See answer to question 48.

51. Senator INHOFE. Secretary Mabus, what would be the cost penalty the Navy would incur if the contract is broken because four ships are not procured in fiscal year 2015? What is the cost of a fourth ship in fiscal year 2015?

Mr. MABUS. The deferral of one block buy ship from fiscal year 2015 to fiscal year 2016 was a direct result of funding impacts associated with the BBA. However, Navy plans to procure the single LCS shifted to fiscal year 2016 under the current block buy contract(s) by making an adjustment to the terms of the block buy contracts. It is expected that this slight adjustment to the procurement profile can be accomplished with minimal cost and schedule impact on the fiscal year 2016 ship. Per the block buy contract terms, the target prices of the prior year ships in the block buy will not be impacted.

$397 million would be required to restore procurement of the fourth LCS in fiscal year 2015.

52. Senator INHOFE. Secretary Mabus, how does the experience of the LCS compare with that of the USS *Oliver Hazard Perry* (FFG–7) program built during the 1970s and 1980s?

Mr. MABUS. The "First-of-Class" issues experienced on LCS–1 and LCS–2 are not unusual for lead ships. For every new ship class, a highly tailored new construction production line must be established, as well as some production processes unique to that class.

Oliver Hazard Perry (FFG–7) was introduced into the fleet in 1977 and was a lengthy line production program with many ships in parallel construction in several yards, similar to the LCS program. The FFG–7 class had many "First-of-Class" issues including the high failure rate for ship service diesel generators (SSDG), unreliable operation of the new MK–92 fire control system with new radar, as well as survivability concerns resultant of the top line weight, manning, and cost constraints.[1] For economic reasons and to avoid disruption of line production, the Navy developed many fixes for early problems and installed them as modification packages after ship delivery.

Cost growth attributable to "First-of-Class" issues is difficult to quantify given the varying complexity of ship designs and construction processes and long and varying construction timelines. This level of complexity can result in unintended or corollary changes in which one change to resolve a particular "First-of-Class" issue may then cause additional issues or prompt additional changes in the rest of a ship space or deck or throughout the entire ship. In some cases, change may be driven by a budget decision made years after the start of construction, which later impacts a major piece of government furnished equipment, leading to a necessary redesign of the ship's topside (e.g., FFG–7 stern redesign to enable the ship to accommodate the LAMPS–MK III helicopter, its hauldown system, and the towed sonar system). In other cases, change may be driven by a government re-prioritization of the defense priorities and allocation system ratings, which affects what materials are available for use by the shipbuilders (e.g., LCS was affected by the re-prioritization of HSLA–80 steel to the production of Mine-Resistant Ambush Protected (MRAP) vehicles in response to the war on terrorism, as well as consolidation of U.S. steel producers in this area). FFG–7 was designed with little modernization growth margin to take on additional capabilities whereas LCS requirements drove tradeoffs in support of modularity to perform portions of mine countermeasure and patrol craft missions. Therefore, it is difficult to identify a credible or common frame of reference by which "First-of-Class" issues and cost growth can be fairly characterized or meaningfully compared across ship classes, particularly given the significant warfare mission requirement differences from class to class.

For example, in May 2004 the Navy made the decision not to invest in prototyping for the LCS, and to instead proceed directly from the just-completed preliminary design phase to final system design and to construction of LCS–1 in December 2004, followed by construction of LCS–2 in October 2005. Based on this acquisition strategy, the Navy requested, and Congress appropriated, funding of construction of the first two LCS lead ships with Research, Development, Test and Evaluation (RDT&E) appropriations with later ships to be funded in Shipbuilding and Conversion, Navy. In contrast, FFG–7 program spent significant RDT&E funds over many years of development, including building a completely fitted out Combat Information Center where testing and coordination of the sophisticated electronics communications equipment and sensors could be done prior to launching of the lead FFG. LCS, however, went directly to the two industry teams to complete the design and construction. As with all shipbuilding programs, the LCS Shipbuilding and Conversion, Navy budget includes a change order budget for all follow ships of the class of approximately 5 percent of basic construction cost that is intended, in part, to cover forward-fit changes that address lead ship issues on the follow ships in the class.

Across all ship classes, experience shows that it is rare that all design issues will be discovered and resolved before a lead ship is placed in service. Discovery of "First-of-Class" issues largely depends upon sufficient underway operations by the crew(s) in a realistic environment, such that early failures or non-obvious design defects are revealed. As these issues are discovered, they are factored into work packages during a post shakedown availability (PSA) or other post-delivery availabilities. The Navy actively works to discover these "First-of-Class" issues as early as possible so that they can be dealt with effectively within the appropriation life of Shipbuilding and Conversion, Navy funding. Most "First-of-Class" issues do not recur on follow ships, due in part to the increase in shipyard expertise and quality in combination with correction of design issues.

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[1] GAO testimony 108301, 1979: According to a 1975 Navy assessment of the ship's survivability protection, the ship and other U.S. ships are quite vulnerable to low level enemy threats. Survivability improvements for the FFG–7 class are being evaluated, and corrective actions are planned. However, opportunities for improvement are limited because the ship is small, there are cost and weight constraints as well as state of-the-art limitations, and the payoff of all possible changes may not be commensurate with the costs.

CRUISER REDUCED OPERATING STATUS

53. Senator INHOFE. Secretary Mabus, please describe your plan to lay up the 11 *Ticonderoga*-class (CG–47) cruisers?

Mr. MABUS. There is no plan to lay up any ships. Our fiscal year 2015 President's budget submission proposes to induct 11 *Ticonderoga*-class CG into a phased modernization period starting in fiscal year 2015. This plan helps us to balance 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. Phased modernization allows us to preserve this balance and modernize cruisers while avoiding a permanent loss of force structure and requisite "ship years."

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 O&M costs across the FYDP for 11 CGs. In addition, it precludes Navy 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.

54. Senator INHOFE. Secretary Mabus, how long will these cruisers be laid up?

Mr. MABUS. There is no plan to lay up any ships. What our fiscal year 2015 President's budget submission proposes to do is induct 11 *Ticonderoga*-class CG into a phased modernization period starting in fiscal year 2015. This plan helps us to balance sufficient readiness, capability, and manpower to complement the force structure capacity of ships and aircraft. The ships undergoing phased modernization will replace, on a hull-for-hull basis, the retiring ships (CG–52 to –62) as those ships reach the end of their service lives in the 2020s. In general terms, this will mean that phased maintenance periods will vary between 4 and 11 years.

55. Senator INHOFE. Secretary Mabus, what is the projected cost?

Mr. MABUS. The cost per ship will vary based on individual hull material, condition of the ship, and previously completed modernization. The range is approximately $350 to $600 million 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 NDAA for Fiscal Year 2014 (CGs–63 to –66, –68 to –69, –73). The plan to modernize and retain 11 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.

56. Senator INHOFE. Secretary Mabus, what is actually budgeted by fiscal year by program?

Mr. MABUS. In the fiscal year 2015 President's budget, CG–63, –64, –65, –66, –68, –69, and –73 are supported by SMOSF funding and have zero funding budgeted through the fiscal year 2015 President's budget FYDP. Below is a table summarizing what is budgeted for the other four cruisers proposed for phased modernization (CG–67, –70, –71, and –72). The table is in then-year millions of dollars.

	PB 15					
	FY15	FY16	FY17	FY18	FY19	FY15-19
CG 67 USS SHILOH						
O&S	11.4	1.1	1.1	3.3	50.9	67.8
Modernization	0.0	0.0	108.1	27.4	93.0	228.5
Total	**11.4**	**1.1**	**109.2**	**30.7**	**143.9**	**296.3**
CG 70 USS LAKE ERIE						
O&S	22.3	1.1	1.1	1.1	3.3	28.9
Modernization	0.0	0.0	0.0	110.4	29.5	139.9
Total	**22.3**	**1.1**	**1.1**	**111.5**	**32.8**	**168.8**
CG 71 USS CAPT ST GEORGE						
O&S	22.0	1.1	1.1	1.1	1.1	26.4
Modernization	0.0	0.0	0.0	0.0	0.0	0.0
Total	**22.0**	**1.1**	**1.1**	**1.1**	**1.1**	**26.4**
CG 72 USS VELLA GULF						
O&S	20.6	1.1	1.1	1.1	1.1	25.0
Modernization	0.0	0.0	0.0	0.0	0.0	0.0
Total	**20.6**	**1.1**	**1.1**	**1.1**	**1.1**	**25.0**

57. Senator INHOFE. Secretary Mabus, how can you ensure they will be returned to active service in future years in light of the persisting budget fiscal challenges?

Mr. MABUS. 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.

58. Senator INHOFE. Secretary Mabus, what is the alternative if Congress does not approve the layup plan?

Mr. MABUS. There is no plan to lay up any ships. 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.

59. Senator INHOFE. Secretary Mabus, if the cruisers are laid up, how will the Navy meet the combatant command force presence requirements, and what risk does the Navy assume in doing so?

Mr. MABUS. There is no plan to lay up any ships. Our fiscal year 2015 President's budget submission proposes to induct 11 *Ticonderoga*-class CG into a phased modernization period starting in fiscal year 2015. The Navy will maintain 11 of its most capable air defense commander CGs and increasing number of DDGs to meet adjudicated combatant commanders' requirements. Under the Optimized Fleet Response Plan, surface combatant deployment lengths will increase to 8 months, providing increased presence to mitigate the effects of CG modernization.

The fiscal year 2015 President's budget 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.

To date, the Navy has modernized CGs 52 to 58 with the Advanced Capability Build (ACB) 08 combat system as well as substantial hull, mechanical, and electrical upgrades, and has nearly completed modernization on CGs 59 to 62 with the improved ACB 12. These investments have allowed the first 11 ships of the *Ticonderoga*-class to remain the world's premier air defense commander platform, fully capable of integrating into the carrier strike group construct or operating independently in support of combatant commanders demands.

DOD HEADQUARTERS REDUCTIONS

60. Senator INHOFE. Admiral Greenert and General Amos, 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?

Admiral GREENERT. Our fiscal year 2015 President's budget request achieves savings through significant headquarters reductions, placing us on track to meet the 20 percent reduction by fiscal year 2019 required by Secretary of Defense fiscal guidance. To protect the Navy's ability to rebalance to the Pacific and continue to execute ongoing 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 percent 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 U.S.C. 2463.

General AMOS. The Marine Corps is phasing the mandatory headquarters reduction at approximately 4 percent per year beginning in fiscal year 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 percent reduction in management headquarters by 2019.

SHIP CONSTRUCTION QUALITY CONTROL ISSUES

61. Senator INHOFE. Secretary Mabus, what actions has the Navy taken to deal with and mitigate the ship construction quality control issues that were prevalent the last few years?

Mr. MABUS. The U.S. Navy requires the best warships in the world. Building these ships is a complicated endeavor that, on occasion, results in technical issues. To address those issues, the Naval Sea Systems Command (NAVSEA) instituted a "Back to Basics" initiative in 2010 at the four Supervisors of Shipbuilding (SUPSHIP) designed to improve oversight and results of ship construction quality and contract administration. As part of this initiative, NAVSEA increased the number of waterfront quality assurance (QA) personnel, as well as financial and contract administration specialists, in order to better oversee and enforce the terms of shipbuilding contracts. The emphasis of the "Back to Basics" was to establish effective quality surveillance plans, to ensure SUPSHIP personnel were properly trained, to develop standards for oversight of shipbuilding contracts, and to partner with shipbuilder production teams to ensure consistency during ship construction. NAVSEA established an audit program to ensure SUPSHIP QA departments meet the standards for QA oversight.

As a result, we have increased shipbuilder surveillance inspections and metrics-based assessments of the core shipbuilding process by the SUPSHIP. This includes joint collaboration with the shipbuilders on ensuring compliance with critical construction processes and ship specifications while identifying negative trends and implementing corrective actions early in the construction cycle.

The results to date have been positive across the platforms. After implementation of "Back to Basics" and several NAVSEA led audits of shipbuilder compliance to critical shipbuilding processes, i.e. welding, coatings, electrical, new construction Navy ships have seen a significant decrease in quality deficiencies at delivery. On the LPD–17 class, the level of completeness and quality continues to improve with each ship delivery; and the build plans for follow-on ships are becoming more stable. Each ship has received fewer Board of Inspection and Survey (INSURV) trial cards than its predecessor indicating lessons learned are being incorporated. In addition, LPD–22, –23, –24, and –25 were delivered with zero "starred" cards. This was also true of the last two T–AKE ships and most recently LHA–6. LCS–4 delivered with a 75 percent reduction in starred cards. The high level of quality at which Joint High Speed Vehicle and MLP class ships are being delivered can be attributed to the increased collaboration between the Navy and the shipbuilder to develop a more mature ship design before the start of construction. Improvements have also been realized with the *Virginia*-class submarine program. The average INSURV scores for significant material deficiencies and equipment operational capability have been improving over each of the last eight *Virginia*-class submarine deliveries.

The Navy will continue to improve its shipbuilding oversight so each ship is constructed at the highest possible quality with the fewest possible deficiencies at delivery.

VIRGINIA-CLASS SUBMARINE PAYLOAD MODULE

62. Senator INHOFE. Secretary Mabus, I am concerned with increasing the *Virginia*-class submarine size by a third to accommodate a 93.7 foot module in the submarine's center. How well-defined are the *Virginia* Payload Module's (VPM) requirements?

Mr. MABUS. The VPM requirements are now specifically laid out in the Capability Development Document (CDD) for *Virginia* (SSN–774) class submarine strike capability change. The Joint Requirements Oversight Council (JROC) validated this CDD on December 17, 2013. Although, the overall dimensions of the VPM are not firmly set, additional design decisions have decreased the size of the VPM insert to approximately 70 feet. A key element of the VPM design criteria is to ensure *Virginia*-class submarines with VPM will be able to fully execute existing missions in addition to the missions enabled by adding additional payload capacity while staying within cost and schedule requirements listed in the CDD.

63. Senator INHOFE. Secretary Mabus, how much of an impact will the VPM change have on the cost of the *Virginia*-class ships?

Mr. MABUS. The Navy will have the option to incorporate the VPM into the Block V construction contract as early as fiscal year 2019. VPM would more than triple the *Virginia*-class strike missile capacity from 12 to 40 at less than a 15 percent cost increase. The approved VPM CDD outlines threshold and objective key performance parameters (KPP) for non-recurring engineering (NRE), lead ship, and follow on ships costs. The Navy's current cost estimate is less than the cost objectives set forth in the CDD.

[In millions of dollars]

	Threshold	Objective	Current Estimate
Non-Recurring Engineering	800	750	744
Lead Ship	475	425	423
Follow-on Ships	350	325	318

The Navy is currently reviewing various design concepts and is committed to reducing VPM unit costs by selecting a final design concept that is cost-effective. Modifying the proven successful design and construction of *Virginia* submarines provides the most cost effective means to mitigate the loss of undersea strike capacity created by the retirement of the SSGNs in 2026 to 2028.

64. Senator INHOFE. Secretary Mabus, will this change result in instability to a proven submarine design, disrupt a stable production line, and add significant cost risk which is not affordable in these difficult fiscal times?

Mr. MABUS. Inserting the VPM into Block V *Virginia*-class submarines will not result in design instability, disrupt the production line, or add cost risk. While providing a significant increase in strike capacity, VPM is itself a low technical risk design change, integrating existing or scaled-up components. The *Virginia*-class' modular design has been evolving to meet the Nation's changing needs, and the production line has proven adaptable. Block III design changes are similar in magnitude to those planned as part of VPM. All Block III submarines are on track to continue *Virginia*-class' established record of early deliveries, including the first Block III submarine, PCU *North Dakota* (SSN–784). The design and certification work being done on the Block III submarines' *Virginia* payload tubes, which will be similar to the tubes used for VPM, will further de-risk the VPM design by ensuring that mature, operational systems are utilized throughout the module. It is important to note that the design and certification work on the lead Block III ship, *North Dakota*, is not in the critical path for delivery and the ship will still deliver prior to its contractual delivery date. A similar, but smaller, investment was made in Block IV to reduce total ownership costs.

The VPM in Block V is the next evolution of this established and proven design process. The Navy has extensive experience with lengthening existing submarine designs, most recently with the in-production addition of the multi-mission module to USS *Jimmy Carter* (SSN–23). The Block V design labor estimates are consistent

with the *Jimmy Carter*'s redesign, and only 12 percent of the original *Virginia*-class design for over three times the strike capacity.

The Navy has already completed advanced modeling to assess the impact of the VPM on *Virginia*-class submarine performance characteristics and has determined that this modification will not prevent the ship from meeting any of its current assigned KPPs. The JROC has validated the requirement modification to the *Virginia*-class submarine by approving the strike capability change CDD in December 2013.

The validated CDD contained KPPs for cost and schedule as well as system performance. The Department has been finding ways to reduce costs since the project's inception. The current concept has been reduced in length by over 20 feet. This design will prove less costly to both design and build, ensuring the ability to meet the cost constraints in the CDD.

FIGHTER GAP

65. Senator INHOFE. Secretary Mabus, does the Navy still have a fighter gap?

Mr. MABUS. The Navy does not currently have a strike fighter gap, but projects a strike fighter shortfall of 35 aircraft in 2023. This fighter gap is deemed manageable given the Navy's current inventory and programmed procurement.

66. Senator INHOFE. Secretary Mabus, in light of the shift to the Asian-Pacific theater and a greater need for electronic warfare capability, has the Navy acted too quickly in ending its procurement of Growler (EA–18G) aircraft?

Mr. MABUS. In 2012, the JROC validated a requirement for additional EA–18Gs which were included in the fiscal year 2014 President's budget. Since the start of the EA–18G program, the Navy has continually assessed warfighting requirements much of which drove the Navy to increase its 2003 EA–18G inventory objective to today's 135 aircraft. The process of assessing warfighting needs continues today; however, the Navy must balance and prioritize its requirements within its fiscal constraints. Our fiscal year 2015 President's budget submission represents that balance and priority.

The UPL included 22 EA–18G aircraft. Should funding beyond that requested in fiscal year 2015 President's budget become available, additional investment in airborne electronic attack capability would help to counter an increasing threat capability and support future airborne electronic attack requirements for the joint force.

CONTRACTOR SUPPORT REDUCTIONS/ACQUISITION REFORM INITIATIVES

67. Senator INHOFE. Secretary Mabus, can you explain the methodology the Navy used to reduce its use of contractor support for programs?

Mr. MABUS. The Department of the Navy continues taking a hard look at contractual services while considering higher but balanced risk in some areas of services spending in order to avoid sacrifices in important investments in force structure, modernization, or readiness. The initiatives undertaken by the Navy to reduce the number of services contractors include:

- Implementing a robust and comprehensive requirements review process. The Navy Services Requirements Review Boards (SRRB) are being implemented across the Navy to establish a uniform process to identify, validate, assess, plan and monitor services' acquisitions. The process provides focus on optimizing and validating current and future service acquisition requirements and on management of contracted services in the constrained fiscal environment. SRRBs have yielded favorable results with respect to program offices developing service requirements which satisfy mission needs while optimizing cost efficiencies by analyzing trade-offs and substantiating those needs. Results of SRRBs vary across the department, and heads of contracting activities (HCA) are individually responsible for addressing their findings. For example, as a result of SRRBs, one HCA reported that it cancelled 36 contracts and reduced the scope of 53 others; contractor labor was reduced by 65 FTEs across the enterprise and 32 contracts were identified as candidates for in-sourcing at a potential $7 million savings. Another HCA reported a savings of $20 million from 17 service requirement disapprovals out of a total spend of $3 billion.
- Implementing the Navy contractor manpower reporting application (CMRA), and the submission and review of the Navy Inventory of Contracts for Services (ICS) report to Congress. The Navy CMRA and ICS provide requirements owners, human resources, budget submitting, and program offices an opportunity for greater visibility into services contracting spending

by thorough review and analysis of the number of contractors under all contracts. The Navy acquisition and budget submitting offices have the ability to verify that contracted services are validated against mission requirements that justify expenditures during reviews, and that corrective action is taken when inherently governmental performance or unauthorized personal services are identified.

• Navy implementation of section 808. Section 808 limits the amount of money the Navy can obligate for service contracts during fiscal year 2012 and fiscal year 2013 to amounts requested for service contracts in the fiscal year 2010 budget. The Navy section 808 implementation has led to program offices closely scrutinizing contractor labor cost support and thoroughly examining their services contracts portfolio.

• Implementing targeted reductions in services spending. In response to current budgetary and program pressures, reductions in contracted services spending have been directed across the budget submitting offices to drive efficiencies. Those reductions generally focus on a specific spend categories, i.e. management support services, headquarters staff, and designated services portfolio groups, such as knowledge-based, equipment related, and electronic and communication services.

The effect of the above initiatives combined has led to improvements regarding requirements development, requirements substantiation, and reduction of services contracting costs. In the future, the Navy plans to use a six-step contract services spending process to implement further reductions in contractor support: (1) "finding" the sources of services spending; (2) "fixing" the responsibility for services resource decision-making; (3) "tracking" how services funding flows in execution; (4) "engaging" with resource decision-makers to determine where the Department can reduce demand for services; (5) "targeting" services funding for reduction; and (6) "assessing" changes in business behavior and reviewing execution of services spending. This methodology is expected to yield a more proactive approach to managing services spending, a more granular understanding of the services we are acquiring, and a more deliberate planning and budgeting process with leadership involvement.

68. Senator INHOFE. Secretary Mabus, a review of the budget indicates the Navy may have been the most aggressive amongst the three Services in making contractor support reductions. What lessons from the Navy experience would be applicable for the Army and the Air Force?

Mr. MABUS. The fundamental lesson from the Navy experience is the need for establishment of a consistent oversight/governance process and execution process (i.e. SRRBs) to ensure proper planning and administration of contracted support services with associated indicators of risk. Through the initial implementation of the SRRB process, the Department of the Navy has identified the following major findings/recommendations:

• Increase visibility into direct cite actions.
• Increase emphasis on contracting officer's representative (COR) responsibilities and expand COR training.
• Improve the effective use of the Contractor Performance Assessment Review System.
• Increase competition and small business opportunities.
• Develop standard labor categories for comparative purposes.
• Improve the independent government cost estimate process for services.
• Investigate potential savings/efficiencies by strategically sourcing common services and strengthen usage of existing vehicles.

DOD has recognized the value of the structured SRRB process and has directed expanded use across DOD through a Better Buying Power initiative that is managed and tracked by the Business Senior Integration Group, chaired by the USD(AT&L). In that regard, the Navy experience will be translated into a flexible and standardized review process that can be tailored to the needs of a given organization.

Of note, the Services have established a quarterly, joint forum to allow for additional sharing of ideas, issues, opportunities, and solutions. This spirit of collaboration will ensure that lessons from each Service are shared and leveraged, as appropriate.

GROUND PROGRAM INDUSTRIAL BASE

69. Senator INHOFE. General Amos, the Marine Corps has spent several years and billions of dollars to develop a high-water speed amphibious vehicle. The Marine

Corps recently completed a year-long study to assess the technical feasibility and affordability of bringing that capability to the force. Now I understand you have restructured or refined the ACV strategy. What concerns do you have regarding the ground vehicle industrial base and its ability to meet the Marine Corps ACV requirements?

General AMOS. Given our continued engagement with industry we feel confident that the ground vehicle industrial base will be able to deliver the ACV 1.1 capability. Our engagement with industry to develop a large market research base assisted the refinement and finalization of requirements that will be achievable with our current industrial capacity.

70. Senator INHOFE. General Amos, do you have any concerns that the industrial base will be there for the Marine Corps when it's time to produce a vehicle?

General AMOS. Given our continued engagement with industry we feel confident that the ground vehicle industrial base will be able to deliver the ACV 1.1 capability. Our engagement with industry to develop a large market research base assisted the refinement and finalization of requirements that will be achievable with our current industrial capacity.

JOINT LIGHT TACTICAL VEHICLE

71. Senator INHOFE. General Amos, I noted that the Marine Corps procurement accounts were reduced 28 percent relative to fiscal year 2014 enacted levels ($1.4 billion fiscal year 2014; $983 million requested). I understand this is where the Marine Corps took risk to prioritize readiness. Given the stress on the Marine Corps budget, does the Marine Corps still support the Joint Light Tactical Vehicle (JLTV) program?

General AMOS. Yes. The JLTV is needed to provide the Marine Corps with a modern expeditionary light combat and tactical mobility capability while increasing the force protection and survivability of that class of vehicles. Working closely with the U.S. Army, the Marine Corps is an equal partner in developing this key tactical wheeled vehicle. The Marine Corps plans to procure 5,500 JLTVs to meet our most critical need within light combat missions.

HIGH MOBILITY MULTI-PURPOSE WHEELED VEHICLE

72. Senator INHOFE. General Amos, I understand the Marine Corps is undertaking a High Mobility Multi-purpose Wheeled Vehicle (HMMWV) sustainment modification initiative to modify existing armored HMMWVs in order to achieve prearmoring safety and performance. How would you prioritize this program against reset?

General AMOS. The HMMWV Sustainment Modification Initiative (HSMI) is an additive and distinctly different effort that compliments reset activities. HSMI and reset are paired together with the overarching objectives which include: addressing immediate repair requirements to achieve near-term mission capability; returning long-term operational relevance of our HMMWV fleet; reducing O&M costs; extending useful service life; and providing a bridge as the JLTV is transitioned and fielded to the operating forces. Specifically, the HMSI targets the restoration of HMMWV off-road mobility, reliability, and return of payload capacity, while maintaining worldwide transportability to support expeditionary operations in austere environments.

While selected quantities of armored and non-armored vehicles in the HMMWV fleet are identified as candidates, initially only one third of the fleet (6,851 armored vehicles) has been targeted to potentially receive HSMI (based on specific variant and operational force demand). These are the vehicles that will not be replaced during initial JLTV introduction and have the most demanding mission profiles.

As reset continues, future wartime equipment requirements are constantly reviewed and refined based on drawdown projections and our Ground Combat Tactical Vehicle Strategy. HSMI is being undertaken in a manner that compliments, but does not replicate or negate, needed reset activities and will be accomplished as a concurrent action where practical. In concert with fiscal year 2016 POM analysis and planning, the prioritization the Marine Corps places on investment in future platforms is being thoroughly examined as we seek to gain the correct balance that realizes the greatest result in the current constrained fiscal environment.

READINESS

73. Senator INHOFE. General Amos, Marine Corps O&M appropriation increased almost $600 million compared to fiscal year 2014 enacted levels. What level of unit readiness does the President's budget request assume?

General AMOS. The fiscal year 2015 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. Additionally, this budget resources the land-based Special Purpose Marine Air-Ground Task Force-Crisis Response (SPMAGTF–CR), currently located in Spain and Italy. Special Purpose Marine Air-Ground Task Force (SPMAGTF) is not intended to replace, but rather compliment, the Amphibious Ready Groups (ARG) and MEUs that are forward deployed. The Navy-Marine Corps team is committed to forming capabilities that would provide other crisis response capabilities to U.S. Central Command (CENTCOM) and U.S. Southern Command (SOUTHCOM).

74. Senator INHOFE. General Amos, if funded at the budget request level extending into the FYDP, how long until it takes the Marine Corps to regain sufficient full spectrum readiness?

General AMOS. Full spectrum readiness depends on a budget that balances current unit readiness and long-term investments. As a result of reduced budgets, we are currently unbalanced, 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 Marine Corps after more than a decade of war is at risk if funding is not available for equipment modernization and infrastructure. In this current fiscally challenging time, necessary force level draw down savings are not expected to be realized until 2019 at which time the Marine Corps would be on a path to balanced institutional readiness.

75. Senator INHOFE. General Amos, overall Marine Corps O&M accounts are up $531.2 million over fiscal year 2014 enacted, however, depot maintenance is only funded at 83 percent of the requirement and reset requirements have not been addressed in the Overseas Contingency Operations (OCO). What is the impact on readiness if these requirements are not met in OCO?

General AMOS. After more than a decade of sustained combat operations, we have undertaken aggressive depot maintenance reset strategy to prioritize the repair and redeployment of ground combat equipment to the operating forces as quickly as possible. As a result, approximately 78 percent of the Marine Corps' total OEF reset requirement has retrograded from theater; however, only approximately 40 percent has been reset.

Last year, our reset liability was estimated at less than $3.2 billion. Annually, we review and refine our life-cycle sustainment strategies and depot maintenance requirements for our ground equipment through a deliberate requirements determination process. Through this, we estimate our remaining reset liability for fiscal year 2015 and beyond to be approximately $1.3 billion, which cannot be absorbed within our baseline funding levels. As such, the Marine Corps will continue to require OCO for the next several years to complete our reset requirements.

WOMEN IN SERVICE

76. Senator INHOFE. General Amos, during the last 2 years, what has been the total cost to DOD to conduct the reviews required to determine whether additional military occupational specialties (MOS) or units should be opened to allow women the opportunity to serve in these areas?

General AMOS. Since April 2012, we have spent approximately $1.13 million on three research studies and on a Marine Corps wide planning effort. Going forward, Marine Corps Force Integration Plan execution will include a series of expanded studies. Further, we will be required to modify some of our Ground Combat Element facilities throughout the Marine Corps to accommodate female marines and sailors. Presently, we estimate that all of our research efforts—including our Expanded Entry-Level Training Research Studies and the Ground Combat Element Integrated Task Force—will cost approximately $27 million. The total facilities costs are $12 million. Given how important it is to get integration right, maintain our high stand-

ards, and maintain the highest level of combat readiness, we see these totals as prudent investments in the future of our Marine Corps.

77. Senator INHOFE. General Amos, the Army's survey of women currently serving, and a similar study by the Marine Corps both suggest that while service women generally support a policy of opening MOS and units to women, that the propensity of women to voluntarily serve in combat is very low. If positions in combat arms are opened to women, and if there are not enough volunteers, will DOD involuntarily assign women to those units?

General AMOS. Since the inception of the All-Volunteer Force, the Marine Corps has invested significant resources in our recruiting efforts. These investments have been particularly successful in ensuring that we have sufficient combat arms marines. In fact, since the early 1980s, Marine Corps Recruiting Command closes out the combat mission specialties (to include infantry) usually mid-way through the recruiting year. Enlistment is a voluntary contract between the Marine Corps and a recruit. The vast majority of these contracts include an agreement to assign the recruit to a specific occupational field. While some recruits do sign open contracts (i.e. ones in which they could be assigned any MOS), the Marine Corps, as a business practice, does not assign recruits combat arms MOS, unless they desire one. These same contractual and business practices would apply once combat arms MOS are open to female marines. No one has been forced into a combat arms specialty against his or her will since the mid-1980s.

Combat arms units contain a large number of positions that require non-combat arms specialties. These include administrators, intelligence specialists, logisticians, maintainers, and vehicle operators to name a few. If a combat arms unit were to open, those positions would be open for assignment to any marine—male or female—who held the required MOS. Such assignments would be made through our normal assignments process. A qualified marine's desires would be considered, however, the primary driver would be the needs of the Marine Corps.

Non-combat arms marines in combat arms units are frequently required to act as provisional infantry. To ensure that these marines—male and female—have the ability to meet the physical demands of this task, we are conducting a research study that includes non-combat arms marines performing as provisional infantry. This study will produce physical, physiological, and performance requirements that non-combat arms marines will have to meet in order to be assigned to combat arms units. By holding non-combat arms marines to these standards, we will ensure that female and male marines assigned to combat arms units are fully capable of meeting mission requirements.

78. Senator INHOFE. General Amos, prior to the service initiatives to evaluate expanding MOS and units for women, there were no defined performance standards for soldiers and marines to serve in combat arms positions. The Services are in the process of developing those standards now. Do you agree with me that when our Nation sends our sons and daughters into combat that our forces must have overwhelming advantage over our adversaries?

General AMOS. There were, in fact, defined performance standards for a marine to serve in the ground combat arms prior to the Secretary of Defense directive rescinding the Direct Ground Combat Definition and Assignment Rule (DGCAR). These performance standards were, are, and will remain gender-neutral. Further, these standards were reviewed as part of our Systems Approach to Training (SAT) every 3 years during peacetime and every 2 years during wartime. There were, unfortunately, some gaps in quantifying the physical performance requirements to execute some of our collective tasks. Further, our prerequisites and screening requirements for assignment to the combat arms clearly required greater rigor. I agree that marines fighting our Nation's battles should go to war confident that they can defeat the enemy anywhere, anytime. To that end, a key element of our research evaluates the performance of gender-integrated units against a series of collective, realistic, combat arms tasks. The hypothesis of this study is that gender-integrated units will perform as well as our all-male units have heretofore. We are confident that our research will give us the necessary information to ensure that, as we continue to broaden opportunities for female marines, we will not lower our standards and we will not sacrifice the high combat readiness that America demands of her marines.

79. Senator INHOFE. General Amos, do you agree that the need for overwhelming superiority cannot be completely met with technology?

General AMOS. I agree completely. History tells us that the ultimate arbiter in combat is the human will. Will, however, is not enough. Victory in battle demands

that we educate our marines in the art of war and train them in the most realistic, physically demanding, and mentally challenging manner possible. The fact the Marine Corps focuses most on tough training and on those intangible combat multipliers—esprit, the warrior ethos, courage, and honor—is what attracts so many young Americans to our colors.

I think that it is important to note that our female marines have repeatedly demonstrated that they measure up to their brothers in terms of willpower, intelligence, courage, and character. The heroic performance of so many of our female marines during the past 12 years of war proves this to be true. All that requires further study is the ability of female marines to meet the individual and collective physical requirements to perform the mission in ground combat arms units. This is why our research is so focused on the physical requirement of combat arms MOS.

80. Senator INHOFE. General Amos, do you agree that the need for overwhelming superiority means it is not acceptable to rely on minimum standards for either men or women?

General AMOS. The Marine Corps will always maintain our high mental, moral, and physical standards as we have done for the past 238 years. Retaining the best and most qualified marines is accomplished through a competitive career designation process for officers and a thorough evaluation process for enlisted marines, both of which are designed to measure, analyze, and compare our marines' performance, leadership, and accomplishments. Our emphasis on high standards will not change as we continue with our integration efforts.

81. Senator INHOFE. General Amos, how will DOD ensure that the Services do not "settle" for soldiers and marines who only meet minimal standards?

General AMOS. The Marine Corps, principally, makes marines, wins battles, and returns quality citizens back to American society, citizens who will be marines for life. Your Marine Corps must be comprised of the best and brightest of America's youth. To operate and succeed in volatile and complex environments, marines must be physically fit, morally strong, and possess the intelligence required to make good decisions and operate advanced weapon systems.

The Marine Corps will continue to attract high caliber men and women who do not settle for minimum standards. Institutionally, we are focusing our efforts on the foundations of discipline, adherence to standards, and concerned leadership that have made us our Nation's premier, professional fighting force.

These iron-clad imperatives have defined our Corps for 238 years. They will continue to serve us well in the decades to come.

82. Senator INHOFE. General Amos, it is my understanding that the Services' testing, while seemingly objective and scientific, do not replicate actual combat environments. Do you agree that it is unacceptable to make decisions on this critical national issue if data is only collected in controlled conditions?

General AMOS. Our research and assessment approach has been informed by over 12 years of combat experience, which is a key element in the design of our approach to understanding all aspects of integrating female marines into ground combat arms positions and enhancing our overall combat effectiveness.

In February 2014, I authorized the formation of a Ground Combat Element Integrated Task Force to evaluate the physical performance of individual marine volunteers in the execution of individual and collective tasks in an operational environment. I believe that this assessment will provide us the data that will inform our way ahead as we broaden opportunities for all marines.

Know that your Marine Corps will continue to maintain high levels of combat readiness, while integrating female marines into previously closed occupational fields and units to the maximum extent possible. We will continue to conduct the research and assessment of these integration efforts to ensure all marines are provided an equitable opportunity for success in their chosen career path.

83. Senator INHOFE. General Amos, can you promise the American people that the studies being used will guarantee that the combat effectiveness of critical combat arms units, that must close with and kill the enemy at close quarters, will not be degraded in any way if these units are opened to allow women to volunteer for these jobs?

General AMOS. Marines have fought in large wars and small, smoothly adapting to the Nation's needs and demands since 1775. The adaptability of marines to challenges in every clime and place is a hallmark of our Marine Corps. The challenges of future operating environments demand diversity in our force. Diversity enhances

access, challenges group think, and makes us a more relevant expeditionary force around the globe.

The very core of our research is aimed at ensuring that every marine is prepared to fight and win against an unpredictable enemy. Our research will evaluate the performance of gender-integrated units against a series of collective, realistic, ground combat arms tasks. We are confident that our research will give us the necessary information to ensure that, as we continue to broaden opportunities for female marines, we will maintain our standards and the high combat readiness that America demands of her marines.

84. Senator INHOFE. General Amos, in your opinion, is our Nation ready to ask women to close with and kill an enemy with their hands, if necessary?

General AMOS. In over 12 years of combat operations in Iraq and Afghanistan, female marines have served capably from the march up to Baghdad to the austere fields of Helmand Province. They have acquitted themselves with the honor, courage, and commitment expected of all marines, regardless of gender. Female marines have earned 477 combat action ribbons since the start of the global war on terror for rendering satisfactory performance under enemy fire while actively participating in a ground or surface engagement. These marines have demonstrated time and time again their ability to respond with courage and bravery in the face of the enemy.

The Marine Corps continues to implement the Secretary of Defense's policy to fully integrate women into previously restricted occupational fields. We are doing so in a manner that is deliberate, measured, and responsible. For our infantry occupational field, whose mission is to close with and destroy the enemy under fire and maneuver, we will continue to enable marines to excel in the violent and unforgiving arena of human combat by maintaining our standards. Technological developments have certainly led to new tactics on today's battlefield, but the fundamental nature of warfare has not changed since antiquity. Each marine on the battlefield—now and in the future—must be trained to standards that will allow them to thrive in the chaos of combat regardless of the technology and equipment they have at their disposal. The Marine Corps is fully committed to removing unnecessary gender-based barriers; we will do so while maintaining the highest levels of readiness commensurate with our role as the Nation's crisis response force.

85. Senator INHOFE. General Amos, American women serving in our military have already given their lives for our country. In your opinion, if a future enemy targets American service women for brutal, inhumane treatment, would this have a negative effect on the will of the American people to support our Nation's participation in an international conflict?

General AMOS. In the last 12 years of sustained combat in Iraq and Afghanistan, we have faced a tough and determined enemy who pays little heed to the precepts of international law governing the conduct of armed conflict, such as the Geneva Conventions. Insurgents in Iraq and Afghanistan have carried out unspeakable atrocities against men, women, and children to advance their misguided agenda. Marines who have deployed to those places face this reality and perform masterfully, while still "keeping our honor clean."

There is no doubt those who seek to do our Nation harm may resort to similar cowardly tactics in the future, and we will continue to train for these threats in kind. I am responsible for guaranteeing the highest state of combat readiness of this force, and I take personal responsibility for safeguarding the health and welfare of those in my charge. All marines, regardless of gender, are well-prepared for the uncertainty of war and trained to maintain a tempo that outpaces the enemy. When faced with any threat, we remember the fundamental charge entrusted to us by the American people—to fight and win our Nation's battles.

86. Senator INHOFE. General Amos, can you tell the American public that if combat arms positions are opened to women that in a future conflict they will not involuntarily be assigned to these units?

General AMOS. If, after our extensive research, it is clear that integrated units perform the same or better than previously non-integrated units, we will assign the best-qualified marines to those units. Our research is designed to develop and validate those most physically demanding individual and collective standards in order to ensure that we maintain our high standards and enhance our combat readiness for any future conflict.

87. Senator INHOFE. General Amos, have you evaluated the impact on the propensity of women to serve if women cannot be guaranteed that they will not be involuntarily assigned to a combat arms unit during their career?

General AMOS. A quick look analysis reported by the Center for Naval Analyses in September 2012 indicated that 23 percent of our female marines may not have joined the service if they were to be involuntarily assigned to a combat arms unit. Marine Corps Recruiting Command assesses voluntary assignments to ground combat MOS to have a negligible impact on overall accessions regardless of gender, pending the results of our current research efforts.

There is currently no formal data collected that confirms the impact of involuntary assignment of females to ground combat arms, as it does not occur within male recruiting. Involuntary assignment is generally seen as having a significant adverse impact. The recent Joint Advertising Market Research and Studies New Recruit Survey from fall 2013 data indicates only 6 percent of female applicants have an interest in ground combat arms MOS. It should also be noted that the youth market does not readily distinguish between serving in open MOS and serving in a closed combat arms units.

SPECIAL PURPOSE MARINE AIR-GROUND TASK FORCE

88. Senator INHOFE. General Amos, the SPMAGTF construct responds to greater demand for multi-role crisis response forces in several combatant commands under the current security environment. I understand you have stood up one unit in Spain. Could you please provide an update on that unit and your plan for future units?

General AMOS. The SPMAGTF–CR gives U.S. Africa Command (AFRICOM) and U.S. European Command (EUCOM), a broad range of military capabilities to respond to crises in their areas of responsibility (AOR) to include conducting non-combatant evacuation, humanitarian assistance, disaster relief, and support to U.S. embassies and other operations, missions, and activities as directed by national and command leadership. Additionally, SPMAGTF–CR conducts theater security cooperation events and exercises with allies in Eurasia and Africa. SPMAGTF–CR's new mission now encompasses missions previously assigned to the Black Sea Rotational Force and Special Purpose Marine Air Ground Task Force-Africa. The Marine Corps positioned the new expeditionary unit forward to respond to limited crisis within the EUCOM and AFRICOM AORs.

SPMAGTF–CR is commanded by a Marine Corps colonel and supported by a regiment headquarters, and consists of an infantry battalion, (12) MV–22s, (3) KC–130Js, and enablers, comprised of approximately 1,200 marines and sailors. The marines and sailors are based out of Moron Air Base, Spain; Sigonella Naval Air Station, Italy; and Mihail Kogalniceanu Air Base, Romania. Future SPMAGTFs are expected to be stationed in locations able to provide similar support to SOUTHCOM and CENTCOM. The Marine Corps expects SPMAGTF–CR to be an enduring requirement. As such, military planners are working toward providing SPMAGTF–CR a capability afloat off the shore of Western Africa.

89. Senator INHOFE. General Amos, does your budget request match address current and future SPMAGTF requirements?

General AMOS. The fiscal year 2015 budget supports current and future SPMAGTF requirements. However, shore-based SPMAGTFs are inherently less flexible than MEUs aboard ARGs, due to partner nation basing caveats and other limitations placed on aviation operations that are integral for rapid movement through the combatant commanders' AORs. The ARG/MEU team remains the Nation's preeminent crisis response force providing deterrence and decision space for the Nation. However, amphibious warship inventory and operational tempo constrain the number of ARGs available to support combatant commanders. The SPMAGTF fills a crisis response gap when ARG/MEUs are not available.

FINANCE

90. Senator INHOFE. Secretary Mabus, what has the Navy budgeted for cyber by fiscal year and program line item?

Mr. MABUS. The overall Department of Navy cyber budget for fiscal years 2013, 2014, and 2015 are $718.4 million, $817.7 million, and $981.1 million, respectively. These funding totals include all appropriations (O&M, procurement, R&D, and manpower) for identified national security systems. Funding does not include the Marine Corps.

91. Senator INHOFE. Secretary Mabus, define sufficient cash as opposed to 7 to 10 days of cash for the Working Capital Fund?

Mr. MABUS. Although the Navy's goal is to maintain a cash balance in the 7- to 10-day range, the Navy's fiscal year 2015 President's budget projects the fiscal year 2015 ending cash balance will be $679.3 million or 5.7 days of cash. The Navy projects a positive cash balance throughout the entire fiscal year.

92. Senator INHOFE. Secretary Mabus, what is the impact on depots and shipyards from this change from sufficient cash as opposed to 7 to 10 days of cash for the Working Capital Fund?

Mr. MABUS. The shipyards are no longer funded with the Navy Working Capital Fund (NWCF) and are therefore not impacted by the Navy's cash position. The cash balance is anticipated to be below the 7-day level at the end of fiscal year 2015, however, the Navy projects a positive cash balance throughout the entire fiscal year. Therefore, at this time we do not project an impact to the operations of the NWCF depots.

93. Senator INHOFE. Secretary Mabus, what is the status of the VXX Presidential helicopter replacement program?

Mr. MABUS. The VXX program has completed a Milestone B review, and has awarded a contract to Sikorsky Aircraft Corporation for the engineering and manufacturing development phase. The contract will involve integration of mature mission systems into an existing in-production aircraft. The Navy's acquisition strategy is focused on affordability and long-term sustainability. The Navy has fully funded the program and initial fielding is planned for late 2020.

94. Senator INHOFE. Secretary Mabus, what is budgeted by fiscal year by line item for Marine Corps embassy support?

Mr. MABUS. The chart below lists the budget estimates for the Marine Corps Embassy Security Group (MCESG) for fiscal years 2013 to 2015, which includes the congressional plus-up in fiscal year 2014 for the directed expansion of the MCESG:

[In millions of dollars]

	Fiscal Year		
	2013	2014	2015
Military Personnel, Marine Corps - Officers (BA 1)	$ 6.1	$ 5.5	$ 5.6
Military Personnel, Marine Corps - Enlisted (BA 2)	89.1	110.3	135.0
Operation & Maintenance, Marine Corps (4A4G)	60.1	61.1	74.4
Procurement, Marine Corps (523000)	0.4	1.4	1.4
Procurement of Ammunition, Navy & Marine Corps (166000)	3.9	7.7	8.0
Total	$159.6	$185.7	$224.4

QUESTIONS SUBMITTED BY SENATOR SAXBY CHAMBLISS

OHIO REPLACEMENT PROGRAM

95. Senator CHAMBLISS. Secretary Mabus, the *Ohio*-class submarine is a vital part of the nuclear triad in projecting combat power, especially in the form of nuclear deterrence. We provide a nuclear umbrella to our allies to counter nuclear proliferation throughout several regions. Admiral Richardson, the Deputy Administrator of the Office of Naval Reactors with the National Nuclear Security Administration, stated in his written testimony presented to the Subcommittee on Strategic Forces of the Senate Armed Services Committee, that funding shortages have made impossible the purchase of "HPC capacity that is needed to deliver the ORP reactor design on time and to support the existing fleet. Cancelling this computer purchase in fiscal year 2014 has resulted in at least a 6-month delay to reactor core manufacturing, impacting the ORP lead-ship construction schedule." The ORP was already delayed 2 years and now with this 6-month delay to the lead-ship construction schedule, I see the potential for an unacceptably wider gap in coverage with regards to that nuclear umbrella. What impact would such a gap have in the capability of the United States responding to a nuclear threat or with the proliferation of nuclear weapons by other countries?

Mr. MABUS. Maintaining a credible, modern, and survivable sea-based strategic deterrent is the Navy's top priority. The *Ohio*-class SSBN will retire, one per year,

beginning in 2027. Construction of the first ORP must begin in 2021 for delivery in 2028 and first deterrent patrol in 2031. A 6-month delay will add significant risk in meeting U.S. Strategic Command (STRATCOM) presence and surge requirements. There is no slack in the program.

Naval Reactors is working with DOE on a path forward that will provide resources to procure the computers this year. If that proves unsuccessful, Naval Reactors will reprioritize fiscal year 2015 resources, at the detriment of other requirements, to procure HPCs, dependent upon their fiscal year 2015 appropriation level. If the HPC procurement can take place by the beginning of fiscal year 2015, the impact to ORP can be minimized.

96. Senator CHAMBLISS. Secretary Mabus, how will the Navy overcome these development issues in its quest to seeing the ORP through?

Mr. MABUS. Naval Reactors is working with DOE on a path forward that will provide resources to procure the computers this year. If that proves unsuccessful, Naval Reactors will reprioritize fiscal year 2015 resources at the decrement of other requirements to procure HPCs. If the HPC procurement can take place by the beginning of fiscal year 2015, the impact to ORP can be minimized.

97. Senator CHAMBLISS. Secretary Mabus, is fiscal year 2021 still a realistic target for construction of the first ORP to begin?

Mr. MABUS. Yes. Fiscal year 2021 is a realistic target. Naval Reactors is working with DOE on a path forward that will provide resources to procure the HPC this year. If that proves unsuccessful, Naval Reactors will reprioritize fiscal year 2015 resources at the decrement of other requirements to procure the computers. If the HPC procurement can take place by the beginning of fiscal year 2015, the impact to ORP can be minimized. Additionally, since there is little room for margin in the ORP production schedule, it's imperative that future funding needs are met in order to support the schedules and requirements for design, construction, and certification for the lead ship to commence its first strategic deterrence patrol in fiscal year 2031.

98. Senator CHAMBLISS. Secretary Mabus, there has been renewed debate on using supplemental funding streams for the ORP. I find the arguments for it flawed in some respects. First, the claim that nuclear ballistic missile submarines are a national mission as opposed to a traditional Navy mission would likely come as news to most Americans. They might rightly ask, "Isn't the Navy a national program?" Second, setting up barriers between programs inhibits choosing priorities, which is particularly important in a time of budget austerity. Third, the Navy's inability to control the cost growth of other major programs such as its new class of carriers has contributed to the Service's current budget problems. But giving the Navy a free pass by moving the ORP ballistic missile submarine (SSBN(X)) off its budget won't encourage it to spend its dollars more wisely. What is the Navy's current position on paying the balance of the ORP outside of the Navy's budget using separate national defense funds?

Mr. MABUS. If Navy absorbs the entire burden of the ORP SSBN out of the Shipbuilding and Conversion, Navy appropriation as it is currently estimated each fiscal year, it will significantly reduce other shipbuilding programs once ORP SSBN construction begins in fiscal year 2021. This will result in substantial gaps in fleet ship requirements in the late 2020s and 2030s. The Department of the Navy can only afford the SSBN procurement costs with significant increases in Navy's top-line and Shipbuilding and Conversion, Navy appropriation.

The cost of the ORP SSBN is significant relative to the resources available to the Department of the Navy in any given year. At the same time, the Department of the Navy will have to address the block retirement of ships procured in large numbers during the 1980s which are reaching the end of their service lives. The confluence of these events prevents Navy from being able to shift resources within the Shipbuilding and Conversion, Navy appropriation to accommodate the cost of the ORP SSBN.

If the Navy funds the ORP SSBN from the Shipbuilding and Conversion, Navy appropriation as it is currently estimated each fiscal year, ORP SSBN construction will divert funding from construction of other ships in the battle force such as attack submarines, destroyers, aircraft carriers, and amphibious warfare ships. The resulting battle force will not meet the objectives of the 2012 FSA. In addition, there will be significant impact to the shipbuilding industrial base.

99. Senator CHAMBLISS. Secretary Mabus, under current conditions, will the Shipbuilding and Conversion, Navy accounts be able to support the ORP and other equally important programs into the 2020s to 2030s?

Mr. MABUS. No, the Navy cannot procure the ORP in the 2020s within historical shipbuilding funding levels without severely impacting other Navy programs. The Navy can only afford the ORP procurement costs with significant increases in Navy's top-line and Shipbuilding and Conversion, Navy account.

F–18G

100. Senator CHAMBLISS. Admiral Greenert, I understand that in response to a letter from the chairman of the House Armed Services Committee asking you to provide a list of requirements that were unfunded but for which there is a validated requirement, the Navy has listed, among other things, 22 F–18G Growlers at a cost of over $2 billion. Has this requirement for additional Growlers above the current program of record (135 aircraft) been validated through the Joint Capabilities Integration and Development System process and approved by the JROC, and if so, who is leading this study or studies?

Admiral GREENERT. The JROC has validated the Navy's Airborne Electronic Attack (AEA) current force structure. The current inventory objective meets today's minimum requirement. The addition of 22 EA–18Gs would enhance Navy's ability to support the joint tactical AEA capability. Ongoing analysis by DOD and the Navy indicate a larger squadron size is needed to maximize the AEA capabilities and reduce risk in a joint major contingency operation. The additional 22 aircraft would allow the carrier squadrons to deploy with 7 aircraft vice their current complement of 5 aircraft per squadron, reducing the warfighting risk in the joint forces ability to operate in future complex electromagnetic A2/AD environments.

101. Senator CHAMBLISS. Admiral Greenert, what is the timeline for the completion of this study?

Admiral GREENERT. The Navy's Assessment Division is conducting a study that will identify the required number of EA–18Gs per carrier air wing (CVW) based upon the requirements to conduct CVW mission sets and the unique capabilities of the EA–18G during major contingency operations. Results are expected to be available in June 2014.

102. Senator CHAMBLISS. Admiral Greenert, will you provide the results of this study to the congressional defense committees?

Admiral GREENERT. Yes, the results of this study, which are expected to be available in June 2014, will be provided to the congressional defense committees.

103. Senator CHAMBLISS. Admiral Greenert, why should Congress add any money for a requirement before the studies are complete and the JROC has approved a new requirement?

Admiral GREENERT. The JROC has validated the Navy's current AEA force structure. The addition of 22 EA–18Gs will be used to augment existing Navy squadrons in the execution of the joint AEA missions allowing carrier squadrons to deploy with 7 aircraft vice their current complement of 5 aircraft per squadron. The additional aircraft will support AEA capability in a carrier air wing and reduce risk in a Joint major contingency operation environment, including future complex electromagnetic A2/AD environments.

104. Senator CHAMBLISS. Admiral Greenert, if the committee were to contemplate adding Growlers to fulfill a requirement which has not yet been validated, which Navy modernization account would you recommend taking the money from . . . .other aircraft programs? . . . shipbuilding? . . . submarines?

Admiral GREENERT. I included 22 additional Growlers on the Navy's fiscal year 2015 UPL to support AEA capability in a carrier air wing and reduce risk in a Joint major contingency operation environment, including future complex electromagnetic A2/AD environments. However, the UPL is not of higher priority than the items in our fiscal year 2015 President's budget submission. I would not recommend taking money from any of our fiscal year 2015 President's budget programs in order to fund the additional Growlers.

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

NUCLEAR DETERRENT *OHIO*-CLASS SUBMARINE REPLACEMENT PROGRAM

105. Senator AYOTTE. Admiral Greenert, in your prepared remarks, you state that, "under the New Strategic Arms Reduction Treaty, the Navy SSBN force will

carry about 70 percent of the U.S. accountable, deployed strategic nuclear warheads by 2020." Yet, in your written testimony, you say that you are "increasingly concerned about our ability to fund the *Ohio* Replacement ballistic missile submarine program—our highest priority program—within our current and projected resources." You go on to say, "the Navy cannot procure the *Ohio* Replacement in the 2020s within historical shipbuilding funding levels without severely impacting other Navy programs." Can you elaborate on the concerns you have with this program?

Admiral GREENERT. Beyond the FYDP, the need to recapitalize our fleet ballistic missile submarine force will cause significant and noteworthy risks to the Navy's overall shipbuilding plan. If Navy absorbs the entire burden of the *Ohio* Replacement SSBN out of the Shipbuilding and Conversion, Navy appropriation as it is currently estimated each fiscal year, it will significantly reduce other shipbuilding programs once *Ohio* Replacement SSBN construction begins in fiscal year 2021. This will result in substantial gaps in fleet ship requirements in the late 2020s and 2030s. The Department of the Navy can only afford the SSBN procurement costs with significant increases in Navy's top-line and Shipbuilding and Conversion, Navy appropriation.

Simply stated, the Navy can make $13 billion to $14 billion available annually for shipbuilding in a balanced budget that adequately funds manpower, operations, training, sustainment, and aircraft/weapons recapitalization. With an estimated cost of about $6 billion/SSBN(X), and an imperative to build at least one CVN every 5 years, these two programs will consume ~$8 billion new start construction funds each year. This leaves $5 to $6 billion for the remainder of our shipbuilding program. With attack submarines running about $2 billion each, DDGs and LPDs costing about $1.7 billion each, and LHAs coming in at ~$4 billion/ship, this $5 billion to $6 billion shipbuilding fund will only procure about three other ships in a given year. Sustaining rates for SSNs are 1.5/year and DDGs are ~2.5/year—those two classes alone require us to build four ships/year just to sustain their inventories, clearly, there are insufficient funds to support doing this while we build the SSBN(X)—if Navy has to absorb the costs.

106. Senator AYOTTE. Admiral Greenert, why do you believe the Navy needs to build the next generation ballistic missile submarine?

Admiral GREENERT. The Navy's top priority is to maintain a credible, modern, and survivable sea-based strategic deterrent. Under the New START treaty, the Navy SSBN force will carry about 70 percent of the United States accountable deployed strategic nuclear warheads by 2020. The current *Ohio*-class SSBN will retire, one per year, beginning in 2027. To continue to meet STRATCOM presence and surge requirements, construction of the first *Ohio* Replacement SSBN must begin in 2021 for delivery in 2028 and first deterrent patrol in 2031. Additionally, construction of the *Ohio* Replacement aligns with our ally, the United Kingdom, in building of the common missile compartment to support their *Successor*-class SSBN program.

107. Senator AYOTTE. Admiral Greenert, what advantages does the sea-leg of our nuclear triad provide?

Admiral GREENERT. A credible, modern, and survivable sea-based strategic deterrent is the centerpiece of our nuclear triad. The SSBN's inherent stealth, when joined with the capabilities of the Trident II D5 strategic weapons system, provides the most survivable leg of the nuclear triad and contributes deterrence through an assured second strike capability that is reliable and credible.

AMPHIBIOUS COMBAT VEHICLE PROPULSION SYSTEM

108. Senator AYOTTE. General Amos, for future Marine Corps amphibious combat vehicles, would you agree that speed is a vital factor—in terms of minimizing the ship-to-shore time?

General AMOS. Yes. Speed is an essential element of maneuver warfare as it enhances lethality, increases protection, and facilitates surprise. Minimizing closure times from ship to inland objectives is important and is facilitated by the aviation element of our Marine Air Ground Task Forces (MAGTF), and the flexibility, speed, and range of the ships, crafts, and connectors of the amphibious task force. We have long desired high water speed capability in our armored personnel carriers and have pursued development of that capability for more than 4 decades without result. We have proven that there is no longer a technological barrier to achieving the capability, but the limitations imposed on such a vehicle's design compromise its landward capabilities, which is the domain in which it will operate for the vast majority of its operational life. We are better served by using and improving Navy capabili-

ties and other MAGTF assets to enhance the speed of amphibious operations in order to rapidly place effectively equipped marines on the objective.

109. Senator AYOTTE. General Amos, what is the Marine Corps doing to increase amphibious combat vehicle speeds?

General AMOS. In the near-term, we have committed RDT&E funding to develop several technical enhancements that, if applied to an amphibious combat vehicle, could facilitate improved hydrodynamic performance and increase speed. We are also working with the Navy to address some improvements to current sea connectors that could facilitate faster closure times and more efficient deployment of marines from the sea base. We will also be pursuing a more long-term science and technology effort through the Office of Naval Research to study and develop technologies that will facilitate an increased speed and agility of amphibious forces.

RULES CHANGES TO ASSESSING NAVAL FLEET SIZE

110. Senator AYOTTE. Secretary Mabus, I note that the Navy has revised its guidelines for accounting for the size of the Navy's battle force—or fleet size. For example, under the old counting rules, we have 284 ships and submarines today, but under the new counting rules, we have 290. Similarly, in fiscal year 2015, under the old counting rules, we will have 274 ships and submarines and under the new counting rules, we will have 284—a difference of 10. What was the reason for this change?

Mr. MABUS. The new counting methodology provides flexibility to the combatant commanders to assess the near-term environment and changing situations faced in meeting the demands of the DSG. This will include FDNFs, whether self-deployable or non-self-deployable, being added to the battle force count dependent on the mission, location, and required capabilities.

The new counting methodology allows ship types routinely requested by the combatant commanders and allocated through the GFMAP to be counted on a case-by-case basis with the recommendation of the Chief of Naval Operations and approved by the Secretary of the Navy. This will be a temporary authorization to include these ships in the ship count and will remain in effect until the ships are no longer requested in the GFMAP or are retired (whichever occurs first).

For example, in fiscal year 2015, the specific impact of the new counting methodology resulted in adding 10 Patrol Craft FDNFs currently operating in the 5th Fleet, reducing the mine counter measure ship count from 11 ships to the 8 ships FDNF in 5th and 7th Fleet, adding 1 High Speed Transport assigned to U.S. Pacific Command (PACOM) to replace the currently leased WestPac Express, and adding the 2 Hospital Ships (T–AH).

As of May 9, 2014, the Navy's battle force consists of 289 ships.

111. Senator AYOTTE. Secretary Mabus, what vessels are you now counting that you weren't previously?

Mr. MABUS. The specific impact of the new counting methodology will result in adding 10 Patrol Craft FDNFs currently operating in the 5th Fleet, reducing the mine counter measure ship count from 11 ships to the 8 ships FDNF in 5th and 7th Fleet, adding 1 HIgh Speed Transport assigned to PACOM to replace the currently leased WestPac Express and adding the 2 hospital ships (T–AH) in fiscal year 2015.

NAVY YARD—INSIDER THREATS

112. Senator AYOTTE. Secretary Mabus and Admiral Greenert, the tragedy last September at the Washington Naval Yard showed us the dangers insider threats can pose. Further, the intelligence leaks committed by Edward Snowden demonstrate that insiders pose threats, and when they are able to carry out their acts can cause incredible damage—to our dedicated workforce and our national security. How are you working to confront potential insider threats?

Mr. MABUS and Admiral GREENERT. I issued an Insider Threat Program policy in August 2013 which is aligned with the President's Executive Order and the minimum standards identified by the National Insider Threat Task Force. I designated the Deputy Under Secretary of the Navy for Policy as the Navy Insider Threat Senior Agency Official. The policy provides direction to key staff functions and the Service Chiefs to implement an integrated insider threat program to deter, detect, and mitigate insider threats before damage is done to national security, personnel, resources, and/or capabilities.

The Department is also working with the Under Secretary of Defense for Intelligence's Continuous Evaluation Concept Demonstration. This demonstration will use existing DOD, other Federal agencies, and commercial data sources and run the information against a set of business rules that are aligned with the Federal Investigative Standards and the Federal Adjudicative Guidelines. As designed, the system is supposed to identify information which presents a security concern. Once the concern is verified, it will be forwarded to the appropriate responsible official of the Department to resolve. The Army demonstrated this capability with positive results. The DOD demonstration will prove the ability to expand the effort to cover the entire DOD cleared population. We are committed to this effort and see great promise in it to thwart future insider threats.

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

THURSDAY, APRIL 3, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

POSTURE OF THE DEPARTMENT OF THE ARMY

The committee met, pursuant to notice, at 9:34 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, McCaskill, Udall, Hagan, Manchin, Shaheen, Gillibrand, Blumenthal, Donnelly, Kaine, King, Inhofe, McCain, Sessions, Chambliss, Wicker, Ayotte, Graham, Vitter, and Blunt.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. The committee meets today to hear testimony from the Secretary of the Army, the Honorable John M. McHugh, and the Chief of Staff of the Army, General Raymond T. Odierno, USA. Our hearing is on the Army's fiscal year 2015 budget request and current posture.

We meet with heavy hearts. Once again, our Army must recover from an act of unspeakable violence here at home. Much remains unknown about the shooting incident yesterday at Fort Hood, including the question of what prompted this horrible attack. All that is certain is that lives have been lost and that families are grieving, and we all share in their grief.

Secretary McHugh, General Odierno, please convey this committee's condolences to the men and women of Fort Hood and the Army, and please be assured that this committee will fully support your efforts to care for those who are affected.

For more than a decade, the men and women of the Army had the burden of the wars in Iraq and Afghanistan. They have done all that we have asked and more to succeed, and remain resilient through repeated combat deployments.

Last year, the sequestration required by the Budget Control Act (BCA), along with a higher than expected operating tempo in Afghanistan, led to a $12 billion shortfall in Army operation and maintenance accounts, resulting in the cancellation of major train-

ing exercises and the deferral of required equipment maintenance and repairs.

Last year's Bipartisan Budget Act (BBA) has begun to relieve these readiness problems by providing added funding to reduce somewhat the impact of sequestration in fiscal years 2014 and 2015. But the budget caps and sequestration will apply again with full force in 2016 and beyond.

The administration has proposed we increase revenues so that we can raise the defense budget caps by $26 billion in fiscal year 2015, the budget before us. Whether by additional revenues or by other means, raising the budget caps to reduce their impact is essential and is contingent on bipartisan congressional agreement. I believe we must pursue just that continuously and with determination in the months ahead.

Under existing strategic guidance, the Active Army will cut its end strength by approximately 82,000 soldiers to the planned force of 450,000 by the end of fiscal year 2017. If the budget caps remain unchanged, however, the Army would shrink to an end strength of 420,000—a force size which General Odierno has publicly said is inadequate to support our national defense strategy. End strength and force structure reductions of this magnitude must be managed carefully to avoid the risk that the Army could become a hollow force—a force with inadequate training levels and insufficient equipment to accomplish its missions.

I look forward to the testimony of our witnesses on how the Army will reorganize to make the reductions required by the budget caps now in law; how the Army would spend additional money if Congress were to raise the caps, as proposed by the administration; how it will decide which installations will lose combat brigades; whether additional reductions can be borne by units based overseas; and what the impact of reductions required by the statutory budget caps is likely to be on military and civilian personnel, families, readiness, modernization, and our defense posture around the world.

In developing a plan to address the statutory budget caps, the Army has also had to make difficult decisions about distribution of proposed cuts between the Active Force and the Reserve Force. The Department of the Army's planned end strength reductions would, at the end of fiscal year 2017, provide an Active Army of 450,000, or 20 percent less from its wartime high of 569,000; an Army National Guard of 335,000, or 6 percent less than its wartime high of 354,000; and a U.S. Army Reserve at 180,000, or 10 percent less than its high of 205,000. The Army's decisions on the allocation of aviation assets between Active and Reserve units have been particularly controversial, and we'll hold a hearing next Tuesday, April 8, focusing on the Army's plans for change in Active and Reserve component force mix due to the end strength reductions over the next several years.

The Army has repeatedly cancelled equipment modernization programs due to problems with cost, performance, or with budget. This year's budget request proposes to cancel the Army's Ground Combat Vehicle (GCV). The Army has three remaining new-vehicle programs: the Joint Light Tactical Vehicle (JLTV), the Paladin Integrated Management (PIM) Self-Propelled Howitzer, and the Ar-

mored Multipurpose Vehicle (AMPV). Upgrades for the M1 tank and M2 Bradley are scheduled, but remain a year or 2 down the road. The cancellation of the GCV, the gap in the Abrams and Bradley programs, and the slowing of other vehicle programs combined to raise serious questions about risks to the Army's ground vehicle industrial base. I look forward to hearing from our witnesses how they plan to manage these risks.

Finally, the Army has been devoted to addressing the physical and emotional toll that 12 years of war have taken on our soldiers and their families. While there are numerous programs now and significant resources dedicated to support our soldiers and their families before, during, and after their deployment and service, we know there is more to do. We remain concerned with the incidents of suicides and sexual assaults, and the continuing problems faced by many of our soldiers as they return from deployments to war zones, leave the military, seek new jobs, and transition to civilian life. The committee is interested to hear updates from Secretary McHugh and General Odierno on their assessment of the steps that have already been taken to address these problems, and the steps that remain to be taken.

I invite them and I invite you both to begin your testimony by updating us on yesterday's events at Fort Hood.

Again, the committee is grateful for your great contributions to our Nation.

I call on Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman. Let me just identify with your deep-felt remarks about what happened yesterday. It happened that coincidentally I was with Secretary McHugh when the news came and we both got it at the same time of the tragedy at Fort Hood.

I can pretty much identify with the rest of your remarks, too. Given the deterioration of military readiness and capabilities over the last 5 years and the significant end strength cuts planned for the Army, we're all concerned that we can't meet the missions outlined in the Defense Strategic Guidance (DSG) without unacceptable risk to the force and our country. We have to remind ourselves and others that when risk goes up you're talking about lives.

We've been wrong before in the past when it comes to assumptions regarding the size of our ground forces. In fact, Secretary McHugh, you and I sat next to each other back in 1993 on the House Armed Services Committee when we heard testimony by some expert that in 10 years we would no longer need ground forces. So we've been wrong before on where we are.

Today, the greatest risk our military faces is becoming a hollow force, and we'll have some questions concerning that. General Dempsey said the risk we face today is we have a significant near-term readiness risk that has been accruing. We're digging ourselves a readiness hole out of which it will take several years to climb.

Not only does the budget underfund current readiness, it mortgages future readiness. The Bipartisan Budget Agreement (BBA) gave a minor budgetary relief. Chairman Levin has already covered the effects that would have in 2014, 2015, and, of course, the dev-

astating effects I'm sure that, General, you're going to want to talk about should things happen this way and continue to 2017.

Yesterday—I don't see Senator Ayotte here now, but it was prophetic because—and I used this this morning on a show—Senator Ayotte asked the question—I'm going to go ahead and repeat what she asked yesterday at the hearing—"What steps are you taking to prepare for, prevent, and respond to threats to personnel and facilities in light of the 2009 Fort Hood shooting?" That was just yesterday morning before the Readiness and Management Support Subcommittee of the Senate Armed Services Committee, and then, of course, the disaster happened shortly after that. So we'll have some questions concerning that and where we go from here, what the future's going to look like, and the security that we are going to have to offer.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Secretary McHugh.

STATEMENT OF HON. JOHN M. MCHUGH, SECRETARY OF THE ARMY

Mr. MCHUGH. Thank you. Mr. Chairman, let me express my appreciation to you, the ranking member, and in individual discussions before the hearing, too, the other members of the committee, for their heartfelt expressions of sorrow and support. It's deeply appreciated.

Obviously, as you noted, Mr. Chairman, this longstanding posture hearing is being held now under a shadow of the tragic events that happened just yesterday afternoon at Fort Hood. As I know you all understand, any time the Army loses a soldier, we all mourn. When that loss comes at the hands of another soldier, and indeed when that event occurs at the very place that suffered so much pain, so much anguish, just 4½ years ago, it only adds to the sorrow and the all-consuming sense of loss the Army is feeling this day.

Our first responsibility, as I know you share, is to the families of the fallen; also to those, of course, who have been wounded and those close to them, their family, their loved ones, as they make their way hopefully on a road to full recovery. Our thoughts and prayers, but most importantly our actions and our every effort, will be with those families, will be with those survivors, whatever the struggle. We have ordered all possible means of medical and investigatory support, as well as added behavioral health counselors.

I want to give a tip of the hat to Department of Veterans Affairs (VA) Secretary Rick Shinseki, who immediately reached out and offered any support from the VA in respect to needed personnel. In speaking, as both the Chief and I did, late last evening to Lieutenant General Mark Milley, for the moment the immediate need seemed to be met, but we're going to monitor that very carefully.

As I know all of you recognize, this is an ongoing investigation and one that occurred just 15 or so hours ago. Even at this point, the circumstances remain very fluid, but we recognize we owe this committee particularly, but also this Congress, the facts, what we know, and when we know it. I want to promise all of the members here this morning that we will work with you as we go forward to-

gether so that you can effectively discharge your oversight responsibilities.

If I may, Mr. Chairman, I'd also like to take a brief opportunity to say to the Fort Hood community and to the Army family worldwide: This is a time once again to come together, to stand as one, as they have so many times before, drawing strength from each other.

As this committee knows so well, the past 13 years have been fraught with much loss, with much pain, much suffering. But through it all, the men and women of the U.S. Army, their families, the civilians who support them, have come through the storm together. I know as we have in the past, we'll come out the other side of this tempest, poorer for the losses, but stronger through our resolve.

Mr. Chairman, I can take a moment now to give you the updates that you've requested and then defer to the Chief for the purpose of the posture statement if you'd like.

Chairman LEVIN. That would be fine, thank you.

Mr. MCHUGH. Based on our discussions last evening with Lieutenant General Mark Milley and a subsequent conversation I had about 10:45 p.m. with the Secretary of Defense, these are the facts as we understand them. But again, things are changing even at this moment.

The specialist, the alleged shooter involved, joined the U.S. Army in June 2008. When he first enlisted in the Army, he was an 11-Bravo. That's an infantry soldier, as most of you know. He later, upon re-upping, transferred his Military Occupational Specialty (MOS) to an 88-Mike, truck driver. We are tracking at the moment that he did have two deployments, including one 4-month, approximately 4-month deployment to Iraq as a truck driver.

His records show no wounds, no involvement, direct involvement in combat, as General Milley said, no record of Purple Heart or any injury that might lead us to further investigate a battle-related traumatic brain injury or such. He was undergoing a variety of treatment and diagnoses for mental health conditions ranging from depression to anxiety to some sleep disturbance. He was prescribed a number of drugs to address those, including Ambien.

He was seen just last month by a psychiatrist. He was fully examined, and as of this morning we had no indication on the record of that examination that there was any sign of likely violence either to himself or to others, no suicidal ideation. So the plan forward was to just continue to monitor and to treat him as deemed appropriate.

The alleged weapon was a .45 caliber that the soldier had recently purchased. He lived off post. We try to do everything we can to encourage soldiers to register their personal weapons even when they live off post. We are not legally able to compel them to register weapons when they reside off post, but the minute that soldier brought that weapon onto the post it was not registered and it was under our rules and regulations being utilized, obviously, illegally and with not proper clearance or foreknowledge by the command.

He is married. His wife was being questioned the last I was informed last evening. They are natives to Puerto Rico. Again, the

background checks we've done thus far show no involvement with extremist organizations of any kind, but, as General Milley said to me last evening, and I know the Chief and I fully support, we're not making any assumptions by that. We're going to keep an open mind and an open investigation and we will go where the facts lead us, and possible extremist involvement is still being looked at very carefully.

He had a clean record in terms of his behavioral record—no outstanding bad marks for any kinds of major misbehaviors that we're yet aware of.

So you know the conditions of those who were involved in the incident. There were three victims who have, tragically, lost their lives. The other killed in action in that moment was the shooter, who took his own life when confronted by a military police officer, a female. 16 others wounded, 3 that were considered critical, the others of varying severity but considered by and large, stable. But we obviously are going to continue to make sure they get the best of care, because we want to ensure absolutely that no bad thing comes out of this more than already has.

So that is pretty much what we know at this moment, Mr. Chairman.

Chairman LEVIN. Thank you very much, Mr. Secretary.

Mr. MCHUGH. If it's appropriate, I'll yield to the Chief for the posture comments.

Chairman LEVIN. General Odierno.

STATEMENT OF GEN. RAYMOND T. ODIERNO, USA, CHIEF OF STAFF OF THE ARMY

General ODIERNO. Mr. Chairman, if I could just add a few comments. First, once again, we talk a lot in the Army that we have an Army family, and we've lost young people who are part of our Army family and we take that incredibly serious. For me, this hits close to home. I've spent a lot of time at Fort Hood personally. I was a brigade commander, a division commander, and a corps commander at Fort Hood. I understand the resilience of that community, the resilience of the people there, how proud the soldiers are of what they do, and we will do everything we can to ensure they continue to move forward.

I would just say that I believe that some of the procedures that have been put in place following the incident 4½ years ago did help us yesterday. The alert procedures that were in place, the response, the training that has gone into the response forces that responded, I think contributed to making this something that could have been much worse.

So we will continue to monitor the force of the Army and the resources of the Army will be behind Fort Hood. We are very confident in the leadership of General Mark Milley, who has, I think as many of you know, just returned from Afghanistan as the commander of a corps over there and is a very experienced commander, and we will continue to support them.

The only thing I would add to the facts that the Secretary provided, that this was an experienced soldier. He spent actually 9 years in the Puerto Rico National Guard before coming on Active Duty. So he was a very experienced soldier, had a 1-year deploy-

ment to the Sinai with the National Guard and then had a 4-month deployment in Iraq. It was the last 4 months at the end of 2011, from August to December 2011.

We will continue to work through this issue, and continue to investigate, and as we do that we will provide information to all.

The only other thing I'd say, is great interagency cooperation. The Federal Bureau of Investigation has provided significant assistance, as well as the State of Texas, as well as the VA, as the Secretary pointed out. So we will continue to work this. We have an incredibly talented, resilient Army. We'll continue to be incredibly resilient and move forward. But we will also reach out to our family, the victims and the families of our victims of this tragic incident.

That's all I have. If you want me to continue, I will continue with my statement.

Chairman LEVIN. Thank you. I think that would be appropriate, to give us now your posture statement.

General ODIERNO. Chairman Levin, Ranking Member Inhofe, other members: Thank you so much for allowing me to speak with you this morning. I first want to thank you, Mr. Chairman, for your 36 years of service and all you have done for us as the chairman of this committee, your leadership, your bipartisan leadership, in always supporting our soldiers and families, and also holding us accountable for doing what's right for our soldiers and for our national security. I want to thank you, sir, for that.

Chairman LEVIN. I very much appreciate that. Thank you.

General ODIERNO. Despite declining resources, the demand for Army Forces actually continues to increase. More than 70,000 soldiers are deployed today on contingency operations and about 85,000 soldiers are forward stationed in nearly 150 countries, including nearly 20,000 on the Korean Peninsula. Our soldiers, civilians, and family members continue to serve with the competence, commitment, and character that our great Nation deserves.

A typical day for our soldiers includes patrolling alongside our Afghan National Army partners, standing watch on the Demilitarized Zone in Korea, providing security for an embassy in South Sudan, manning missile batteries in Turkey and Guam, and assisting recovery efforts from the devastating mudslide in the State of Washington.

As we consider the future roles and missions of our Army, it's imperative we consider the world as it exists, not as one we wish it to be. The recent headlines on Russia's annexation of Crimea, the intractable Syrian civil war, artillery exchanges between North Korea and South Korea, just to name a few, remind us of the complexity and uncertainty inherent in the international security environment.

It demands that we make prudent decisions about the future capability and capacity that we need within our Army. Therefore, we must ensure our Army has the ability to rapidly respond to conduct the entire range of military operations, from humanitarian assistance and stability operations to general war.

We certainly appreciate the short-term predictability in fiscal year 2014 and fiscal year 2015 afforded by budget levels in the BBA. The BBA supports a fiscal year 2015 Army funding level of

$120.5 billion, but in reality it is still $12.7 billion short of our request. The budget agreement will allow us to begin to buy back some short-term readiness by funding additional combat maneuver rotations, thereby increasing the amount of forces trained and ready for decisive combat operations.

However, we still are required to make tough choices and had to reduce our modernization efforts by ending four programs, restructuring 30, and delaying 50 programs. We continue to take significant risk in our facilities, sustainment, and home station training.

The 2014 Quadrennial Defense Review builds on the defense priorities outlined in the 2012 DSG. Last year, I testified that we can implement the defense guidance at moderate risk with an end strength of 490,000 in the Active Army, 350,000 in the National Guard, and 202,000 in the U.S. Army Reserve, and I stand by that assessment. However, sequestration is the law of the land and it will return in fiscal year 2016 without immediate congressional action. The readiness gains achieved in fiscal year 2015 will quickly atrophy as we are forced to reduce future planned rotations and other planned training activities in order to fund immediate operational requirements.

Sustained readiness requires sustained training dollars and investment. Our modernization accounts will receive a 25 percent reduction, with no program unaffected. Major weapons programs will be delayed, severely impacting the industrial base both in the near- and long-term.

Under sequestration, for the next 3 or 4 years we will continue to reduce end strength as quickly as possible while still meeting operational commitments. As we continue to draw down and restructure into a smaller force, the Army will continue to have significantly degraded readiness and extensive modernization shortfalls. At the end of fiscal year 2019, we will begin to establish the appropriate balance between end strength, readiness, and modernization, but for an Army that is much smaller. From fiscal years 2020 to 2023, we begin to achieve our readiness goals and reinvest in our modernization programs.

We will have no choice but to slash end strength levels if sequestration continues in order to attain that proper balance. As I said earlier, we'll be required to further reduce the Active Army to 420,000, the National Guard to 315,000, the U.S. Army Reserve to 185,000. At these end strength funding levels, we will not be able to execute the defense strategy.

In my opinion, this will call into question our ability to execute even one prolonged multi-phase major contingency operation. I also have deep concerns that our Army at these end strength levels will not have sufficient capacity to meet ongoing operational commitments and simultaneously train to sustain appropriate readiness levels.

The President's budget submission supports end strength levels at 440,000 to 450,000 in the Active Army, 335,000 in the Army National Guard, and 195,000 in the U.S. Army Reserve. I believe this should be the absolute floor for end strength reductions. To execute the defense strategy it's important to note that as we continue to lose end strength, our flexibility deteriorates, as does our ability to react to strategic surprise. My experience tells me that our as-

sumptions about the duration and size of future conflicts, allied contributions, and the need to conduct post-conflict stability operations are optimistic. If these assumptions are proven wrong, our risk will grow significantly. Under the President's budget we will achieve a balance between end strength, readiness, and modernization 3 to 5 years earlier than under sequestration, and that would occur around fiscal year 2018 and at greater total force levels.

In order to meet ongoing and future budget reductions, we have developed a total force policy in close collaboration within the Army and the Department of Defense (DOD). The Secretary of Defense directed that the Army not retain structure at the expense of readiness. Additionally, the Secretary of the Army and I directed that cuts should come disproportionately from the Active Force before reducing the National Guard and U.S. Army Reserve.

Our total force policy was informed by the lessons learned during the last 13 years of war. We considered operational commitments, readiness levels, future requirements, as well as costs. The result is a plan that recognizes the unique attributes, responsibilities, and complementary nature of each component, while ensuring our Guard and Reserves are maintained as an operational and not a strategic reserve.

Ongoing reductions, coupled with sequestration level cuts over the next 7 years, will result in a total reduction of 150,000 soldiers, 687 aircraft, and up to 46 percent of our Brigade Combat Teams (BCT) from the Active Army. The National Guard will be reduced by 43,000 soldiers, 111 aircraft, and up to 22 percent of the BCTs it currently has. The U.S. Army Reserve will be reduced by 20,000 soldiers.

The end strength cuts to the Active Army will represent 70 percent of the total end strength reductions, compared with 20 percent from the National Guard and 10 percent from the U.S. Army Reserve. This will result in the Guard and Reserves comprising 54 percent of the total Army end strength, while the Active component will comprise 46 percent. The Army will be the only Service in which the Reserve outnumbers the Active component.

Under sequestration we cannot afford to maintain our current aviation structure and still sustain modernization while providing trained and ready aviation units across all three components. Therefore, we've developed an innovative concept to restructure our aviation fleet to address these issues. Overall we believe this plan will generate a total savings of $12.7 billion over the Program Objective Memorandum (POM).

Of the 798 total aircraft reduced under this plan, 687, or 86 percent, will come out of the Active component and 11 aircraft, or 14 percent, from the National Guard. We will also transfer about 100 UH–60s to the National Guard.

As with end strength, we are disproportionally taking cuts from the Active component aviation, and, in fact, we will eliminate three full combat aviation brigades out of the Active component, while the National Guard sustains all of its brigade structure.

This plan allows the Army to eliminate the obsolete airframes, modernize the fleet, and sustain pilot proficiency across the total force. The result is an Active and Reserve aviation force mix with

more capable and prepared formations that are able to respond to contingencies at home and abroad.

Let me be very clear. These are not cuts we want to take, but we must take, based on sequestration. I believe our recommendation delivers the best total Army for the budget we have been allocated.

The Secretary and I also understand that the American people hold us to a higher standard of character and behavior. Combatting sexual assault and harassment remains our top priority. Over the past year the Army has established more stringent screening criteria and background checks for those serving in positions of trust. Army commanders continue to prosecute the most serious sexual assault offenses at a rate more than double that of civilian jurisdictions, including many cases that civilian authorities refuse to pursue.

We appreciate the continued focus of Congress as we implement legislative reforms to enhance the rights of survivors and improve our military justice system. We continue to take this issue very seriously. I also know how much work remains to be done in this area.

We are also aggressively and comprehensively attacking the issue of ethical leadership individually, organizationally, and through systematic reviews. We've initiated 360-degree assessments on all officers and especially commanders. We've implemented a new officer evaluation report to strengthen accountability. For our general officers, we conduct peer surveys and develop specific ethics focus as part of our senior leader education program. We have also implemented 360-degree assessments for our general officers.

We also appreciate help with two issues impacting our ability to maintain the right balance for our Army. First, is the Base Realignment and Closure (BRAC) process, which is a proven, fair, cost-effective means to address excess installation capacity. With the reduction of over 200,000 soldiers from our Army and lower budgets, we need a BRAC to reduce unsustainable infrastructure.

Second, we are extremely grateful for the high-quality care and compensation provided to our soldiers. We have endorsed proposals that recognize their incredible service while allowing us to better balance future investments in readiness, modernization, and compensation.

We must keep in mind that it is not a matter of if, but when, we will deploy our Army to defend this great Nation. We have done it in every decade since World War II. It is incumbent on all of us to ensure our soldiers are highly trained, equipped, and organized. If we do not, they will bear the heavy burden of our miscalculations.

I'm incredibly proud to wear this uniform and represent the soldiers of the Active Army, the Army National Guard, and the U.S. Army Reserve. Their sacrifices have been unprecedented over the last 13 years. We must provide them with the necessary resources for success in the future.

Thank you, Mr. Chairman, thank you to the entire committee, for allowing me to testify here today. I look forward to your questions.

[The joint prepared statement of Mr. McHugh and General Odierno follows:]

JOINT PREPARED STATEMENT BY HON. JOHN M. MCHUGH AND GEN RAYMOND T. ODIERNO, USA

INTRODUCTION

America's Army remains heavily committed in operations overseas as well as at home in support of our combatant commanders. More than 66,000 U.S. Army soldiers are deployed to contingency operations, with nearly 32,000 soldiers supporting operations in Afghanistan. In addition, there are approximately 85,000 soldiers forward stationed across the globe in nearly 150 countries worldwide. Every day, the soldiers and civilians of the Active Army, Army National Guard and Army Reserve inspire us with their competence, character and commitment to serving our Nation. A typical day for our soldiers may include patrolling alongside our Afghan National Army partners, standing watch on the demilitarized zone in Korea, manning missile batteries in Turkey and Guam, delivering humanitarian relief to the Philippines, conducting logistics training in Sierra Leone, securing facilities in South Sudan, and responding to floods, wildfires, and tornados across the United States.

The Army's Strategic Vision

The All-Volunteer Army will remain the most highly trained and professional land force in the world. It is uniquely organized with the capability and capacity to provide expeditionary, decisive land power to the Joint Force and ready to perform across the range of military operations to Prevent, Shape and Win in support of Combatant Commanders to defend the Nation and its interests at home and abroad, both today and against emerging threats.

Throughout our Nation's history, the United States has drawn down military forces at the close of every war. Today, however, we are in the process of rapidly drawing down Army forces before the war is over. At the same time, we continue to face an uncertain, complicated and rapidly changing international security environment, as stated in the 2014 Quadrennial Defense Review. In light of domestic fiscal challenges, the Army is committed to doing its part to restore fiscal discipline and contribute to our Nation's economic strength. In a time of budget stringency, the Army's greatest challenge is providing steadfast support to worldwide operational commitments to include Afghanistan while simultaneously drawing down, reorganizing and preparing the force for a wider array of security missions and threats in the future. We are committed to ensure the U.S. Army remains the most highly trained and professional land force in the world.

Together, we must ensure our Army is trained and ready to prevent conflict, shape and set theaters for our geographic Combatant Commanders, deter aggression, and if necessary, win decisively in a sustained major combat operation. However, over the last 2 years, the impact of the Budget Control Act (BCA) of 2011 has resulted in declining readiness throughout the Total Army (Active Army, Army National Guard, and Army Reserve).

BUDGETARY REDUCTIONS AND STRATEGIC CHOICES

Over the past 4 years, the Army has absorbed several budget reductions in the midst of conducting operations overseas and rebalancing the force to the wider array of missions required by 2012 Defense Strategic Guidance. To comply with the funding caps specified in the BCA, the fiscal year 2013 budget proposed $487 billion in Department of Defense (DOD) funding reductions over 10 years, of which the Army's share was an estimated $170 billion. In addition, sequestration was triggered in 2013, forcing an additional $37 billion reduction in fiscal year 2013 and threatening a further total reduction in DOD funding of approximately $375 billion through fiscal year 2021, with the Army's portion estimated at $95 billion. In fiscal year 2013, a combination of sequestration and Overseas Contingency Operations funding shortfalls degraded Army readiness levels. It caused the Army to carry over a readiness shortfall of $3.2 billion to fiscal year 2014.

The Army continues to face an uncertain fiscal environment in the years ahead. The Bipartisan Budget Act (BBA) of 2013 provides the Army modest, temporary relief from BCA defense spending caps in 2014. The predictability afforded by known budget levels is appreciated, and the BBA supports a fiscal year 2015 Army funding level of $120.5 billion. However, the Army still faces budget cuts of $7.7 billion in

fiscal year 2014, and an additional $12.7 billion in fiscal year 2015, when compared to the President's fiscal year 2014 budget request. While we welcome the relief and predictability that the BBA provides, the Army will be forced to cut $20.4 billion in planned funding, an abrupt reduction over a short 2-year period of time. Beyond fiscal year 2015, fiscal uncertainty remains, including the potential resumption of the sequestration-level spending caps in fiscal year 2016.

During this period of uncertainty in the fiscal and strategic environment, our goal has been to maintain the proper balance between end strength, readiness and modernization across the Total Army. We are reducing end strength as rapidly as possible, while still meeting our operational commitments, in order to concentrate remaining funds on rebuilding readiness. However, to do this we must accept greater risk in our modernization programs. To rebuild and sustain a force capable of conducting the full range of operations on land, to include prompt and sustained land combat, it is essential that we take steps to prevent hollowness within the force. Therefore, consistent with the 2012 Defense Strategic Guidance, we are in the process of drawing down Active Army end strength from a wartime high of 570,000 to 490,000—a 14 percent cut—by the end of fiscal year 2015. The Army National Guard will reduce from 358,200 to 350,200 and the Army Reserve will remain relatively constant, decreasing from 205,000 to 202,000 soldiers. In conjunction with these end strength reductions, the Army decided to reorganize the current operational force of Active Army Infantry, Armored and Stryker Brigade Combat Teams (BCTs) from 38 to 32. This force structure reorganization will allow us to eliminate excess headquarters infrastructure while sustaining as much combat capability as possible.

The fiscal year 2015 budget request provides a balanced and responsible way forward in the midst of ongoing fiscal uncertainty. It allows the Army to reduce and reorganize force structure, but incurs some risk to equipment modernization programs and readiness. Under the fiscal year 2015 budget request, the Army will decrease end strength through fiscal year 2017 to a Total Army of 980,000 soldiers—450,000 in the Active Army, 335,000 in the Army National Guard and 195,000 in the Army Reserve. This reduction will also adjust the force mix ratio between the Active and Reserve components. We will reverse the force mix ratio, going from a 51 percent Active component and 49 percent Reserve component mix in fiscal year 2012 to a 54 percent Reserve component and 46 percent Active component mix in fiscal year 2017. 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.

But with sequestration-level caps in fiscal year 2016 and beyond the Army will be required to further reduce Total Army end strength to 420,000 in the Active Army, 315,000 in the Army National Guard and 185,000 in the Army Reserve by the end of fiscal year 2019. This would end up being a total reduction of 213,000 soldiers with 150,000 coming from the Active Army, 43,000 coming from the Army National Guard and 20,000 from the Army Reserve. This includes a 46 percent reduction in Active Army BCTs and a 21 percent reduction in Army National Guard BCTs. Sequestration-level spending caps would also require a 25 percent reduction to Army modernization accounts, with no program unaffected. Major weapon programs will be delayed, severely impacting the industrial base both in the near and long term. Most significantly, these projected end strength levels would not enable the Army to execute the 2012 Defense Strategic Guidance.

For the next 3 years, as we continue to draw down and restructure into a smaller force, the Army will continue to have degraded readiness and extensive modernization program reductions. Under the President's budget, we will begin to regain balance between end strength, modernization and readiness beyond fiscal year 2017. Our goal would be to achieve balance by the end of fiscal year 2019 with 450,000 soldiers in the Active Army, 335,000 in the Army National Guard, and 195,000 in the Army Reserve.

Under sequestration-level spending caps, from fiscal year 2019 to fiscal year 2023 the Army will begin to establish the appropriate balance between readiness, modernization and end strength, albeit for a much smaller Army at 420,000 soldiers in the Active Army, 315,000 in the Army National Guard and 185,000 in the Army Reserve. We will stabilize our end strength and force structure. From fiscal year 2020 to fiscal year 2023 we would begin achieving our readiness goals and reinvesting in modernization programs to upgrade our aging fleets. Our goal is to achieve balance by fiscal year 2023. The reduction in our institutional base will make reversibility significantly more difficult. Finally, the size of our Army at this level of funding will not allow us to execute the Defense Strategic Guidance and will put in doubt our ability to execute even one prolonged, multi-phased major contingency operation.

LEADER DEVELOPMENT

Developing adaptive Army leaders who possess the individual toughness, battlefield skill and fighting spirit that typify the American soldier is one of our highest priorities. The unpredictable nature of human conflict requires leaders to not only lead in close combat but 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 for the complex future security environment.

We will continue to build leaders who exhibit the character, competence and commitment that are hallmarks of the Army Profession. We are aggressively and comprehensively reinforcing our core values and ethical leadership throughout all unit and institutional training, leader development programs and professional military education. We will also transition to a new officer evaluation system that strengthens accountability and emphasizes the evaluation of character attributes and competencies. We have completed a 360-degree assessment pilot for all battalion and brigade commanders, which will be fully institutionalized across the force in 2014. We will continue peer assessments for all general officers and will institute 360-degree assessments for all general officers upon promotion to each general officer rank.

Today, our leaders are the most competent and operationally experienced since World War II. We must build on this incredible experience to develop leaders who can operate in an ever-changing, complex strategic environment, understanding the implications of critical thinking, rapid communications and cyber warfare as it relates to combined arms maneuver, irregular warfare and counterinsurgency operations.

THE ARMY: GLOBALLY RESPONSIVE, REGIONALLY ENGAGED STRATEGIC LAND FORCES

There is no more unambiguous display of American resolve than the deployment of the American soldier. As part of the Joint Force, the Army deters potential adversaries by presenting a credible element of national power: landpower that is decisively expeditionary and strategically adaptive. The Army possesses a lethal combination of capability and agility that strengthens U.S. diplomacy and represents one of America's most credible deterrents against hostility. If necessary, a ready Army can defeat or destroy enemy forces, control land areas, protect critical assets and populations and prevent the enemy from gaining a position of operational or strategic advantage. Ultimately, potential adversaries must clearly perceive Army forces as being capable of appropriate and rapid response anywhere in the world and across the entire range of military operations, from stability operations to general war.

A ready and capable Total Army provides Joint and Combined forces with expeditionary and enduring landpower for the full range of military operations. Regionally aligned Army forces provide direct support to geographic and functional combatant commands. Army forces are tailorable and scalable, prepared to respond rapidly to any global contingency mission. The Army maintains a responsive force posture through an effective mix of Total Army capabilities and network of installations at home and abroad, to include Army prepositioned stocks. The Army National Guard and Army Reserve provide predictable, recurring and sustainable capabilities and strategic depth. Rapidly deployable Army forces, to include airborne forces, are able to respond to contingencies and conduct forcible entry operations anywhere in the world on short notice. Army prepositioned equipment across the globe also enables the rapid air deployment of Army combat and support forces.

Missions as a Member of the Joint Force

As an interoperable member of the Joint Force, the Army sets the theater for combatant commanders by providing unique capabilities en route to, and operating within, austere environments to support all plans and contingencies. These capabilities include special operations and ground forces, operational leadership and mobility, and critical enablers such as aviation, missile defense, intelligence, engineers, logistics, inland ground transportation infrastructure, medical and signal/communications.

The Army provides the Joint Force versatility across the full range of military operations, underpinning operational and strategic reach through the full length of a

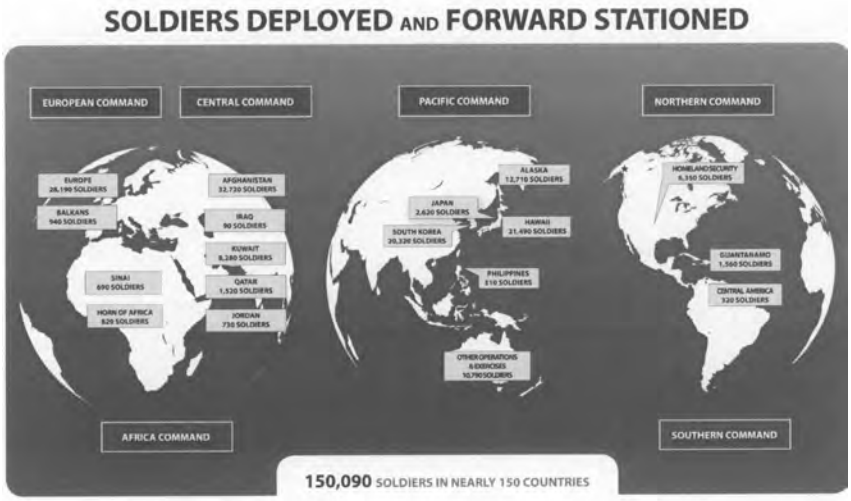
campaign, often in contested environments. Effective joint operations require Army ground combat forces and Army critical enablers. A significant portion of the Army's force structure is devoted to enabling the Joint Force as well as our Multinational and Interagency partners.

We provide a variety of Joint Task Force headquarters certified and trained to lead Joint Forces, plan operations and exercise mission command of units across the full range of military operations. We provide strategic, operational and tactical logistics, worldwide engineering support and intelligence capabilities, as well as space-based and terrestrial command and control networks that connect our own units, the Joint community, and Interagency and Multinational partners. The Army is also investing in emerging and evolving missions such as operations in cyberspace and countering weapons of mass destruction. For example, we continue to develop and field cyber mission forces that enable the success of our national mission force, combatant commands, and Army land forces.

Regionally Aligned Forces

The Army is regionally aligning forces in support of the geographic and functional combatant commands. These forces provide deployable and scalable regionally-focused Army forces task organized for direct support of geographic and functional combatant commands and Joint requirements. Forward stationed Army forces in the Republic of Korea, Japan, and Europe, along with Army units based in the United States are aligned with combatant commands. These forces shape and set theaters for regional commanders employing unique Total Army characteristics and capabilities to influence the security environment, build trust, develop relationships and gain access through rotational forces, multilateral exercises, military-to-military engagements, coalition training, and other opportunities.

Army forces strengthen alliances and ensure collective capability while building capacity and serving common interests. In many regions of the world, Army military-to-military relationships have enabled the United States to remain a trusted and welcome partner over the years. The Army's Special Forces Groups provide extraordinary regional expertise and unique capabilities, as well as years of experience, to the combatant commands. The Army National Guard, through the State Partnership Program, maintains long-term partnerships worldwide.



We are expanding regional alignment of the Total Army as the drawdown in Afghanistan continues and additional formations become available. The Army's first regionally aligned BCT—the 2nd Brigade, 1st Infantry Division stationed at Fort Riley, Kansas—began actively supporting U.S. Africa Command in March 2013 and has conducted over 70 missions, from crisis response to security cooperation, in more than 30 countries. 1st Infantry Division headquarters, building upon the initial success of its 2nd Brigade and aligned with U.S. Africa Command, is planning a Libyan General Purpose Force training mission. The 48th Infantry BCT, Georgia Army Na-

tional Guard, is aligned with U.S. Southern Command and has deployed teams to several Central and South American countries. The Fort Hood-based 1st BCT, 1st Cavalry Division, aligned with U.S. European Command, participated in multilateral exercises and training as the primary U.S. land force contribution to the NATO Response Force.

About 80,000 Active and Reserve component soldiers are postured to support operations and engagements in the Asia-Pacific region. I Corps, stationed at Joint Base Lewis-McChord, WA, 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. The Army maintains a Terminal High Altitude Area Defense battery deployed to Guam, defending our allies and supporting the Pacific theater's ballistic missile defense posture. During fiscal year 2013, U.S. Army Pacific conducted 28 large-scale exercises with 13 countries. Soldiers also conducted security cooperation engagements with 34 countries in the Asia-Pacific region.

During fiscal year 2013, a total of more than 109,000 soldiers deployed in support of operations in Afghanistan. More than 4,300 soldiers supported Operation Spartan Shield, our ongoing effort to maintain stability in the region and reassure our allies and partners in U.S. Central Command's area of responsibility. In addition, during fiscal year 2013 more than 2,200 soldiers participated in 7 exercises in the region. III Corps, stationed at Fort Hood, TX, and 1st Armored Division headquarters, stationed at Fort Bliss, TX, are both aligned with U.S. Central Command. In June 2013 the 1st Armored Division headquarters deployed to Jordan, providing mission command for several regional exercises and conducting training with allied and partner forces.

Missions at Home and Support of Civil Authorities

The Total Army defends the Homeland and supports civil authorities for a variety of complex missions. Soldiers from the Active and Reserve components are engaged in the Homeland on a daily basis, in capacities ranging from personnel serving as defense coordinating officers in support of the Federal Emergency Management Agency to U.S. Army North leading and coordinating Army missions in support of civil authorities. The Army stands ready to conduct a no-notice response in support of civil authorities, particularly for a complex catastrophe that may require the employment of a significant Army force. The Total Army also provides the preponderance of forces for the DOD's Chemical, Biological, Radiological and Nuclear Response Enterprise. Army National Guard air and missile defense units protect our Nation's Capital and provide manning for Ground-based Midcourse Defense systems deployed in Alaska and Colorado that will deter and defeat missile attacks on our Nation. Soldiers support Federal drug enforcement efforts along our Nation's southern border every day.

Over the past year, the Army responded to natural disasters in the United States with sustained, life-saving support. The Army National Guard conducted firefighting operations in several Western States. In September 2013, Active and Reserve component soldiers provided rapid assistance when severe storms caused devastating floods and landslides in northern Colorado. A team of about 700 soldiers from the Colorado and Wyoming Army National Guard, as well as the Active Army's 4th Infantry Division stationed at Fort Carson, CO, evacuated more than 3,000 displaced residents. Soldiers and civilians from the U.S. Army Corps of Engineers also supported operations in Colorado, and continue to support ongoing national efforts to restore critical infrastructure following Hurricane Sandy.

ENSURING A READY ARMY

A trained and ready Army must be able to rapidly deploy, fight, sustain itself and win against complex state and non-state threats in austere environments and rugged terrain. Readiness is measured at both the service and unit levels. 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 roles and 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.

Training

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 on rebuilding warfighting core competencies. We are reinvigorating our Combat Training Centers (CTC), to challenge and certify Army formations in a comprehensive and realistic decisive action

training environment that features regular, irregular and insurgent enemy forces. Tough, realistic multi-echelon home station training using a mix of live, virtual and constructive methods efficiently and effectively builds soldier, leader and unit competency 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 this atrophy in readiness for the full range of military operations, 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 fiscal year 2015 along with the requisite amount of available 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 training, 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, creating a backlog of professional development and experience.

The BBA allows us to remedy only a fraction of that lost capability. Even with increased funding, in fiscal year 2014 the Army will not be able to train a sufficient number of BCTs to meet our strategic requirements. Seventeen BCTs were originally scheduled to conduct a CTC rotation during fiscal year 2014. BBA-level funding enables the addition of another 2 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, BCTs begin the CTC rotation at a lower level of proficiency. As a result, the CTC rotation does not produce the maximum BCT capability, in terms of unit readiness. For BCTs that do not conduct a CTC rotation, we are using available resources to potentially train these formations up to only battalion-level proficiency.

The Army can currently provide only a limited number of available and ready BCTs trained for decisive action proficiency, which will steadily increase through fiscal year 2014 and the beginning of fiscal year 2015. But with potential sequestration in fiscal year 2016, readiness will quickly erode across the force. We must have predictable, long-term, sustained funding to ensure the necessary readiness to execute our operational requirements and the Defense Strategic Guidance.

Fiscal shortfalls have caused the Army to implement tiered readiness as a bridging strategy until more resources become available. Under this strategy, only 20 percent of operational forces will conduct collective training to a level required to meet our strategic requirements, with 80 percent of the force remaining at a lower readiness level. Forward stationed forces in the Republic of Korea will remain ready, as will those dedicated as part of the Global Response Force. Forces deployed to Afghanistan are 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. Unless Army National Guard and Army Reserve units are preparing for deployment, the Army will only fund these formations to achieve readiness at the squad, team and crew level.

Force Structure

We have undertaken a comprehensive reorganization of Army units to better align force structure with limited resources and increase unit capability. Unit reorganizations are necessary to begin balancing force structure, readiness and modernization. However, when combined with reduced funding and operational demand, the pace of force structure changes will reduce our ability to build readiness across the force during fiscal year 2014 and fiscal year 2015.

Reorganization of the current operational force of Active Army Infantry, Armored and Stryker BCTs from 38 to 32 reduces tooth-to-tail ratio and increases the operational capability of the remaining BCTs. All Active Army and Army National Guard BCTs will gain additional engineer and fires capability, capitalizing on the inherent strength in combined arms formations. Initially, 47 BCTs (29 Active Army and 18 Army National Guard) will be organized with a third maneuver battalion. The remaining 13 BCTs (3 Active Army and 10 Army National Guard) will be reevaluated for possible resourcing of a third maneuver battalion in the future.

Following a comprehensive review of our aviation strategy, the Army has determined that it must restructure aviation formations to achieve a leaner, more efficient and capable force that balances operational capability and flexibility across the Total Army. We will eliminate older, less capable aircraft, such as the OH–58 A/C Kiowa, the OH–58D Kiowa Warrior and the entire fleet of TH–67 JetRangers,

the current trainer. The Army National Guard will transfer low-density, high-demand AH–64 Apache helicopters to the Active Army, where they will be teamed with unmanned systems for the armed reconnaissance role as well as their traditional attack role. The Active Army in turn will transfer over 100 UH–60 Blackhawk helicopters to the Army National Guard. These aircraft will significantly improve capabilities to support combat missions and increase support to civil authorities, such as disaster response, while sustaining security and support capabilities to civil authorities in the States and territories.

The Army will also transfer nearly all Active Army LUH–72 Lakota helicopters to the United States Army Aviation Center of Excellence at Fort Rucker, AL, and procure an additional 100 LUH–72 Lakotas to round out the training fleet. These airframes will replace the TH–67 JetRanger helicopter fleet as the next generation glass cockpit, dual engine training helicopter. At current funding levels, this approach will enable the Army National Guard to retain all of its LUH–72 aircraft for general support requirements as well as ongoing border security operations. The Aviation Restructure Initiative allows us to sustain a modernized fleet across all components and reduces sustainment costs. Eighty-six percent of the total reduction of aircraft (687 of 798) will come out of the Active component. The Active Army's overall helicopter fleet will decline by about 23 percent, and the Army National Guard's fleet of helicopters will decline by approximately 8 percent, or just over 100 airframes. The resulting Active and Reserve component aviation force mix will result in better and more capable formations which are able to respond to contingencies at home and abroad.

SOLDIERS, CIVILIANS, AND OUR FAMILIES: THE PREMIER ALL-VOLUNTEER ARMY

Trust is the foundation of military service. An individual's choice to serve, whether enlisting or reenlisting, depends on a strong bond of trust between the volunteer, the Army and the Nation. Soldiers need to know that the Nation values their service and will provide them with the training, equipment and leadership necessary to accomplish their mission. They also want to know that their families will enjoy a quality of life that is commensurate with their service and sacrifice. For that reason, one of our top priorities as we make the transition from war and drawdown the Army—regardless of fiscal challenges—must be the welfare, training, and material resources we put toward maintaining the trust of our soldiers, civilians, and their families.

Ready and Resilient Campaign

Perhaps nothing exemplifies the idea of trust more than President Abraham Lincoln's second inaugural address when he called upon the Nation to care for those who have borne the burdens of battle and their families. The effects of deploying are sometimes severe and lifelong. As a result, the continued care and treatment of soldiers and their families is a lasting priority. Yet even as we work to recover and rehabilitate those most severely affected by two wars, we know that an ever increasing portion of our Army has not faced warfare. Understandably, they have new and different challenges. In both cases, Army readiness is directly linked to the ability of our force to deal with personal, professional and unforeseen health concerns, such as mental and physical challenges. We must also begin to view health as more than simply health care, and transition the Army to an entire system for health that emphasizes the performance triad—sleep, activity, and nutrition—as the foundation of a ready and resilient force.

The Ready and Resilient Campaign, launched in March 2013, serves as the focal point for all soldier, civilian, and family programs and promotes an enduring, holistic and healthy approach to improving readiness and resilience in units and individuals. The campaign seeks to influence a cultural change in the Army by directly linking personal resilience to readiness and emphasizing the personal and collective responsibility to build and maintain resilience at all levels. 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.

Sexual Harassment/Assault Response and Prevention Program

The Army is an organization built on and bound by values. Sexual harassment and assault in all its forms is abhorrent to every one of those values. Simply put, sexual assault is a crime that will not be tolerated. The overwhelming majority of soldiers and civilians serve honorably and capably, but we must recognize that the

ill-disciplined few jeopardize the safety of all our people as well as the trust and confidence the American people have in their Army.

Army actions to combat sexual assault and harassment are driven by five imperatives. First, we must prevent offenders from committing crimes, provide compassionate care for victims and protect the rights and privacy of survivors. Second, we must ensure that every allegation is reported, it is thoroughly and professionally investigated, and we must take appropriate action based on the investigation. Third, we shall create a positive climate and an environment of trust and respect in which every person can thrive and achieve their full potential, and continually assess the command climate. Fourth, we will hold every individual, every unit and organization and every commander appropriately accountable for their behavior, actions and inactions. Finally, the chain of command must remain fully engaged—they are centrally responsible and accountable for solving the problems of sexual assault and sexual harassment within our ranks and for restoring the trust of our soldiers, civilians, and families.

Our goal is to reduce and ultimately eliminate this crime from our ranks. To underscore the importance of the chain of command's role in preventing sexual assault, the Army now includes command climate and Sexual Harassment/Assault Response and Prevention (SHARP) goals and objectives in all officer and noncommissioned officer evaluations and unit command climate surveys. Accountability is reinforced by training and education on the appropriate behaviors, actions and reporting methods. The Army has integrated SHARP training into every professional development school, making sure it is tailored to roles and responsibilities appropriate to each course's population.

We are making progress, particularly on reporting and investigating these incidents. Over the past year the Army expanded the Special Victim Capability Program to include 23 special victim prosecutors, 22 sexual assault investigators, and 28 special victim paralegals at 19 installations worldwide. These professionals are trained in the unique aspects of investigating and prosecuting sexual assault cases. We have also trained 81 Active and 24 Reserve component judge advocates through our Special Victim Counsel Program, which was established in September 2013. As of December 2013, 241 victims had received over 1,443 hours of legal services from these specially-trained counsel, including appearances at Article 32 hearings and courts-martial.

Army commanders, advised by judge advocates, continue to take the most challenging cases to trial, including cases that civilian authorities have declined to prosecute. For cases in which the Army had jurisdiction over the offender and a final disposition was made, commanders prosecuted rape and sexual assault at a rate more than double the estimated average prosecution rates in civilian jurisdictions. The Army also provides sexual assault patients with expert, emergency treatment for their immediate and long-term needs. Regardless of evidence of physical injury, all patients presenting to an Army medical treatment facility with an allegation of sexual assault receive comprehensive and compassionate medical and behavioral health care.

Sexual assault is antithetical to competent command, and it is important that commanders retain their authority over the disposition of sexual assault cases. Removal of that authority would make it harder to respond to the needs of soldiers within the command, especially the victims. Many of the Army's most difficult problems—such as integration—were solved by making commanders more accountable, not less. Therefore the Army opposes legislative efforts to remove commanders from the disposition process.

Suicide Prevention

The Army Suicide Prevention Program, part of the Ready and Resilient Campaign, has significantly enhanced our understanding of one of our greatest challenges: the loss of soldiers to suicide. The Army has expanded and increased access to behavioral health services and programs that develop positive life-coping skills. A comprehensive education and training program is helping soldiers, civilians, and family members improve their ability to cope with stress, relationships, separations, deployments, financial pressures and work-related issues. The goal is to increase resiliency and, just as important, access to support. Our Suicide Reduction Working Group provides a forum for stakeholders to collaborate on initiatives that mitigate high-risk behaviors. The Army continues to revise and create policy to promote and increase awareness of prevention and intervention skills, services and resources. We have seen an aggregate drop in suicides, and while not a declaration of success, it is a leading indicator that our resiliency efforts are starting to take hold across the force.

Role of Women in the Army

Women continue to play an important role in making our Army the best in the world. We are validating occupational standards for integrating women into all career fields. By reinforcing universal standards for each soldier—regardless of gender—in a deliberate, measured and responsible manner we increase unit readiness, cohesion and morale while allowing for qualification based on performance, not gender, across our profession.

Army Training and Doctrine Command is leading our effort with the Soldier 2020 initiative, which seeks to ensure we select the best soldiers for each military occupational specialty, regardless of gender. It is a standards-based, holistic and deliberate approach that uses scientific research to clearly define physical accessions standards based on mission requirements for each Army occupation. Simultaneously, we are conducting an extensive study to identify the institutional and cultural factors affecting gender integration, to develop strategies for the assimilation of women into previously restricted units. An important part of that process will be to ensure we have a qualified cadre of female leaders, both officers and noncommissioned officers, in place prior to the introduction of junior female soldiers to serve as role models and provide mentorship during this transition.

During the last year, the Army opened approximately 6,000 positions in 26 BCTs, select aviation specialties in special operations aviation and approximately 3,600 field artillery officer positions. The Army anticipates opening an additional 33,000 previously closed positions during fiscal year 2014.

Recruitment and Retention

The Army is defined by the quality of the soldiers it recruits and retains. We are only as good as our people, and recruiting standards and reenlistment thresholds remain high. During fiscal year 2013, 98 percent of the Army's recruits were high school graduates, exceeding our goal of 90 percent. We are also on track to achieve retention rates consistent with the past 3 years. The need to recruit and retain high-quality soldiers will only grow in importance as we continue to draw down our forces.

Unfortunately, natural attrition alone will not achieve the Army's reduced end strength requirements. Inevitably, the Army will not be able to retain good soldiers on active duty who have served their Nation honorably. The Army must responsibly balance force shaping across accessions, retention, and promotions, as well as voluntary and involuntary separations. During fiscal year 2013, the Army reduced accessions to the minimum level needed to sustain our force structure, achieve end strength reductions and reestablish highly competitive but predictable promotion opportunity rates. The Army also conducted Selective Early Retirement Boards for lieutenant colonels and colonels and, likewise, a Qualitative Service Program for staff sergeants through command sergeants major, all aimed at achieving 490,000 Active Army end strength by the end of fiscal year 2015. During fiscal year 2014 the Army will conduct Officer Separation Boards and Enhanced Selective Early Retirement Boards for qualified majors and captains. We remain committed to assisting soldiers and their families as they depart Active Army formations and transition to civilian life, and we encourage continued service in the Army National Guard or Army Reserve.

Role of the Army Civilian

As the Army evolves so too must its civilian workforce, which will also draw down concurrent with reductions to military end strength. Army civilians will reduce from a wartime high of 285,000 to 263,000 by the end of fiscal year 2015. As the civilian workforce is downsized, we will do it smartly, focusing on preserving the most important capabilities. This requires a broader strategy that links functions, funding and manpower to produce the desired civilian workforce of the future—one that fully supports the generation of trained and ready combat units. The Army will manage the civilian workforce based on workload and funding available. We will use all available workforce shaping tools such as Voluntary Early Retirement Authority and Voluntary Separation Incentive Pay to reduce turbulence in our civilian workforce. We will target the skills we need to retain, and voluntarily separate those with skills no longer needed. If we cannot achieve our Army civilian reduction goals by voluntary means, we will use reduction in force as a last resort.

The possibility of future reductions only adds to the burdens we've placed on Army civilians in recent years. Last year, the Army furloughed more than 204,000 civilian employees, forcing them to take a 20 percent reduction in pay for 6 weeks during the fourth quarter of fiscal year 2013. Furloughs came on the heels of 3 years of frozen pay and performance-based bonuses. The tremendous impact on the morale

of our civilian workforce cannot be understated, and some of our highest quality civilian personnel have sought employment in the private sector.

We rely heavily on our Army civilians, and they have remained dedicated and patient during the last few years of uncertainty and hardship. Like their uniformed counterparts, Army civilians are required to demonstrate competence, technical proficiency and professional values to achieve mission and individual success. Over the past 3 years the Army has implemented a number of changes to improve training, educational and experiential opportunities for the civilian workforce. Focused leader development, improvements to the Civilian Education System and continued maturity of the Senior Enterprise Talent Management Program are all designed to build a more professional and competency-based civilian workforce.

The Army is also streamlining its contractor workforce by reducing contract spending at least to the same degree as, if not more than, reductions to the civilian workforce; contractor reductions are approximately $1.5 billion in fiscal year 2015. The use of contracted services will continue to be reviewed to ensure the most appropriate, cost effective and efficient support is aligned to the mission. As the Army continues its workforce shaping efforts, contracted manpower will be appropriately managed based on functional priorities and available funding to ensure compliance with law.

Compensation Reform

We are extremely grateful for the high quality care and compensation our Nation has provided to our soldiers over the last decade. Military manpower costs remain at historic highs. We must develop adjustments to military compensation packages that reduce future costs, recognize and reward our soldiers and their families for their commitment and sacrifice, while ensuring our ability to recruit and retain a high quality All-Volunteer Army. While we recognize the growing costs of manpower, we must also approach reform from the perspective that compensation is a significant factor in maintaining the quality of the All-Volunteer Army, and always has been.

After 13 years of war, the manner in which we treat our soldiers and families will set the conditions for our ability to recruit in the future. That said, if we do not slow the rate of growth of soldier compensation, it will consume a higher, disproportionate percentage of the Army's budget and without compensation reform we will be forced to reduce investments in readiness and modernization. The Army supports a holistic and comprehensive approach that reforms military compensation in a fair, responsible and sustainable way. Changes to military compensation included in the fiscal year 2015 budget request—which include slowing the growth of housing allowances, reducing the annual direct subsidy provided to military commissaries and simplifying and modernizing our TRICARE health insurance program—are important first steps that generate savings while retaining competitive benefits. These savings will be invested in readiness and modernization.

EQUIPMENT MODERNIZATION, BUSINESS PROCESS IMPROVEMENT, AND SUSTAINMENT

The Army makes prudent choices to provide the best possible force for the Nation with the resources available, prioritizing soldier-centered modernization and procurement of proven and select emerging technologies. The institutional Army manages programs that sustain and modernize Army equipment, enabling the operational Army to provide responsive and ready land forces. We will continue to improve the efficiency and effectiveness of our business processes to provide readiness at best value.

Focus Area Review

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 and 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.

Equipment Modernization

Modernization enables the Army to meet requirements with a smaller, fully capable and versatile force that is equipped to defeat any enemy and maintain dominance on land. BCA-driven budget reductions have placed Army equipment modernization at risk through program terminations, procurement delays and program restructures. Research, development, and acquisition funding has declined 39 per-

cent since the fiscal year 2012 budget planning cycle and the long-term effect will be additional stress on current vehicle fleets, reduced replacement of war-worn equipment, increased challenges sustaining the industrial base and limited investment in the modernization of only the most critical capabilities.

Army Equipping Strategy

Investment focused on:

- Deploying and redeploying units,
- Managing equipment retrograde,
- Reorganizing BCTs,
- Supporting rebalance to the Asia-Pacific region,
- Resetting our equipment,
- Redistributing equipment to raise readiness across all Army components,
- Repositioning forces,
- Aligning wartime equipment with the Army's current needs,
- Divesting equipment we no longer need, and
- Remaining prepared for homeland defense priorities.

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. This approach calls for carefully planned investment strategies across all Army equipment portfolios, which will involve a mix of limiting the development of new capabilities, incrementally upgrading existing platforms and investing in key technologies to support future modernization efforts. The strategy captures the Army's key operational priorities: enhancing the soldier for broad joint mission support by empowering and enabling squads with improved lethality, protection and situational awareness; enabling mission command by facilitating command and control, and decisionmaking, with networked real-time data and connectivity with the Joint Force; and remaining prepared for decisive action by increasing lethality and mobility, while optimizing the survivability of our vehicle fleets.

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

Ground Vehicles

A new Infantry Fighting Vehicle (IFV) remains a key requirement for the Army. However, due to significant fiscal constraints, the Army has determined that the Ground Combat Vehicle program will conclude upon completion of the Technology Development phase, expected in June 2014, and will not continue further development. In the near-term, the Army will focus on refining concepts, requirements and key technologies in support of a future IFV modernization program. This will in-

clude investment in vehicle components, subsystem prototypes and technology demonstrators to inform IFV requirements and future strategies for developing a Bradley Infantry Fighting Vehicle replacement. Over the long-term, the Army anticipates initiating a new IFV modernization program informed by these efforts as resources become available.

The Army is also committed to developing and fielding the Armored Multi-Purpose Vehicle to replace our obsolete M113 family of vehicles and augmenting our wheeled vehicle fleet with the Joint Light Tactical family of vehicles. In addition, the Army will continue to fund a third brigade's set of Double V-Hull (DVH) Stryker vehicles, while supporting an incremental upgrade to DVH Strykers for power and mobility improvements.

Army Aviation

The Army will divest legacy systems and fund the modernization and sustainment of our most capable and survivable combat-proven aircraft: the AH–64 Apache, UH–60 Blackhawk and CH–47 Chinook helicopters. We will divest almost 900 legacy helicopters including the entire single engine OH–58D Kiowa Warrior and TH–67 helicopter training fleets. The Army will also modernize our training fleet with LUH–72 Lakota helicopters.

The Network

The equipment modernization strategy seeks to provide the soldier and squad with the best weapons, equipment, sustainment and protection with the support of the network. LandWarNet is the Army's globally interconnected network that is "always on and always available," even in the most remote areas of the globe. LandWarNet enables mission command by carrying the data, voice and video every soldier and leader needs to act decisively and effectively. It supports all Army operations, from administrative activities in garrison to operations conducted by our forward stationed and deployed soldiers. Additionally, it forms the basis of our live, virtual and constructive training.

Equipment Reset and Retrograde

Retrograde is the return of equipment to facilities for reset and to support future force structure and operations. By December 2014, the Army plans to retrograde approximately $10.2 billion of the $15.5 billion worth of Army equipment currently in Afghanistan. The balance of the equipment will be used by our forces, transferred to the Afghans or to another troop contributing nation, or disposed of properly in theater, which will provide a cost avoidance of more than $844 million in transportation, storage and security costs. The total cost of moving the equipment out of Afghanistan is estimated at roughly $1–3 billion. The cost range is due to the unpredictable nature of our ground routes through Pakistan and other Central Asian countries that may require a shift to more expensive multimodal or direct air cargo movement.

Once the equipment returns to the United States, our reset program restores it to a desired level of combat capability commensurate with a unit's future mission. 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. During fiscal year 2013, the Army reset approximately 87,000 pieces of equipment at the depot level and about 300,000 pieces of equipment, such as small arms; night vision devices; and nuclear, biological and chemical equipment, at the unit level. As a result of sequestration, we deferred approximately $729 million of equipment reset during fiscal year 2013, postponing the repair of nearly 700 vehicles, 28 aircraft, 2,000 weapons and Army prepositioned stocks. The projected cost of the reset program is $9.6 billion (not including transportation costs), which extends for 3 years after the last piece of equipment has returned. Resources available under planned spending caps are not sufficient to fully reset returning equipment from Afghanistan in a timely and efficient manner.

Organic and Commercial Industrial Base

Organic Industrial Base

During Operations Iraqi Freedom and Enduring Freedom, the organic industrial base surged capacity and in some cases tripled their prewar output. The organic industrial base consists of:

- Five maintenance depots,
- Three manufacturing arsenals and
- Eleven ammunition plants.

The Army's 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 that ensure ready, effective and timely materiel repair. We are sizing the organic industrial workforce to meet and sustain core depot maintenance requirements and critical arsenal manufacturing competencies. We will also continue to work with our industrial partners to address energy, water and resource vulnerabilities within our supply chain.

Both the commercial and organic elements of the industrial base are essential to the efficient development, deployment and sustainment of Army equipment. Over the past decade, the Army relied on market forces to create, shape and sustain the manufacturing and technological capabilities of the commercial industrial base. However, reduced funding levels due to sequestration accelerated the transition from wartime production levels to those needed to support peacetime operations and training. During fiscal year 2013, 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.

Installations

In fiscal year 2013, the Army deferred critical upkeep on thousands of buildings across Army installations due to a reduction of $909 million in sustainment, restoration and maintenance funding. End strength reductions have reduced some associated sustainment costs, but key facility shortfalls remain that will continue to impact Army readiness. Increased funding in fiscal year 2014 enables investment in facility readiness for critical infrastructure repair as well as high priority restoration and modernization projects. The fiscal year 2015 budget reflects our measured facility investment strategy that focuses on restoration, modernization and limited new construction.

The capacity of our installations must also match the Army's decreasing force structure. At an Active Army end strength of 490,000 soldiers, which we will reach by the end of fiscal year 2015, we estimate that the Army will have about 18 percent excess capacity. We need the right tools to reduce excess installations capacity, or millions of dollars will be wasted maintaining underutilized buildings and infrastructure. Failure to reduce excess capacity is tantamount to an "empty space tax" diverting hundreds of millions of dollars per year away from critical training and readiness requirements. Trying to spread a smaller budget over the same number of installations and facilities will inevitably result in rapid decline in the condition of Army facilities.

The Base Realignment and Closure (BRAC) process is a proven, fair and cost-effective means to address excess capacity in the United States. BRAC has produced net savings in every prior round. On a net $13 billion investment, the 2005 BRAC round is producing a net stream of savings of $1 billion a year. We look forward to working with Congress to determine the criteria for a BRAC 2017 round.

Energy and Sustainability

We are establishing an energy informed culture as a key component of Army readiness. Through a synchronized campaign of performance initiatives, business process changes and education and training opportunities, the Army seeks to achieve a lasting capability to use energy to the greatest benefit. The campaign includes efforts focused on both the energy required for military operations (operational energy) and the energy required by our power-projection installations around the world.

In a tighter budget environment, the Army must manage its installations in a sustainable and cost-effective manner, preserving resources for the operational Army to maintain readiness and capability across the range of military operations. We will leverage institutional energy savings to generate more resources that we can use to train, move and sustain operational forces and enhance Army mobility and freedom of action. To take advantage of private sector efficiencies, Army installations are privatizing utilities and entering into public-private energy-saving performance contracts. By partnering with experienced local providers, the Army has privatized 144 utilities systems, avoiding about $2 billion in future utility upgrade costs while saving approximately 6.6 trillion British thermal units a year. The Army is also exploring opportunities to expand public-public partnerships.

Operational energy improvements to contingency bases, surface and air platforms and soldier systems will increase overall combat effectiveness. Improved efficiencies in energy, water and waste at contingency bases reduce the challenges, risks and costs associated with the sustainment of dispersed bases. Next generation vehicle propulsion, power generation and energy storage systems can increase the performance and capability of surface and air platforms and help the Army achieve its energy and mobility goals. Advances in lightweight flexible solar panels and rechargeable batteries enhance combat capabilities, lighten the soldier's load and yield substantial cost benefits over time. Emergent operational energy capabilities will enable Army forces to meet future requirements and garner efficiencies in a fiscally constrained environment.

Business Transformation

The Army continues to transform its business operations to be smarter, faster and cheaper. We are working to reduce business portfolio costs by almost 10 percent annually as we capitalize on the progress made with our Enterprise Resource Planning systems. Our business process reengineering and continuous process improvement efforts continue to confer significant financial and operational benefits. Through our focus area review we will reduce headquarters overhead, consolidate and streamline contracting operations and improve space allocation on Army installations. We are reengineering core processes in acquisition, logistics, human resources, financial management, training and installations to improve effectiveness and reduce costs. Over the long-term, the Army will improve its strategic planning, performance assessment, and financial auditability so that commanders can make better-informed decisions on the utilization of resources to improve readiness.

CLOSING

Throughout our history, we have drawn down our Armed Forces at the close of every war. However, we are currently reducing Army end strength from our wartime high before the longest war in our Nation's history has ended, and in an uncertain international security environment. Our challenge is to reshape into a smaller, yet capable, force in the midst of sustained operational demand for Army forces and reduced budgets. The resulting decline in readiness has placed at risk our ability to fully meet combatant commander requirements. Our ability to provide trained and ready Army forces will improve as we begin to balance readiness, end strength and modernization. However, if sequestration-level spending caps resume in fiscal year 2016, we will be forced to reduce end strength to levels that will not enable the Army to meet our Nation's strategic requirements.

We have learned from previous drawdowns that the cost of an unprepared force will always fall on the shoulders of those who are asked to deploy and respond to the next crisis. The Nation faces uncertainty and, in the face of such uncertainty, needs a strong Army that is trained, equipped, and ready. No one can predict where the next contingency will arise that calls for the use of Army forces. Despite our best efforts, there remains a high likelihood that the United States will once again find itself at war sometime during the next 2 decades. It is our job to be prepared for it.

Chairman LEVIN. Thank you both.

Secretary McHugh, do you have anything to add on the posture statement at this time?

Mr. MCHUGH. Mr. Chairman, I want to be respectful of the committee's time. I obviously have a statement, but by and large it tracks what the Chief said. I fully endorse all the comments he made, and if it suits the committee and you, sir, I think I'll just—if you'd like, I could enter that into the record.

Chairman LEVIN. That would be fine. We will enter it into the record.

Let's start with a 7-minute first round.

Mr. Secretary, first of all, let me thank you both for those very heartfelt comments about the events at Fort Hood. The Army stands as one and I hope that everyone in that family knows that Congress stands with them as one. As I mentioned, if there's anything that we can do to be helpful in the aftermath of this, to help the grieving families and the installations, please just call on us. We will all be there for you and for them.

On the question of sequestration, this is one of the issues which I believe we have to hit head-on. It's going to affect not just this year, and it already has, despite a BBA which has reduced somewhat the impact of sequestration. It's going to have dramatic impacts, as you have just described, General, in 2016.

In the fiscal year 2015 budget, however, the administration has requested—not requested so much as it has opened up the possibility, I guess, and I guess "requested" is accurate, an additional $26 billion, raising the caps by that much for fiscal year 2015. It has indicated it is going to recommend additional revenues to pay for that additional $26 billion in spending above the BCA caps.

I believe that the Army's share of that $26 billion would be—and correct me if I'm wrong on this—$4.1 billion for readiness and $3.4 billion for the investment accounts. Does that sound about right?

Mr. MCHUGH. That sounds correct, Senator.

Chairman LEVIN. All right. Can you indicate what priorities you would spend that share of those funds if, in fact, we authorized and appropriated that additional funding?

Mr. MCHUGH. Senator, briefly, and then the Chief has submitted an unfunded requirements list that embodies the $7.5 billion and I'd let him detail that. But as you noted, it's basically 60–40, with 60 percent going to try to accelerate our readiness recapture and also to some efforts with respect to sustainment, restoration, and modernization and other modernization programs that we view as vital.

Chairman LEVIN. Could you submit the highlights in your judgment for the record.

[The information referred to follows:]

The fiscal year 2015 President's budget includes additional discretionary investment that can foster economic progress, promote opportunity, and strengthen national security. The Department of Defense (DOD) Opportunity, Growth, and Security Initiative (OGSI) funding focuses on adding resources in three key areas: (1) restoring readiness; (2) accelerating modernization of key weapons systems; and (3) improving DOD facilities across the country.

The current level of fiscal year 2015 funding will allow the Army to sustain the readiness levels achieved in fiscal year 2014, but will only generate the minimum readiness required to meet the defense strategy. In order to build decisive action capabilities in fiscal year 2015, the Army has prioritized funds to properly train forces in the Army Contingency Force and, due to top line funding decreases, has accepted

risk to the readiness of multifunctional and theater support brigades as well as in progressive home station training, facilities, equipment sustainment, and modernization. OGSI provides the necessary infusion to accelerate the restoral of readiness and modernization programs.

The Army share of the $26.4 billion OGSI is $7.5 billion, which has been aligned within areas of our base budget submission to accelerate training readiness, improve installation readiness, and modernization.

Training Readiness ($2.0 billion):

Funding OGSI would provide training opportunities at all operational levels, including multifunctional and theater support brigades to meet combatant commander demands. Additional funds for training would also improve the Army National Guard and U.S. Army Reserve readiness to the level of Platoon(+) proficiency above the Individual, Crew, and Squad proficiency funded in the fiscal year 2015 President's budget request.

Installation Readiness ($2.4 billion):

To address risk in our installation infrastructure, OGSI improves installation readiness that has been degraded under the cumulative impacts of uncertain and reduced funding. Sustainment and base operation support levels would increase to 90 percent of requirements across the Total Army, providing much needed stability to support base services and infrastructure.

Modernization ($3.1 billion):

The OGSI provides the resources needed to accelerate modernization by developing and buying new or upgraded systems in order to ensure that the United States maintains technological superiority over any potential adversity as we continue to draw down and restructure.

Chairman LEVIN. There is a request that we have already, I think, received now, is that correct?

Mr. MCHUGH. Correct.

Chairman LEVIN. Then within that, are there highlights that you might want to mention?

General ODIERNO. Yes, Mr. Chairman. First, again about $1.8 billion of that will be directly related to operational tempo, which is the training and readiness dollars, which will be invested in all of the components to immediately increase their readiness. We have taken a lot of risk in base operations support and about $1.5 billion would be invested. What does that mean? That's our training facilities. That is our training ranges, which we've had to reduce the maintenance of and sustainment of and the building of, which impacts our overall training.

We also have not been able to keep up with our installations support structure. We've taken risks there. We're only funding that at 50 percent. So we put about almost $1 billion back into that to help us sustaining the facilities that are necessary for our soldiers.

We're also investing about $200 million in institutional training to continue to ensure that we improve and sustain our ability to train our noncommissioned officers (NCO), officers, and new soldiers at the rates we think are appropriate, to include initial aviation training and other things.

Then finally, it would go to high-priority modernization programs, such as the AH–64, the UH–60, the Gray Eagle intelligence platforms that we have that are key for the future, as well as engineer capability that we have not been able to upgrade and update that we know is essential based on our experiences over the last 13 years.

In addition to that, I have submitted and it will come forward, an initial $3.1 billion in unfinanced requirements that are not included in that number, and most of that is a carryover from the

shortfall that we had over the last couple years, which goes again at more readiness.

Chairman LEVIN. Thank you.

The budget request includes numerous personnel-related proposals intended to slow the growth of personnel costs. Among these are a pay raise below the rate of inflation, a 1-year pay freeze for general and flag officers, reduction in the growth of the housing allowance over time, a phased reduction in the subsidy for military commissaries, a series of changes to the TRICARE program.

There's further reductions, as you've indicated, in the end strength of the Army and the Marine Corps. General, first of all, let me ask you, do you personally support these proposals?

General ODIERNO. I do, Senator.

Chairman LEVIN. Were the senior enlisted advisers consulted during this process?

General ODIERNO. We had several meetings that included the senior enlisted advisers.

Chairman LEVIN. Do they agree with these proposals?

General ODIERNO. They do, sir.

Chairman LEVIN. Army aviation, there's restructuring which has been proposed. I think you highlighted it in your written statement and I think you may have made reference to it in your oral testimony, including the fact that the Army National Guard would transfer low density, high demand AH–64 Apache helicopters to the Active Army and the Active Army would transfer over 100 Black Hawk helicopters to the Army National Guard.

My question is, do all the Service Chiefs approve of that recommendation? I'm asking you now as a member of the Joint Chiefs of Staff. Did all the Service Chiefs approve that?

General ODIERNO. In the meetings that we've had, several meetings within DOD, and we've all agreed to the budget allocation and how we would conduct the budget, to include the Aviation Restructure Initiative, Mr. Chairman.

Chairman LEVIN. Is that included in this?

General ODIERNO. Yes, sir.

Chairman LEVIN. Did the Secretary of Defense approve? I'm talking about that specific proposal, because that's going to be one of the issues which is going to be very closely debated here and very closely analyzed here. So I want to know if everybody approved that. Did the Secretary of Defense approve that?

General ODIERNO. Yes, Mr. Chairman.

Chairman LEVIN. How about the Chief of the National Guard Bureau? Did he approve it? Did he at least have an opportunity——

General ODIERNO. He was in every meeting that we conducted when we had discussions both internal and external to the Army within DOD.

Chairman LEVIN. One quick last question. I have about 6 seconds left. I believe it would be helpful if the President would announce a specific troop level number for the U.S. military presence in Afghanistan after 2014 as quickly as possible, and not wait for a Bilateral Security Agreement (BSA) to be signed by the next president. It obviously is not going to be signed by this President of Afghanistan. I think it would be helpful in terms of steadiness, stability, certainty, and confidence about an ongoing presence in Af-

ghanistan if our President would announce a specific troop level for that presence after 2014.

My question I guess would be of you again, General: In your view, would that be helpful for Afghanistan's security through the rest of this year?

General ODIERNO. Senator, I believe that the sooner we can come and provide them information that relays our commitment to them, I think it helps us as we move forward in Afghanistan.

Chairman LEVIN. Thank you very much.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Secretary McHugh, last night we were together at an event where we had a lot of people from Fort Sill in Oklahoma when you got the phone call of the tragedy that took place. I know there was buzzing around the room, even though it happened twice at Fort Hood, it could just as well have happened at Fort Sill and other places; is that right, from what we know now?

Mr. MCHUGH. From what we know now, we're viewing this as a threat across the entire Army.

Senator INHOFE. Yes. I think it was prophetic yesterday during that hearing—I think I mentioned this in my opening statement—that Senator Ayotte was challenging that we haven't really done enough and expressed a concern, and just coincidentally hours after that is when this took place. I know that that meant a lot to all of us.

Since this happened just last night, do you have any immediate thoughts about this that you'd like to share with us?

Mr. MCHUGH. I think Senator Ayotte is posing a statement that we question ourselves about every day, and certainly particularly this day. While I would suggest we have done a great deal since the tragedies at Fort Hood in 2009, both across-installation type measures to what we're doing to try to track insider threats and what we're trying to do to make sure we can identify those soldiers who may have the kind of behavioral health challenges that could lend them to violence, we're doing things a lot differently and, as the Chief has mentioned, as we watched some of the events unfold yesterday, we saw some of the benefits and gains made out of that first Fort Hood experience.

But something happened. Something went wrong, and we didn't know what that was, and if we failed in some way against our current policies, we need to be honest with ourselves and with you and hold ourselves accountable. But if we identify new challenges, new threats we hadn't recognized before, we have to put into place programs to respond to that.

Senator INHOFE. I appreciate that.

General Odierno, I wrote down one of the quotes that you made in your opening statement, that we could "barely sustain one long-term contingency operation." Did I write that down correctly? Were you talking about with a force of 450,000?

General ODIERNO. That was with a force of 420,000.

Senator INHOFE. Okay.

General ODIERNO. I said it would be very—in my opinion, it is doubtful that we'd be able to conduct one prolonged, sustained, multiphase campaign.

Senator INHOFE. That's a strong statement. This is the time for strong statements. People have to understand the situation that we're in.

Now, with that you're probably assuming that would be with a trained and ready force; is that correct?

General ODIERNO. That's correct, sir.

Senator INHOFE. That would be moderate to high risk? Or what risk level?

General ODIERNO. It would be high risk, sir.

Senator INHOFE. Already high risk, even with a ready and trained force?

General ODIERNO. It has to do with the size. It's about the size, which is—you've reduced your Active component, you've reduced your National Guard, you've reduced your Reserve. It has to do with assumptions. If it goes past 1 year, it will be very difficult for us to sustain that in the long-term based on the capability and capacity that we have.

Senator INHOFE. General, we never talk about this, but there are a lot of people out there that don't like us. We have a lot of countries that have great capability relative to ours now. This is something we haven't really had to live with before, and I know that they're aware—it's not just us in this room that are aware of that statement, that we could just do one.

If we're in the middle of one long-term contingency operation, what do you think's going through their minds, potential adversaries out there?

General ODIERNO. The thing we talk about all the time is one of the things—the reason we have an Army, an Armed Forces, is to prevent conflict, deterrence. Deterrence is a combination of capacity and confidence. It's important for us that we have the capacity and confidence that is interpreted by others that compels them not to miscalculate. What I worry about is miscalculations that could occur.

Senator INHOFE. The whole thing back during the Reagan administration was the deterrent that is offered by our strength, our force. I think we all agree with it.

I did some checking just this morning. We've gotten back as far as the beginning of World War II. You talked about the fact that we would, if we're having to go on down to, with sequestration—of course, the big problem's going to be the year 2016—you'd be talking about 420,000 Active, 315,000 Army Guard, and 185,000 Army Reserves. So the Reserve component when you add those together is 500,000.

Are we overlooking something? Because we went back as far as World War II and we've never had the Reserve component larger than the Active component. Do you think that's accurate?

General ODIERNO. I'd have to go back and look. What I would tell you is over the last 10 years or so that has been the case, where the Reserve component is bigger—I mean, the Active component is bigger.

Senator INHOFE. Do you have any thoughts or comments about that?

General ODIERNO. I think it's a tricky combination. What I would say is it is—as I say all the time, we are very complementary. We

need all three of the components. They're very important to our strategy. However, they bring different attributes. The attributes that the Active component brings is a higher level of readiness and responsiveness. As we reduce the size of the Active component, the responsiveness and the ability to do this is significantly degraded, and that's the cause for concern.

We still need the Guard and Reserve at levels because they provide us the depth and capability in order to execute longer term strategies. They also provide us some very unique capabilities that we don't have in the Active component.

Senator INHOFE. Let me compliment you. You have been outspoken. You've actually said things that sometimes others don't. One of your quotes was: "If we do not have a legislative solution that provides our leaders with the time and the flexibility to shape our force for the future, we will create a hollow force, we will very quickly go to extremely low levels of reduction in the next 6 months."

Then you had made a statement before the House Armed Services Committee that if sequestration were allowed to occur, the Army would begin to grow hollow within months.

Are we hollow now?

General ODIERNO. We are in some ways, because we cannot sustain the level of readiness that we think is appropriate. We are rebuilding it this year because of the BBA. So we'll make some progress in 2014 and 2015. But in 2016, as sequestration comes back in line, readiness will immediately dip again. So for a 3- to 4-year period until we can get our forces aligned, we will not be trained and modernized the way we would like to be, which begins to create a level of hollowness.

Senator INHOFE. My time has expired, but for the record if you would, I'd like to have you respond to the relative degree of a hollow force that we had in the 1970s and that we were close to in the 1990s. Where are we compared with that situation back then? You remember that very well.

Thank you, Mr. Chairman.

[The information referred to follows:]

The term hollow force describes an Army in which there is prolonged and disproportionate investment across manpower, operations and maintenance, modernization, and procurement without corresponding adjustments to strategy. This means that hollowness can exist under different circumstances and as a result of different factors.

The Army has been considered hollow only in the mid-1970s to early 1980s. Although the Army was at risk of becoming hollow in the 1990s, this outcome was generally avoided. In the 1970s and early 1980s, the Army was not manned, trained, or equipped to execute its mission. This resulted in a classic example of a hollow Army. In the 1990s, a dearth of investment in modernization and acquisition, combined with a heavy operational tempo, placed the Army at serious risk of becoming hollow.

Rebuilding the Army after the 1970s required tremendous resources and nearly 10 years of effort. The Army that emerged from this rebuilding process ultimately ensured a stable end to the Cold War and earned an overwhelming victory in the Gulf War. In part because of the tremendous efforts to rebuild the force in the 1980s, the Army was better able to evade hollowness throughout the 1990s by diverting resources from acquisitions and modernization to training, leader development, operations and maintenance. As a result, in the aftermath of September 11, the Army was sufficiently capable to immediately respond, however it was not fully capable of conducting large, long-term, sustained operations without significant investment in structure and acquisitions. This outcome was tenable because we had

sufficient force structure and readiness to meet requirements while we strengthened the Army to sustain those requirements.

In the years since September 11, the Army has been largely modernized and organized to meet the requirements laid out in the Defense Strategic Planning Guidance. The resources devoted to the Army have left us with one of the most well-trained and equipped forces in the history of our Army. However, the combined impacts of the Budget Control Act, planned budget cuts, and the future loss of Overseas Contingency Operations funding have placed this force at risk. With the pending end strength reductions, the Army will soon have more requirements than our force structure can sustain yet still not have the resources to train what remains. This can create an Army that will look more like the one of the 1970s than that of the 1990s. This is an important distinction, because although the Army of the 1990s was at risk of hollowness, it had an able officer and noncommissioned officer corps and was able to adequately meet its requirements until sufficient capacity could be built for sustained operations. The Army of the 1970s could not have done so.

With prompt action we can avoid a return to the 1970s and early 1980s. Not only will a hollow Army be unable to implement the Defense Strategic Guidance, but continued budget shortfalls places the Army at risk of having to deploy unready, ill-equipped forces to a major contingency. History has demonstrated that doing this not only places victory at risk, but drastically increases the costs of conflict in terms of lives, money, and time. It is imperative that we act to prevent this outcome.

Senator LEVIN. Thank you very much, Senator Inhofe.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Mr. Secretary and Chief, thank you, too. This is a tragic situation at Fort Hood, and I'll comment. While I have no insight on this particular situation, one of the things that strikes me is that this individual had, like so many others in the Service, deployment. In fact, his deployment wasn't as extensive and as multiple as many people who are serving. He had already been identified as having mental health problems and was being treated. The Army was doing its best for one of its own, and yet we still have these tragic consequences.

But I think one of the great leadership dilemmas you're both going to face over the next years is that there are other young men and women who have these issues, who may even be treated, some may not even be identified, and we have to, obviously, get to the bottom of this and learn from it. But this is a consequence of 10 years of uninterrupted warfare for the Army, and many things you have to do and think about are going to have to be in the context of how do we deal with soldiers that have these issues, some obvious and some not so obvious. It's a huge responsibility.

I know you understand this, but I think that should be explicit at this moment.

General Odierno, one of the principles of a reduced force is that it is more readily deployed, faster, quicker, with more lethality, better training, and better—I hate to use the word "productivity," but a much more efficient force. One of the points you just made, and I think it bears reiteration, is that because of many factors the Active Force can be faster out the door and better prepared as units because of simple things like constant access to ranges, constant unit training.

Can you elaborate on that?

General ODIERNO. Senator, it has to do with complexity, and as complexity grows it requires more of what you just discussed. So for example, there are some things that aren't as complex. So let me give you an example. A port-opening team, that's not complex

training, so we can train that and that can be done. But as you get to complex operations, such as BCTs and what we might ask them to do, the amount of training is significant in order to build the collective capability that is necessary, the integration of company, platoons, integration of air and ground, the integration of intelligence, the integration of fires. All of that takes a significant amount of training, because that integration is very difficult and complex and it requires our leaders to do much training.

That's why we need certain capability in the Active component, because they need to be ready. So if we need to deploy them, they have already gone through that training and they are prepared to do that. We send them and they can immediately begin to do that. That's why it's so necessary to have that capability ready and prepared to go in the Active component.

As you get smaller, it becomes even more important because you don't have the depth that we once had. So that even becomes more important.

Senator REED. Is there a metric for this, in the sense that every unit that's notified for deployment has to do predeployment training? My sense—and again it's a sense; let me get your reaction—is that for an Active Force who's been continually engaged in all these complex operations you've talked about day-in and day-out, that predeployment training is a certain number of days or weeks, but for units, while they might have individual members with more expertise, in terms of the unit deployment it's a longer period of time.

Do you have those metrics?

General ODIERNO. We do. I can lay this out for you in detail. But what I would tell you is for Active component units, in reality they need to be prepared to immediately go out the door. It has to do with personnel readiness as well as unit collective training readiness. That takes a lot of effort to even sustain the right level of medical, dental, other readiness that is required for them to deploy.

Senator REED. The recollection is that in a unit that is required to deploy—a company within hours, a battalion within a day or less, and then the brigade within that same sort of hourly notion—it was a lot different than other units, even Active units. So that's something I think that has to be appreciated.

The other issue here, too, is with respect to size. Are there technologies that you need to compensate for the decreased size? Put another way, the soldier of 2014 has a lot more firepower, effectiveness, than the soldier of 1974, I can assure you of that. So are there things that you need? Are there things that help put in context this number, not just simply saying, back in 1976 we had 1 million soldiers under arms, now we only have 500,000?

General ODIERNO. I am very aware of that. I don't like doing those comparisons because the capabilities that we have in our Army today are much greater than they have ever been. Our individual soldier, the capability he has, the way he's equipped with the sights, weapons systems, information technology that we've given him, makes him incredibly more capable. The systems that we have that are integrated, whether it be a heavy, light, or medium capability, are much better than they've been in the past.

So our investments have paid dividends and our units are more capable than they were before, which allows us to get smaller. Again, there comes a point where you get too small and it's just a matter of numbers, and that's what I'm worried about.

Senator REED. I have a few seconds remaining, so I have more of a comment than a question. Looking at ourselves is interesting, but we have to look at the adversaries also. They're getting more sophisticated, particularly potential, and we have to take every range of potential engagement. Some of them are getting very sophisticated in terms of their air power. For the past 50 years, the Army has fought with total air superiority, and we have to begin to think about the fact that maybe it won't be total.

I hope that informs some of the issues in terms of the structural changes you're making, because at times when you could rely on other platforms for close air support (CAS) you might have to bring your own. Is that in your thoughts?

General ODIERNO. If I could just make a couple comments, and I appreciate that.

Senator REED. Yes, sir.

General ODIERNO. One, is that we have really changed how we use our attack helicopters, and we use it much more in close support, direct support to our ground forces in a variety of different scenarios. We're also now going to have to use it as a reconnaissance-surveillance platform, which is critical to any success. That's becoming more critical, how you fight for intelligence and how you understand and develop the situation.

The only last comment I'd make on modernization, the one thing that we have to do that we have not done yet, it is this combination of mobility, survivability, and lethality. Over the last 8 years, we have focused on survivability, so we've lost mobility and we have not increased our lethality. So as we go to the future it is incumbent on us that as we invest in our science and technology (S&T), we have to invest in better mobility, combined with better survivability, with increased lethality. That's where we need to focus our modernization programs, and have that connected to our reconnaissance and surveillance capabilities. That's what's going to provide us with the advantage with a smaller force.

Senator REED. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Reed.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I'd like to add my voice along with all of us with an expression of condolences to the families of the tragedy that has taken place.

First of all, General, I'd like to associate my remarks with what Senator Reed just stated. We always talk about how more capable we are. We are facing a much more capable adversary as well. I think that it's interesting to note the efficiency of the recent Russian movement into Crimea. Even though it was unopposed, it was a pretty impressive operation, wouldn't you say?

General ODIERNO. It was.

Senator MCCAIN. They showed some capabilities and coordination of forces that maybe we hadn't quite expected.

General ODIERNO. Whenever I look at another force, the one thing you look at is not only its technical capability, but its ability

to coordinate, synchronize, organize. What we have seen is some very sophisticated synchronization, organization, integration.

Senator MCCAIN. Including the fact that we did not intercept any communications amongst those various branches in the execution of this operation.

When did you first start serving in the U.S. Army, General?

General ODIERNO. I first entered West Point in 1972 and started serving in 1976, sir.

Senator MCCAIN. So you've had a chance to observe a lot of things happen in the world and a lot of engagements and a lot of activities the United States has been involved in. Would you say that in your judgment, the world is more dangerous now in many respects since the end of the Cold War, or the same, or less so?

General ODIERNO. Senator, the comment I've made repeatedly, it is the most uncertain that I have seen it, which in itself makes it somewhat dangerous because of the uncertainty that we're seeing around the world and the unpredictability that we're seeing around the world across many different areas. It's not just limited to one place. It's occurring on almost every continent.

Senator MCCAIN. One would argue that it's not prudent to continue to reduce our defense capabilities. Wouldn't that make sense?

General ODIERNO. Again, there is concern because of the uncertainty that we see, and that's what concerns me.

Senator MCCAIN. We hear statements made by unnamed administration officials that this is, "the end of land wars, there are no more land wars." In your experience and background and knowledge, do you think that that's probably a good idea, to plan for no more land wars?

General ODIERNO. As I said, Senator, in my opening statement, every decade since World War II we have had to deploy Army forces. We continue to have Army forces deployed today. So my opinion is we want to have a balanced joint force, which requires also the capability to deploy land forces.

Senator MCCAIN. You know what I find interesting is that when General Meyer came here before Congress and testified that we have a hollow Army, it got headlines all over the world. Now, basically, what you're saying is that we are headed towards a hollow Army.

The Commander, U.S. Forces Korea, testified here just recently that he had enough operational capabilities with the forces that are now in Korea, but he does not have the sufficient or battle-ready units to reinforce him in case of a crisis in Korea. Do you share that view?

General ODIERNO. I don't know exactly what he said and what the context was. So I feel uncomfortable commenting on that, Senator. What I would say is we are working very hard to build the readiness that we can do everything we can in our commitment to support our allies on the Korean Peninsula.

Senator MCCAIN. But a lot of those units are not combat operationally ready?

General ODIERNO. They are not at this time.

Senator MCCAIN. They are not.

So now we are presenting you with a 2-year reprieve, and then sequestration kicks in again. One, I would be very curious how that

affects your capability to plan; and two, what will the further impact of sequestration be on the U.S. Army, in your view?

General ODIERNO. One of the things I worry about the most is, the reason we've been able to do the things we've been asked to do in the past is we had a sustained readiness capability. So in other words, we had consistent funding, a continuous sustainment of readiness throughout the force. We have not been able to do that.

So, 2014 and 2015 help us. We will rebuild readiness to some level. But in 2016 we will lose that readiness again. You need consistent readiness funding in order to sustain the level of readiness necessary for us to be capable to respond the way the American people expect us to, if we're needed.

Senator MCCAIN. How do you plan?

General ODIERNO. What we're doing is I have to prioritize. What I have to do is I have to take part of the force and make sure they are ready to go, which means there's other parts of the force which are getting less.

Senator MCCAIN. But I guess my question is sequestration, no sequestration. You probably have to dual plan.

General ODIERNO. Right now I plan for sequestration. That's the law of the land, Senator. We try to build scenarios and give some recommendations on what funding we might need in order to create a readiness level and a size of the Army that is acceptable. That goes back to, as we've said, we think the force should be about 450,000 in the Active component, and the money to sustain that force that would be necessary.

Senator MCCAIN. I'm hearing, General—and I know you are, too, and I'd like to get your comment on the record—I'm hearing from a lot of very bright and talented young officers in all Services that this kind of lifestyle, where operations are cancelled, where deployments, they don't know from one day to the next, the degree of readiness and training in capabilities that they expect to have are not becoming—are not real, and many of them are questioning whether service in the military is a lifestyle that they want to pursue.

Are you hearing those same kinds of rumblings, especially amongst the best and the brightest?

General ODIERNO. What I would say is, if we continue along this path where we go up and down and uncertainty about what the size of the Army will be, what the type of readiness will be, it will start to impact those who want to stay. So far, it has not. We are doing everything we can to sustain the experience that we have in the force. But if this continues for 10 more years, I would be very surprised if it does not begin to impact those who want to continue to serve.

It is not about amount of deployments——

Senator MCCAIN. How about 2 more years?

General ODIERNO. Excuse me?

Senator MCCAIN. How about 2 more years?

General ODIERNO. It's unclear. I don't know. But what I say often is I don't know what will be the thing that finally—the straw that breaks the camel's back on this. We are working very hard to ensure we keep our very best and so far have been able to do that. But I don't know how much longer we'll be able to do that.

Senator MCCAIN. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator McCain.

Senator McCaskill.

Senator MCCASKILL. Thank you.

Secretary McHugh, the Defense Finance and Accounting Services (DFAS) was set up by the Secretary of Defense back in 1991 in an effort to try to better manage the business systems at DOD. Since its inception, they have consolidated more than 300 installation-led offices into 9 sites, reduced the number of systems from 330 to 111. Obviously, they work off a working capital fund where they charge their customers. There's not a direct appropriation.

I was a little concerned when I saw that you launched an Army Financial Management Optimization (AFMO) Task Force pursuant to your directive, that would move from the DFAS some functions directly in the Army. I worry about that. So what I need to ask you is why, because what we're going to do is, if everybody does that, we're back to where we began, with a lot of duplication, a lot of one branch not knowing what the other branch is doing in terms of systems.

As we are trying to get to an audit, it seems to me that decision you've made, at least at the superficial level, looks like you're rowing the boat the wrong way.

Mr. MCHUGH. Thank you for the question, Senator. I know you understand full well the Army does not control DFAS. So there's been a number of reports that the Army was going to close DFAS centers at Rome, NY, or other places.

Senator MCCASKILL. Right.

Mr. MCHUGH. I have to tell you that's not true. We don't have that power even if we would choose to do so.

As I know you understand as well, in these enormously difficult and challenging times, the Army is looking at virtually everything we do to try to see where we can be more efficient, more effective, and frankly, save money. Over the past several years we have deployed a number of Enterprise Resource Planninngs (ERP), including General Fund Enterprise Business Systems (GFEBS). Those are systems by which we internally within the Army track our bills, pay our bills, et cetera. Those have to date been very successful.

So what I asked our Army folks, financial management folks, to do was to set up two hubs to take a look at how we might optimize our structure and how we might indeed pursue auditability. You're absolutely right, we're under a legislative requirement to be fully auditable by 2017. We feel we are on track, and part of the pursuit of that auditability includes the deployment of these ERPs that enable us to, we think, become more efficient.

But we haven't made any decisions or any choices, and we need to find out exactly what these systems look like and if there is opportunity to save money. I have had discussions, our AFMO folks have had multiple discussions, with the Comptroller General of DOD, at the moment Secretary Bob Hale, who does own DFAS. He's carefully watching this.

So we don't have an intent one way or another to take business away from DFAS necessarily. But I think it's important for all of us to know. DFAS, you correctly noted, Senator, is run on a trans-

actional basis. In other words, for every action, transaction they complete, they're paid by the Service. As we come down in numbers—we're talking anywhere from 420,000 to 450,000—as the other Services reduce, there's going to be fewer transactions. So I don't control DFAS, but I think they're going to have to make some management decisions as well.

Senator MCCASKILL. I don't think there's any question about it. I guess my plea to you is I would like to be as engaged in this process as much as possible. I know Bob Hale is leaving and his replacement will take this over. But I have sat on this side of this desk way too many times and found inefficiencies in business systems as it relates to the various branches working with and sometimes against each other.

If we're going to go this opposite direction, if we're going to bust up DFAS, I think we need to be very thoughtful about it and make sure that we're not driving up the cost for the remaining branches. If you decide to take some of this internally, you're going to drive up costs for the remaining branches and we may be robbing Peter to pay Paul. That's why I want to stay on top of it and make sure that all of this gets thought out across the board.

Mr. MCHUGH. Senator, a more than reasonable request, as always, and we'll send a team over at your convenience to brief you and make every effort to keep you informed.

Senator MCCASKILL. Thank you.

General Odierno, I know that you have stood up the Special Victim's Counsel in the Army with great rapidity and I'm very proud of that. I know that there are many, hundreds, of victims that have gotten their own counsel as a result of you prioritizing that, and all of us appreciate it very much.

I was very concerned about the media coverage around the Sinclair case because it was so inaccurate. I want to say very clearly for the record what happened in the Sinclair case. What happened in the Sinclair case is the prosecutor wanted to drop the serious charges. The prosecutor wanted to say: "I'm done." The special victim's counsel, a captain, who was working with that victim as a result of your standing up the unit so quickly, wrote a letter to the command saying: "This case should not be dropped."

That special victim's counsel was doing exactly what the Senate and the House and the President signed into law, advocating for that victim in that environment. Couldn't have been more correct in what she did, that victim's counsel. Somehow that judge twisted that into undue command influence.

That's a problem we're going to have to deal with. I wanted the record to be very clear. I want to get assurances from you that the message will be sent to victims' counsels that that victims' counsels did what she should have done, not in any way do anything that's inappropriate within the Uniform Code of Military Justice.

I don't know how the judge got to that interpretation. I don't know how a command is influenced by a command—by a captain who's writing a letter saying this is a serious case and it should not be dropped. If it were not for that commander, that case would have been over. There never would have been a day in court where that general would have had to take the stand and admit maltreatment of one of his subordinate officers or would he have ever had

to even plead to the more serious charges that he ended up having to plead to.

So as much as people were outraged about the sentence, I want to make very clear that this was not an example where it should be some kind of mark on the side of the ledger that we should be doing away with command involvement in cases. Just the opposite. I want to make sure that you understood what actually happened in that case and that from the very top there is not a message that goes out to special victims' counsels that they should retreat in their obligations.

General ODIERNO. If I could just make one comment, Senator. I hold quarterly an advisory council. I bring in victims and advocates from around the Army. I just held one last week. The one message that was absolutely clear from everyone in that meeting was the importance of the special victim advocate and the difference that it's making with each and every one of our victims and survivors that go through this.

So we are absolutely dedicated to this, and we believe it's showing great benefit for us as we go through the process.

Senator MCCASKILL. Thank you very much, General.

Thank you.

Chairman LEVIN. Thank you very much, Senator McCaskill.

Senator Chambliss, you arrived just in the nick of time to ace out Senator Ayotte.

Senator AYOTTE. It's always that way. [Laughter.]

Senator CHAMBLISS. We're probably both going to ask the same question on A–10. [Laughter.]

Mr. Secretary, General, let me first express my sympathy to the Army nation, obviously, for what happened yesterday, and just know that you're in our thoughts and prayers.

Gentlemen, one of the proposals that's in the Secretary's budget was the moving of the commissaries towards a more businesslike approach, which I agree with. I think that we need to operate our exchanges, our commissaries, on a business formula. But what we're doing is we're exacting some pain from particularly some of your enlisted personnel who depend on the commissaries and exchanges probably to a greater degree maybe even than the officer corps.

Rather than exacting that pain right now, Senator Warner and I have a stand-alone bill that would delay the implementation of the Secretary's budget until the study that comes out the end of this year. We're not exactly sure when, but it will certainly address the issue of the commissaries.

I'd just like you, General, to comment on that as to where you think we are relative to moving towards a businesslike formula with the commissaries. How is this going to impact our Active Duty as well as our Army National Guard and Army Reserve folks who have access to those facilities?

General ODIERNO. First off, as we've taken a hard look at this, in general terms as we looked at this, commissaries provide about a 30 percent benefit on items that they buy in the commissary. With the proposal to run a business that is one that runs and pays for itself, that goes down to about a 20 percent savings. We think the 20 percent savings is still quite significant and we believe that

that savings legitimizes the fact that we should make, as you mentioned, improvements to the business processes of the commissary.

We will still, though, provide additional funds for commissaries, for example, that are overseas, that really it's almost impossible to run in an efficient way because of the movement of goods and things to get people the goods that are necessary, and maybe in some remote areas. So it'll be looked at on an individual basis. But for the most part, this efficiency in my mind is essential, because we have to improve these business practices. I think it still provides quite a significant benefit for all of our soldiers, sailors, airmen, and marines as we go through this process.

Senator CHAMBLISS. Any comment, Mr. Secretary?

Mr. MCHUGH. Yes, Senator. I fully support what the Chief said. We looked very carefully at those operations where we had a reason to believe all soldiers, enlisted or officers, really had no other alternatives other than the commissaries, as the Chief said, particularly overseas, but also in our remote locations.

This is something that I know Congress through their morale, welfare, and recreation activities, oversight activities, going back as far as my time on the Hill, have been looking at this, and it's been the long-held belief of many that there are significant savings to be made. We think that we can do both, certainly in a way that does not unduly impact our junior enlisted soldiers.

I would just note, because of the fiscal challenges we face, these kinds of efficiencies, economies, have already been budgeted in. So if we have an order to stand down while some commission looks at it, we'll certainly respect that directive, but we'd have to find the money somewhere else. Generally, for all of these kinds of initiatives, we have to go right back to the kinds of accounts that we've already hit hard over the last 2 years. So there would be significant challenges to not going forward.

Senator CHAMBLISS. General Odierno, in defense of standing down the entire fleet of A–10 aircraft, the Air Force has emphasized that the A–10's sole usefulness is that of being CAS, discounting its capabilities in combat search and rescue and forward air control roles. While there are without question other assets that can perform the CAS mission, none can do so with the same maneuverability, loiter time, and targeting capability of the A–10.

Could you give us your thoughts from an Army perspective as to whether or not the Air Force's decision to stand down that entire A–10 fleet is in the best interests of the national security?

General ODIERNO. As we talk to our soldiers, they will tell you that obviously they support and are getting great support from the A–10 aircraft and the Air Force. A lot of it has to do with the visual deterrence that it provides, low-flying, visible both to us and the enemy itself, and the impacts that it has. So the A–10 is a great CAS aircraft, as far as we're concerned the best CAS aircraft.

However, as we've done in Afghanistan, there is a significant amount of missions of CAS being flown by other platforms, such as the F–15s and the F–16s. The Air Force has come to us and told us that they absolutely believe that this will be able to meet our needs in CAS. So we are working with them in the future to develop those techniques and procedures that would be necessary to provide us the proper support of F–16s.

We have had several discussions about this and we are supporting their effort. But a lot of it has to do with this visual piece, and we have to work with the Air Force on how we replace that once the A–10 goes away.

Senator CHAMBLISS. Was there a recommendation from the Army with respect to retirement of A–10s?

General ODIERNO. We did not make a recommendation to the Air Force to retire them. But they have worked with us to ensure us that they will continue to provide us the best CAS.

Senator CHAMBLISS. My time has run out here. This is not in the form of a question, but just to let you know, I do have a concern relative to competition or lack thereof on the BAE Bradley tracked vehicle, that I know there's some consideration being given as to how we approach that weapon system. I may submit a question for the record to you on that.

Thank you.

Chairman LEVIN. Thank you, Senator Chambliss.

Mr. MCHUGH. Mr. Chairman, may I just say one thing?

Chairman LEVIN. Please, Secretary McHugh.

Mr. MCHUGH. I hope I get the opportunity to say something a little additional about another member who's dear to us. This is the last Army posture hearing for Senator Chambliss. I just wanted to express our Army and my personal appreciation for all that he's done. Saxby and I go back quite a ways. So I'll miss seeing him here, but I wish him, and we all wish him, the best in the future. Thank you, Senator.

Senator CHAMBLISS. Thanks very much. It's been a great relationship.

Chairman LEVIN. Thank you both. I can't say that I'm going to miss Saxby Chambliss because I won't be around to miss Saxby Chambliss. But if I were around, I would miss Saxby Chambliss, put it that way. [Laughter.]

Senator Udall.

Senator UDALL. Good morning, gentlemen. We all have heavy hearts this morning, as has been discussed over and over again. In Colorado our thoughts and prayers go out to you, our soldiers, and the Army families at Fort Hood. I think we've also been in awe of the heroes who responded to the tragic events of yesterday.

The valor of those first responders comes as no surprise to many of us. In my home State of Colorado we've just been in awe as our soldiers have deployed over and over again to combat in Afghanistan. They've trained our allies. They've tracked the enemies of humanity during the counter-Lord's Resistance Army operations in Africa. They've saved many lives and much of what we hold dear in Colorado while battling both wildfires and floods over the last year. They've been great neighbors and friends to say the least. We're just so lucky to have these heroes living amongst us. We're forever grateful for what they do day-in and day-out.

I have great respect for the brave men and women in your sister Services and there's no doubting the importance of air and sea power. But the simple fact is the missions I've just described require soldiers who bring boots-on-the-ground. That's why I'm worried about the potential cuts in the Army's end strength and the

effect that those cuts would have on our soldiers, our ability to project power, and our very communities.

I'm also increasingly disturbed by the public conflict between the Active component and the National Guard. If there's one thing we've learned over the last several years, it's that we need a well-trained, well-equipped, multi-component Army.

We're also facing the potential, as we've been discussing here this morning, for significant budget-driven reductions if Congress doesn't get its act together and we don't stop sequestration from kicking back in next year. In light of that, we literally can't afford a delay in the critical decisions that are before us while a committee spends months or years conducting a study for the sake of a few attack battalions.

If we freeze force structure changes to the Guard, we will still have to absorb cuts through even deeper reductions in end strength and iron on the Active side. In my mind that's not a responsible compromise. This is a complex and emotionally charged issue and we're not going to solve it by going to war with ourselves.

I think of Winston Churchill, if I can paraphrase him. He said: "We're out of money. It's time to start thinking." So with that in mind, I have some questions.

Mr. Secretary, let me start with you. I want to thank you publicly for agreeing to my request to withdraw the Army's request for a land acquisition waiver for the Pinyon Canyon Training Area. With the Pinyon Canyon controversy finally put to rest, our soldiers will be able to conduct the training they so need, while our ranchers can do their vital work without fear of losing their land. It's a rare win-win scenario, and I was proud and honored to work with you and your team to make it a reality. I know the great people at Fort Carson will make good use of that training area, and I know they'll continue to work to protect the land for themselves and future generations.

So with all of that in mind, would you describe the types of training that our soldiers need to conduct to prepare for full-spectrum operations? What are your main concerns about the threats facing the current and future force? Then, if I could on that note, how does access to quality training areas like Pinyon Canyon factor into the Army's assessments of installations?

Mr. MCHUGH. Thank you, Senator. Let me first of all return the compliment. Not just I, but all of us in the Army, greatly appreciated the leadership, the courage really, that you consistently showed on resolving the Pinyon Canyon issue. I totally agree with you, it's win-win, and we can all get back to what concerns us most, in our case soldiering and training those soldiers, in the case of farmers and ranchers, doing God's work out on the land. So thank you for those efforts.

As you noted, suggested, in recent years our focus on training has really been on the counterterrorism initiative. That's recently switched to a train-and-assist mission, and that, coupled with the fact that we just have had dwindling resources, has really caused us to greatly diminish the complexity of our training and to by and large not have the funds to do decisive action training.

We are utilizing our return, of course, out of Iraq, but also out of Afghanistan, to now return to decisive action training, more com-

plex training, the type of mission sets that the Chief spoke about earlier. We'll have 19 Combat Training Center (CTC) rotations this year; 17 of those will be for decisive action training. That is in no small measure thanks to the relief that this Congress provided through the BBA for 2014 and 2015.

But as the Chief said, if we go back to 2016, those kinds of buybacks will be immediately lost and we'll have to do the best training we can at a much lower level of proficiency and complexity. The Chief went into some detail about how the more complex missions require larger troop formation sets, require the integration of fires and infantry and your overhead CAS, et cetera. In the case of our attack platforms, for example, we are integrating unmanned aerial platforms, the Gray Eagle, which adds even more complexity.

So the ability to do that kind of training, you need land, you need clear air space. While the major portion of those occurs at Fort Polk and out at the CTC in California, obviously the training opportunities at Pinyon Canyon have and remain vital, and the stability that the recent agreement brings, I think, will obviously be a consideration should we get to a point where we begin to evaluate bases for possible drawdown. It's a very complex system and it's interrelated. But every asset that a post, camp, or station can bring to the table is something on their side.

Senator UDALL. Again, I think this is a great example of everybody sitting down, listening, and working out a way forward. So again, I want to thank you.

General, let me direct a question to you that I think you can answer for the record because my time is about to expire. I want to return to the National Guard force structure comments I made. I know you spoke to this as well. If the Army were prevented from making those changes pending the findings of the independent commission, what would the ripple effect be? The money would have to come from somewhere. So am I right in saying that there would be significant effects on the Active Army and/or the Army Reserve?

General ODIERNO. There would be, up to $12.7 billion over the POM, over the entire period.

Senator UDALL. You answered the question. We don't need to ask the question for the record. So thank you.

Thanks again for your service and for being here, gentlemen.

Chairman LEVIN. Thank you very much, Senator Udall.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

I want to thank both of you for your leadership and service. First of all, I share the sentiments of all my colleagues in offering my thoughts and prayers to those who have been affected by the tragedy at Fort Hood yesterday.

In the Readiness and Management Support Subcommittee of the Senate Armed Service Committee yesterday morning, we actually talked about the issue of insider threats. There have been a number of reports—I know, Secretary McHugh, that you've been working on this along with the other Services. Also, the Senate Homeland Security and Governmental Affairs Committee has been working on it, which I also happen to serve, along with the Secretary

of Homeland Security, Jeh Johnson, of the Department of Homeland Security (DHS).

So it is my hope that we will all really get together, the work that you're doing, along with what DHS is doing, to review not only yesterday's incident, but the most recent incidents, to make sure that you have the tools that you need, whether it's reviewing security clearances, other issues. So I look forward to working with you on that.

General Odierno, I wanted to follow up on Senator Chambliss's discussion on the A–10. I know you're surprised by that. [Laughter.]

About 10 days ago, Senator Donnelly and I were in Afghanistan. I was glad to hear you say that you often hear feedback from those that serve underneath you in terms of their support for the A–10, because I wasn't even raising it with people on the ground and they were pulling me aside and saying to me: "The A–10 is very important to us." In fact, I had a guy pull me aside and tell me a story about how the A–10 had helped our Special Forces on the night before on an incident that they were dealing with in Afghanistan.

So I believe that there is a strong feeling on the ground toward the CAS mission of the A–10. This was reaffirmed for me in Afghanistan. Again, it wasn't an issue I was affirmatively raising. Actually, I had people pulling me aside to tell me this.

I appreciate what you said, that the A–10 is the best CAS platform that we have. In answer to Senator Chambliss, you said that you'd be working with the Air Force to develop the CAS tactics, techniques, and procedures (TTP) for other aircraft that the Air Force wants to use for this mission, including the F–15 and the F–16.

Here's my concern. My concern is that we already have the TTPs for the A–10, don't we? We don't have to develop procedures on how to deal with CAS for the A–10?

General ODIERNO. Yes.

Senator AYOTTE. So when I hear talk about that it's the best CAS platform, we know that their pilots are very focused on the CAS mission that they perform, not only in Afghanistan but also in Iraq, as you know from your service in Iraq—the very fact that we have to develop new TTPs for other aircraft to really look at this issue, I worry about this in terms of our CAS capability gap, and that we're going to be putting ourselves in a risk situation.

So we already have it in place and we already know it works. So it worries me to think we would take this on.

Do you have a comment on that?

General ODIERNO. Senator, I would just say clearly the A–10 has been supporting ground forces for a very long time and, as you've said and I have said, we're incredibly confident in it. This is another example, though, of the impact that budget reductions are having on our military.

Senator AYOTTE. Right.

General ODIERNO. We have to make hard decisions, and they're just really tough, difficult decisions. I know General Welch will tell you he flew A–10s; he's a big supporter. But we have to make difficult decisions. That's why we have to be able to figure out how

we can best utilize multi-role aircraft. That's why we're going to have to work together. They have been providing CAS in Afghanistan with those platforms. But there are some things we have to adjust, because it is not quite the same as the A–10 is with ground forces.

Senator AYOTTE. Right, exactly, because the F–15 and the F–16 in terms of survivability, they have to come in much faster. One of the benefits, as you've described, is the visual, but the ability to go at a slower pace because it's a huge—we know, it has much more survivability, just the nature of it. It's a beast, in a good way.

But I worry about this because CAS to me shouldn't be a secondary function. It has to be a number one function when we think about our men and women on the ground. Would you agree with me on that?

General ODIERNO. It is critical to us. In fact, the Army has made decisions in the past because of our reliance on CAS in the kind of systems we develop. So it's critical. We rely on it completely.

Senator AYOTTE. Right.

General ODIERNO. It's very important to us.

Senator AYOTTE. I thank you.

I wanted to ask you, General, you spent years serving in Iraq. I appreciate your leadership there and everything that you did in Iraq. I just wanted to get your thoughts. As we're looking at where we stand with regard to post-2014 force posture in Afghanistan and our continued involvement in Afghanistan, are there any lessons that you see in terms of what's happening now in Iraq that we should be mindful of as we look at our commitment in Afghanistan?

General ODIERNO. I would just say that, as we have recommended, the Joint Chiefs have recommended, we believe it's vitally important that we have a force that remains in Afghanistan. There's nothing that shows commitment like having people on the ground there every day. I think that provides confidence not only to the military, but confidence to the political leaders, that we are going to stand behind them as they continue to improve. I think that's important.

I think not only that, it's important for us to be there in order for us to continue to build the institutional capacity that's necessary for Afghanistan to sustain stability over the long-term.

Senator AYOTTE. We've seen, unfortunately, a resurgence of al Qaeda in Iraq. Don't we face a similar risk in Afghanistan if we don't have a follow-on commitment there?

General ODIERNO. My experience tells me that when they sense a level of instability they will do everything they can to exploit that instability.

Senator AYOTTE. Thank you, General.

I want to add my support for the chairman's comments earlier. Having just gotten back from Afghanistan, I believe it's very important that the President announces what our follow-on commitment is going to be in Afghanistan, consistent with General Dunford's recommendations. It's important that we do so now. Obviously, that commitment would be contingent on signing of the BSA, and I believe also more responsibly handling the detainee issues there.

But the commitment now, we need to send that signal to the Taliban with the elections coming up this weekend, with the fighting season beginning there, that we remain committed to ensuring the security of Afghanistan in a way that will not allow the resurgence of al Qaeda again, to make sure that our country is protected.

So I really appreciate the chairman's comments on that. I would like to support the President in his follow-on recommendations. I look forward and I hope that he will make that announcement soon.

Thank you.

Chairman LEVIN. Thank you very much, Senator Ayotte.

Senator Manchin.

Senator MANCHIN. Thank you, Mr. Chairman.

Thank you, Mr. Secretary and General Odierno. Again, my deepest sympathy to all of our men and women in uniform and to all of you that support the military directly, and to all of us from West Virginia and around the country that support you for what you do.

General Odierno, I recognize and appreciate the need to modify the structure of the Army to better fit today's operational requirements and fiscal constraints. Getting cost savings by retiring low-priority weapons systems is a good way to do this and I strongly support it. However, I am less clear about the value of moving Army National Guard Apaches into the Active Duty. Guard Apaches have performed exceptionally well in Iraq and Afghanistan. I think that we all identify and recognize that.

Here's where my concerns would come from to try to understand. The cost of a Guard Apache battalion is about $32 million per year. The cost of an Active Duty Apache battalion is about $75 million per year—so that we know the cost. We don't know exactly what the cost buys us, the difference of $32 million to $75 million. General, if you could answer that.

General ODIERNO. Absolutely. It has to do with the amount of training, simple. What we try to do with the National Guard is we want to maintain pilot proficiency, which we do very well at. But as I had stated earlier, with Apaches it's much more than that. It has to do with collective training. It has to do with doing reconnaissance, surveillance missions. It has to do with combining with unmanned aerial vehicles. It has to do with conducting combined arms training at the company-squad, company, battalion, and brigade level.

So the Active component does more days of training in order to develop those more complex entities, where the National Guard simply doesn't have the time to do that. If we did, it would be like an Active component unit.

The other thing that's happening here, which—excuse me, Senator, because I know you probably want to ask another question. But remember, we're taking out all of our reconnaissance and surveillance aircraft, the OH–58. We're taking the Apaches to replace that. So if we don't do that, we will not have a reconnaissance and surveillance capability in the Active component. Because of the amount of training it takes for us to be proficient at that, that's why we'd like to put it in the Active component.

The bottom line is I would certainly love to have a larger capacity of Apaches where I could do both, but I can't. I don't have the money. So we had to make a difficult recommendation.

Senator MANCHIN. I understand. There's a $43 million per battalion difference. So when we're looking at it from cost effectiveness, I have not heard when I was governor of the State of West Virginia and now in my role as a Senator, from anybody in the military that the Guard was not able to perform whatever mission you asked when they were in the Active rotation. So that's a hard one for us.

General ODIERNO. See, it's a time issue. There's nothing the Guard can do about it, because they do the best they can with the time and resources we give them. But this takes much more time. So when we use them we have to give them—we give them a lot of——

Senator MANCHIN. But you're moving Black Hawks over, correct?

General ODIERNO. Yes. Again, the integration of Apaches and the integration it takes to do that is a bit more complex than the Black Hawks.

The other issue is the Black Hawk much better fits their Homeland defense and State missions than the Apache, and it'll help them to improve that capability.

Senator MANCHIN. If there's a possibility I can sit down with you or whoever you would put in that position in front, me and my staff would be very happy to be able to work with you.

General ODIERNO. I'd be happy to, Senator.

Senator MANCHIN. If I can—and maybe, Mr. Secretary, this might be directed to you. We talk about the tooth-to-the-tail ratio, that it's easy to say how many front-line soldiers and how many back office guys. I know we've been right now talking about the front line. Are we having the same rapid reduced, reduction, as far as our back line as we do the front line?

Mr. MCHUGH. Proportionately, yes. You have fewer officers, so you obviously proportionately have fewer total numbers. But we are very carefully and very closely, principally through the G–1, General Howard Bromberg, and our Assistant Secretary of Army for Personnel, to try to ensure that we're taking down all of our ranks in an appropriate way, so that we have the right numbers in the right places.

It becomes very challenging, particularly when the President asked us to try to protect a reversal, a surge if you will, which requires us to look very hard at some of the NCOs, senior NCOs.

Senator MANCHIN. If I may, my time is going to elapse.

Mr. MCHUGH. Yes, we're doing, I think, what you would want us to do.

Senator MANCHIN. Okay. The dovetail to that is going to be the last time I think you told me one of the major initiatives we have is to diminish significantly the number of contractors that we employ. I've had a hard time since I've been here finding out what that number really is and how much of a reduction you have been able to make towards that reduction. Do you have any numbers at all?

Mr. MCHUGH. You asked me—then I'll defer to General Odierno—last year and I believe the year before what was the

number of contractors in Afghanistan. I can tell you at the end of the first quarter, fiscal year 2014, there were approximately 78,136 DOD contractors, of which 70,161 were Army contractor personnel.

Senator MANCHIN. Then how many men and women in uniform did we have at the same time?

Mr. MCHUGH. At that same time, the Army boots-on-the-ground were about 52,000.

Senator MANCHIN. So we have more contractors in Afghanistan than we do boots-on-the-ground?

Mr. MCHUGH. Our fighting force has generally been less than the support force behind it.

Senator MANCHIN. How many contractors are still in Iraq, sir?

Mr. MCHUGH. We're not in Iraq.

Senator MANCHIN. I know, but I know we have contractors there.

General ODIERNO. There are contractors—I don't know the exact number, but there are contractors there that are supporting the equipment that the Iraqi Government is purchasing, and that's by Foreign Military Sales contract.

Senator MANCHIN. That means we're supporting that from the DOD budget?

General ODIERNO. No. That is the dollars they pay.

Senator MANCHIN. My final one, just for you, is if you could provide me a list—and we've talked about this. We want to make your job the best we possibly can. But if we have laws, redundancies, things that are strapping you and holding you back, no different than any of us that are requiring you to buy weapons or buy any other type of support from our States that you might not want or need, we have to get serious about this.

We're asking you—and I really appreciate the military, DOD, Secretary Hagel, for truly putting a budget forward that tried to address what the new modern DOD would look like. Can you give me any list of any laws that you would like to see us try to help change that would give you the ability to do your job in a much more efficient, effective manner?

Mr. MCHUGH. In fact, we're working on that right now. Congressman Thornberry from the great State of Texas on the House Armed Services Committee has asked a very similar question. He has expressed an interest in working with us to identify legal and internal regulatory burdens we've put on ourselves in acquisition and modernization programs, et cetera. So I can't speak for Congressman Thornberry, but we'd be thrilled if you'd be an active part of that.

Senator MANCHIN. Absolutely, very active.

I'll finish this up with saying that I know it's very difficult when we ask the question for you to be able to tell us, okay, I don't need this, I don't need this, and I don't need this, and it's being produced in this State and this State and this State. But there are some of us here that really care about that, and if there's something in my State that we're supplying that you don't need and you can show you don't need it, I'll be the first to say let's not do it. So I would appreciate straightforwardness on that, too, sir. Thank you.

Mr. MCHUGH. Thank you, Senator.

Chairman LEVIN. Senator Manchin, there are three things I'm going to make reference to, that you've raised very appropriately.

This last issue that you raised, we've met with Congressman Thornberry as a matter of fact and Congressman McKeon. There's a letter that has gone out, signed by Chairman McKeon, Congressman Smith, Senator Inhofe, myself, and Representative Thornberry, on exactly this subject that you have raised.

The reason that Congressman Thornberry signed it is he's the likely successor to Congressman McKeon. So that's a very important subject. We will get you a copy of that letter and make a copy of that letter to insert it into the record.

[The information referred to follows:]

Congress of the United States
Washington, DC 20515

March 31, 2014

Mr. Lawrence P. Farrell
President & CEO
National Defense Industrial Association
2111 Wilson Blivd, Suite 400
Arlington, VA 22201

Dear Mr. Farrell,

The Armed Services Committees of the Senate and the House of Representatives continue to look for opportunities to improve the Department of Defense (DOD) acquisition system. Despite the significant improvements made in the Weapon Systems Acquisition Reform Act of 2009 and other recent acquisition reform legislation, there is room for further improvements which could result in significant savings. Any such savings would be put to good use, as DOD's resources for acquiring weapons systems, products, and services are relatively constrained by tight budget caps.

As we look for opportunities to improve the DOD acquisition system, it is important to seek and consider a variety of views, including the views of the defense industry and industry organizations. Accordingly, we ask for your input on the following issues:

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Sincerely,

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Senate Committee on Armed Services

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Metal Trades Department, AFL-CIO

Congress of the United States
Washington, DC 20515

March 31, 2014

Ms. Marion C. Blakey
President & Chief Executive Officer
Aerospace Industries Association
1000 Wilson Boulevard, Suite 1700
Arlington, VA 22209

Dear Ms. Blakey,

The Armed Services Committees of the Senate and the House of Representatives continue to look for opportunities to improve the Department of Defense (DOD) acquisition system. Despite the significant improvements made in the Weapon Systems Acquisition Reform Act of 2009 and other recent acquisition reform legislation, there is room for further improvements which could result in significant savings. Any such savings would be put to good use, as DOD's resources for acquiring weapons systems, products, and services are relatively constrained by tight budget caps.

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Metal Trades Department, AFL-CIO

Congress of the United States
Washington, DC 20515

March 31, 2014

Mr. Shawn Osborne
President & CEO
TechAmerica
601 Pennsylvania Avenue NW
North Building, Suite 600
Washington, DC 20004

Dear Mr. Osborne,

The Armed Services Committees of the Senate and the House of Representatives continue to look for opportunities to improve the Department of Defense (DOD) acquisition system. Despite the significant improvements made in the Weapon Systems Acquisition Reform Act of 2009 and other recent acquisition reform legislation, there is room for further improvements which could result in significant savings. Any such savings would be put to good use, as DOD's resources for acquiring weapons systems, products, and services are relatively constrained by tight budget caps.

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Congress of the United States
Washington, DC 20515

March 31, 2014

Mr. Stan Soloway
President & CEO
Professional Services Council
4401 Wilson Blvd, Suite 1110
Arlington, VA 22203

Dear Mr. Soloway,

The Armed Services Committees of the Senate and the House of Representatives continue to look for opportunities to improve the Department of Defense (DOD) acquisition system. Despite the significant improvements made in the Weapon Systems Acquisition Reform Act of 2009 and other recent acquisition reform legislation, there is room for further improvements which could result in significant savings. Any such savings would be put to good use, as DOD's resources for acquiring weapons systems, products, and services are relatively constrained by tight budget caps.

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Congress of the United States
Washington, DC 20515

March 31, 2014

Mr. Dean Garfield
President & CEO
Informational Technology Industry Council
1101 K St NW, Suite 600
Washington, DC 20005

Dear Mr. Garfield,

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Metal Trades Department, AFL-CIO

Congress of the United States
Washington, DC 20515

March 31, 2014

Mr. Jack Rives
Executive Director
American Bar Association
740 15th Street NW
Washington, DC 20005-1022

Dear Mr. Rives,

The Armed Services Committees of the Senate and the House of Representatives continue to look for opportunities to improve the Department of Defense (DOD) acquisition system. Despite the significant improvements made in the Weapon Systems Acquisition Reform Act of 2009 and other recent acquisition reform legislation, there is room for further improvements which could result in significant savings. Any such savings would be put to good use, as DOD's resources for acquiring weapons systems, products, and services are relatively constrained by tight budget caps.

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Metal Trades Department, AFL-CIO

Congress of the United States
Washington, DC 20515

March 31, 2014

Mr. J. David Cox
National President
American Federation of Government Employees
80 F Street NW
Washington, DC 20001

Dear Mr. Cox,

The Armed Services Committees of the Senate and the House of Representatives continue to look for opportunities to improve the Department of Defense (DOD) acquisition system. Despite the significant improvements made in the Weapon Systems Acquisition Reform Act of 2009 and other recent acquisition reform legislation, there is room for further improvements which could result in significant savings. Any such savings would be put to good use, as DOD's resources for acquiring weapons systems, products, and services are relatively constrained by tight budget caps.

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d. Steps that DOD or Congress could take to empower key acquisition personnel, such as program managers and cost estimators, to make sound choices throughout the acquisition process;
e. Steps that DOD and industry could take to develop and foster the technical expertise necessary to support successful acquisitions;
f. Steps that DOD could take to improve planning, contracting, oversight and management of services contracts;
g. Steps that Congress could take to improve oversight of DOD acquisitions – both products and services; and
h. Steps that DOD or Congress could take to incentivize timely delivery of capability and services for the warfighter and full consideration of life cycle costs.

For any recommended steps that would require a change to existing statute or regulation, we ask that you specify the statute or regulation and the precise change that you recommend. We ask that any response be provided to the two committees by July 10, 2014. If you have any questions

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regarding this request, please contact Lynn Williams at 202-226-6164, William Spencer Johnson at 202-225-4224, Jay Maroney at 202-224-4013, or Bill Castle at 202-224-6371.

Sincerely,

Carl Levin
Chairman
Senate Committee on Armed Services

Howard P. "Buck" McKeon
Chairman
House Committee on Armed Services

James M. Inhofe
Ranking Member

Adam Smith
Ranking Member

Mac Thornberry
Vice Chairman

cc:
National Defense Industrial Association
Aerospace Industrial Association
TechAmerica
Professional Services Council
Informational Technology Industry Council
American Bar Association
American Federation of Government Employees
International Federation of Professional & Technical Engineers
Metal Trades Department, AFL-CIO

Congress of the United States
Washington, DC 20515

March 31, 2014

Mr. Gregory J. Junemann
International President
International Federation of Professional & Technical Engineers
501 3rd Street NW, Suite 701
Washington, DC 20001

Dear Mr. Junemann,

The Armed Services Committees of the Senate and the House of Representatives continue to look for opportunities to improve the Department of Defense (DOD) acquisition system. Despite the significant improvements made in the Weapon Systems Acquisition Reform Act of 2009 and other recent acquisition reform legislation, there is room for further improvements which could result in significant savings. Any such savings would be put to good use, as DOD's resources for acquiring weapons systems, products, and services are relatively constrained by tight budget caps.

As we look for opportunities to improve the DOD acquisition system, it is important to seek and consider a variety of views, including the views of the defense industry and industry organizations. Accordingly, we ask for your input on the following issues:

a. Steps that DOD or Congress could take to reduce the cost of major defense acquisition programs;
b. Steps that DOD or Congress could take to expedite the delivery of useful capabilities to the warfighter;
c. Steps that DOD could take to improve how it recruits, trains, and develops its acquisition workforce;
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Congress of the United States
Washington, DC 20515

March 31, 2014

Mr. Ron Ault
President
Metal Trades Department, AFL-CIO
815 16th Street NW
Washington, DC 20006

Dear Mr. Ault,

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Senator MANCHIN. Since I'm not a likely successor of you——

Chairman LEVIN. At some point. [Laughter.]

Senator MANCHIN. I do understand that. I just appreciate the diligence on this, because I think it's important for them to do their job.

Chairman LEVIN. It's a very important point you've raised.

Next, another issue which you've raised is on the Apache issue and the question of the Black Hawk and Apache and the funding that's involved in that. What we'll need for the record is the funding issues on that, the impact of that, because, Senator Manchin, we've been told that this is part of an integrated aviation restructuring package which saves $12 billion. So we're all going to need to see exactly how that works, what those numbers are, how it's integrated, where these alleged savings are, because it's a very important issue. We're going to be looking at this——

Senator MANCHIN. With a cost of $43 million per battalion, sir, and basically I've witnessed and seen the performance of the Guard, which has been exemplary. But there is much more to it that maybe I don't know. We're willing to sit down and work through this.

Chairman LEVIN. We all ought to get these numbers, because that $43 million saving, which I don't doubt at all, apparently, according to General Odierno, is because the training is a much more shorter period and it needs to be expanded when they're Active Duty. But whatever it is, we're all going to need that data, and we need it for the record, because I think all of us are going to be looking very closely at that issue.

[The information referred to follows:]

The Aviation Restructuring Initiative (ARI) generates necessary savings by divesting three entire fleets of Army aircraft—the OH–58A/C Kiowas; the TH–67 training helicopters; and the OH–58D Kiowa Warriors—an overall reduction of 798 aircraft. The net effect of the reduction is a 23 percent decrease in aircraft in the Active component, with only an 8 percent reduction in the Army National Guard (ARNG). Beyond procurement and modernization cost savings, the Army will also avoid the significant operations and sustainment costs of these aging aircraft fleets. If the ARI does not occur, the costs outlined below would be unbearable for the Army under the current budget constraints and would risk creating a hollow force, with less overall capability and less investment in modernization.

The ARI will avoid approximately $12 billion in one-time costs. The Army will avoid paying for the Cockpit and Sensor Upgrade Program (CASUP), the Service Life Extension Programs (SLEP) for the OH–58D and the TH–67 training helicopter, and a new training helicopter to replace the aging TH–67 fleet. The Army programmed $1.457 billion for CASUP between fiscal year 2015 and fiscal year 2019. The breakdown of these costs is as follows: $245.01 million in fiscal year 2015; $223.12 million in fiscal year 2016; $257.22 million in fiscal year 2017; $308.32 million in fiscal year 2018; and $423.42 million in fiscal year 2019. The Army estimated spending an additional $1.9 billion for CASUP between fiscal year 2020 and fiscal year 2030. CASUP was a stop-gap measure to allow the Kiowa Warrior to be more combat effective until a long-term solution for performing the armed aerial reconnaissance mission could be identified. There are also many other costs that the ARI allows the Army to avoid, which would have been programmed for outside of the Program Objective Memorandum fiscal year 2015 to fiscal year 2020. Estimates show the Army further avoided additional required spending of $6.96 billion on the OH–58D SLEP, $191 million on the TH–67 SLEP/upgrades, and $1.43 billion on a new training aircraft to replace the TH–67 in fiscal year 2020 and beyond.

Regarding the $43 million savings with National Guard Apache battalions, that figure, and the data that supports it, is currently under review by the Office of the Secretary of Defense. We anticipate that information being available in the second quarter of fiscal year 2015.

The Army's attack/reconnaissance battalions are considered low density and high demand assets that must be fully trained and ready on short notice to deploy for worldwide contingencies and crisis response in the wake of major reductions to the Total Army end strength and force structure. The divestment of OH–58D Kiowa Warriors and the elimination of 3 entire Combat Aviation Brigades from the Active component will take Army aviation down from 37 to 20 shooting battalions. This necessitates transferring all Apache helicopters to the Active component in order to meet the demands of our combatant commanders. The Army simply does not have the luxury of retaining Apache helicopters in the Reserve component as it is considerably more expensive to maintain a sufficient, available inventory of Apaches in the Reserve component than it is to do so in the Active component. Moreover, it is not possible to produce AH–64s at a rate sufficient to replace the OH–58, resulting in a multi-year capability gap if the ARI does not proceed. Also, the purchase of sufficient AH–64s would cost over $4 billion, in addition to greater annual operations cost of more than $340 million.

When considering the most effective use of limited resources, National Guard formations should be optimized with dual use equipment and formations that are capable of supporting States and Governors as well as combatant commanders when mobilized. We must develop complimentary and mutually supporting capabilities. The Army supports a multi-component solution for operationalizing ARNG Aviation Bri-

gades in non-permissive environments. Under the ARI, each ARNG Aviation Brigade will have an Active component AH–64 battalion aligned with them for training and deployment. These AH–64 battalions will deploy with an intermediate maintenance slice to support AH–64 maintenance and armament. This model has proven effective in the past, and in fact, we have a National Guard Aviation Brigade deployed to Kuwait today with an Active Duty attack battalion attached.

The ARI was necessary due to severe budget restraints. The ARI is designed to achieve a leaner, more efficient and capable force that balances operational capability and capacity across the Total Army. The low-density, high-demand AH–64 Apaches transferring out of the ARNG will be repurposed to replace Active component OH–58D Kiowa Warriors that are being divested. The transfer will enable the teaming of Apaches with unmanned aircraft systems for armed reconnaissance, filling a critical capability need for an Armed Aerial Scout created by the elimination of the Armed Reconnaissance Helicopter program. In addition, consolidation of Apache airframes in the Active component will enable the Army to better meet the operational demands of our combatant commanders due to the increased operational availability as a result of the reduced dwell times required in the Active component. The ARNG will receive additional UH–60 Black Hawk helicopters to optimize the ability to perform its mission in the Homeland and deploy in support of combat operations.

The ARNG was involved in the development and staffing of the aviation restructure plan during the entire process. The ARNG was directly involved as early as February 2013 and had planners present during the development of specific details of the ARI. It is important to note that under the ARI plan, the regular Army, ARNG, and the U.S. Army Reserve all retain combat aviation units. The UH–60 Black Hawks and the CH–47 Chinooks, which are in all Service components, accounted for the majority of hours flown in a combat environment during Operation Enduring Freedom and Operation Iraqi Freedom.

Chairman LEVIN. Thank you very much, Senator Manchin, for raising that issue.

Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman.

Thanks to both of you for your service, and certainly my thoughts and prayers and condolences go out to all of the victims' families at Fort Hood, as do all of ours.

General, you have consistently testified that the minimum in your opinion to maintain any sort of adequate readiness for the Army is a 450,000 Active component, correct?

General ODIERNO. That's correct, Senator.

Senator VITTER. That is still, as I understand it and as you have identified, the lowest level in terms of Army readiness since 1940; is that correct?

General ODIERNO. The lowest number of soldiers. I have not said that, but that is, in fact, true.

Senator VITTER. I believe you have also said that that meets our minimum readiness requirements, but with a "fairly high level" of risk; is that correct?

General ODIERNO. That's correct, Senator.

Senator VITTER. In your Army career, have you ever lived through a similarly fairly high level of risk?

General ODIERNO. I would say that my assessment is based on the uncertainty in the world and the fact that we're not sure when we'll be able to respond. I do have some concerns about the readiness of our force, especially over the next 3 to 4 years as we're transitioning in losing end strength, and that our readiness is decreasing. So I have some concerns.

What keeps me up at night is will I have enough soldiers properly trained and ready to deploy if they are asked to do that?

Senator VITTER. I'm not trying to push you in any corner. I'm just asking, that fairly high level of risk, have you experienced that before in your Army career to the same extent?

General ODIERNO. No.

Senator VITTER. Okay. In light of this, General, can you speak to the benefit, necessity in my opinion, of maintaining our Joint Rotational Training Centers (JRTC) and the benefit they provide?

General ODIERNO. They are absolutely essential to what we are trying to do now as we rebuild our readiness to operate and conduct decisive action and do combined arms capability and rebuild that in our force. The way we do that is centerpiece our CTCs, specifically the National Training Center at Fort Irwin and the JRTC at Fort Polk.

Those are critical to our strategy moving forward and our training. We are investing in them. They will be the ones who certify and conduct and ensure that our BCTs and enabler packages are trained in order for us to be prepared for future conflicts. They are critically important to us.

Senator VITTER. Great. Thank you, General. I assume it's fair to say the nature of their training is particularly important and well-suited to the types of conflicts we face today?

General ODIERNO. We have, in fact, developed the scenarios there that I believe best represent not only the conflicts of today, but the conflicts we will face in the future. It's a challenging leader development place where our leaders learn to think and adapt to current and future operations that are absolutely critical to us as we look forward to our success.

Senator VITTER. Thanks, General.

General, we just went through, of course, a programmatic environmental analysis and assessment for basically cuts, reductions, in the Army. That was very recent. Given that deliberative and rigorous process the Army just went through, will the Army use the same, fundamentally the same, process, the same metrics, the same considerations, in the next round of analysis?

General ODIERNO. Yes. We did that analysis to get us down to 490,000. As we continue to reduce the size of the Army, we will do the same analysis. The Secretary and I, although we have to have further discussion—I think he probably should comment as well—we believe the criteria used were pretty good the first time.

Mr. MCHUGH. We, in fact, have issued the programmatic environmental analysis stage 2 to the bases, and we're beginning the process of collecting data. Part of that, frankly, is because as we've talked in a number of occasions this morning, sequestration remains the law of the land, and if we have to go down to the 420,000 that the Active component would be directed toward under that, under the BCA, we have to know exactly where the structure and force lies so that we can make the best decisions we can.

As the Chief said, the requirements and the determinations, the inputs, that we used the first time seemed to work pretty well. So we'll remain flexible, but those are pretty much the tracks that we remain on.

Senator VITTER. So again, Mr. Secretary, not to prejudge anything, but the basic analysis, the basic metrics, the basic tests you used the first time, will continue?

Mr. MCHUGH. Basically. But again, you come to different conclusions as your numbers change.

Senator VITTER. Yes, I'm not saying where that leads. I'm just saying the basic criteria and metrics should be the same; is that fair to say?

Mr. MCHUGH. It is fair to say. It's also fair to say that at that point, should we make additions or deletions or whatever, that obviously would be part of the public record and we'd allow people the opportunity to make comment on it.

Senator VITTER. Okay. Just a last question. The DSG clearly states that risk should not be taken in the capability to rapidly respond with ready forces, but rather risk should only be accepted in the ability to sustain large-scale ground operations and the regeneration of forces. General and Mr. Secretary, in terms of this fairly high level of risk you admit we're accepting at 450,000, is it limited to that ability to sustain large-scale ground operations versus to rapidly respond?

General ODIERNO. I think the risk that we have is not for rapid response. The risk over a couple years is readiness, because it takes time to catch up as end strength reduces and the investment we have in readiness and modernization to catch up. Where the risk comes into play again is in the size, and if we have to do multiple contingencies, which is what the DSG requires, it really has to do with the size plus the readiness. We will still have the rapid deployment capability, but our ability to do a major contingency and another one clearly is at risk based on the size and capability that we have inside the Army at a lower level.

Senator VITTER. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Vitter.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

Mr. Secretary, General, on behalf of everyone in Indiana, our sympathies to the entire Army family, to those who were injured, and to those who lost their lives. Please know our thoughts and prayers are with all of you in the Army family.

Mr. Secretary, DFAS, the headquarters is in Indiana. I know how hard those folks work, the excellence and quality of their work, the pride they take in it and in serving their country. I would just ask you that you keep us in the loop and keep us informed as you move forward in the DFAS process. We would appreciate making sure that you keep us in the loop, and I know you will do that.

Mr. MCHUGH. Absolutely, Senator. As I said to Senator McCaskill, that's a very reasonable request. I would just note again, it's not our intent to, nor do we control the structure and the processes of DFAS. But rather, we're just trying to ensure within the Army we're doing what we control as well as we can.

Senator DONNELLY. Understood.

I was with Senator Ayotte when we were in Afghanistan and Ukraine recently, and part of the discussion was about the equipment that's leaving Afghanistan. While we were in Ukraine, the defense minister, prime minister, was talking to us about how desperately they need almost everything—communications equipment, other equipment. I was just wondering if there has been any dis-

cussions about whether there's a match-up between some of the things that are heading out that we have in excess and the needs of friends like Ukraine and other places in Eastern Europe.

General ODIERNO. Senator, what we do is, we have identified excess property, as you very well know. What the process is we identify that. That is available for other nations. They have to request it and they request it to our government, and then we would make decisions and then provide that equipment. So we have identified all of that excess equipment. Any country can ask for that equipment.

The issue becomes if they have to fund it themselves or if we gift it, but that's a decision that would be made based on the request that is presented to us. But we certainly have that list of equipment that anyone is welcome to look at and let us know. We have not been asked so far to specifically look at whether Ukraine could use some of that equipment.

Senator DONNELLY. The reason I mention it is because, in effect, they said they've basically been stripped of almost everything they had. Their navy was taken from them. So they have in their conversations with us, told us how much they appreciate the friendship, how much they look forward to continuing to work with us, and how much they look at the U.S. Army as a model for where they'd like to be at some point in the future.

One of the areas that I have been working on a lot over the past few years is the Joint Improvised Explosive Device Defeat Organization (JIEDDO), the impact JIEDDO has had trying to figure out fertilizer formulas that are non-explosive, trying to figure out how we can have our young men and women come home without one more Improvised Explosive Device (IED) occurring. JIEDDO is going to a smaller footprint. I just wanted to ask what your plans are as you look at this, so that we're not in a place where we're back to zero in effect and have to start and ramp up all over again.

What are your hopes for JIEDDO and what are the continuances that you plan to have with it?

General ODIERNO. First, as we went through this process of looking at the future JIEDDO, we all agree the Army—I'll speak for the Army. The Army specifically agrees that we need JIEDDO to sustain itself, because the threat of IEDs is not going away. They are becoming more complex, they're becoming more sophisticated. We need a process that allows us to constantly look at this, so we can develop the TTP, and use the technology necessary for us to continue to move forward.

So, we absolutely agree with that. We also in the Army have established the Asymmetric Warfare Group in Training and Doctrine Command (TRADOC) that will connect to JIEDDO and help us to help them to identify future threats and development systems. So for us it's critical for the way ahead.

We agree that it should remain under DOD. We think that's the best place for it because then they can resource it through all the different capabilities that the Services have, because this is not a single-Service issue. It is a multi-Service issue.

Senator DONNELLY. You have as the Army taken such a significant lead in this effort to defeat IEDs. I remember some years ago when, Mr. McHugh and I were both Congressmen, that I had a

constituent whose son was over there. He ran his own machine shop and he spent a month and a half—basically, he told all his customers, I'll get back to you when I can—create an extender on a vehicle so it could catch a tripwire, that was 30 feet, 15 feet, 5 feet in front. He said: "Look, if I can't get somebody else to do this, I want my son to come home safe." He said: "I came up with this all on my own at night."

Those are the kinds of things that JIEDDO has been able to help improve on, develop, take 10 degrees further. So we certainly don't want to lose the capability that we have there.

When we look at the mental health screening that's going on and the challenges that we face in that area, do you think there's a way to try to have more mental health screening tools associated with the periodic health assessment that goes on every year?

Mr. MCHUGH. We're always looking, as I mentioned a number of times this morning, for ways in which we can do things better. The challenge we face, particularly as we look at what occurred just yesterday at Fort Hood, is that we are doing everything we can to destigmatize in the soldier's mind the reaching out for help before it becomes a larger problem. We've really increased our behavioral health encounters within the Army by over 900 percent.

We view that as positive. Folks are reaching out more. They're asking for help more voluntarily. But then sometimes things happen like what happened yesterday that we fail to understand.

We have for a deploying soldier five discrete behavioral health touch points: 180 days prior to deployment, within 90 days of when they get to theater, 30 days after redeployment, 90 days after redeployment. Then for every soldier, regardless of your deployment status, we do a behavioral health assessment each and every year.

So we're trying to keep as close a watch on our soldiers as we can. But clearly we believe there are more things we can do to identify problems in the more discrete stages of their development, try to get soldiers added help where under our current tool kit it may not be so obvious.

Senator DONNELLY. I'll finish with this. On that trip we also met with the Israeli Defense Forces. One of their folks in this area said what they also try to do is have their platoon leaders—they push it down, so that they can help, give them as much training as possible, so when they look they can try to pick something up, see something that's a little out of normal and report it back up. I would hope we would take a look at that.

General ODIERNO. Absolutely the key. We've now put behavioral specialists into brigades. We didn't have that before. So we've now done that.

Here's the biggest problem we have, and really it's a dilemma. The problem is sharing information and how you protect an individual's rights with sharing information so the commanders and the people at the lower level understand that maybe there was a previous problem. The Secretary and I are really doing the best we can to come up with processes that allow us to share information, because in a lot of cases that's the problem. We're much better at it, but there are some limitations to what we can do and we're trying to do the best we can.

That's one thing I think we should try to work together on, is how we can better share information so that the chain of command, as you have said, has the ability to really understand when soldiers are having problems. To me, that's the thing we have to focus on.

I would just make one other comment—I know we're over time and I apologize, Mr. Chairman—is that the other thing is behavioral health—we have invested a lot in the Army, but there are just some times when they don't want to have it in the Army; they want to be off post. We have to look at how we provide behavioral health off post and how we're able to do that and the funding that allows them to do that properly. It's a combination of all of those things, I think, that would really help us in this area.

Senator DONNELLY. Thank you both. Again, our sympathies to the entire Army family.

Chairman LEVIN. Thank you, Senator Donnelly.

Senator Sessions.

Senator SESSIONS. Thank you.

Thank you all, and our hearts and prayers go out to those who suffered loss in the Army family at Fort Hood and the whole Army family.

Mr. Secretary, thank you for your leadership. You've been a candid and effective leader, I believe.

General Odierno, it's a pleasure to have you here again. I remember visiting you when you were doing some of the best work ever was done in Iraq. It was a very tough time and professionals credit you with changing the ground, the actions on the ground, in a way that was positive for America. I couldn't be more proud of you and your Service.

I am a supporter of DOD. I believe that it has been disproportionately squeezed in our budget process. But I am not unaware that Admiral G. Mullen, USN, a former Chairman of the Joint Chiefs, told us that the greatest threat to our future is the debt. We're told, Secretary McHugh, by the Congressional Budget Office (CBO) a few weeks ago that this year we paid $211 billion in interest on our debt this past year, and it will rise to $880 billion 10 years from today.

That's an annual increase in expenditure of our government's discretionary spending by $650 billion. I believe we need to maintain a vibrant, effective, mobile, hostile military. But all of us, I think, acknowledge do we not, that it means tightening belts and seeing how we can do those things at lower costs. I know you've been working toward that end and, in fact, have made progress.

But you accept that notion, do you not?

Mr. MCHUGH. I don't disagree with a word that then-Chairman Mullen said. I think from DOD's perspective we are not just willing, we're anxious to do our part. We went through a first round of $487 billion worth of cuts, and then came in in a second round of some $500 billion worth of cuts.

The thing that worries us now is not just the size of those cuts, which becomes very sizable under the BCA, under sequestration, but the rapidity, the rapid nature of the implementation of them. So we want to do our part and we think we are. But there does come a point beyond which national security becomes——

Senator SESSIONS. I agree. I don't believe 420,000 is sufficient for the Army. But I don't know why we'll have to go there. I'm going to have to be shown that, because I'm ranking on the Senate Budget Committee and we are wrestling with these numbers. You have to know, I know you know, the President will not allow any additional money for DOD unless he gets an additional equal amount increased to non-defense discretionary. This doubles the cost of any relief to the military.

The Ryan-Murray bill this year did help. I know you agree. So what I can't understand is this. You've said and, General Odierno, you noted, that in fiscal year 2016 it kicks in again. But this is the way I read the funding levels. This year we're at $496 billion, is that correct, for DOD? Do you have that number?

Mr. MCHUGH. I deal in Army numbers.

Senator SESSIONS. I'm sure that's true, and another thing, we want to be sure the Army is fairly treated as you work through this process.

But my understanding is, the numbers I have, we are spending $496 billion for DOD this year. Next year, 2015, defense will get $498 billion. The next year, in 2016, it will remain flat again basically, but it goes to $499 billion. But the next year, 2017, it jumps $13 billion to $512 billion; and increases $13 billion each year for the next 5 years. That's under the soldier, under the BCA. There are not further cuts. Staying flat at a time of low inflation, even low inflation, is somewhat squeezing of your budget, I acknowledge.

But in the years to come, we're showing growth that actually exceeds CBO's projection of inflation. Am I wrong about that?

Mr. MCHUGH. I don't have the DOD figures in front of me. But as you know, Senator, the Army has already experienced significant cuts. We're coming down from a high of $144 billion in our base budget in fiscal year 2010 to $121 billion roughly in the fiscal year 2015 BBA. Even at a flat line, our costs don't flat-line.

Senator SESSIONS. Let me ask you this. How are you functioning this year? How many soldiers do we have this year, 2014?

General ODIERNO. As we stand right now, we're about 522,000 soldiers. We're not functioning, Senator. That's the issue. We are not. We are not ready. We are not funding our training. We had to cut significant modernization programs. We're not functioning.

Senator SESSIONS. I understand that. But if you reduce from 512,000 to 450,000, that would be 60,000 soldiers. If the other parts of DOD are tightening their belts, I just have to be convinced that we're not able to sustain ourselves at a steady growth rate.

There's a predictability. If the BCA is not changed, there is predictability. We are flat for 2 more years and then we grow at 2.5 percent a year for 5 years. So you have a certain predictability there.

I don't want to see the Army disproportionately cut. The danger to me always was this year, and Ryan-Murray helped, because if we hadn't fixed the problem this year we'd have been in a real fix. It would have really done it.

General Odierno, my time is up, but I'll let you explain. Isn't it true that the problem you're facing right now is you're having to make decisions to reduce costs that really won't pay off until the

out years, and you have an additional burden on you right now to keep this Army under control and in a positive way?

General ODIERNO. That's correct. We were not able to—because of operational commitments and other things we're doing now, we can't balance ourselves down the road. That's exactly the issue. With sequestration, we really don't come in balance until fiscal year 2020.

Mr. MCHUGH. If I may, there is also another consideration that goes beyond the base budget, Senator. At the height of funding, we in the Army received $121 billion in fiscal year 2007 for wartime operations, Overseas Contingency Operations (OCO). Those are coming down dramatically as well. For example, in last year's agreed-upon budget there were some $3 billion of base operations costs that the Army incurred that this Congress allowed us to pay out of OCO. So those are tens of billions of dollars that obviously when we come out of Afghanistan, while we hope we can receive 3 years for reset purposes, that money is gone too.

Senator SESSIONS. We were told last year that you were having to take base money for OCO. Did that happen? Did you actually have to use some of your base money?

Mr. MCHUGH. No. In fact, at the end of the day when OCO was approved, in fact, Congress allowed us to pay for some of our base expenses out of OCO.

Senator SESSIONS. Good. I was afraid.

Mr. MCHUGH. It's good until the money goes away, and then you're stuck with base operation expenses without the funding to pay for them.

Chairman LEVIN. Thank you, Senator Sessions.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

Thank you both for being here and thank you for your service and to your families for theirs in supporting the great work that you do. I would like to join many of my colleagues in expressing my deepest sympathies and concern for the Fort Hood community and most particularly the families of the victims in that shooting. Certainly this experience shows that no part of our country, no place, is immune from gun violence, and whether it is a small school in Sandy Hook, CT, or an urban community in New Haven or one of the great military installations in the world, Fort Hood, everybody shares in the tragedies that needless and senseless gun violence causes in this country today.

This experience, I think, also shows, as a number of my colleagues have observed, the importance of mental health care. Obviously, in this instance an investigation is ongoing. I'm not going to ask you to comment on that investigation or this particular individual. But one of the questions that I've been asked in these brief hours since this tragedy is whether there is sufficient screening—put aside the health care issue, which is preeminently important. Is there enough screening of individuals to know whether they are dangerous?

General, I know you've thought a lot about this issue and you've commented here. Perhaps you can make some observations on it.

General ODIERNO. Screening—first off, in fact, in this case the individual was screened, was receiving counseling. So in a lot of ways

the system worked. But obviously it didn't work completely, because in the end he made some decisions that obviously cost other people their lives.

The amount of behavioral health and the screening that we do and how often we do it has increased significantly over the last 5 years, especially with the help of Congress to help us in giving us the ability to do that. We have increased by 150 percent our behavioral health specialists. We have made some really good progress here.

But again, ultimately, as I said earlier, one of the issues we run into all the time is the sharing of information, trying to protect individuals' rights, but also trying to ensure that we are providing them with the help necessary. We also, obviously, continue to combat the stigma of coming forward with behavioral health issues. Those are the things we have to constantly and continually focus on.

We do quite significant screening today, but it doesn't mean it's right and it doesn't mean we can't improve it. We have to constantly evaluate this. This is something that we're going to have to deal with for a very long period of time, and that's the consequence of 13 years of war. We're going to have to make sure that we have the systems in place to do this. We'll have to do constant evaluations of this.

Mr. MCHUGH. May I add, Senator?

Senator BLUMENTHAL. Please.

Mr. MCHUGH. First, I'd like to, if I may—I believe I may have misspoke earlier. I said our behavioral health encounters in the Army have increased by over 900 percent. I got enthusiastic there.

Senator BLUMENTHAL. I was going to ask you about that number.

Mr. MCHUGH. It's over 90 percent, still significant, the baseline being about 900,000, to almost double that. So we view that as a positive thing. As the Chief said, that's in no small measure due to the efforts we've made to bring on board significant increases in behavioral health specialists, provide them at a lower level so people feel more comfortable going forward.

The challenge I think we have, as we discussed earlier, is ensuring that we have the best possible tools to identify problems after those encounters and those assessments occur. We do pre-deployment, just prior to post-deployment, periodic at 30 days and at 90 days after deployment, behavioral health screening face-to-face, to try to make sure we see problems that may be emerging. Thereafter, every soldier is screened each and every year.

Clearly, we may have missed something yesterday. We need to work very hard to understand what that might have been, and if we can learn a lesson and improve the process, that's what we want to do.

Senator BLUMENTHAL. I appreciate the comments that both of you have made. I have no question about your determination to improve and upgrade this system, which has bedeviled police departments and all kinds of other organizations with a similar, not the same but a similar, mission that deals with firearms and the challenges that you do in even higher impact situations. I don't minimize the challenges that you face.

I would respectfully suggest, since you mentioned earlier the call that you received from General Shinseki, that part of the strategy has to be to increase the compatibility of records-keeping. We have dwelled on this at length. I am sorry to once again belabor this point, but the sooner and better we can make those records systems completely interoperable and make the health care system completely seamless, the better it will be. I just want to emphasize that point as strongly as I can.

If I may ask a question, since my time is very limited, about the Army Aviation Restructure Initiative. I understand from my National Guard units—and this concerns me as head of the subcommittee that has jurisdiction—that under the Aviation Restructure Initiative, Black Hawk helicopters will be transferred from the Active component to the National Guard in very substantial numbers. The National Guard has expressed concern to me that they will receive older A&L model Black Hawks instead of the new M model, which would as a result require significant and right now nonexistent financial investment to modernize that force.

Is it true that the Guard will be receiving the A&L model aircraft?

General ODIERNO. There won't be any As.

Senator BLUMENTHAL. No As?

General ODIERNO. No As. There will be a combination of L&Ms that they receive from the Active component.

Senator BLUMENTHAL. Is there a plan to provide additional, even more modern Black Hawks?

General ODIERNO. Over time, because they have a higher percentage of our UH–60s now, as we continue to modernize the fleet they will become more modernized, just like the Active component. The Active component has Ls and Ms as well.

Senator BLUMENTHAL. Right.

General ODIERNO. It will be the same level of modernization. That's what we like about it, because actually it increases our modernization levels over the long run.

Senator BLUMENTHAL. Thank you.

I very much appreciate your testimony and thank you again for your service.

Chairman LEVIN. Thank you very much, Senator Blumenthal.

During the Wounded Warriors Act, in that Act we had a lot of provisions relative to increased interoperability, and you raise a very critical question. We're going to ask for the record an update on the interoperability of these records, because it's critically important. We thought we had really taken a major step and maybe we did, hopefully, with the Wounded Warriors legislation towards that goal. So we'll ask, Mr. Secretary, if you can give us an update on that question that Senator Blumenthal raised.

Senator BLUMENTHAL. Thanks very much.

Mr. MCHUGH. For the record?

Chairman LEVIN. For the record.

Mr. MCHUGH. Yes, we can do that, DOD and VA.

Chairman LEVIN. We'll ask both VA and DOD to give us that. As a matter of fact, this will be a good test. We'll ask you with General Shinseki to give us a joint report.

Mr. MCHUGH. Me personally? Not DOD, the Secretary of Defense?

Chairman LEVIN. I'm talking about the Army, have the Army and VA give us a joint report signed by both of you on this question. That'll tell us something about interoperability.

Mr. MCHUGH. You're the chairman.

Chairman LEVIN. I'm sorry. I'm corrected. It should be DOD. Can you pass along our request to DOD, or shall we make it directly?

Mr. MCHUGH. I'd be happy to.

Chairman LEVIN. All right. We'll make it directly too, to take you off something of a hook on that.

Senator BLUMENTHAL. If I may just add, Mr. Chairman, with very sincere thanks for that suggestion, that it be done within the next month. I don't want to put time pressure on you and I know I'm a little bit out of line in amending Chairman Levin's suggestion.

Chairman LEVIN. No, not at all, not at all.

Mr. MCHUGH. I can't speak for DOD, but obviously this is something they've been working on very diligently. Secretary Hagel immediately picked up the challenge from Secretary Panetta. So I'm sure they'll do it as quickly as they can.

Chairman LEVIN. We will pass that directly to the Secretary of Defense and send you a copy so you can follow what we're doing.

Mr. MCHUGH. Thank you very much, sir.

Chairman LEVIN. Thank you very much.

[The information referred to follows:]

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United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

April 4, 2014

Honorable Chuck Hagel
Secretary of Defense
1000 Defense Pentagon, Room 3E880
Washington, DC 20301-1000

Honorable Eric Shinseki
Secretary of Veterans Affairs
810 Vermont Avenue NW, Room 1000
Washington, DC 20420

Dear Secretary Hagel and Secretary Shinseki:

We remain concerned that, after years of effort and the expenditure of significant funds, the Department of Defense and the Department of Veterans Affairs have failed to achieve full interoperability between the health record systems of the two Departments.

We request a joint response to this request that provides an update on your progress in achieving interoperable electronic health records that will support seamless electronic sharing of medical health care data that is available in real time to support clinical decisions in both Departments.

As a minimum, your joint response should include a description of the current state of interoperability of the health records of your respective Departments; ongoing and future efforts to increase and improve interoperability; and the desired end state, including milestones, costs and projected date of completion of this end state.

Because this issue may be addressed during our May markup of the National Defense Authorization Act for Fiscal Year 2015, we request that you respond no later than May 9, 2014.

Sincerely,

James M. Inhofe
Ranking Member

Carl Levin
Chairman

MAY 0 9 2014

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Thank you for your letter regarding the Department of Defense (DoD) and the Department of Veterans Affairs (VA) progress made toward the interoperability of the Departments' health record systems. Ensuring that our Service members, Veterans, and their families receive world class health care is of the utmost importance for both Departments. A key to the success of this mission is to ensure that DoD and VA electronic health records (EHR) are interoperable – with each other and with private sector medical providers. The Departments already share a significant amount of data and are working with a sense of urgency to meet the deadlines established by Congress for shifting to computable, standardized health care data.

As you are aware, the Departments are now pursuing two distinct, but complementary, goals with respect to their EHR systems:

1. To provide seamless, integrated sharing of standardized health data among DoD, VA, and private sector providers; and
2. To modernize the EHR software and systems supporting DoD and VA clinicians.

To accomplish this, DoD will use a competitive acquisition process to consider commercial alternatives that may offer reduced cost, reduced schedule and technical risk, and access to increased current capability and future growth in capability by leveraging ongoing advances in the commercial marketplace. Based on DoD's market research, a Veterans Health Information Systems and Technology Architecture (VistA) based solution will likely be a part of one or more competitive offerings the DoD receives. In June 2013, DoD established the DoD Healthcare Management System Modernization Program to focus on delivering modernized EHR capabilities. DoD is working closely with VA to ensure the best decisions are made in support of our Service members and Veterans.

VA is committed to an evolved VistA based on open source architecture and non-proprietary design providing additional capabilities in 2014. It is VA's intent that the evolved VistA will be in a position to effectively compete in DoD's acquisition process. The VA expects that an industry partner will use the open source VistA baseline to respond to DoD's Request For Proposal scheduled to be issued by the end of this fiscal year (FY).

Currently, VA has access to electronic records of all separating Service members through the Federal Health Information Exchange (FHIE). In addition, the Departments' clinical providers have access to the Bi-Directional Health Information Exchange (BHIE), which is a secure, read-only display of electronic health information exchanged between DoD's Military Health Systems and VA's VistA. Using BHIE, DoD and VA are currently sharing essential electronically-stored health information. Each day, more than 1.5 million data elements are

exchanged between DoD and VA based on 60,000 requests from our 10.5 million authorized users with more than 5.2 million correlated records.

The Departments have been working together to move forward from read-only data shared through FHIE and BHIE to enhanced interoperability that provides data that is more integrated into the clinical workflow. Last year, we jointly implemented a series of interoperability "accelerators" which resulted in substantial amounts of read-only data being transformed into more standards-based, computable data. The accelerators included the following capabilities:

- Delivered VA Blue Button/TRICARE Online Upgrade (Phase 1);
- Delivered Joint Legacy Viewer (JLV) to nine VA and DoD sites;
- Completed Medical Community of Interest (Phase 1) Circuit Installation;
- Mapped VA and DoD data to standard terminology for seven domains;
- Created the capabilities that allow VA and DoD clinicians to access an integrated display of federated data.

To enhance the Departments' interoperability, the JLV provides clinicians with access to health care data from all sites where the patient has been treated in DoD or VA. The seven JLV interoperable clinical domains include critical EHR information required for most outpatient clinical decisions. To enhance the capabilities of the Departments' legacy interoperability systems, additional data domains will be analyzed and mapped by the end of FY 2014. We are working to increase JLV access by the end of this year to 2,500 VA users and 1,000 DoD users.

Since a significant portion of the care provided to the Service members, Veterans, and eligible beneficiaries occurs in the private sector, it is essential to ensure interoperability between DoD, VA, and the private sector. To further coordinate the Departments' interoperability efforts, on December 5, 2013, the Departments signed a new charter for the Interagency Program Office (IPO) identifying the IPO as the entity responsible for establishing, monitoring, and approving the clinical and technical standards profile and processes to create the seamless integration of health data. IPO will further support the Departments' and the Department of Health and Human Services Office of the National Coordinator for Health Information Technology's (ONC) efforts to adopt and further national health data and exchange standards, specifications, and certification criteria to improve health information technology (IT) and its applications. The IPO's partnership with ONC to pursue adoption and maturing of national standards provides a vital link which makes DoD and VA data interoperable with the private sector, and which provides the Departments' EHR systems the flexibility to respond to the evolving health care marketplace. Standards-based exchange will enable all EHRs in VA, DoD, and the private sector to exchange health data so that any clinician treating our Service members and Veterans has the most complete information we can provide to them.

The IPO recently developed the Integrated Master Schedule to document our collective efforts over the next two years to closely manage our enhanced EHR interoperability efforts. Additionally, the IPO developed the first quarterly edition of the Healthcare Information

Interoperability Technical Package, which includes ONC-recommended and IPO-approved national health data standards, as well as technical standards implementation guidance and associated profiles for acquisition programs and developers in DoD and VA. This will guide the Departments' modernization efforts and ensure interoperability.

We remain fully committed to achieving the enhanced interoperability required by the FY 2014 National Defense Authorization Act between the health record systems of the two Departments and the private sector and are on track to continue to deliver capabilities as health standards continue to mature and are incorporated into our IT systems. Enabling health information exchange between EHR systems in the DoD, VA, and the private sector will serve as the foundation for a patient-centric health care experience, seamless care transitions, and improved care delivery for Service members, Veterans, and their families.

Thank you for your continued support for Service members and Veterans. An identical response has been sent to Senator Inhofe.

Chuck Hagel
Secretary of Defense

Eric K. Shinseki
Secretary of Veterans Affairs

Chairman LEVIN. Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

To both of you and the Army family, I think all of us are heartbroken with Fort Hood going through this thing twice. The whole Nation is thinking about the Army today and particularly those at Fort Hood.

As we move forward dealing with this problem, General Odierno, do you think the 1992 DOD regulation prohibiting personal possession of firearms on installations should be revisited? What's your view about one way to deal with attacks like this is to have installations where people are armed and can fight back? What's your view of that?

General ODIERNO. I believe that we have our military police and others that are armed, and I believe that's appropriate. I think that I believe that that allows us the level of protection necessary.

Although we carry arms quite regularly overseas when we're deployed and do it on a regular basis, I believe back in the United States it's more appropriate that we leave it to that, sir.

Senator GRAHAM. I would just ask you to keep an open mind, because in a deployed environment, everyone has a weapon. It's a pretty stressful place in Iraq and Afghanistan, and I think people have been responsible in the military. I remember my last visit to Afghanistan that you could not be served chow unless you presented your weapon. I think the reason is you want everyone to have their weapon because of the insider threat; is that correct?

General ODIERNO. That's correct, sir.

Senator GRAHAM. I think our military at home is very much a target of terrorism, but also this seems to be more of an individual who had a hard time coping. Major Hasan clearly to me was an act of terrorism. I think you can expect more of this back here at home.

I just talked to Attorney General Holder and he said home-grown terrorism—and I'm not saying this was; it apparently wasn't—is getting to be a bigger threat. We've had several soldiers killed, one at a recruiting station—outside, in New Jersey.

I just hope you'd revisit this policy, because I think our military members are very responsible with firearms and we need to really look at having more capability, not less, to deal with insider threats.

Now, as to the size of the Army, I know we have a $17 trillion budget deficit. Admiral Mullen said something that got a lot of attention: "The biggest threat to our national security is our deficit." There's some truth to that, but I'm not so much worried about our deficit blowing up the country as I am terrorists. I don't think people in South Carolina are as safe as they could be, given sequestration.

You have said very eloquently, General Odierno that, "I began my career in a hollow Army; I do not want to end my career in a hollow Army." If sequestration is allowed to continue beginning in 2016, will we have ended that career in a hollow Army?

General ODIERNO. From today through 2020 or so, until we get rebalanced based on taking the end strength to a level, our ability to sustain a level of readiness and modernization, I believe, begins to hollow the Army out.

Senator GRAHAM. So the answer would be, yes. Thank you for your honesty. I think every Service Chief has told us that. I hope we will act responsibly.

Now within reason, knowing that money is always an object, would you agree that our military is being positioned based on budget concerns more than threat concerns, given sequestration?

General ODIERNO. It's clear to me we've developed the DSG, which was before sequestration. Sequestration does not allow us to meet that DSG. We're driving down structure based on budget.

Senator GRAHAM. Right. The world's just not safer. That's not why we're cutting the budget. We just decided for some reason to cut the budget in spite of the growing risk.

Within reason, what would be the appropriate size of the Army? If you can't give me an answer today, think about it, given all the threats that are reasonable that we're facing, and see if we can build a budget to support the Army based on the threats to the Nation. Do you have any ballpark figure?

General ODIERNO. I do. I'm on record. I'll repeat what I've said in the past. I believe in order to meet—I testified last year and the year before that in order to, at moderate risk, which I think is reasonable, a force of 490,000, 350,000, and 202,000 in the Reserve component is appropriate for that.

Senator GRAHAM. Let's say that we wanted to accept some risk, but less than moderate. What would you do?

General ODIERNO. Then I would say—I believe the floor is 450,000, 335,000 in the Guard, and——

Senator GRAHAM. No, I want to go the other way. I want to have a budget that gives us minimum risk.

General ODIERNO. I see.

Senator GRAHAM. Call me old-fashioned, but I think that's the number one job of the Federal Government.

General ODIERNO. I have not thought my way through that. But for many years most of us believed that the right size of the Army is somewhere around 500,000 to 520,000.

Senator GRAHAM. That would be the optimum Army given what we face as a Nation?

General ODIERNO. Right.

Senator GRAHAM. Could you tell me the difference in terms of cost, not today but over time—you don't have to do it today—between high risk, moderate risk, and the optimum Army?

General ODIERNO. We can lay that out for you.

[The information referred to follows:]

We consider 1,084.2 thousand soldiers an "acceptable risk" Army. This force would be comprised of 520,000 Active component soldiers, 358,200 Army National Guard soldiers, and 206,000 U.S. Army Reserve soldiers. In fiscal year 2015 dollars, the Army would require approximately $137 billion per year to maintain this force.

In terms of a "moderate risk" force, we would require 1,045.2K soldiers, consisting of 490,000 Active component, 350,200 Army National Guard, and 205,000 U.S. Army Reserve. This would cost about $132 billion per year.

Finally, a "significant risk" Army would consist of 980,000 soldiers, including 450,000 Active component, 335 Army National Guard, and 195 U.S. Army Reserve. The cost to maintain this force would be about $125 billion per year.

The estimates include the following components: manpower costs (additional Active component, Army National Guard, and U.S. Army Reserve personnel including full-time support personnel for the Reserve component); modernization costs (additional procurement only for the units' associated equipment such as joint light tactical vehicles, radios, and night vision equipment); installation costs (incremental

base operations services costs for increases in supported populations and costs for surges in training activities); sustainment costs (incremental cost of depot maintenance for equipment associated with the additional structure), and compensation reform (these estimates also include significant compensation reforms that, if not enacted, would increase the costs by $4 to $5 billion per year).

Senator GRAHAM. What I want the committee to look at is in terms of our budget deficit, how much if we went to the high risk, could we remotely balance the budget? I think the amount of money involved is going to be within our power to gather if we could replace sequestration.

Now, about the A–10. The A–10 is being retired because you have to make hard choices budgetwise, is that correct?

General ODIERNO. That's what I believe. That's why I believe the Air Force is doing it.

Senator GRAHAM. The F–35 comes on line, if everything goes perfectly, in 2021, I believe; is that correct?

General ODIERNO. Around that time.

Senator GRAHAM. So for $3.5 billion we could keep the A–10 in the inventory for a few more years and wouldn't have a gap. Does that make sense?

General ODIERNO. I would just say it would allow us to keep the A–10 for that amount of money. That additional money would allow the Air Force to make a decision to keep the A–10, but that would be, obviously, up to them.

Senator GRAHAM. Do both of you still believe that military commanders should bear the responsibility for dealing with sexual harassment problems in the military?

General ODIERNO. Absolutely, Senator.

Mr. MCHUGH. Absolutely.

Senator GRAHAM. Mr. Secretary, do you think we're on the right track of getting a handle on this problem?

Mr. MCHUGH. I think as we look at the kinds of indicators that we normally use to track these reports particularly have grown significantly. We view that as positive. As an internal to that, a good number of those reports are for years where something happened before the soldier—usually a female but not always—even joined the military. That shows us they have increasing confidence.

We obviously have a long ways to go. None of us are ready to declare victory. The Chief and I focus on this every day. We had a meeting just last week, a rally in DOD to kick off Sexual Awareness Month, the month of April. In everything we do and say, including our published priorities, sexual assault and harassment is my number one priority. I know that everyone in the Army believes that and is working on it.

Senator GRAHAM. Thank you.

My time is up, but in 10 seconds, General Odierno, could you tell us what happens if we get Afghanistan wrong? If it falls apart, what's going to come our way?

General ODIERNO. As I said, I mentioned earlier, ungoverned territory or instability will allow those to exploit that, elements such as al Qaeda and others, which would then allow portions of Afghanistan and any other area that's ungoverned and not properly secure to threaten the United States. That remains a concern.

Chairman LEVIN. Thank you. Thank you, Senator Graham.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman, and thanks to the witnesses for this important testimony today.

I'm going to ask a question about the long-term stress on the Army of 13 years of war. We see these shooting incidents, two at Fort Hood, one at the Navy Yard, one in Virginia recently at Naval Station Norfolk. They pose some mental health challenges. They pose base security challenges. When we hear the testimony about sexual assault in the military, when we hear testimony about military suicides—General Amos was here a couple of weeks ago talking about instances where marines acted in disrespectful manners that he's having to deal with.

I view all these issues as connected to potentially—they're organizational stress issues. We've not had a war that's been 13 years of continuous warfare before. Talk to me about long-term stress of 13 years of war and the effect that you see in the Army and what we need to be doing to deal with that, please?

General ODIERNO. Thank you, Senator. Obviously, in the Army we've had 2.4 million deployments. Some are multiple deployments, but 2.4 million soldiers have deployed to Iraq and Afghanistan over the last 13 years. 500,000 of those have deployed multiple times. What that means is there is stress on the force, stress on families. There's stress on individuals. It's the first time we've done this with an All-Volunteer Force and we have to understand this.

This is one of the things—so what are we seeing? We're seeing increased alcoholism. We're seeing—we had an initial increase in divorce rates. That settled down. We're seeing an increase in those who have behavioral health issues that we have to help them with. That's the cost of this.

One of the things I don't talk a lot about when we talk about risk, though, is as we make it smaller, in the future if we have to deploy these forces, it's going to put a significant risk on them because of the pure numbers. That's one of my worries, and that's one of the risk calculations I make, is what's the impact this reduction has on a smaller force and what will be the impact on our leaders and our soldiers.

We don't talk a lot about the impact this has on our leaders. Our leaders are the ones who have multiple, multiple deployments and have the stress of leading, and they've handled it incredibly well. But they also have stress on them as well as we move forward. We have to consider all of this in the future. We have to have programs in place to deal with it. We have to make sure we understand this as we continue to develop the Army, and we have to consider that as we adjudicate risk for the future force.

Senator KAINE. In this time of really unprecedented, in the sense that we don't have a historical precedent of a 13-year war, unprecedented stress, we ought to be doing what we can to make it easier. But wouldn't you say sequestration, budget uncertainty, that's a pretty significant additional stressor on top of a stress that is already an unprecedented one?

General ODIERNO. I agree, Senator.

Senator KAINE. I just have to say, I don't know exactly the context under which Admiral Mullen made the statement that our debt was our largest national security threat. I just have to say I could not disagree more. I've done an awful lot of budgets as a

mayor and a governor. I understand surpluses, I understand deficits, I understand debt, I understand ratios of debt to GDP that are acceptable. We're a little on the high side by a couple of percentage points. It's completely within our control to deal with it.

The national security challenges we have, they're the most—debt that we can control doesn't match up to an Iranian nuclear threat. Debt that we can control doesn't match up to a North Korean nuclear threat. Debt that we can control doesn't match up to the proliferation and mutation of al Qaeda affiliates all over the world.

I think we need to get out of our head that debt is our biggest national security challenge and read the newspaper every morning.

It is my hope that working on the budget, working through the National Defense Authorization Act, that we'll be able to do in fiscal year 2016 and forward what we did in fiscal years 2014 and 2015. The President's budget only asks for partial sequester relief. The request—if we do what has been requested, everything that's been requested, we will have lifted half of the burden of sequester, actually slightly less than half of the burden of soldier, from the military. They will have absorbed more than half. I'm not sure I would have made such a reasonable request.

You're trying to meet us halfway. You're asking for us to give you half relief, essentially. It's my hope that we'll do that in fiscal year 2016 and out.

One question only, and that is—I've been asking this in all the posture hearings—talk to us about 1 year in, the integration of women fully into all MOSs, the work that's being done in the Army and how you're approaching that, and give us a 1-year status report? Thank you.

Mr. MCHUGH. Thank you, Senator. First of all, to this point, it's going very well. The Army has through DOD notified Congress of our intent right now to open up some 33,000 positions across the Army. It really does take a very broad-based perspective, broad-based approach to various jobs that women are interested in doing.

Even in our more challenging MOSs, the Sapper course, our combat engineers, they're attending the schools. They're doing extraordinarily well. In fact, over the last 3 years women have graduated at the same rate as men, a pretty remarkable statement as to the capabilities of these soldiers, both male and female.

Perhaps most important of all, we're going through a very methodical evaluation of our physical standards. People are in some quarters suggesting we're doing this to lower standards to help women into the ranks. That's simply not true. What we're trying to do, and we'd be doing it even if we were an all-male military, is trying to match required physical skills with those kinds of actions that you're expected to carry out in your particular job. We want every soldier to be postured for success and to have the physical as well as the mental capabilities to do the job that they're assigned to.

That is a very methodical process, led by our TRADOC. All of us would wish it would go further, but to do it right it needs to work its way out.

We have a full report due on this at the end of the year to the Secretary of Defense, who will in turn relay that report to all of

you. But from the Army perspective, including our Special Operations Forces units, our 160th Aviation, it's going very well.

Senator KAINE. Great. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Kaine.

Senator King has graciously yielded to Senator Hagan.

Senator HAGAN. Thank you. Thank you, Chairman Levin and Senator King.

I too want to express my deep concern, my heartfelt prayers and condolences, to what's taking place at Fort Hood now, and particularly to all the families and all the servicemembers, men and women, and families on that base. All of North Carolina is wishing those same thoughts and prayers.

I did want to make one statement on the 440th Airlift Wing. I am deeply concerned with an Air Force proposal that would remove all of the C–130s stationed at Pope Army Airfield at Fort Bragg, which would leave no aircraft at the home of the Airborne. The Airborne mission is probably the best example of the importance of joint operations and it's critical to ensure input from all stakeholders before significant decisions are made.

Secretary McHugh and General Odierno, I want you to know that I'm committed to ensuring the readiness of the 82nd Airborne, which is the heart of our global response force and our Special Operations Forces and our other units at Fort Bragg. We can chat about that later.

My first question I wanted to ask about is maintaining our technological superiority. In your written testimony, you stated that if sequestration persisted in 2016 and beyond it would not be until fiscal year 2020 to fiscal year 2023 that the Army would begin reinvesting in the modernization programs to upgrade aging fleets.

I chair the Emerging Threats and Capabilities Subcommittee of the Senate Armed Services Committee and to me, that is a real concern. Recently, I held a classified briefing with Under Secretary of Defense for Acquisition, Technology, and Logistics Frank Kendall III on military technology superiority.

Secretary McHugh and General Odierno, first thanks again for your service to our country. Thank you. To the extent that you can speak about this in an open session, what risk will the Army be assuming if you're forced to really degrade much of your modernization programs due to this long-term sequestration that we've all been talking about this morning?

Mr. MCHUGH. Thank you for reading the submitted document and for focusing on a very important passage. This is an area that we deeply concern ourselves about. It is one of the things, the very hard things, we had to do to ensure as best we can that, for the threats that arise today, we're as prepared as possible to send soldiers out into harm's way to meet them.

It is not the kind of cut that we would prefer to take, for the simple reason that, as you noted, Senator, the threats and the capabilities of our potential adversaries in the future are evolving very rapidly as well. Heretofore, very basic terrorist organizations are developing key capabilities. One of the great advantages that the U.S. Army has enjoyed, particularly over the last 13 years, was the best equipment, the most modern equipment. That didn't just happen.

We just don't go buy it at a box store. It has to be developed. Our S&T accounts have been severely hit and under sequestration would be a mere percentage of what we view as the rational investment level.

It will have a significant impact on our S&T national base that I know you're concerned about, but also clearly on the availability of the most modern equipment in that future battlefield, not when it arises, but where it arises.

Senator HAGAN. I'm also concerned about the talent that we need to have to be sure that we have the top talent. If we put this off years down the road, we're going to lose what I think would be an institutional capability that's not going to sit around and twiddle their thumbs.

Mr. MCHUGH. Exactly. We speak a lot about the industrial base, as we should, and we talk about highly skilled workers. It is absolutely the same kind of challenge in our research and development and S&T fields. These are obviously very highly-trained, very highly-educated, and in our case, thankfully very highly-skilled individuals, that will go find other things to do if we are unable to sustain them and give them work they find interesting and challenging and work that obviously will greatly benefit men and women in uniform.

Senator HAGAN. It really is a problem, because if you wait years down the road, the catch-up will be way too long to be competitive on the front end.

Mr. MCHUGH. You may be too late.

Senator HAGAN. I know that we just had one question on the new roles for women in the military. I understand that during the last year the Army opened approximately 6,000 positions in 26 different BCTs, select aviation specialties, and special operations aviation, and then approximately 3,600 field artillery positions. I also understand the Army anticipates opening an additional 33,000 previously closed positions during fiscal year 2014.

Can you expand on that? I know those are huge numbers and that's a big transition. Then, with these openings, how many combat-related positions are still closed to women, and how is the transition going?

General ODIERNO. Senator, thank you for the question. We are continuing to open up positions. As you just said, on January 17 through the Secretary of Defense, we informed Congress we opened up 33,000. Those are really occupations already open to women, but they are serving at different levels. For example, they're now able to serve in infantry battalions and armor battalions, and that's where all those positions are opening.

Senator HAGAN. Now they're getting credit for that.

General ODIERNO. Right, that's right. Yes, exactly.

So what we're doing now, the next step is we're now looking at—we're doing our physical demands study in TRADOC to move towards opening all positions to women. There's a couple of things we have done. We now have our first female soldiers that's completed training on our Multiple Launch Rocket Systems and they are now serving as platoon leaders in these jobs. That's a new opening.

We are doing our physical demands study that is looking at the rest of our artillery, armor, and infantry positions. That will help us as we go forward and report out in the end of 2015 to opening all of these positions, as we've been requested to by the legislation.

We're also conducting a significant integration study on how we would properly integrate them as we move forward. So what you'll see in the next year or so are the results starting to come out of these studies that we're doing. We just finished a fairly comprehensive test out at Fort Stewart in the Third Infantry Division, testing infantry skills and other things as we develop the standards. We had both women and men conducting those experiments.

I believe we have a comprehensive effort to gather the data which will enable us to make the right decisions moving forward. We anticipate that we will begin to open up more and more positions to women as we move forward.

Senator HAGAN. One question that arises when you're saying you're conducting these standards: Are the men already trained and the women are not? How are you looking at the actual training program?

General ODIERNO. Yes. It's a physical demands test, so it has nothing to do with training. It has to do with physical abilities. In other words, we're not accounting for can you do something quicker, faster. It really is about testing your physical abilities to do it. So level of capability does not play into it.

Senator HAGAN. Thank you, Mr. Chairman. Thank you, Senator King.

Chairman LEVIN. Thank you, Senator Hagan.

Senator King.

Senator KING. Thank you, Mr. Chairman.

I'd like to begin by making a modest suggestion. One of the advantages of being the last person in the line is that one gets to listen to all the other questions and comments. I've been coming to these hearings now for a year, almost a year and a half, and the word that's been used more often than any other single word is "sequester."

It occurred to me as I was listening to the questions on both sides of the aisle that are deeply concerned about the impact on sequester on the Army and on DOD, perhaps the Armed Services Committee could lead a bipartisan project to find a solution to our sequester and budget problem. It's a bipartisan group, well-respected group, and I think most importantly, we have, I think, a more intimate acquaintance with the real effects of sequester than perhaps any other committee. We have three members of the Senate Budget Committee on this committee.

I commend to you, Chairman Levin, the idea of convening us as a group to talk about the solution to sequester, because one of the frustrating things to me is that around here we often bemoan problems like sequester, but they don't seem to get resolved. We now have a little breathing space because of the BBA. But I'm just afraid if we just keep talking about it, we're not going to get anything done.

So, I make that suggestion to you.

Chairman LEVIN. I very much welcome that suggestion, as somebody who has spent a huge amount of my time recently, the last

couple of years, struggling with this issue and suggesting an alternative which so far has not achieved real mass in terms of support because it involves at least in part revenues to address the problem. So I'm very sympathetic to what you're saying and I will talk to ranking member Senator Inhofe about how we might see if there's enough interest on his side.

I've already talked to one of our colleagues, a Republican colleague on his side—I won't identify him because he should identify himself—who raised a very similar suggestion just this morning to what you have, that we as a committee and we as individual Senators are in a position, because we've seen the impacts and we see the looming impacts. By the way, we've seen the fiscal year 2015 impacts, but also the fiscal year 2016 impacts, where this sequester comes back in its full bloom, in its full lack of glory.

So we are in a position, as Senator King mentions, that perhaps, except for the Senate Budget Committee, no other committee, no other single committee, can see, because about half of the sequester falls on the military. No other committee is in that position. The rest of it, the non-defense discretionary, is divided up among the committees.

So I welcome the suggestion and I will talk to Senator Inhofe and see what he thinks, so that we might be able, either formally or informally, to get our committee members together and start noodling this very important issue.

Thank you.

Senator KING. Thank you, Mr. Chairman.

General Odierno, to go from the broadest to one of the more narrowest issues, the budget proposes a series of changes involving military pay raise, the base allowance, commissary subsidies, and TRICARE. The pressure here is going to be to wait. There's a commission on compensation that's supposed to report about a year from now. I know that everybody's going to say let's put off this discussion until that commission reports.

What's the down side of waiting?

General ODIERNO. It's our budget figures in fiscal year 2015 and beyond. Fiscal year 2015 is really, it's the savings that we garner from those proposals immediately. It probably impacts fiscal year 2015 more, because by the time fiscal year 2016 and fiscal year 2017 we supposedly would have some output from them. So we'd have to figure out how we make up for the reductions that we booked based on our recommendations for the changes in compensation if we had to wait.

I don't have the exact number of what it is in fiscal year 2015. So I'd have to tell you what that specific impact is based on the number. I know the number grows as it gets to the out years and it becomes more significant.

Senator KING. We had a Personnel Subcommittee of the Senate Armed Services Committee hearing and the number that we were given was $2.1 billion for year one and almost $30 billion over 5 years. I think that needs to be borne in mind, that every year that we put off those decisions we have to find that money somewhere else.

General ODIERNO. That's exactly right. The Army's portion of that is around 40 percent, because it's based on the number of personnel that you have.

Senator KING. General Odierno, by my count you've been a part of two previous military drawdowns, first in the 1970s following Vietnam and in the 1990s after the Cold War. What lessons do you take from those experiences at different phases of your career that could be applied to the current circumstance?

General ODIERNO. In the 1970s I was probably too young to understand what was going on and really have a grasp. But what I remember from the 1970s, as I talked about, was the hollowness of the Army that I came into, the lack of training, the lack of resources, the lack of ability for us to properly train our units to meet the missions that they had at the time. That was very clear to me.

We saw that change in the 1980s as investment increased inside the Army. It made a significant difference on morale. It made a significant difference on our abilities and our confidence. You could even argue that at some point along the way the American people had lost confidence in their military, which was rebuilt in the 1980s and 1990s.

What I learned in the 1990s is we took our personnel out so quickly it left significant holes in the force, that took us 10 to 15 years to recover from in terms of properly allocating and properly managing the downsizing. That was forced on it because of the amount of people we had to take down.

But the difference between those years and now was the sheer capacity. Back then we had almost a million-man Active Army in the 1990s, which was brought down initially to 750,000, and then 550,000. What happens is now that we're getting so small, each cut is significant, has significantly more impact on the ability, because we are really getting small enough now where it really means something, where in the past you could argue maybe it didn't.

To me, that's the biggest difference as we look forward to this. We have to make sure we're not hollow and we have to make sure we maintain the capacity so we have the ability to respond and deter.

Senator KING. A couple of brief observations and questions. Senator Kaine and I and Senator Levin and I were in the Middle East at different times over the last 6 months or so. One of the things we noticed was the very high value of our training and exchange programs with officers in other countries. I think that program, it's a relatively low-cost, high-return, because—I don't want to overstate it, but the respect and admiration and positive feelings of those officers for the United States after they had come here and had training here was palpable.

I think I'd like you to comment on the value you see of those programs.

General ODIERNO. Two things. One, it goes two ways. First, is the value of us sending our officers to foreign countries to train and the influence that they have, the influence they have as they interact, frankly, it helps them tremendously when they get to hear different viewpoints and how people view us. That helps us as we look at developing strategies and capabilities in the future.

Second, is when they send them here and what they gain by interacting with us on a daily basis. We are expanding that program in the Army. We have expanded the number of officers that come to our War College. We're expanding the number that we are sending to other countries. We've been very cognizant in that decision. For me, that's critical for us, especially as we operate in this very complex interrelated world that we have today.

Senator KING. That's a pretty low-cost program.

General ODIERNO. It's very low, it is. You get a lot for the money that you spend on it.

Senator KING. Just a final comment, again based on these trips and one that I took just a week ago that was on a naval vessel. You have amazing people. When I got back from the trip with Chairman Levin, my wife asked: "What was your overall impression?" We were in some pretty interesting areas, lots of experiences, lots of inputs. But my overall impression was the quality of people we have working for us, particularly the young people, who are working under difficult circumstances, many of them haven't had raises in a long time. They have to deal with the threats of furloughs.

I had exactly the same experience 2 weeks ago on this naval vessel. It was the enlisted men, the chiefs, and the officers, of course. But the young people that we have working for us who are patriotic and idealistic are fantastic. I often feel that we don't pay them as much respect as I think they deserve for what they're doing.

General ODIERNO. I'll just make one quick comment, Senator. That's why I still love to wear this uniform. It's because of them and what I see every day and the sacrifices they make and how dedicated they are. I try to tell everyone that there are times when people are worried about this generation. I'm not worried about this generation. We have great young men and women out there that dedicate themselves to a lot of different things, and that's what inspires me every day to continue to serve, sir.

Senator KING. I have to tell you that the experience that inspired me was to interview—was going through the process of the young people applying for the military academies back in Maine and seeing the quality of people that want to serve our country. It's reassuring for sure.

Gentlemen, thank you very much and thank you for your service.

Chairman LEVIN. Thank you very much, Senator King.

Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Secretary McHugh, General Odierno, I know you've had a very long morning and so I just have a brief question. But before I ask that, I just wanted to express my condolences to both of you, to everyone in the Army, over the tragedy at Fort Hood. I know that we all share in mourning the victims and offering condolences to their families.

I want to ask both of you about a hearing that I held yesterday in the Readiness and Management Support Subcommittee of the Senate Armed Services Committee, where Assistant Secretary of the Army for Installations, Energy, and Environment Ms. Katherine Hammack—we were discussing the whole issue of BRAC. She commented—and I'm going to paraphrase, but we have the quote

if you would like to see it. To paraphrase what she said, it's that if the Army, I assume DOD, can't get the authorization for BRAC in 2017, that you might go ahead and list some bases for closure in your budget request because of the concerns about the ability to continue to run those bases in the way that they should be run.

[The information referred to follows:]

> Assistant Sec. of the Army Kathryn Hammock.
>
> "If we don't get authorizations for BRAC 2017, you might see some bases listed in the budget request for 2016. Because at this point in time, I don't have the money to run the bases the way they should be run.
>
> And it is not appropriate due diligence on my part to continue in this manner. If I can't run the buildings appropriately, if I can't appropriately support soldiers then I am going to have to do something to ensure that I am not spreading an ever thin budget across a base that I can't afford."

Senator SHAHEEN. While I appreciate the budget constraints that DOD has at this time because of sequestration and certainly think we should do everything possible to roll back those automatic cuts, I found it troubling that the military would go forward without working in conjunction with Congress. I wonder if you could respond to that?

Mr. MCHUGH. Thank you, Senator. I obviously didn't get a chance to review personally Secretary Hammack's comments, but let me tell you the Army's view. Having gone through three base closure rounds as a Member of Congress, I understand how difficult they are. I also understand that the way in which we need to pursue that and the way in which we realize the most savings is working with Congress, particularly through a base closure process that is endorsed in law.

This Congress has provided us certain flexibilities to, short of a BRAC, make decisions on excess facility and excess structure shedding, and we'll certainly look at the authorities that Congress has provided us in law. But in terms of an actual base closure round, certainly in my view, my position, that will only occur should this Congress give us the authority to do that.

Senator SHAHEEN. Thank you. I very much appreciate that response. I know we're awaiting some information about the European infrastructure and what can be done there. I look forward to receiving that. But I very much appreciate your answer. Thank you.

Chairman LEVIN. Thank you very much, Senator Shaheen. Thank you for raising that subject. I had not heard of that comment until you just reported it.

I would just tell you, Mr. Secretary, that if our Army or any of the other Services propose something in the budget which is not compliant with the BRAC process, in other words front-running the BRAC process, it will be doubly difficult for the military, maybe triply difficult, to get a BRAC process going.

I supported the last BRAC process, by the way. I know how difficult it is to get a BRAC process. But it will set any possibility of such a process back many years if there's an effort to obviate the law. I think that's basically what you just told Senator Shaheen and I very much welcome that assurance as well.

I only have one additional quick question of you, General Odierno. You mentioned individual rights a number of times when it comes to the mental health counseling question. It's a sensitivity which we all would appreciate. But what do you mean by that? Is this the inability of a counselor, for instance, to talk to a commander about what a mental health counselor had heard from a soldier? Or is it something different?

General ODIERNO. It's partly that, but it's also, for example, if a soldier has mental health counseling at Fort Bragg, NC, and he moves to Fort Carson, CO, sometimes we have difficulty moving that information with them because of patient—Health Insurance Portability and Accountability Act (HIPPA), frankly. So that's the concern.

We are trying to develop systems that enable us to do some of that, but it is difficult.

Chairman LEVIN. Isn't that a matter of mental health records being interoperable? In other words, can't we shift mental health like medical records?

General ODIERNO. The issue is the medical records would be available to the physicians. I'm talking about commander's knowledge. So in other words, it's about the company commander at Fort Bragg knew this, but the company commander at Fort Carson does not know that this soldier had previous problems.

Mr. MCHUGH. We had a flavor of that with Major Nidal Hasan, in that the receiving commander was not aware of some of the disciplinary issues that he had, some of the academic issues that he had, that over time added to his challenges.

Part of the problem is HIPPA and who has access to what kind of medical records, behavioral health records. Part of it is our own regulatory process, and that it's the age-old culture of the military, not just the Army, that you're given a new start with every permanent change of station. We've made a lot of progress in making the relevant information aware and available to receiving commanders, but we still have some challenges on what we're allowed to do legally.

Chairman LEVIN. All right. Let us know if there's anything we should be doing in that area legislatively.

Apparently, we do not have any additional questions, I believe. We thank you very much.

Mr. MCHUGH. Senator, could I——

Chairman LEVIN. I'm sorry?

Mr. MCHUGH. I said my respects to Senator Chambliss. The Chief opened with his comments; I want to close. We will miss you deeply. I will miss you personally. You have been an amazing and inspiring leader. The people of your great State have been blessed and we have equally been blessed and the men and women of the Army have always appreciated and respected your leadership and your contributions. Thank you.

Chairman LEVIN. Thank you, Secretary McHugh. Thank you, General Odierno. Thank you both for your very personal accolades for me. It means a great deal to me to receive them from people of your quality and your character and your caliber and your leadership. We will treasure those comments from both of you.

I'm sorry. General?

General ODIERNO. I just want to clarify something, Senator, if I could.

Chairman LEVIN. Sure, just as long as it wasn't the accolade for me. [Laughter.]

General ODIERNO. No, it was not the accolade, no. I double that, sir.

It has to do with, I was asked several questions about risk and other things. I want to be very clear, as I was in the written statement, that I have defined risk very clearly. At 450,000, I've defined risk as significant in executing the DSG; and at 420,000 I have said we cannot implement the DSG. I want to make sure that's on the record because by the questions I was asked that might not have been as clear. But I'm not backing away from my written statement. I just wanted to clarify that for the record.

Chairman LEVIN. Thank you so much.

Now, there's a couple of things we've asked. One is, we'll ask the Secretary of Defense and the Veterans Affairs Secretary, and that's General Shinseki, about interoperability of medical records. Staff, please, if you can try to get a joint letter from myself and Senator Inhofe on that, it would be appreciated.

In terms of the restructuring of the Army aviation, you're going to get us the budget, the basis of your $12 billion Future Years Defense Program savings for that, so we can understand it.

I think with that, we will stand adjourned, with our thanks.

[Whereupon, at 12:45 p.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTION SUBMITTED BY SENATOR CARL LEVIN

MANAGEMENT OF RISK IN THE INDUSTRIAL BASE

1. Senator LEVIN. Secretary McHugh, the Army's ground vehicle fleet, including its M1 tanks and its M2 Bradley fighting vehicles, need to be upgraded, but these upgrades are not programmed to begin for several years. Vehicles returning from operations in Afghanistan are worn out and must be repaired, reset, and recapitalized. The Army has canceled the Ground Combat Vehicle (GCV) program. Truck production programs have been concluded earlier than originally planned, and upgrades of the current fleets will not be ready for a few years. This leaves only three new vehicle programs: the Joint Light Tactical Vehicle (JLTV), the Paladin self-propelled howitzer, and the M113 armored personnel carrier replacement, called the Armored Multi-Purpose Vehicle (AMPV). In light of all these delays, reductions, or terminations among the Army's ground vehicle programs, what steps are you taking to manage risk and preserve your critical and fragile industrial base?

Mr. MCHUGH. The Army, via A.T. Kearney, is currently working with industry to conduct a comprehensive combat vehicle portfolio industrial base study. This report, expected in the near-term, is assessing the commercial and organic combat vehicle industrial base and the related sustainment of critical skills and suppliers. The study is focused on the capacity, capability, and costs for the production and sustainment of the portfolio, including Marine Corps GCVs. The Army is also conducting a similar study to review the tactical wheeled vehicle portfolio. That study is designed to provide data that informs the forthcoming Army Tactical Wheeled Vehicle Strategy, scheduled for release during the first quarter of fiscal year 2015.

Aside from this continued monitoring of the industrial base, the Army has also taken certain active steps to mitigate impacts. These steps include, but are not lim-

ited to, mitigation through advocacy for Foreign Military Sales (FMS), extended and accelerated production in certain programs, and investment in key suppliers on a case-by-case basis. In addition, the Army extended the current production for Abrams tanks, including securing FMS in support of Saudi Arabia and Egypt. These efforts have kept production lines active in the vehicle industrial base; the Army submitted a fiscal year 2015 budget request to accelerate production of Engineering Change Proposals (ECP), allowing the Army to take advantage of incremental upgrades to capabilities while supporting the industrial base; to support a small number of identified high-risk, critical, and fragile suppliers, the Army made targeted investments in support of certain components used in Abrams transmissions, Bradley engines, and forward-looking infrared systems; and the Army is also evaluating options to utilize a $90 million fiscal year 2014 congressional add to sustain the industrial base.

QUESTIONS SUBMITTED BY SENATOR KAY HAGAN

GLOBAL RESPONSE FORCE

2. Senator HAGAN. Secretary McHugh and General Odierno, I am concerned about the effect that renewed sequestration could have on readiness. I was glad to see in your written testimony that units dedicated as part of the Global Response Force (GRF) would remain ready. The 82nd at Fort Bragg, NC, provides the nucleus of the GRF which assures rapid access anywhere on the globe. Could you speak to the role and importance that you see for the GRF in the future security environment?

Mr. MCHUGH and General ODIERNO. The GRF, which includes units at Fort Bragg and others across the United States, will continue to remain one of our highest resourcing priorities because it offers our national leadership a hedge against an uncertain world environment. The importance of the GRF only increases as the Army Active component reduces in size because fewer units will be available to respond to unforeseen crises, especially if we must revert to sequestration-level budgets and re-impose tiered readiness. The GRF is only an initial response capability. Any sustained contingency operation will require additional, trained, and ready forces to ensure success.

3. Senator HAGAN. Secretary McHugh and General Odierno, in an Airborne Joint Forcible Entry Operation, the Army obviously relies upon the Air Force to get them to the fight. How important is "Jointness" to this mission?

Mr. MCHUGH and General ODIERNO. The ability to conduct an Airborne Joint Forcible Entry Operation is one of the most critical and unique capabilities that the Army provides to the Nation. The GRF is a national asset, providing our leadership the ability to respond to crisis anywhere in the world within 18 hours of notification.

Airborne operations are inherently joint; the ability to employ our Airborne Infantry Brigade Combat Teams (BCT) is entirely dependent on the capacity and capability of the Air Force's tactical and strategic airlift fleet. Since World War II, the Army-Air Force team has conducted airborne operations in Korea, Vietnam, Grenada, Panama, Afghanistan, and Iraq. Airborne operations are extremely complex and the related skills are highly perishable. Consistent and sufficient readiness resources are essential to maintaining this vital capability.

4. Senator HAGAN. Secretary McHugh and General Odierno, what can be done to help foster this?

Mr. MCHUGH and General ODIERNO. Airborne operations are extremely complex and the related skills are highly perishable. The best way to foster jointness in airborne operations is by increasing training opportunities, which requires resources. Although airborne operations are inherently joint, in most cases the Army must reimburse the Air Force for fuel and other costs associated with the use of Air Force airlift platforms. However, resources must go well beyond maintaining minimum proficiency in airborne operations. The Army-Air Force team must train under realistic conditions away from home station. For example, Airborne BCTs not dedicated to the GRF mission will be regionally aligned.

If BCA budget caps remain unchanged, the impacts to our training resources will substantially degrade our Nation's ability to conduct Airborne Joint Forcible Entry Operations and to sustain airborne forces once inserted.

QUESTIONS SUBMITTED BY SENATOR KIRSTEN E. GILLIBRAND

CYBER

5. Senator GILLIBRAND. Secretary McHugh and General Odierno, I was recently named to the Board of Visitors of West Point and attended my first meeting last week. I am highly impressed by the Army Cyber Center headquartered at West Point, and the quality cyber education our cadets are receiving. However, I am concerned that there is no dedicated cyber military occupational specialty (MOS) and career path for a true cyber expert. Given the outside competition to pull these experts away from the Army at the end of their contracts, what is the Army doing to create a cyber career track for officers and enlisted personnel?

Mr. MCHUGH and General ODIERNO. The two branches currently providing the greatest numbers to the growing cyber workforce are the Military Intelligence and Signal Corps. Officers and enlisted personnel from these branches are being assigned and tracked, both within the current cyber mission force units as well as outside, through the application of skill identifiers. Additionally, the Army's Human Resources Command has established a personnel management cell responsible for the assignment and distribution of these key personnel in the cyber workforce.

We expect to establish a distinct cyber career field as early as 2015. We have been working toward this end for the past year. This work is important for several reasons. A distinct career field will help meet doctrinal/organizational requirements; it will establish cradle-to-grave cyber career paths for Army personnel; it will facilitate the tracking of trained personnel; and it will aid in preventing the loss of perishable skills.

6. Senator GILLIBRAND. Secretary McHugh and General Odierno, do you see a need for a cyber MOS, and if so, can you update me on where in the creation process is the cyber MOS, and if not, can you explain why not?

Mr. MCHUGH and General ODIERNO. Yes, we have made the decision to establish a distinct cyber career field. We expect it to be in place by 2015. As a bridging strategy, adjustments were made a few years ago to certain military intelligence and signal specialties that are being used to meet the immediate requirements until new cyber specialties are defined. Creating a new career field or MOS for Army personnel is a rightfully deliberate process. We are currently working on the Army doctrine that will underpin the functions, roles, and responsibilities of the Army's contribution to the greater Joint cyber mission force. This work will be inextricably linked to Joint doctrine and will also address the cyber capabilities at lower Army echelons and units required to secure and defend our networks and enable the network-enabled squad, platoon, company, and battalion. The development of this doctrine will also identify the number and type (officer, enlisted) of cyber specialties that need to be created to support cyber throughout our operating and generating forces.

7. Senator GILLIBRAND. Secretary McHugh and General Odierno, are there other areas within Army cyber for which you believe you need additional authorizations?

Mr. MCHUGH and General ODIERNO. The Army conducts cyberspace operations under Titles 10, 40, 44, and 50 of the U.S.C. These authorities were generally written prior to the advent of the Internet and the rapid growth in information technology. Today's cyber threat environment presents three critical issues: (1) the rapid appearance of threats and immediate impacts to our networks in cyberspace; (2) the growth in capabilities and capacity by numerous state and non-state actors who operate within cyberspace; and (3) the potential for adversaries to leverage cyberspace to cause significant damage to our networks and prevent us from ensuring the defense of the Nation. These cyber threat issues pose significant operational and policy challenges to Army cyberspace operations. The Army is working closely with various elements of the Department of Defense (DOD) to address these operational and policy challenges. We have not identified specific cyberspace operations issues that require additional legislative authority, but we will raise those issues through appropriate agency processes, should the need for specific legislation become apparent.

8. Senator GILLIBRAND. General Odierno, the National Commission on the Structure of the Air Force recently released their findings which highlighted the importance of the National Guard and Reserve in the U.S. cyber mission. Specifically, it noted that the Guard and Reserve were uniquely positioned, because of their part-time status, to attract and retain the best and the brightest in the cyber field. Additionally, the National Defense Authorization Act (NDAA) for Fiscal Year 2014 has directed DOD to look at the integration of the Guard in all its statuses into the

cyber workforce. I have long agreed with this assessment, and introduced the Cyber Warrior Act, which would establish National Guard cyber teams in each State to leverage this talent pool. Do you agree with this general assessment of the role of the Guard and Reserve in the cyber mission, and will you look closely at these recommendations to determine how they might apply to the Army, and specifically to how the Army might incorporate the Army National Guard and Army Reserve in the Army's cyber mission?

General ODIERNO. The Army's Reserve components are essential integrated elements of the Total Army approach to cyberspace. Headquarters Department of the Army, the Army National Guard, and the U.S. Army Reserve have developed a Total Army Reserve component cyber integration strategy that supports Joint and Army cyber requirements. The Army is currently employing existing Reserve component cyber capabilities while simultaneously working to build additional capacity and capability in the Army National Guard and U.S. Army Reserve. Reserve component cyber forces are supporting operations worldwide today, to include in Afghanistan. As we look to the Army's future force structure we realize our citizen-soldiers must continue to play an integral part in cyberspace missions. Total Army Analysis 2016 to 2020 includes approved resourcing of 429 and 400 spaces in the cyber force for the Army National Guard and U.S. Army Reserve, respectively. As the Army implements its plans for a Total Force approach to cyberspace operations, it will continue to assess and analyze missions and manpower in order to refine and better define those requirements for both the Active and Reserve components.

DEFENSE FINANCE AND ACCOUNTING SERVICES

9. Senator GILLIBRAND. Secretary McHugh, you and I previously spoke on the issue of Defense Finance and Accounting Services (DFAS) and a proposal that the Army is considering to restructure its financial enterprise in a way that would impact how the Army uses DFAS. The civilian employees currently working at DFAS sites like the one in Rome, NY, ensure the centralization, professionalism, and efficiency of DOD's accounting. I appreciate that my staff had the opportunity to be briefed last week about the process. I would like to follow up with you on a few points. Your team said yesterday that they do not expect significant impacts to the functions and responsibilities of the DFAS in Rome until January 2016. Do you foresee any significant changes to the work load of DFAS Rome after 2016?

Mr. MCHUGH. The Army fully intends to rely on the DFAS for future finance and accounting services. However, 13 years of war, the Army is expected to decrease its overall demand for DFAS services due to reductions in force structure and contingency operations. DFAS Rome provides services in contract pay, travel pay, and accounting, all of which will reduce as funding and requirements are reduced.

The Army completed full fielding of its General Fund enterprise resource planning (ERP) system, which standardizes business processes, creates efficiencies, improves effectiveness, and greatly enhances the Army's ability to achieve auditable financial statements.

As good stewards of American taxpayers' dollars, the Army and DOD are looking to improve processes through automation. Such efficiencies may reduce the Army's demand for DFAS services in the long-run, but are not targeted at any specific DFAS location. We are testing some of the Army's organizational changes through small pilot programs that should not have significant impact on DFAS. The Secretary of the Army, in consultation with the Secretary of Defense and with Congress, will review final recommendations that could cause changes to any DFAS location or revisions to the execution of processes, before implementation.

10. Senator GILLIBRAND. Secretary McHugh, do I have your commitment that any decisions about which roles would be transferred to the Army and which would be maintained with DFAS will be done in concert with the Office of the Secretary of Defense (OSD)?

Mr. MCHUGH. Yes, we will ensure any decisions are made in concert with OSD.

11. Senator GILLIBRAND. Secretary McHugh, do I have your commitment to continue to engage with my office throughout this whole process?

Mr. MCHUGH. Yes. We have briefed your staff on Army Financial Management Optimization and will continue to engage with them at appropriate times throughout our decisionmaking and implementation process.

12. Senator GILLIBRAND. Secretary McHugh, I believe that the recent case of Brigadier General Sinclair highlights many of the problems with the military justice system, including the sentence. You ultimately have the power to determine at what grade Sinclair will be retired. Do I have your commitment that you will give serious consideration to his retirement grade?

Mr. MCHUGH. Yes, I have this responsibility and take it seriously in all cases. I have referred Brigadier General Sinclair's retirement request to the Army Grade Determination Review Board for their review and recommendation. Upon receipt of the results of the Board, I will make the final decision on his retirement grade.

13. Senator GILLIBRAND. Secretary McHugh, I understand that unlike the other Services, sexual assault and harassment fall under the same program in the Army, but that you remain under the DOD directive that sexual harassment is an equal opportunity offense. I recently held a hearing that highlighted the links between sexual harassment and assault both in terms of the behaviors of predators and the results for survivors. Have you found combining the two to be an effective strategy, and are there challenges for you with the DOD directive?

Mr. MCHUGH. Yes, the Army is currently the only Service that incorporates sexual harassment as part of its sexual assault prevention and response program. Army research indicates that in approximately 30 percent of sexual assault cases, sexual harassment or similar behavior preceded the alleged sexual assaults. Furthermore, studies have shown that the attitudes and behaviors commonly associated with sexual harassment often create a climate where this type of inappropriate conduct leads to more egregious actions, including sexual assault.

In 2008, my predecessor, the former Secretary of the Army, Pete Geren III, approved the integration of Sexual Assault Prevention and Response, with civilian and Military Prevention of Sexual Harassment into the Sexual Harassment/Assault Response and Prevention (SHARP) Program. The creation of the SHARP Program brought with it two significant changes in the Army's approach toward eliminating sexual offenses. The first was a joint decision by the Secretary of the Army and the Chief of Staff of the Army, following recommendations from Army-level working groups, to change the Army's sexual assault prevention and response strategy. The decision resulted in a concerted effort to increase focus on prevention, offender misconduct, and accountability.

As a result, the Army decided to combine these programs and functions to focus on correcting behaviors associated with sexual harassment as a means to prevent sexual assault and further our efforts to achieve the cultural change required.

I believe the Army's strategy and programmatic approach is sound. Other research, including information cited in the DOD Sexual Assault Prevention Strategy (April 2014), confirms that a hostile work environment has an impact on the likelihood of sexual assault. Subject matter experts have determined that climates that are demeaning and objectifying to women increase the risk of sexual assault by 5 to 6 times.

The Army is continually examining, assessing, and integrating best practices. We've recently expanded our assessment efforts to fully evaluate the effectiveness of the SHARP Program as well as other SHARP initiatives the Army has instituted. The efficacy of the consolidation of sexual assault and sexual harassment is something we plan to address in the future. However, I anticipate the synergy created from combining the two programs will prove effective in addressing the negative attitudes and behaviors that lead to a culture conducive to sexual assault.

As for challenges with the DOD directive, the Army has not encountered any. DOD has been supportive of our initiative in combining sexual harassment/sexual assault and understands there is a strong correlation between the amount of sexual harassment in a unit and the rate of sexual assault within the unit.

14. Senator GILLIBRAND. Secretary McHugh, are there lessons learned that you can share relating to combining these two types of offenses into one program office?

Mr. MCHUGH. The most important lesson learned is the need to clearly articulate the roles and responsibilities in Army guidance/regulations earlier in the process. Although the program was combined in 2009, and we started working the consolidation of those two functions at the Department level, it wasn't until June 2012 that we were able to send implementation guidance to the field concerning the roles and responsibilities within the new SHARP Program. This guidance provided direction on placing full-time SHARP personnel at brigade or equivalent units as well as information on transferring all sexual assault cases and all formal sexual harassment complaints to the appropriate Brigade SARC/SHARP. We've implemented training

modules that include information on sexual harassment and provided instructions to commanders via the SHARP Guidebook. Currently, we're in the process of codifying the integration of sexual assault and sexual harassment in Army Regulation (AR) 600–20, Army Command Policy, which we're planning to publish before the end of this current fiscal year.

15. Senator GILLIBRAND. Secretary McHugh, last year the DOD Inspector General (DODIG) evaluated the handling of 501 sexual assault cases by Military Criminal Investigative Organizations (MCIO) and found that 56 had significant deficiencies. Of the 56 cases, 13 were Army Criminal Investigation Division (CID) investigations that were returned to CID for reconsideration. CID agreed to reopen 9 of the 13 cases. They declined to pursue additional investigative activity in the four remaining cases because they believed it would not alter the outcome of the case or a significant amount of time had elapsed since the incident, causing additional investigative activity to be useless. I am very concerned about bad investigations harming victims' confidence in the system. What measures has the Army's CID put in place to ensure the accuracy of these investigations and the proper investigation of all sexual assault cases?

Mr. MCHUGH. The U.S. Army CID is dedicated to providing the highest quality criminal investigations to assure justice for the victims it serves. Since the receipt of the DODIG report, CID has issued guidance to all of its field elements re-emphasizing the need to conduct timely and thorough sexual assault investigations, and highlighting the comments and recommendations provided by the DODIG report.

CID and the U.S. Army Military Police School (USAMPS) established the most robust and aggressive sexual assault-related training across DOD in 2005. Understanding the need to institutionalize the training, an 80-hour Special Victim Unit Investigator Course (SVUIC) was established in 2009. The course has since been fully accredited by the Federal Law Enforcement Training Accreditation Board. The course consists of nationally identified experts from around the United States composed of civilian detectives, civilian and military lawyers, civilian psychologists, and medical experts. The head instructor and proponent, Mr. Russell Strand, received the fiscal year 2012 Visionary Award from Ending Violence Against Women International. The course has supported training for sexual assault investigators and attorneys from all the Services and the Coast Guard. Through this course, CID has trained over 300, or 43 percent, of its field CID special agents since fiscal year 2010. A critical task selection board composed of highly qualified experts develops the curriculum and programs of instruction at USAMPS. The board re-evaluates each course every 3 years.

The SVUIC course has integrated the Forensic Experiential Trauma Interview (FETI). The FETI technique draws on best practices of child forensic interviews, trauma interviews, critical incident stress management, and motivational interview techniques, and combines them into a simple, three-pronged approach, unlocking the trauma experience in a way that is better understood. The FETI technique has been featured as a best practice by numerous national organizations, including the International Association of Chiefs of Police, Ending Violence Against Women International, Battered Women's Justice Project, and the New York State Police Academy. Additionally, the technique is being used by Department of Homeland Security criminal investigative agencies.

In order to enhance its investigative efforts, in 2009 CID hired 22 Special Victim Investigators and positioned them at 9 major installations; this year, CID is adding 8 more. The Special Agents-in-Charge in the field established a multidisciplinary approach to sexual assaults with the Special Victim Investigators, Special Victim Prosecutors, Victim Advocates, and medical staffs. CID has Forensic Science Officers, with Masters of Forensic Science degrees, at all CID battalions providing forensic guidance to the special agents. These capabilities are also used everywhere the Army is deployed. In an effort to ensure transparency and keep victims informed, CID mandated that agents brief victims on the status of the investigation at least once every 30 days.

Finally, CID has an intensive case review process and quality assurance program. This program incorporates an extensive Organizational Inspection Program requiring quarterly staff visits by the higher headquarters, and initial command inspections for all new commanders and special agents-in-charge. The Inspector General (IG) team conducts inspections for each battalion on a biannual schedule. The inspections are based on standards of thoroughness, timeliness, and timely reporting of the investigations. The IG also evaluates the effectiveness of the special victim teams and assesses CID's standing in the community, work with special victim prosecutors, and coordination with commanders. The deficiencies and systemic issues are documented and disseminated across the command and incorporated into unit

training plans to ensure that CID special agents receive the training necessary to address shortcomings.

16. Senator GILLIBRAND. Secretary McHugh, the evaluation also found that there were differences between the MCIOs' policies and gaps in all of their work. What is the Army doing to ensure that CID is using the best practice in investigating cases of sexual assault?

Mr. MCHUGH. The U.S. Army CID meets regularly with the Air Force Office of Special Investigations and the Naval Criminal Investigative Service (to include the Coast Guard) to discuss new policies, share best practices and evolving techniques, and address how to refine existing policies.

On April 23, 2013, CID published the Sexual Assault Investigation Handbook, which focuses on sexual assault investigations using the best practices established in training and through investigative experience. Because the handbook is a CID specific publication, updates are made in a timely manner. For example, CID handbook was recently revised to reflect information provided by the DODIG inspections, as well as recent training events. CID has provided the handbook to the other MCIOs. In August 2013, the U.S. Army Military Police School incorporated the sexual assault guidance, policies, and procedures into the Army Doctrine and Training Publication 3–39.12, titled "Law Enforcement Investigations."

CID special agents and instructors regularly attend training events focused specifically on sexual assault investigations, to include the International Association of Chiefs of Police annual conference, Crimes Against Women annual conference, and the Ending Violence Against Women International annual conference. CID agents use training events to develop and refine best practices, that are then implemented into the CID policies and training.

CID has also published 52 policies that updated or enhanced current sexual assault investigative practices. These policies guide the special agents throughout the investigative process from crime scene processing, identification, preservation, and collection of evidence to interviews of victims and interrogation of the subjects.

17. Senator GILLIBRAND. Secretary McHugh, in January 2013, the Government Accountability Office issued a report in which they found that "military health care providers do not have a consistent understanding of their responsibilities in caring for sexual assault victims who make restricted reports of sexual assault." These inconsistencies can put DOD's restricted reporting option at risk, undermine DOD's efforts to address sexual assault issues, and erode servicemembers' confidence. As a consequence, sexual assault victims who want to keep their case confidential may be reluctant to seek medical care. What is the Army doing to ensure that health care providers understand their responsibilities to protect the confidentiality of victims who file a restricted report of sexual assault?

Mr. MCHUGH. The Army takes very seriously the confidentiality of sexual assault victims filing a restricted report. The following measures are in place to ensure health care providers understand their responsibilities to protect the confidentiality of victims who file a restricted report of sexual assault:

a. In fiscal year 2013, the Army Medical Command Center and School (AMEDDC&S) reviewed and revised SHARP training in all entry-level officer and enlisted courses Program of Instruction. This serves as the entry-level training required by Army Regulation 600–20, Army Command Policy, and Army Medical Command (MEDCOM) Regulation 40–36, Medical Facility Management of Sexual Assault, and includes management of unrestricted versus restricted cases of sexual assault. All military providers are exposed to this information through this venue. The MEDCOM SHARP Program Office regularly reviews and updates this material with the AMEDDC&S. The MEDCOM civilian healthcare providers receive initial SHARP training during their new employee orientation.
b. All healthcare providers (military, civilian, and contractor) are annually required to take Sexual Assault Prevention/Response Training for Healthcare Providers, a Joint program under the Army Training Requirements and Resources System. Training compliance is tracked through the Digital Training Management System. This block of instruction thoroughly covers unrestricted versus restricted reporting medical case management.
c. In June 2013, all MEDCOM personnel met with their leaders through the Army mandated Leader Engagement. This small group, leader-led training allowed for additional review of care to victims of sexual assault and to discuss reporting options for sexual assault cases. It emphasized the importance of maintaining confidentiality of all sexual assault cases, but in particular, the nuances of a restricted case.

d. All healthcare personnel are required to complete annual Health Insurance Portability and Accountability Act (HIPAA) training. HIPAA guidelines require confidentiality of medical information regardless of whether the victim elects restricted or unrestricted reporting.
e. The MEDCOM SHARP Program Office and the Office of The Surgeon General Sexual Assault Work Group are working with the Defense Health Agency Psychological Health Council to ensure a tightly woven safety net for patients following sexual harassment/assault. One of the many products this Work Group is producing is algorithms for medical management of restricted versus unrestricted reporting. This illustration will assist providers who do not manage sexual assault cases on a regular basis to better understand the routing of patients, and allow enhanced management within Army Military Treatment Facility Sexual Assault Medical Management Offices.

COMBAT INTEGRATION

18. Senator GILLIBRAND. Secretary McHugh and General Odierno, this year the Army has been at the forefront of opening positions and opportunities to women. The Army appears to be following a rigorous, scientifically-based process for establishing gender neutral occupational standard and recent news releases have made this a generally open and transparent process. However, some details remain unknown. Could you describe in more detail the process and progress you are making in developing gender neutral occupational standards and the process you are going through at Fort Stewart to test them?

Mr. MCHUGH and General ODIERNO. The Army is conducting a physical demands study to develop valid, safe physical performance tests that can predict a soldier's ability to perform the physically demanding tasks of currently closed MOS. The study is a multi-phase study that is currently on track and scheduled to be complete by the end of fiscal year 2015.

Branch proponent subject matter experts, in coordination with the U.S. Army Research Institute of Environment Medicine (USARIEM), identified 31 tasks that are physically demanding and critical to occupational performance. These tasks were verified by 500 soldiers from 8 brigades across 5 installations. Human physiology is a critical aspect of physical performance assessment and USARIEM uses a full human use research protocol to measure and evaluate the physiological requirements (endurance, strength, power, agility) needed to complete all 31 occupational tasks to standard. Measurements were taken for the Combat Engineer Occupations at Fort Hood, TX, in August 2013, Field Artillery occupations at Fort Bliss, TX, in December 2013, and for Armor and Infantry occupations at Fort Stewart, GA, in March 2014.

In the next few months, we will develop task simulations that will effectively and efficiently measure performance by producing the same physiological demands as the actual physical tasks. In July 2014, we will select "candidate" predictive physical performance tasks for Combat Engineer occupations that will measure the performance of a large sample of soldiers to perform the simulations and predictive tests. Similar tests will be conducted for each subsequent occupation career field. Finally, we will select a battery of 5 to 7 predictive physical tests, evaluate the performance of the actual tasks, and compare it to the predictive test scores to validate test standards or adjust test standards, as needed. Once validated in a large sample over a sufficient time period, the predictive tests can be used for entrance into combat arms occupations.

19. Senator GILLIBRAND. Secretary McHugh, could you provide details on the social and cultural research you are conducting relative to your integration studies?

Mr. MCHUGH. The purpose of the Gender Integration Study is to examine the cultural and institutional factors affecting integration. As part of this effort, U.S. Army Training and Doctrine Command (TRADOC) is conducting a series of surveys, focus groups, and site visits with soldiers to gain insight into their views, concerns, and experiences regarding integration. Survey populations and focus groups include officers and enlisted soldiers across all cohorts and components, cadets from all accession populations, and soldiers from various units to include combat engineer, brigade modernization command, U.S. Army Sergeant Majors Academy, and 1st Brigade, 1st Armor Division; site visits include Process, Policy, and Programs staffs for all components and the Ranger Training Brigade.

The surveys are tailored to provide specific information to the study team regarding factors affecting integration. Such factors include, but are not limited to, perceptions and views of soldiers regarding integration; the levels of experience and inter-

action of male soldiers working with female soldiers; agreement/disagreement with common stereotypes; and concerns for/about fraternization, favoritism, discrimination, unit cohesion, and readiness.

Analysis of the various surveys, focus groups, and site visits continues and will be used to develop strategies for gender integration.

20. Senator GILLIBRAND. Secretary McHugh and General Odierno, the Army did a 100 percent stand-down training at multiple levels in preparation for the repeal of Don't Ask, Don't Tell (DADT), which by all measures was successful, but, to my knowledge, nothing similar is being done in preparation for women in combat specialties even though women are already being moved into combat units. Are you developing or have you developed gender-based training similar to the training provided to the force in preparation for the repeal of DADT that will ease integration of women into previously closed units and positions?

Mr. MCHUGH and General ODIERNO. Since women are already present in about 92 percent of all U.S. Army open occupations, the Army will focus on integrating the training units that will be specifically impacted. The Army requires all impacted units to conduct Equal Opportunity Refresher Course (EORC) and SHARP training. This training reinforces the Army's values of dignity and respect.

21. Senator GILLIBRAND. Secretary McHugh, is that training currently being provided?

Mr. MCHUGH. Yes, every time a position, unit, or occupation opens, the unit conducts the EORC and SHARP training.

22. Senator GILLIBRAND. Secretary McHugh and General Odierno, with the changes that come with combat integration, I am curious to hear whether changes must also be made to the Army's recruitment policies. Has the Army's Recruiting Command established tests to determine whether an individual qualifies for the mental and physical rigors of combat arms occupational specialties in addition to the cognitive analysis and aptitude test, and do you plan to do so?

Mr. MCHUGH and General ODIERNO. The Army has tasked the U.S. Army TRADOC to conduct a physical demands study in order to develop valid, safe, physical performance tests that can predict a soldier's ability to perform the physically demanding tasks of currently closed MOS. The performance tests will allow the Army to select soldiers, regardless of gender, who are capable of safely performing the physically demanding tasks of a specific occupation. Additionally, soldiers will be required to complete MOS-specific occupational training prior to being awarded the MOS. Once the occupational-specific performance tests are developed, the Army will determine when and where they will be implemented during the accession of new soldiers.

QUESTIONS SUBMITTED BY SENATOR SAXBY CHAMBLISS

ARMORED MULTI-PURPOSE VEHICLE

23. Senator CHAMBLISS. General Odierno, why has the Army adopted an acquisition strategy for the replacement of the 52-year-old M113 vehicle that delays full rate production (FRP) for 9 years and invests over $600 million through fiscal year 2021 in an Engineering, Manufacturing, and Development phase to produce only 29 prototype vehicles over 5 years when Stryker is an off-the-shelf solution that could go into immediate production for 4 of the 5 desired AMPV variants?

General ODIERNO. No existing off-the-shelf vehicle meets AMPV operational requirements. After an extensive Analysis of Alternatives (AoA) study which examined 115 candidate vehicles against those operational requirements, the Army determined that any existing vehicle would require design modifications to meets AMPV requirements. The study also determined that the Stryker does not currently meet the force protection requirements for all AMPV mission roles. Additionally, the analysis found that the Stryker, as currently designed, lacks sufficient off-road mobility to maneuver in the same operational environment as Armored Brigade Combat Team (ABCT) combat vehicles. Although the Stryker provides improved force protection against underbody threats, it lacks protection against direct fire and indirect fire threats. The Army's 360 degree force protection and mobility requirements are critical to the AMPV's role within the ABCT formation.

The AMPV acquisition strategy allows industry to make flexible design trades and propose AMPV solutions that meet the Army requirements. The Army is holding a

full and open competition to find the best value solution for the Army's needs, and has not specified or limited the competition to any vehicle platform.

The 29 prototype vehicles produced will support testing to ensure that the design proposed will provide the increased mobility and force protection required of the AMPV. The Army looks forward to a full and open competition among all vendors.

24. Senator CHAMBLISS. General Odierno, what analysis has the Army done to overturn its own conclusions set out in a 2008 AoAs that recommended a mixed fleet for the replacement of the M113 vehicles in the ABCT that was overwhelmingly weighted toward a Stryker solution, and which found that a mixed fleet based on mission provides the best equipment for the warfighter?

General ODIERNO. The 2008 Combat and Tactical Vehicle Strategy was a limited scope study following the M113 divestiture direction. The 2008 study briefly looked at several vehicles as potential replacement options and deemed the Stryker an acceptable, but not preferred, candidate vehicle. The Army conducted a more detailed AoA in 2011 to identify the most cost-effective solution that could provide the required capability for replacing the M113 while reducing technical, schedule, and cost risk. The AoA used discriminating characteristics and operational conditions, and identified five mission roles that the M113 vehicle performed within the ABCT: General Purpose, Medical Treatment, Mission Command, Medical Evacuation, and Mortar Carrier. The study then identified 115 vehicles, both foreign and domestic, that were viable candidates to fulfill the five mission roles. All candidates were evaluated against four screening categories: mission equipment package suitability, rough-order-of-magnitude average procurement unit cost, initial performance analysis on mobility, and initial performance analysis on protection attributes compared with the base M113. The study identified four candidates for further consideration: a turret-less Bradley Fighting Vehicle, a Mobile Tactical Vehicle Light with added force protection, the Caiman Multi-Terrain Vehicle, and a Stryker Double-V Hull. Additionally, the AoA informed the requirements process and validated the capabilities needed of the replacement system, which were further validated by the Joint Requirement Oversight Council in 2013.

25. Senator CHAMBLISS. General Odierno, why should funds be spent to upgrade the Bradley to just meet the AMPV requirement for protection against Improvised Explosive Devices (IED) when a Double-V Hull (DVH) Stryker has twice the IED protection of the AMPV requirement and six times lower operating costs?

General ODIERNO. The Army is not directing an upgrade to the Bradley as the solution to meeting the AMPV requirements. The current effort for upgrading the Bradley's under belly protection is an ongoing effort to support the Bradley Family of Vehicles and our warfighters operating in those systems. The Bradley will be maintained as the principle Infantry Fighting Vehicle for the near future with the cancellation of the GCV program and the additional protection measures will support the ABCT's mission. The AMPV Request for Proposals (RFP) provides for full and open competition to find the best value solution for the Army's needs.

26. Senator CHAMBLISS. General Odierno, Bradley is a 33-year-old design that entered service in 1981. By the time the Army waits 9 years for FRP to begin, the design will be 42-years-old, and by the end of the production run for all 2,900 AMPV vehicles 10 years later, the Bradley design will be 52-years-old—the same age as the obsolete M113 is now. How does the Army justify not leveraging the most modern vehicle and the largest component of its combat vehicle fleet, the Stryker?

General ODIERNO. The Army has not specified any vehicle, either Bradley or Stryker, as the basis for AMPV designs in the pending solicitation. The AMPV acquisition strategy allows industry to make flexible design trades and propose AMPV solutions that meet the Army's requirements. The Army is holding a full and open competition to find the best value solution for the Army's needs, and has not specified or limited the competition to any specific platform or vehicle.

Moreover, relevant combat vehicles in the force today have been recapitalized and modernized periodically to incorporate state-of-the-art design features. Accordingly, current vehicles such as the Bradley and Abrams cannot be compared to versions used in the year they were introduced.

No vehicle exists today that could immediately enter FRP and meet the AMPV requirements. The Army came to this conclusion after an extensive AoA study that examined 115 candidate vehicles. The study determined that the Stryker DVH does not currently meet the force protection requirements for all AMPV mission roles. Additionally, the analysis determined that the Stryker DVH as currently designed lacks sufficient off-road mobility to maneuver in the same operational environment as ABCT combat vehicles. The study also concluded that although the Stryker DVH

provides improved force protection against underbody threats, it currently lacks protection against direct fire and indirect fire threats. The Army's 360 degree force protection and mobility requirements are critical to the AMPV's role within the ABCT formation. The Army looks forward to a full and open competition among all vendors.

27. Senator CHAMBLISS. General Odierno, I understand the Stryker could be in FRP almost immediately based on existing, combat-proven designs. Does the Army believe the best strategy for the warfighter is to wait 19 years for the M113 to be replaced with a Bradley variant that offers half the IED protection of a DVH Stryker?

General ODIERNO. The acquisition strategy and current schedule projects the first unit equipped to occur in 7 years/fiscal year 2021 assuming no further delays in the program.

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QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

GROUND VEHICLES

28. Senator GRAHAM. General Odierno, how would a 1- to 3-year delay impact the Army's acquisition plan for the AMPV as currently structured?

General ODIERNO. A 1- to 3-year delay in the AMPV RFP would put the larger combat vehicle portfolio investment plan and alignment at risk, delay initial fielding of the AMPV until at least fiscal year 2022 to fiscal year 2024, and delay replacements of the M113s, to include vehicles used at the echelons above brigade.

Any delay in the AMPV program would have negative impacts on the combat vehicle industrial base and would ripple through the combat vehicle portfolio affecting suppliers at all tiers. As the AMPV program commences, it would disrupt the production and development plans of Abrams, Stryker, and Bradley as funds previously allocated for these programs would have to be redirected to support the AMPV program.

Operationally, a 1- to 3-year delay would leave soldiers with inadequate M113 platforms, which provide much lower levels of mobility, survivability, force protection, and networking capability than the AMPV will provide. The M113 lacks the adequate space, weight, power, and cooling (SWaP–C) capabilities necessary to accept the Army's inbound network, reducing the commander's ability to maneuver and communicate across the full width and depth of the battlefield.

29. Senator GRAHAM. General Odierno, how would an AMPV delay impact the Army and its soldiers who could potentially be deployed in Vietnam-era M113s on the battlefield?

General ODIERNO. The M113 family of vehicles has inadequate survivability and force protection, and it lacks the SWaP–C to incorporate future technologies and the Army's forthcoming communications network. The M113 no longer provides commanders with viable capabilities to maneuver across the full breadth of the battlefield. The limited protection provided by the current M113s is not sufficient to keep our soldiers safe. If additions were made to the M113 platform to meet the protection requirements then the vehicle would lack the power and mobility to accomplish its mission in the ABCT formation. The M113 family of vehicles was terminated in

2007. Since then, there has been an ongoing effort to replace them. Any delay to the AMPV program would increase the risk to soldiers deploying in support of future conflicts.

30. Senator GRAHAM. General Odierno, which vehicle is your number one priority for combat vehicle modernization?

General ODIERNO. A new Infantry Fighting Vehicle remains the Army's number one combat vehicle modernization priority. However, due to significant fiscal constraints, the Army will conclude the GCV program upon completion of the technology demonstration phase, expected in June 2014. Instead, the Army is focusing its efforts on refining concepts, requirements, and key technologies in support of a future Infantry Fighting Vehicle. This includes investment in vehicle components, subsystem prototypes, and technology demonstrators. In the future, we anticipate initiating a new combat vehicle program informed by these efforts, as resources become available.

Within today's fiscal environment, the AMPV has emerged as the Army's major combat vehicle modernization program. The AMPV will replace the Army's aging and operationally obsolete M113 Family of Vehicles to fill critical capability gaps within the ABCT. The M113 Family of Vehicles lacks adequate survivability, force protection, and mobility to remain a force multiplier within our armored formations. Additionally, the M113 lacks the SWaP–C capacity to incorporate the future technologies and inbound network capability upgrades required by commanders to maneuver across the full breadth of the battlefield. The AMPV program is on budget and schedule, and will deliver a significant and necessary upgrade to the ABCT.

QUESTIONS SUBMITTED BY SENATOR TED CRUZ

AWARDING PURPLE HEART TO FORT HOOD VICTIMS

31. Senator CRUZ. Secretary McHugh, section 565 of the NDAA for Fiscal Year 2014 requires you to review the terrorist attacks committed by Nidal Hasan at Fort Hood in 2009 in order to finally award the Purple Heart to the dead and wounded that earned this award in the terrorist attack on a military installation nearly 5 years ago. The families of the victims and Congress were told that no award of the Purple Heart was possible as Mr. Hasan's trial was ongoing. The trial is now over. Hasan has been dishonorably discharged and no longer retains his military rank. In fact, he said: "I was on the wrong side of America's war, and I later switched sides." You have the guilty verdict from the trial, and you have the very clear authorization language from the NDAA. The families of the victims have suffered enough. Can you please tell me, and more importantly the families and the wounded who are still with us, that the award for the Purple Heart is forthcoming, and when will it be awarded?

Mr. MCHUGH. The Army is currently reviewing the eligibility for and award of the Purple Heart to victims of the tragic shootings at the Recruiting Station in Little Rock, AR, and at Fort Hood, TX, in accordance with section 565 of the NDAA for Fiscal Year 2014. Section 565 specifically states the Secretary of the Army shall assess whether the members who were killed or wounded was a "result of an act of an enemy of the United States."

As we review the cases and investigations, as well as the reports and reviews of these shootings, we will determine if the incidents may be characterized as either "international terrorist attacks" or "acts of an enemy of the United States." Previous reviews of available information indicate that the attacks were the result of criminal acts of individuals, and that, regardless of the perpetrators' characterization of their own actions, they were neither "international terrorist attacks" nor the acts of "an enemy of the United States" as those terms are defined in U.S. law.

We are currently reviewing all of the Purple Heart award criteria to determine if the victims of the attacks meet any of the current eligibility criteria and the results of this review will be presented to Congress later this summer.

PROPOSED CUTS TO BRIGADE COMBAT TEAMS

32. Senator CRUZ. General Odierno, the Army's budget proposes that we cut six BCTs by 2019. This is an astounding amount of land combat power that you are saying we must eliminate. I am greatly troubled by these proposed cuts and am not convinced that other less painful measures have not been taken first. For example, the Army's own press release states that the Army is going to spend $7 billion on renewable energy projects. This is in addition to the Air Force spending money on

windmills in areas that don't have wind and the Navy buying algae fuel. During a Senate Armed Services Committee hearing last month with Secretary of Defense Hagel, he said these projects may be luxuries in light of the current budget. Do you agree, and if so, why?

General ODIERNO. The $7 billion figure refers to the total contract capacity of the Army Renewable Energy Multiple Award Task Order Contract (MATOC), not a commitment to buy $7 billion of renewable energy. The power purchased through the MATOC will be funded through the existing Army utility account over a term of up to 30 years, requiring no additional appropriated dollars or diversion from other accounts. In addition, this contract capacity is available for use by all of the Military Services.

The Army now spends over $1 billion annually on utility bills for our installations. During the next 30 years, absent efficiency gains and/or lower cost energy, it is projected that the Army's total utility bill will be in excess of $40 billion. The Army's plan is to reallocate a portion of this amount to fund renewable energy projects on our installations. These projects are executed in concert with the private sector, which provides engineering and technical expertise along with capital funds to cover the costs of construction.

Awards under the MATOC were made to a total of 48 companies, including 20 small businesses. The award recipients that are qualified through this process will be able to compete for future renewable energy projects issued as task orders under the MATOC. MATOC projects issued as task orders will be owned, operated, and maintained by the selected task order contractors, not the Army.

The Army Energy Initiatives Task Force currently has over 265 megawatts of renewable energy projects in the acquisition or construction phase, utilizing different procurement vehicles, all of which are expected to avoid future utility costs. These projects will be priced at or below projected conventional grid parity. Savings are in the form of avoided future costs or stabilization of dramatically escalating energy costs. Some projects will provide total installation energy requirements from on-site generation. Others will provide energy in emergency situations, making our installations' platforms for resiliency either to project military power or respond to domestic emergencies. These and future investments in renewable energy will add to, not detract from, Army readiness.

33. Senator CRUZ. General Odierno, should the Army cancel those $7 billion in renewable energy projects and try to recoup some of those savings for Army BCTs?

General ODIERNO. Funding for renewable energy projects under the $7 billion Army Renewable Energy MATOC will come from future utility bills, not additional appropriated dollars or diversion from other accounts. Canceling the MATOC will not result in savings as the Army must continue to pay its utility bills. The $7 billion figure refers to the total contract capacity of the MATOC, not a commitment to buy $7 billion of renewable energy. The power purchased through the MATOC will be funded through the existing Army utility account over a term of up to 30 years. Additionally, this contract capacity is available for use by all of the Military Services.

NATIONAL GUARD

34. Senator CRUZ. General Odierno, last month Secretary of Defense Hagel stated with respect to the National Guard versus Active Duty Army, that increasing or protecting the Guard from cuts is not reasonable stating that, "we must prioritize readiness, capability, and agility." Setting aside readiness and agility—do you agree with Secretary Hagel in his statement last month that National Guard and Reserve units are truly less capable than their Active Duty counterparts, and if so, why, and can you also please explain that comment?

General ODIERNO. Secretary Hagel made it clear during his March 4 testimony before this committee that he does not believe the Guard and Reserve aren't capable, but they have different responsibilities that we need to balance. The Army has relied on the Reserve component as an integral partner over the last 13 years in support of worldwide contingency operations and they have met all assigned mission requirements. However, there are certain capabilities that are better suited for the Active component and others that are better suited for the Reserve component. In general, organizations that are large and complex, such as ABCTs, are easier and cheaper to sustain at high levels of readiness if in the Active component. Units that are smaller, less complex, and primarily composed of soldiers with skills easily sustained in civilian employment, such as transportation companies or certain construction engineer units, are far more cost effective in the Reserve component. Readiness,

capability, and agility are all critical to the success of the both the Reserve component and the Active component.

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

TUESDAY, APRIL 8, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

ARMY ACTIVE AND RESERVE FORCE MIX

The committee met, pursuant to notice, at 9:34 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, Nelson, Udall, Manchin, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, Inhofe, McCain, Sessions, Chambliss, Wicker, Ayotte, Fischer, Graham, Vitter, Blunt, Lee, and Cruz.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. The committee welcomes General Raymond T. Odierno, USA, Chief of Staff of the Army; General Frank J. Grass, ARNG, Chief of the National Guard Bureau; and Lieutenant General Jeffrey W. Talley, USAR, Chief of the Army Reserve and the Commanding General of the U.S. Army Reserve Command. Gentlemen, thank you for your service and thank you for joining us today for this very important hearing on the Army's size and structure.

For more than a decade, the men and women of the Active Army, the Army National Guard, and the U.S. Army Reserve, have shared the burden of the wars in Iraq and Afghanistan. They have all done what we have asked and more, and demonstrated great professionalism and dedication even after repeated deployments.

All three components grew during the decade-plus of war in Iraq and Afghanistan. Now, with the end of the war in Iraq and the reduction of our presence and our role in Afghanistan, it is understandable that our Services will shrink somewhat. Because of the difficult choices imposed by budget caps and sequestration, reduction in end strength and force structure will be faster and deeper than many expected. In developing a plan to address the budget caps, the Army faces the unenviable task of generating the needed savings while minimizing military risk.

The Department of Defense's (DOD) fiscal year 2015 budget request proposes end strength reductions through fiscal year 2017

that would leave the Nation with an Active Army of 450,000, or 20 percent less from its wartime high of 569,000. It would leave the Nation with an Army National Guard of 335,000, or 6 percent less than its wartime high of 354,000; and the Army Reserve at 195,000, or 10 percent less than its high of 205,000. But these end strength numbers assume that the defense budget caps will be increased by $115 billion for the fiscal years 2016 through 2019.

If the budget caps for those years remain unchanged, the Army will be required to cut even deeper, reducing the Active Army to 420,000, the National Guard to 315,000, and the U.S. Army Reserve to 185,000 by fiscal year 2019. The Active Army would then be required to divest 680 aircraft, or 23 percent of its aviation structure, and inactivate up to 13 of its remaining 37 brigade combat teams (BCT), while the National Guard would lose 111 aircraft, or 8 percent of its aviation force structure, and inactivate up to 6 of its remaining 28 BCTs.

General Odierno testified last week that at those levels the Army would not be able to meet the requirements of our defense strategy and that, "this will call into question our ability to execute even one prolonged, multi-phased major contingency operation."

Earlier this year, most of our Governors signed a letter to the President in which they opposed any cuts to the Army National Guard in fiscal year 2015 and through the balance of the Future Years Defense Program (FYDP). They also asked that all of the National Guard's current operational capabilities, as well as its current end strength of 350,000, be preserved without change. Many of us would also like to be able to avoid cuts to the defense budget, not only to the National Guard, but also to Active-Duty Force structure, to military compensation and benefits, to training and readiness, and equipment modernization. Unfortunately, the budget situation does not offer us that option. We have many difficult choices ahead of us.

For instance, the Army proposes to save $12 billion by restructuring its aviation assets. This proposal would consolidate the Army's Apache attack aircraft in the Active component by taking Apache attack aircraft out of the National Guard and transferring Black Hawk helicopters to the National Guard instead.

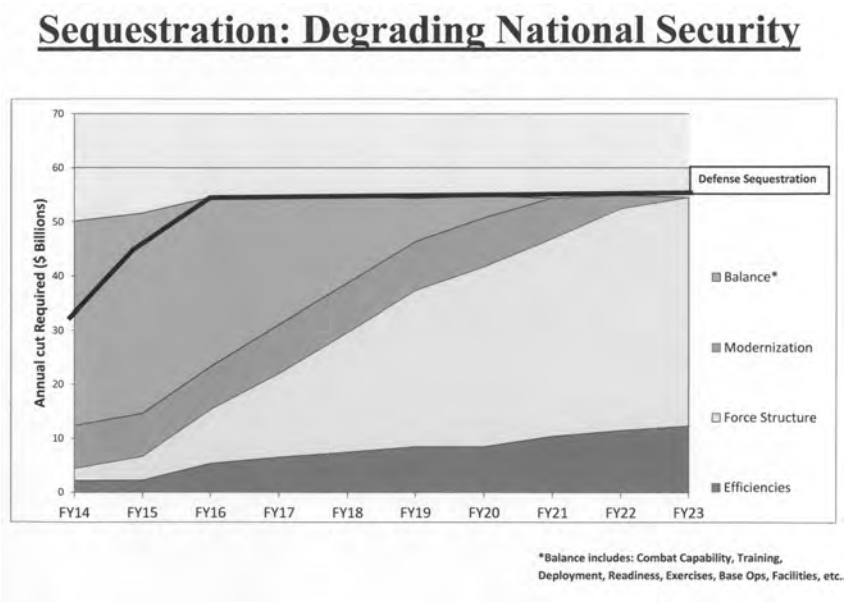
I look forward to the testimony of our witnesses on that subject on how the components of the Army will resize, restructure, and reorganize to make the reductions required by the budget caps now in law, and the impact that these changes would have on our ability to meet our national defense strategy.

Again, our committee is grateful to the Services and to each of your component contributions to our Nation.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. Would you put the charts up on both sides?

[The chart referred to follows:]



Senator INHOFE. I'd like to remind everyone why we're here today. We're talking about the yellow force structure wedge. The yellow wedge in there, that's end strength, and I think we're all familiar with this. Each member has a copy of this chart up here. That's significant because it shows the year and the amount of cuts.

If you look down below you'll see efficiencies and all that. A lot of times people think that through efficiencies we can accomplish these goals. You can see by this chart that you can't do that.

I was going to cover the force mix. I agree with the chairman's comments on this and I think you covered it very well.

These cuts come at a time where we're confronting a more dangerous and volatile world. In fact, the threats we face are outpacing our ability to deter and confront them as a result of the massive cuts associated with sequestration. General Odierno, you testified last week that 450,000 Active soldiers, the number of Active soldiers we will have by the end of fiscal year 2017, define the risk as significant in executing the Defense Strategic Guidance (DSG). If the Army goes to sequestration levels of 420,000 Active soldiers, the Army will not be able to implement the DSG.

At the heart of the Total Army force mix issue is the Army's proposal to restructure its aviation assets. While everyone is focused on the mix of Apaches in the Army and Reserve, the budget request also divests the entire fleet of Kiowa Warrior armed scout helicopters and the TH–67 training helicopters, and transfers 111 modern UH–60L helicopters from the Active to the Reserve component. Black Hawks became available because the Army cut three active combat aviation brigades in the budget request, so you don't need, theoretically, that many.

I want to hear all these arguments played out today. We need to understand the impact of taking our Army down below the pre-September 11, 2001, level. I am very concerned that we are sacrificing too much capability at a time when we should be increasing our current structure and capabilities in these uncertain times.

As I noted in the Army posture hearing last week, we have been wrong in the past when it comes to assumptions regarding the size of our ground forces and the capabilities required to protect this country. We're poised to repeat this same mistake. I recalled when we had the Secretary of the Army here that the Secretary and I used to sit next to each other on the House Armed Services Committee and can remember testimony back in 1994 that in 10 more years we would no longer need ground troops. We were sure wrong then. I think we're wrong today.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

General Odierno, welcome.

STATEMENT OF GEN RAYMOND T. ODIERNO, USA, CHIEF OF STAFF OF THE ARMY

General ODIERNO. Thank you, Mr. Chairman and Ranking Member Inhofe. Before I start, I just want to let the committee know that as soon as we're done with the hearing I'll be traveling to Fort Hood to visit with the soldiers, families, commanders, and wounded, and will attend the memorial service tomorrow. Things continue to progress there. I'm satisfied that, as we continue to investigate and look at this, if we had not implemented some of the lessons learned in 2009, the tragedy could have been much worse than it was. However, we still have much to learn about what happened, why, and what we have to do in terms of our mental health screening and assessments, as well as taking care of our soldiers. The Army is committed to thoroughly understanding what we must do and the actions we must take, and we look forward to reporting out to you what we have found as we continue and conclude our investigations at Fort Hood.

Mr. Chairman, I'm truly humbled to lead the extraordinary men and women of our Army, who volunteer to raise their right hand and serve our country. As a division, corps, and theater commander for over 5 years in Iraq, I've personally led and seen the tremendous sacrifice the soldiers from the Active Army, Army National Guard, and U.S. Army Reserve have made for our Nation.

As the Chief of Staff, my focus is on ensuring all soldiers from all components are properly trained, equipped, and ready. Over the last 13 years, the Army has met the call to defend the Nation during two wars. From 2001 to 2011, the Army's budget nearly doubled as we restructured, modularized, and modernized the entire force, especially our National Guard and U.S. Army Reserve. We needed our National Guard and the U.S. Army Reserve to serve as an operational reserve. We optimized the Army for the known demands of Afghanistan and Iraq and our emphasis was on gaining predictability for our deploying units.

With the war in Iraq over, and as we continue to reduce our commitment in Afghanistan, we must confront our difficult fiscal environment. We must make tough but necessary choices. We must en-

sure we have the best Army possible, even under full sequestration. In developing a total Army solution for the future, the Secretary of Defense directed the Army to not size for large, prolonged stability operations. Furthermore, we were not to retain force structure at the expense of readiness, and to develop balanced budgets that permitted the restoration of desired levels of readiness and modernization by the end of the sequestration period.

The Secretary of the Army and I provided additional guidance to fulfill the needs of our component commanders first, and then to disproportionally reduce our Active Forces while implementing modest reductions in our Guard and Reserve Forces. The Army and the Office of the Secretary of Defense (OSD) conducted a transparent, open, and highly collaborative budget formulation, force structure, and aviation restructure decision process that included representatives from all components at every level. Additionally, experts and analysts within DOD assessed all proposals for their viability, ensuring the Army could meet its defense strategy requirements.

Finally, numerous meetings of the Joint Chiefs and combatant commanders examined these proposals before a final decision was made by the Secretary of Defense. The result is a balanced approach that gives us the best Army possible, even if sequestration continues in fiscal year 2016. The plan calls for end strength reductions of 213,000 soldiers, with a disproportionate cut of 150,000 coming from the Active Army, 43,000 from the Army National Guard, and 20,000 from the Army Reserve. These reductions to the Active Army represent 70 percent of the total end strength reductions, compared with 20 percent from the National Guard and 10 percent from the U.S. Army Reserve.

We could reduce up to 46 percent of the BCTs from the Active Army and up to 22 percent of the BCTs from the National Guard. This will result in an Army going from a 51 percent Active and 49 percent Reserve component to a 54 percent Reserve and a 46 percent Active component mix. The Army will be the only Service in which the Reserve component outnumbers the Active component, and we believe under these fiscal constraints it's appropriate.

The Aviation Restructure Initiative (ARI) allows us to eliminate obsolete air frames, sustain a modernized fleet, reduce sustainment costs, and efficiently organize ourselves to meet our operational commitments and imperatives. Disproportionate reductions come from the Active component aviation. We will inactivate and eliminate three complete combat aviation brigades from the Active component. We will move all LUH–72s from the Active component to Fort Rucker in order to train pilots across all three components. In the National Guard we'll maintain 10 aviation brigades. We will move Apaches to the Active component while increasing the fleet of UH–60s by sending 111 of the most modern Black Hawk helicopters to the National Guard. The National Guard will also retain all of its LUH–72s and CH–47s.

In the end, the Active component will be reduced by 686 aircraft, which is 86 percent of the total reduction. The National Guard will be reduced by 111 aircraft, which is 14 percent of the total reduction. ARI will result in better and more capable formations which are able to respond to contingencies at home and abroad.

My goal remains to sustain the National Guard and U.S. Army Reserve as an operational reserve. To accomplish this, we must take moderate reductions to overall end strength in order to invest in appropriate training and sustainment levels. Combat Training Center (CTC) rotations and maintaining more modern equipment is expensive. We need to have the resources to fund collective training and to sustain equipment modernization. By taking the modest end strength reductions to the National Guard and Reserve, we can continue to retain them at the current record-high levels of readiness and modernization.

Finally, let me address the calls for a national commission to examine Army force structure and why we believe that such a commission is unnecessary. First, the Army worked our plans to downsize the force and reduce spending levels in an open, transparent, and collaborative manner that has been approved by the combatant commanders, the Joint Chiefs of Staff, the Office of the Secretary of the Army, and the Secretary of Defense following months of deliberation and analysis.

Second, the Army continues to provide Congress with our intent, rationale, and proposed plan for the total Army.

Third, our plan disproportionately reduces Active Forces over National Guard and Reserve Forces. With our current and future budget levels, cuts will happen. Our proposal adequately balances the importance of readiness, responsiveness, operational requirements, future requirements, and cost, while providing the most effective and efficient force for the budget allocated.

No one is fully satisfied with the final outcome, including myself. However, the reality is that the funding in the future will not allow us to have everything we may want. These cuts will still occur even if we delay our decisions or fail to address the issue as a total Army. The results will be a hollowing out of our Army. Our soldiers will be less prepared and this will cost more lives in the next conflict.

Our Army is made up of professionals who have superbly executed their assigned missions under extraordinary circumstances. This Total Force plan reflects the continued commitment and sacrifice of soldiers from every component of our Army. This is not about Active versus National Guard or U.S. Army Reserve. This is about providing the best total Army for our Nation.

Our Army is getting smaller. We must be more ready in all three components to respond to future threats. This plan allows us to balance end strength, readiness, and modernization across the Army and sustain our critical National Guard and U.S. Army Reserve Forces as viable operational reserves.

Thank you, Mr. Chairman, and thank you to the entire committee for allowing me to testify. I look forward to your questions.

[The prepared statement of General Odierno follows:]

PREPARED STATEMENT BY GEN RAYMOND T. ODIERNO, USA

Chairman Levin, Ranking Member Inhofe, and other distinguished members of the committee, thank you for the opportunity to speak with you about the total force policy for our Army.

Let me begin by thanking each member of the committee for your support and commitment to the soldiers, civilians, families, veterans, and wounded warriors of our Army, particularly while we remain at war and with the specter of great fiscal

challenges and strategic uncertainty. The Nation's investment in your Army over the past decade has been decisive in ensuring the success of American soldiers on the battlefield and achieving our national security objectives.

INTRODUCTION

Despite declining resources, the demand for Army forces continues to increase. More than 70,000 soldiers are deployed today and about 85,000 soldiers are forward stationed in nearly 150 countries including nearly 20,000 on the Korean Peninsula. Our soldiers, civilians, and family members continue to serve with the competence, commitment, and character that our great Nation deserves. I am truly humbled to lead the extraordinary men and women of our Army who volunteer to raise their right hand and serve our country. As a division, corps, and theater commander for over 5 years in Iraq and now as the Chief of Staff, I know full well the tremendous sacrifice the soldiers from the Active Army, Army National Guard, and U.S. Army Reserve have made for our Nation.

STRATEGIC ENVIRONMENT

Throughout our Nation's history, the United States has grown the Army to fulfill the expanded demands of war and then drawn down military forces at the close of every war. Today, however, we are in the process of rapidly drawing down Army forces before the war is over. As we consider the future size and organization of our Army, it is imperative we consider the world as it exists, not as one we wish it to be. The recent headlines alone—Russia's unlawful annexation of Crimea, the intractable Syrian civil war, missile launches by North Korea—just to name a few, remind us of the complexity and uncertainty inherent in the international security environment. It demands that we make prudent decisions about the future capability and capacity that we need within our Army. Therefore, we must ensure our Army has the ability to rapidly respond to conduct the entire range of military operations, from humanitarian assistance and stability operations to general war.

ADAPTING THE ARMY FOR WAR

The Army over the last 13 years has met the call to defend the Nation during two wars. In support of our war efforts, the Army's budget nearly doubled as we restructured, modularized, and modernized the entire force, especially our National Guard and Reserve. To meet our combatant commanders' operational requirements, we grew the Active Army from 480,000 to 570,000 soldiers and the Army National Guard from 350,000 to 358,000 soldiers. We also significantly increased the full-time support of our National Guard from 45,555 to 59,270 personnel (30 percent) and our Reserve from 19,278 to 24,672 personnel (28 percent). We increased these full-time support personnel to facilitate building and sustaining the unit readiness required to meet the rotational demands. We needed the National Guard and Reserves to be more ready and to serve as an operational reserve. We built the structure (1st Army) that enabled the rotational mobilization, training, and deployment of our Guard and Reserve Forces. We optimized the Army for the known demands of Afghanistan and Iraq. Our emphasis was on predictability and rotational readiness. We equipped and modernized the Reserve component to match their Active component counterparts. We included the National Guard combat formations in our Army Force Generation process to include Combat Training Center (CTC) rotations. From 2001 to 2011, the Army budget grew from $79 billion to $138 billion (74 percent). We increased the National Guard budget from $6.9 billion to $16.1 billion (132 percent) and the Reserve budget from $4.7 billion to $8.2 billion (73.8 percent) to address shortfalls in individual and unit training, medical and dental readiness, and other areas that were inhibiting our achieving and sustaining desired readiness levels. Additionally, the overseas contingency operations funding received during this time period also facilitated the Army in meeting the increased demands of the two theaters of war.

DEVELOPING A TOTAL ARMY FORCE POLICY

The war in Iraq is over and we continue to significantly reduce our forces in Afghanistan. However, we remain in a period of great strategic uncertainty and fiscal ambiguity. Over the past 4 years, the Army has absorbed several budget reductions while simultaneously conducting operations overseas and rebalancing the force to the wider array of missions called for in the defense strategy. From fiscal year 2012 to fiscal year 2021, the Department of Defense (DOD) will take approximately $900 billion in reductions with the Army share of those reductions being approximately

$265 billion.[1] Given that personnel constitute about half of the Army's budget, reductions in end strength and force structure are unavoidable. Our goal remains to properly balance end strength, readiness and modernization across our Total Army. To achieve these levels of spending reductions while still fulfilling the strategic demands for a ready and modern Army, an integrated Total Army approach was required.

SECRETARY OF DEFENSE GUIDANCE

In developing our plan to size and shape the Total Army, we first took guidance from our civilian leadership. DOD directed the Army to not size for large, prolonged stability operations. For the Army, this equates to taking risk in our depth and endurance characterized by later arriving forces, notably our large Guard combat formations—divisions, brigade combat teams (BCT), field artillery brigades, and aviation brigades. As we began building our fiscal year 2015 budget, the Secretary of Defense specifically directed the Services to not retain force structure at the expense of readiness to avoid a hollow force. The Secretary recognized that immediately reducing Defense budgets as a result of sequestration-level funding would adversely affect readiness and modernization in the next 4–5 years, but Services were directed to develop balanced budgets that permitted the restoration of desired levels of readiness and modernization by fiscal year 2021.

SECRETARY OF THE ARMY AND CHIEF OF STAFF GUIDANCE

The Secretary of the Army and I provided additional guidance to first focus on fulfilling the needs of our combatant commanders to the greatest extent possible within reduced resource levels. Specifically, we directed that we disproportionately reduce our full-time forces as low as we responsibly could first and then consider modest reductions in our Guard and Reserve Forces to achieve balance among and within the components in terms of end strength, readiness, and modernization.

FORCE PLANNING PROCESS

The Army and the Office of the Secretary of Defense conducted a transparent, open, and highly collaborative budget formulation, force structure, and aviation restructure decision process that included representation of all components at all levels and incorporated elements of their input. Additionally, the National Guard Bureau represented the views of the Adjutants General in all deliberations and at the request of the National Guard Bureau, Army leadership engaged State Adjutants General on the budget, force structure, and aviation restructure plans on numerous occasions beginning in August 2013.

The 2013 Strategic Choices and Management Review, the 2014 Quadrennial Defense Review and fiscal year 2015 Program Budget Review gave us the opportunity to take a hard look at how best to size and organize our Army. We considered the unique attributes, characteristics, and complementary nature of the three components. This Total Army plan establishes the structural conditions to ensure our National Guard forces meet State responsibilities while ensuring we have adequate Active Forces to meet ongoing operational demands that require presence, forward stationing and in some cases no notice deployments. All components are necessary and this plan allows both the National Guard and U.S. Army Reserve to continue to provide relevant forces to implement the defense strategy domestically and overseas.

All proposals were examined during the process. Many were infeasible because they did not faithfully adhere to Secretary of Defense guidance, failed to meet the operational demands of our combatant commanders, or did not achieve the necessary funding reductions once fully burdened costs were incorporated. Our Army is made up of professionals across all components who have superbly executed their assigned missions under extraordinary circumstances. This plan reflects the continued commitment and sacrifice of soldiers from every component of our Army. No one is fully satisfied with the final outcome, including myself. However, the reality is that the funding in the future will not allow us to have everything we may want. We must make tough but necessary choices in order to balance end strength, readiness, and modernization across the Total Army so that all of our soldiers, regardless of component, can accomplish their missions.

[1] Consistent with the funding caps specified in the Budget Control Act of 2011, the fiscal year 2013 budget proposed $487 billion in DOD funding reductions over 10 years, of which the Army's share was an estimated $170 billion. In addition, sequestration was triggered in 2013, forcing an additional $37 billion reduction in fiscal year 2013 and threatening a further total reduction in DOD funding of approximately $375 billion through fiscal year 2021, with the Army's portion estimated at $95 billion.

END STRENGTH

Our goal in executing reductions has been to maintain the proper balance between end strength, readiness, and modernization across the Total Army. We cannot hollow out the Army by becoming over-manned and unprepared for future contingencies. We are reducing end strength as rapidly as possible, while still meeting our operational commitments, to concentrate remaining funds on rebuilding readiness. However, to do this we must accept greater risk in our modernization programs in the near term. Therefore, consistent with the defense guidance, we are in the process of drawing down end strength. By the end of fiscal year 2015, we will reduce the Active Army from a wartime high of 570,000 to 490,000, the Army National Guard from 358,200 to 350,200, and the Army Reserve from 205,000 to 202,000 soldiers.

But with sequestration-level caps in fiscal year 2016 and beyond, the Army will be required to further reduce Total Army end strength to 420,000 in the Active Army, 315,000 in the Army National Guard, and 185,000 in the Army Reserve by the end of fiscal year 2019. At these end strength levels, we will not be able to execute the defense strategy. It will call into question our ability to execute even one prolonged, multi-phased major contingency operation. Our Army will not have sufficient capacity to meet ongoing operational commitments and simultaneously train to sustain appropriate readiness levels.

This would be a total reduction of 213,000 soldiers since 2011, with 150,000 coming from the Active Army, 43,000 coming from the Army National Guard and 20,000 from the Army Reserve. These end strength reductions to the Active Army represent 70 percent of the Total Army end strength reductions compared with 20 percent from the National Guard and 10 percent from the U.S. Army Reserve. As we are executing the reductions from the war time end strength gains from the Active Army, this plan will retain approximately 53,000 full time support positions in the National Guard in order to facilitate support for future operations. This represents approximately 8,000 full time support positions above pre-war levels. Our Total Army plan will also result in going from a 51 percent Active and 49 percent Reserve component mix in fiscal year 2012 to a 54 percent Reserve and 46 percent Active component mix by the end of fiscal year 2017. The Army will be the only Service in which the Reserve component outnumbers the Active component.

The President's fiscal year 2015 budget request provides a balanced and responsible way forward in the midst of ongoing fiscal uncertainty. It allows the Army to reduce and reorganize forces, but incurs some risk to equipment modernization programs and readiness. Under the fiscal year 2015 budget request, the Army will decrease end strength through fiscal year 2017 to a Total Army of 440–450,000 in the Active Army, 335,000 in the Army National Guard, and 195,000 in the Army Reserve. This should be the absolute floor for end strength reductions. In order to execute the defense strategy, it is important to note that as we continue to lose end strength our flexibility deteriorates as does our ability to react to a strategic surprise. Our assumptions about the duration and size of future conflicts, allied contributions, and the need to conduct post-conflict stability operations are optimistic. If these assumptions are wrong, our risk grows significantly.

These cuts will be particularly felt by our generating force that mans, trains, and equips our Army. We do not scale the generating force with the operating force in order to have capability to grow the Army in a time of war. It currently comprises about 18 percent of the Army, far below the ratio of the other Services. At a 440–450,000 end strength in the Active Force, the Army will be at risk to meet our generating force requirements by having to reduce to historically low manning levels of 83,000.

We believe that the Total Army plan balances the reductions appropriately across all components and achieves balance, even at the lowest estimated sequestration levels. This will ensure that we have the resources necessary to continue to train and maintain the Army and to have a force that we can still modernize effectively for the future.

BRIGADE COMBAT TEAMS RESTRUCTURE

We have undertaken a comprehensive reorganization of Army units to better align force structure with limited resources and increase unit capability. Reorganization of the current operational force of Active Army Infantry, Armored, and Stryker BCT from 38 to 32 reduces tooth to tail ratio and increases the operational capability of the remaining BCTs. All Active Army and Army National Guard BCTs will gain additional engineer and fires capability, capitalizing on the inherent strength in combined arms formations.

Previous budget cuts coupled with sequestration-level funding could result in a reduction of up to 46 percent of the BCTs from the Active Army and up to 22 percent of the BCTs from the National Guard. Most of our contingency plans call for our forces being ready and deployed within 90 days to meet requirements. If we are forced to reduce to the lowest BCT levels under the current law caps, the available inventory of ready units will not meet the requirements. This would cause our national leaders to have to make the decision of either not providing needed forces to our combatant commanders or deploying unready, not fully manned BCTs with limited logistical support. Both increase the risk to mission success and our American soldiers. Thus, our ability to maintain the appropriate number, mix, and types of BCTs across the Total Army is essential.

AVIATION RESTRUCTURE INITIATIVE

We cannot afford to maintain our current aviation structure and still sustain modernization while providing trained and ready Aviation units across all three components. Therefore, we have conducted a comprehensive review of our strategy and developed an innovative concept to restructure our aviation fleet to address these issues. We considered operational commitments, readiness levels, future requirements and costs. Army leadership listened carefully to National Guard concerns over this plan, especially the desire of the National Guard to maintain aviation brigades. The Aviation Restructure Initiative (ARI) allows us to eliminate obsolete airframes, sustain a modernized fleet, reduce sustainment costs while maintaining all aviation brigades in the Reserve component. However, we will eliminate three full aviation brigades in the Active component.

The ARI is a cascading transition of Aircraft across the Total Army. It begins as we divest the Army's oldest or non deployable helicopters, the fleet of OH–58A/C, Kiowa Warriors, and TH–67s. We have not been successful in developing and fielding a new armed aerial scout aircraft for over 2 decades. For more than 2 decades, our interim solution has been the OH–58D Kiowa Warrior. It has served us well but to keep it flying safely for another decade will require a significant investment of billions of dollars. Investing that sort of money in an aging platform simply does not make sense, if we have an option.

Next, we will replace the OH–58Ds in the Active component with AH–64 Apaches already in the Active Force and with Apaches in the National Guard. In our analysis of alternatives, we compared the Kiowa Warrior to other available aircraft, and determined that the AH–64 "E" Apache helicopter with the Modern Target Acquisition and Designation System and teamed with unmanned aerial systems (UAS) is the overwhelming preferred aircraft in the armed aerial scout role. Teaming the AH–64E with UAS further expands our aerial scout capabilities. The "Echoes" can control the flight of the UAS and their sensors, and if armed, their weapons as well. Adding this new dimension to Army aviation is a significant increase in capability, but it also increases the training requirements of the "Echo" aviators as they are now controlling multiple aircraft and passing data and commands between them and with troops in contact on the ground, all while piloting their own aircraft, often at night and in dangerous terrain and weather. This teaming has already started in combat operations in Afghanistan with considerable success due to highly skilled aviators and ample unit training. Without using the Apaches to fulfill both our attack and armed aerial scout roles, we cannot generate the capacity required to fulfill combatant commander operational demand at our current Active component/Reserve component force mix. This plan allows us to facilitate the necessary collective training for this high demand, low density aircraft, especially as we reduce our Apache shooting battalions from 37 to 20 in order to facilitate them in the armed aerial scout role.

The Apaches removed from the National Guard will be replaced with our modernized UH–60L and they will continue to receive UH–60M Blackhawks as part of already scheduled modernization efforts. By retiring the Kiowas and Kiowa Warriors and consolidating the Apaches in the Active Army to increase our total operational capacity, we will displace over 150 Blackhawk medium lift helicopters. The Active Army in turn will transfer 111 Blackhawk helicopters to the Army National Guard and 48 Blackhawk helicopters to the U.S. Army Reserve. These UH–60 Blackhawks will significantly improve National Guard capabilities to support combat missions and increase support to civil authorities, such as disaster response, while sustaining security and support capabilities to civil authorities in the states and territories.

Finally, the Army will transfer nearly all Active Army LUH–72 Lakota helicopters to the U.S. Army Aviation Center of Excellence at Fort Rucker, Alabama, and procure an additional 100 LUH–72 Lakotas to round out the training fleet. These airframes will replace the TH–67 Jet Ranger helicopter fleet as the next generation

glass cockpit, dual engine training helicopter. Army and DOD leadership listened carefully to National Guard concerns over their need to retain LUH–72s to accomplish state missions. At current funding levels, this plan will enable the Army National Guard to retain all of its LUH–72 aircraft.

Under this plan, the disproportionate reductions, as in end strength, come from the Active component. Eighty-six percent of the total reduction of aircraft (687 of 798) will come out of the Active component compared with 14 percent of aircraft (111 of 798) from the Guard and Reserve components. The Active Army's overall helicopter fleet will decline by about 23 percent, and the Army National Guard's fleet of helicopters will decline by approximately 8 percent. We have already made the decision to eliminate three entire aviation brigades from the Active component while we sustain all our aviation brigades in the Reserve components. The National Guard will also retain all LUH–72s, CH–47s and gain additional UH60s to accomplish state missions while giving up their AH–64s in order for the Army to meet critical mission requirements.

The resulting Active and Reserve component aviation force mix as a result of the ARI will result in better and more capable formations which are able to respond to contingencies at home and abroad. With this proposal, we achieve a leaner, more efficient, and capable force that balances operational capability and flexibility across the Total Army. Overall, we believe this plan will generate a total savings of about $12 billion.[2]

READINESS AND TRAINING

Our Army must be able to rapidly deploy, fight, sustain itself, and win against complex state and non-state threats in austere environments and rugged terrain. Readiness levels are determined primarily by the need to support requirements as given by our combatant commanders and our overall budget authorities to train, man, equip, and sustain Army units. Also, various statutes and regulations proscribe our ability to access, mobilize, train, deploy, employ, off-ramp, and cycle our Guard and Reserve Forces. We focus our highest readiness on those units that most likely will be the earliest deployers during a crisis response. These units are not solely Active forces. Numerous National Guard and Reserve units, especially critical enablers, are part of this mix. Additionally, in determining readiness levels we must keep in balance the need for National Guard Forces to respond in a crisis and execute their State responsibilities.

Our training levels for the various components are directly related to desired readiness levels. Home Station Training along with culminating events at CTCs are the primary tool the Army uses to reach necessary collective training levels for our units. A typical Active BCT will conduct a CTC rotation every 2 years and reach brigade level proficiency at the end of that training. They will have the ability to rapidly respond to crisis. A National Guard BCT will conduct a CTC rotation every 7–10 years with the goal of reaching company level proficiency. However, they will require additional training and preparation prior to any deployment.

The duration of this additional training for National Guard BCTs is dependent on several factors, including pre-mobilization readiness and complexity of the assigned mission. Experience shows us that high end war fighting capabilities require greater collective training to achieve combat proficiency. Due to the geographic dispersion of most National Guard BCTs and coupled with limited opportunity for collective-level combined arms training, they require greater post-mobilization collective training time to reach necessary deployment readiness levels. This process also substantially increases their overall cost compared to an Active BCT.

For our aviation brigades, the requirement to conduct reconnaissance and surveillance and air ground integration requires sustained collective training that is much greater than just maintaining individual pilot or crew proficiency. The collective training between manned and unmanned systems along with coordination with ground forces in order to deliver accurate and effective fires is critical as we build our combined arms capabilities.

As overall end strength declines, the necessity to sustain readiness becomes a greater imperative. This will also result in increasing demand for our Guard and Reserve Forces. Maintaining them as a strategic reserve is not practical in the current security environment. Combatant commanders' requirements to help shape their theaters are growing, especially in the Asia-Pacific region, so it is highly likely that operational unit readiness will be fully consumed and dwell times will be significantly reduced. We have already suffered in our overall readiness because of reduced funding under sequestration in fiscal year 2013. In order to ensure all compo-

[2] See Attachment on Aviation Restructure Initiative savings estimate.

nents have the necessary dollars to fund training and sustain readiness, it is critical to balance end strength and force structure reductions across the Total Army.

MODERNIZATION

Currently, our Guard and Reserve are the most modernized in the history of our Army. Over the last decade, the Army has improved the Equipment On Hand and equipment modernization levels for both the Army National Guard and the Army Reserve. Overall equipment on hand levels have improved significantly as a result of increased congressional funding and a focused effort by the Army to increase the modernization of the Reserve components. More importantly, the equipment provided to the Army National Guard and the Army Reserve has been the same modern equipment provided to the Active component, resulting in significant increases in modernization to 86 percent for the Army National Guard and 76 percent for the Army Reserve. Our modernization efforts will continue to emphasize improving operational capability, flexibility, and modernization across all components to ensure a ready and capable Total Army. However, more modern equipment is more expensive to maintain. If we are unable to balance our reductions in end strength and force structure across all components, the result will be an inability to sustain that modern equipment effectively and to obtain the capabilities needed for future operations.

NATIONAL COMMISSION ON THE STRUCTURE OF THE ARMY

There have been some calls for a National Commission to examine Army force structure. They point to a similar commission for the Air Force that looked at their structure and mix of forces between their Active, National Guard, and Reserve. We do not recommend a commission and believe it will hinder the Army's ability to balance end strength, readiness, and modernization as we downsize the force and fulfill congressional direction to reduce spending.

First, as stated earlier, the Army worked our plans to downsize the force and reduce spending levels in an open, transparent, and collaborative manner. Action officers, general officers, and senior civilian leadership from the National Guard Bureau, Office of the Chief of Army Reserve, Office of the Secretary of Defense, Joint Staff and combatant commands participated in the analysis and deliberations. Numerous meetings of the Joint Chiefs addressed these issues. Opposing views and proposals were thoroughly debated in these meetings. Additionally, experts and analysts within DOD assessed all options for their viability in ensuring the Army could meet its defense strategy requirements. All of these conversations and analysis were considered before the final decision was made by the Secretary of Defense.

Second, the Army continues to be open and transparent in providing Congress with our intent, rationale, and proposed plan for the Total Army. We have and continue to explain our plan in person to Governors and Adjutant Generals. We have and continue to explain our plan in person to Governors and Adjutant Generals. While no one is excited about losing any assets, Governors especially understand that fiscal constraints require common sense solutions.

Third, our plan disproportionately reduces Active ground and aviation forces, and includes modest reductions to our National Guard and Reserve. National Guard and Reserves must be a part of the reductions and excluding them will mean increasing reductions in the Active and Reserve component, readiness, and modernization, thereby increasing the risk to the Army's ability to implement the defense strategy. We remain committed to working closely with Members of Congress on this issue, but believe a commission will impede the Army's ability to carry out its mission.

CLOSING

We have taken the overwhelming majority of reductions in this plan from the Active component. We know the importance of all three components and this plan is not about Active versus the National Guard or Reserve; this is about providing the best Total Army for our Nation. Our Army is getting smaller and we must be more ready in the Active, the National Guard, and U.S. Army Reserve to respond to future threats. This proposal allows us to balance end strength, readiness and modernization for all of our components and sustain our valuable Guard and Reserve Forces as a viable operational reserve.

Regardless of component—Active, Guard, or Reserve—our soldiers have served honorably with distinction and have fought bravely and tenaciously on battlefields to defend our country. Their service and sacrifice is something we must never forget. Therefore, it is incumbent on us to ensure they are organized, trained, and equipped to answer the Nation's call at home and abroad whenever and wherever they are

needed. Our recommendation delivers the best Total Army that will allow them to do just that.

Attachment – Aviation Restructure Initiative Savings Estimate

The Aviation Restructure Initiative savings have two parts: procurement savings and annual operating cost savings

Procurement Savings: The Army will save the taxpayers over $12B by not buying the following:

- $3.3B for OH-58D Cockpit and Sensor Upgrade Program (CASUP)
- $7B for OH-58D Service Life Extension Program (SLEP)
- $200M for TH-67 Service Life Extension Program (SLEP)
- $1.4B for a new training aircraft at Fort Rucker to replace the TH-67

These procurement costs are driven by two key parts of the initiative: 1) Using the AH-64E Apache to replace the Scout mission instead of extending the life of the OH-58D or procuring a new Armed Aerial Scout; and 2) Using an already existing platform, the LUH-72 as the new training aircraft at Fort Rucker instead of extending the life of the current fleet while we design and build a new trainer

Annual Operating Cost Savings: The Army will save the taxpayers over $1.1B every year by reducing the number of helicopters and pilots by 23% in the Active Army and 8% in the Army National Guard

- The Active Army will move 100 LUH to Fort Rucker, saving significant funds through consolidation, while at the same time, the Army National Guard will not lose any LUH – 100% of the savings from the Active Component
- The Active Army reduce by 3 Aviation Brigades (from 13 to 10), a nearly 25% reduction in operating costs, while the Army National Guard will retain all 8 Aviation Brigades – 100% of the savings from the Active Component
- The Army will reduce operating costs by divesting nine battalions of Scout Aircraft (OH-58D), while the Army National Guard will divest one battalion; the Army National Guard battalion will receive some Blackhawks as a backfill
- Fewer aircraft in the Army and National Guard will result in fewer pilots being trained, saving money at Fort Rucker

These savings allow the Army to fund its most important priorities: modernizing our Apache, Blackhawk, and Chinook fleet across the Active, Guard, and Reserve. It also allows us to avoid creating a "hollow" force of two many aircraft and pilots, but not enough modernization and training dollars.

The consolidation of the Apache aircraft into the Active formations enables us to: divest the OH-58 fleet (which is the majority of the cost savings); reduce the number of pilots going through Fort Rucker (reducing operating costs); and allows us to collectively train attack/scout aviation battalions, teamed with UAVs, in the same location and at the same time as we train ground maneuver units, producing a better capability for reduced costs

Chairman LEVIN. Thank you very much, General Odierno.

General Grass.

STATEMENT OF GEN FRANK J. GRASS, ARNG, CHIEF OF THE NATIONAL GUARD BUREAU

General GRASS. Chairman Levin, Ranking Member Inhofe, and members of the committee, it's an honor to testify here today. I'm pleased to participate with General Odierno and General Talley to discuss the important issues before us.

Before I continue, Chairman Levin, on behalf of the guardsmen, both Army and Air, please accept our thanks for your distinguished career of service to the Nation. Everyone who wears a uniform today has been positively impacted by your leadership.

Chairman LEVIN. Thank you very much.

General GRASS. Let me begin by saying, to meet the challenges of today and tomorrow will take nothing less than a concerted effort by the total Army, Active, Reserve, and Guard. The Guard is committed to being a part of that team.

As I look to the future and envision the National Guard, I do so mindful of the last 12-plus years, fighting as part of a Combined Joint Force. Today's Army National Guard is the best-manned, best-trained, and best-equipped in its history. It is accessible, ready, capable, and provides a significant value to the taxpayers. Your Guard has proven time and again that we fight our Nation's wars, we defend the Homeland, and we have the structure to build enduring partnerships, both overseas and at home.

During the last 12-plus years, we have deployed guardsmen overseas more than 760,000 times. Domestically, National Guard soldiers and airmen responded to emergencies in 53 States and territories in fiscal year 2013. Our highly successful State partnership program has yielded strong military-to-military relations where 15 of our partner nations, from Estonia to Jordan, El Salvador to Mongolia, have paired with our States and deployed 79 times.

None of this is possible without the support we've received from this committee and our parent Services. The assistance Congress has provided in the form of the National Guard and Reserve equipment account has been invaluable. We must be careful to preserve the operational force we've built in the National Guard, but sequestration already threatens the Total Force.

The National Guard provides our country, our Army, and our Air Force with flexible military capability and capacity that cannot be easily replaced once it's gone.

I recently returned from an overseas trip to visit the outstanding guardsmen and guardswomen mobilized. In my travels, I am frequently told by commanders that when you see our soldiers in the combat zone they are indistinguishable as to whether they are guardsmen, Active Duty soldiers, or Army reservists. This is exactly the way we want it and we should be resolved to ensure it remains that way.

I am proud to say that the Guard units and soldiers have accomplished every mission assigned to them. This includes BCTs conducting counterinsurgency operations and combat aviation brigade deployments, and nonstandard units such as agricultural business development teams. We have done all of these missions side-by-side with our joint, interagency, and international partners.

This integration did not occur overnight, nor did the evolution from strategic reserve to operational force. It happened far from home, apart from families, and with great sacrifice.

Our National Guard soldiers tell me they want to remain operational at some predictable level, with deployment opportunities. They look forward to integrated, realistic, and challenging annual training periods and weekend training assemblies, such as those that our CTCs and our state-of-the-art equipment provides.

What I just outlined for you is how I see the Army National Guard as a truly solid partner both overseas and at home. However, given the current fiscal uncertainty and turbulence, I am concerned that this vision is at high risk. Congress provided much-appreciated relief with the Bipartisan Budget Act (BBA). However,

even with the BBA, the Army National Guard fiscal year 2015 budget might be reduced as much as $1 billion from the fiscal year 2014 level.

Chairman LEVIN. Could I please interrupt you, General Grass, for 1 minute?

We are about to lose a quorum, and while we have a quorum, I want to ask the committee to consider 1 civilian nomination and a list of 131 pending military nominations. First, I would ask the committee to consider the nomination of Brian McKeon to be Principal Deputy Under Secretary of Defense for Policy. Is there a motion to report that nomination?

Senator INHOFE. I so move.

Chairman LEVIN. Is there a second?

Senator REED. Second.

Chairman LEVIN. All in favor say aye. [Chorus of ayes.]

All opposed, nay. [No response.]

The ayes have it. The motion is carried.

Now I ask the committee to consider a list of 131 pending military nominations. All these nominations have been before the committee the required length of time. Is there a motion to favorably report them?

Senator INHOFE. I so move.

Chairman LEVIN. Is there a second?

Senator REED. Second.

Chairman LEVIN. All in favor say aye. [Chorus of ayes.]

All opposed, nay. [No response.]

The ayes have it. The motion is carried.

[The list of nominations considered and approved by the committee follows:]

MILITARY NOMINATIONS PENDING WITH THE SENATE ARMED SERVICES COMMITTEE WHICH ARE PROPOSED FOR THE COMMITTEE'S CONSIDERATION ON APRIL 8, 2014.

1. In the Marine Corps, there are 82 appointments to the grade of colonel (list begins with Bamidele J. Abogunrin) (Reference No. 1309).
2. Col. John R. Ewers, Jr., USMC, to be major general (Reference No. 1474).
3. In the Air Force Reserve, there are 43 appointments to the grade of brigadier general (list begins with Mark W. Anderson) (Reference No. 1480).
4. LT6 John E. Hyten, USAF, to be general and Commander, Air Force Space Command (Reference No. 1508).
5. RADM(lh) Margaret G. Kibben, USN, to be rear admiral (Reference No. 1526).
6. Capt. Brent W. Scott, USN, to be rear admiral (lower half) (Reference No. 1529).
7. MG Wendy M. Masiello, USAF, to be lieutenant general and Director, Defense Contract Management Agency (Reference No. 1538).
8. VADM Sean A. Pybus, USN, to be Vice Admiral and Deputy Commander, U.S. Special Operations Command (Reference No. 1539).

Total: 131

Chairman LEVIN. Thank you very much. Sorry to interrupt, but I think all of you can understand this and welcome the interruption.

General ODIERNO. I appreciate that very much, Senator.

Chairman LEVIN. It's not often you appreciate being interrupted, but I think in this case you probably do. [Laughter.]

General GRASS. Yes, sir.

Chairman LEVIN. Thank you.

General GRASS. This will require the Army National Guard to accept risks in fiscal year 2015 in certain areas. Our BCTs will be

limited to achieving individual, crew, and squad-level proficiency. Personnel will have fewer opportunities to attend schools and special training. Our armories, which average 44 years in age, will lack funding to repair those facilities except for those that have health and safety issues.

Looking forward, when reduced funding levels return in 2016 we will have to make further difficult decisions. We also face the prospect of a reduction in Army National Guard end strength to 315,000 by 2019. This is unacceptable risk and it jeopardizes the DSG.

These fiscal challenges come at a time when we are faced with asymmetric threats and conventional threats from state and nonstate actors, to include our physical environment.

As I close, I would like to leave you with a very simple but critical thought. The very core of the National Guard is our most important resource, our people who have volunteered to serve. The well-being of our soldiers, their families, and their employers remains a top priority of every leader throughout the Guard. We will continue to aggressively work to eliminate sexual assaults and suicides across the force and maintain faith with our people, the very same people who put their faith in us.

Mr. Chairman and distinguished members of the committee, your National Guard is a combat-tested and proven hedge against uncertainty in this turbulent security and fiscal environment. Thank you for the opportunity to appear before you today.

[The prepared statement of General Grass follows:]

PREPARED STATEMENT BY GEN FRANK J. GRASS, ARNG

OPENING REMARKS

Chairman Levin, Ranking Member Inhofe, distinguished members of the committee; I am honored to appear before you today representing more than 460,000 citizen-soldiers and airmen of the Army and Air National Guard. The National Guard serves with distinction as the Department of Defense's (DOD) primary combat reserve to the Army and Air Force and as the Governor's military force of first choice in times of domestic crisis. Each day citizen-soldiers and airmen serving throughout the Nation help to achieve our Nation's overseas and domestic security objectives by doing three things extraordinarily well: fighting America's wars, protecting the Homeland, and building global and domestic partnerships. These three overlapping operational missions align within Chairman Dempsey's strategic direction to deter threats, assure partners, and defeat adversaries while also providing localized, reliable, on-demand security and support to Americans within their own neighborhoods. The National Guard stands poised to build upon its 377-year legacy as an operational force deeply engrained within the foundation of American strength and values.

Today, thanks to the support of Congress and the American people, after 12 years of war the operational National Guard is the best manned, trained, equipped, and led force in its history. We are able to do all of this because of our great citizen-soldiers and airmen. Today's Guard is accessible, ready, and capable; and I might add, it provides a significant value to the American taxpayer.

Accessible

There is no limit to accessibility due to a full suite of authorities available to access and employ the Guard. Since September 11, our leaders have mobilized our National Guard members more than 760,000 times for overseas operations. We have filled every request for forces while also meeting every request to support domestic response missions at home. At the same time the National Guard is present in approximately 3,000 communities and immediately accessible to their governors in the event of a domestic incident or natural disaster. The National Guard is scalable and able to provide forces for any contingency or emergency.

Ready

The National Guard is at its highest state of readiness as a result of readiness funding and equipment modernization provided by Congress. I want to especially thank Congress for support provided in the National Guard and Reserve Equipment Account which have been critical to our equipment and modernization upgrades. Your support ensures that the men and women of the National Guard have the resources they need when called upon by the Nation.

The Army National Guard adheres to the same individual readiness requirements as the Active Army. It differs when it comes to collective training. This difference is by design. All Army units, regardless of component, follow the same training strategy. The Army strategy reflects the characteristics of the components and maintains some parts of the Active Army at a higher state of readiness for nearly immediate employment. Leveraging the inexpensive cost of dwell, Army Guard units maintain sufficient collective proficiency to support leader development and are ready to quickly surge to a higher level of readiness. Our Brigade Combat Teams culminate their progressive force generation cycle at Combat Training Center rotations like their Active Duty counterparts. If mobilized, these units can achieve Brigade Combat Team level proficiency after 50–80 days of post-mobilization training. When deployed for operational missions Guard and Active Army units are indistinguishable. Army Guard Brigade Combat Teams will not replace early deploying Active Army Brigade Combat Teams in their overseas "fight tonight" missions. Army Guard Brigade Combat Teams are well-suited for surge and post surge mission sets.

The National Guard is the "fight tonight" force in the Homeland; ready to respond rapidly and decisively to the Governor's requirements. Just as the Active Army and Air Force are forward-deployed around the world the National Guard is forward-deployed in communities across America. This forward presence saves lives.

Capable

The capability of the National Guard is exactly as it should be today. Our units, soldiers, and airmen have accomplished every mission assigned to them, including the broadest range of mission sets possible: from Brigade Combat Teams conducting counterinsurgency operations and Combat Aviation Brigade deployments, to expeditionary wings operating around the world, as well as non-standard units such as Agribusiness Development Teams. We have done all of these missions side-by-side with our joint, interagency, and international partners.

The Army National Guard allows the Nation to rapidly expand the Army though mobilization with trained and ready units. The only way you can do this is if the Army Guard has sufficient capacity with the same training, organization, and equipment maintained at appropriate readiness levels. Maintaining an Army Guard with similar force structure to the Active component is important to growing future combat leaders and providing the necessary strategic depth we need in our land forces.

Domestically, we have proven time and again our ability to meet the needs of the governors and our citizens, regardless of the scope of the crisis. Whether responding to a natural disaster such as Hurricane Katrina or Sandy, Colorado flooding, California wildfires, or the Boston Marathon Bombing, the National Guard is everywhere when it is needed.

Value

As an adaptive force capable of rapidly generating as-needed forces, today's National Guard offers significant fiscal value to the Nation for tomorrow's turbulent security environment. The National Guard's lower personnel costs and unique capacity-sustaining strengths also provide efficiencies to free up critical resources for Total Force modernization, recapitalization, and readiness. At one third of the cost of an Active Duty servicemember in peacetime the Guard provides a hedge against uncertainty while allowing us to address our fiscal situation. Furthermore, every dollar invested in the National Guard allows for a dual use capacity that provides the Governors and the President capabilities to meet the demands both within and beyond U.S. borders.

DOD faces tough decisions on how to balance readiness while preserving force capacity as a strategic hedge in an uncertain and complex world. Already cuts in fiscal year 2015 have significantly impacted our readiness in that no National Guard Brigade Combat Teams will be sent to our Combat Training Centers. In fiscal year 2016, if BCA level cuts are imposed, DOD and the National Guard will have to make even more difficult decisions than those in this budget request. We will face greater reductions in manpower, our modernization and recapitalization efforts will be delayed significantly, and the frequency of critical collective training and leader development experiences, such as Combat Training Center rotations, will diminish or even go away. As a Total Force, this will impact the National Guard's ability to

provide forces for overseas and domestic contingencies. However, as we move forward in this difficult financial environment, today's unprecedented National Guard readiness posture offers options to preserve both capability and capacity rather than choose between them. This investment should not be squandered.

Accountability

Ensuring the National Guard is an effective and accountable steward of public resources begins with every soldier and airman. Innovations that improve efficiency must continue to be encouraged and implemented. Everyone in the National Guard—from general officers to privates and airmen—must adhere to, and embody, the ethical standards articulated in our core values.

Our responsibility must be to ensure that the American people feel confident that our actions, with regard to the use of resources, are above reproach. We must audit activities, both inside and outside of the National Guard Bureau, to bolster an environment of full accountability if we hope to continue to earn the respect of the American public and to recruit the best and brightest that America has to offer.

We are currently doubling our efforts to ensure that we remain good stewards of the taxpayer's money. Despite having an already lean headquarters we have followed the Secretary of Defense's directive to decrease our headquarters staff by 20 percent. We are completing a major overhaul of our contracting process through a number of steps, to include a revamped organizational structure to provide greater senior leadership oversight, improved formal training, an internal contract inspection program, and a rewritten National Guard Acquisition Manual. We will continue to actively advance our methods of increased accountability as we hold ourselves to the highest standards of fiscal ethics and integrity.

THE FUTURE

Looking to the future, there are three things the National Guard will continue to do for this Nation extremely well. First, we will execute the warfight as the proven combat Reserve for both the Army and Air Force. Second, we will protect the Homeland as the "fight tonight" force in our local communities. Finally, the structure of our force, the very nature of our force, is trained for the warfight and ready to respond in the Homeland, allowing us to continue to build enduring partnerships both at home and abroad.

Fighting America's Wars

DOD continues to meet the challenges posed by the persistent, evolving, and emerging threats and to engage around the world. The operational capabilities of the National Guard are an integral part of these efforts. Over the last decade, the American people's investment has ensured the National Guard is an operational and integral force. Some 115,000 guardsmen have 2 or more deployments. Furthermore, fiscal year to date, the National Guard has deployed more than 11,000 personnel to 11 countries. However, we expect these deployments to decrease over time as the conflict in Afghanistan draws down.

There is no question that National Guard citizen-soldiers and airmen training, equipment, and capabilities closely mirror that of their Active component counterparts. We are also an adaptive force that is changing as the threats to the United States evolve. Modernization and equipping of Army Guard units gives the Nation a rapidly scalable land force to address threats to the United States and its allies. Sustaining the advantages of today's National Guard requires maintaining a high state of readiness through some level of operational use, relevant training, and continued investment in modernization and force structure. Thanks to the Bipartisan Budget Act we remain that strong operational force, but without further action by Congress the National Guard, along with the Army and Air Force, will have to make difficult choices about readiness and modernization.

A force of citizen-soldiers and airmen that has met or exceeded established readiness and proficiency standards, the National Guard is a crucial operational asset for future contingencies. We will remain adaptable as we plan and prepare to operate effectively in the joint operational environment as part of the Army and Air Force and execute emerging missions.

Protecting the Homeland

The National Guard provides the Governors with an organized, trained, and disciplined military capability to rapidly expand the capacity of civil authorities responding under emergency conditions. Prepositioned for immediate response in nearly every zip code across the country the National Guard can quickly provide lifesaving capabilities to the States, Territories, and the District of Columbia. Whether it is the 3,100 National Guard members supporting recent winter storms

across 12 States, 7 Civil Support Teams supporting water decontamination in West Virginia, or the Dual Status Command concept in support of the Super Bowl, our soldiers and airmen are always ready. Should the "worst day in America" occur, our fellow citizens and State Commanders in Chief expect us to be there; ready to respond quickly and effectively.

The National Guard also assists U.S. Northern Command and the Military Services in the daily execution of Federal missions such as providing immediate response against weapons of mass destruction or industrial accidents. Every day Air National Guard fighters are protecting the Nation's skies and the Army National Guard air defense forces are protecting the Homeland. The National Guard supports the Department of Homeland Security to assess the vulnerabilities of our Nation's critical infrastructure, assists in interdicting transnational criminals at our borders, conducts wildland firefighting, and augments security during special events. The National Guard community-based tradition spans 377 years of localized experience and national service in times of need and is America's clear first choice for military response in the Homeland.

Building Global and Domestic Partnerships

Each day, the National Guard strengthens and sustains partnerships around the world and within our communities. The National Guard's innovative State Partnership Program pairs individual States with partner nations to establish long-term cooperative security relationships in support of the geographic combatant commands. The State Partnership Program is a joint security cooperation enterprise highly regarded by U.S. Ambassadors and combatant commanders around the world that has evolved over 20 years and currently consists of 68 partnerships involving 74 countries. As a result of these strong military-to-military relationships, 15 partner nations—from Estonia to Jordan, from El Salvador to Poland—have paired up with our States and deployed 79 times together to Iraq and Afghanistan. National Guard airmen and soldiers participated in 739 State Partnership Program events across all combatant commands in fiscal year 2013 alone.

The three fundamental characteristics of the State Partnership Program that help define its success are, first and foremost, the enduring relationships fostered; the ability to share the National Guard's highly relevant domestic operations expertise; and lastly, the National Guard's interagency and intergovernmental role in response to domestic crises and disasters. Additional benefits of the State Partnership Program include economic co-development, educational exchanges, agricultural growth to build food security, and support to other Federal agencies such as the State Department. National Guard civilian expertise in areas such as engineering, emergency management, infrastructure development, and reconstruction are in significant demand within developing nations that are eager to partner with America, but require sustained trust-building engagements before relationships can realize their full potential. Some of today's State partnerships span more than 20 years. During that time, the individual careers of National Guard soldiers and airmen have matured alongside those of their counterparts in partner countries thereby creating enduring relationships. Overall, the complementary nature of the National Guard's three core competencies provides a powerful security cooperation enabler for combatant commanders to employ.

We also serve our individual States and the Nation from within the same communities where we live and work when out of uniform. The local relationships we forge with our public and private partners provide daily benefits that strengthen communities through programs such as Youth ChalleNGe—a successful community-based program that leads, trains, and mentors 16–18 year old high school dropouts. Over the past 21 years, 121,976 former dropouts have taken the "ChalleNGe" and demonstrated the program's success. These programs enable seamless public-private synergy.

Our People

At the very heart of these core competencies is our most important resource—our people. The well being of our soldiers, airmen, their families, and their employers remains a top priority for every leader throughout the National Guard. We will continue to aggressively work to eliminate sexual assault and suicides across the force and maintain faith with our people—the very same people who have put their faith in us.

PREVENT SEXUAL ASSAULT AND HARASSMENT

Sexual assault is a crime, a persistent problem that violates everything we stand for. All of us have a moral obligation to protect our members from those who would attack their fellow servicemembers and betray the bonds of trust that are the bed-

rock of our culture. Eliminating sexual assault in the National Guard remains a moral imperative, with leaders setting and enforcing standards of discipline, creating a culture that instills confidence in the system, and a no tolerance culture for inappropriate relationships or sexist behavior.

To assist us in preventing sexual assault and harassment, in August 2012 the National Guard Bureau established the Office of Complex Investigations within the Bureau's Judge Advocate's Office to assist the Adjutants General in responding to reports of sexual assault arising in a non-Federal status. To date the Bureau has certified 92 specially trained investigators that are able to assist the States and to respond to their needs when an incident of sexual assault or harassment arises. The efforts of the Office of Complex Investigations to work in close collaboration with the State military leadership has been a tremendous success and invaluable enabler in assisting the 54 States, Territories, and the District of Columbia in addressing this most serious problem.

Suicide Prevention

One of the strengths of the National Guard is that we are representative of our great American society. Unfortunately, this also means that the suicide trends our society struggles with are also present in the National Guard. While suicides in the Air National Guard are decreasing, the Army National Guard rates remain high. Although there have been a below average number of Army National Guard suicides year to date in 2014, there were 119 suicides in 2013, the highest per year number over the past 6 years.

To better understand and address this serious issue we have taken a number of actions. We have reached out to the State Mental Health Directors and Commissioners for opportunities to partner with and establish relationships, which will allow us to ensure that appropriate State, local, and community resources are available to our citizen-soldiers and airmen. Furthermore, each State, Territory, and Air National Guard wing currently has a licensed behavioral health provider that provides clinical mental health assessments, education, information, and referrals for our soldiers and airmen. These providers also act as subject matter expert advisors to our senior leaders. We are also working with the Air Force to learn from its superior suicide prevention program. Fortunately, Congress allocated $10 million for additional Army National Guard behavioral health counselors in the fiscal year 2014 budget. The National Guard Bureau also has representation in suicide prevention at the DOD level where we participate on suicide prevention committees and councils, and to ensure we are getting the best information and the latest research. This is a complicated problem; however, I assure you that the National Guard will engage all support programs in order to work collaboratively to address this heartbreaking challenge.

National Guard Psychological Health Program

Our Psychological Health Program provides ready access to high quality mental health services to our airmen, soldiers, and their families. We provide support to our members in several ways. Our State Directors of Psychological Health (DPH) are very effective at directly addressing help-seeking behaviors and reducing stigma by educating all levels of leadership about psychological health as part of force readiness. In calendar year 2013 Air National Guard DPHs worked 3,500 clinical cases, 17,000 information and referrals visits, made 54,000 outreach contacts, mitigated 243 suicides and managed 336 high risk cases in the National Guard. We work closely with the Department of Health and Human Services (HHS) to leverage services and support for our members by increasing access to behavioral healthcare and offering mental health vouchers through the Substance Abuse and Mental Health Services Administration Access to Recovery program. Through HHS, the Health Resources and Service Administration identifies specific federally funded health initiatives and programs to better support health care needs for the National Guard population, especially in remote, rural areas. Additionally, the Centers for Medicare and Medicaid, through our close working relationship with HHS, has trained all National Guard contracted counselors on the Affordable Care Act for guardsmen who may be uninsured or under-insured. Finally, we have a total of 174 Army and Air National Guard mental health counselors throughout the 54 States, Territories, and the District of Columbia that are available to our guardsmen who are in need of assistance.

National Guard Family Programs

As Overseas Contingency Operations wind down in 2014, funding is also expected to decrease for our family readiness programs that are tied to the challenges our guardsmen face when dealing with a deployment. Our lessons learned during the last 12 years have shown that we cannot go back to pre-September 11 assumptions

with little to no support infrastructure for geographically-dispersed servicemembers and their families. Our family programs leverage a network of strategic partnerships that enhance well-being through increased access to outreach services. For instance, 454 Army National Guard Assistance Center specialists and 91 Air National Guard Airman and Family Readiness Program Managers are spread throughout the Nation and offer immediate outreach and referral for servicemembers and families. Moreover, each of the 101 National Guard State Child and Youth Program Coordinators provide support to our servicemembers' children that in 2013 saw more than 50,000 National Guard children participate in events such as youth camps and councils. Maintaining access to current services and resources, particularly those that build strong family and spouse relationships, and strengthen financial wellness and employment will pay dividends in future years and will directly contribute to the readiness of our force.

FISCAL CHALLENGES

Before closing I would like to address the fiscal challenges we are facing. The investments made in the National Guard as an operational force have served the Nation well over the past 12 plus years. None of this is possible without the support we have received from this committee and our parent Services. However, the uncertain fiscal environment in the future will certainly impact the Guard. Secretary Hagel has already outlined the significant drawdown in force structure, including reductions in the Army and Air National Guard. Secretary Hagel has already outlined the significant drawdown in force structure, including reductions in the Army and Air National Guard. While Congress provided relief in fiscal year 2014 and 2015 with the Bipartisan Budget Act, the Budget Control Act (BCA) remains the law. The failure to address the cuts required by the BCA will impact our ability to modernize and recapitalize our equipment, particularly in the Air National Guard. It will also degrade the readiness of the Army National Guard.

These fiscal challenges come at a time when we are faced with asymmetric and conventional threats from state and non-state actors; to include our physical environment. These challenges demand the full capability the National Guard currently provides, both at home and overseas, and its ability to adapt to meet critical future missions. We can reduce the Force Structure of the Army Guard to 335,000 spaces, with an end strength of 345,000 Army guardsmen and still comply with the Defense Strategic Guidance; albeit at increased risk. Any cuts below this present too high of a risk in my view, not only in terms of the threats we face overseas, but also in the Homeland.

CLOSING REMARKS: ALWAYS READY, ALWAYS THERE

The National Guard is always there when the Nation calls. Whether serving in uniform or in their capacity as civilians, national guardsmen are vested in a culture of readiness and volunteer service. Time and time again, I see examples of where innovative civilian skills complement military training in operations both overseas and at home. Likewise, the military expertise garnered from the past 12 years of consistent operational use has improved our ability to support the Homeland. Whether responding to a manmade or natural disaster or planning for future emergencies with first responders, the unique combination of civilian and military experience pays tremendous dividends to the American taxpayer. Today's National Guard is flexible and scalable to America's changing needs on any given day. The National Guard has been and will remain "Always Ready, Always There" for our Nation.

I want to thank you for your continued support of our citizen-soldiers and airmen. I look forward to your questions.

Chairman LEVIN. Thank you very much, General Grass.

General Talley.

STATEMENT OF LTG JEFFREY W. TALLEY, USAR, CHIEF OF THE ARMY RESERVE AND COMMANDING GENERAL OF THE U.S. ARMY RESERVE COMMAND

General TALLEY. Chairman Levin, Ranking Member Inhofe, distinguished members of the committee, thank you very much for the opportunity to appear before you today. It's an honor to represent America's Army Reserve, a lifesaving and life-sustaining Federal force for the Nation.

I would like to begin by thanking the committee for the steadfast support you have provided to all members of our Armed Forces and their families.

The Army Reserve is a community-based force of 205,000 soldiers and 12,900 civilians living and operating in 54 States and territories and 30 countries. We provide almost 20 percent of the total Army force structure for only 5.8 percent of the budget. That's a great return on investment, especially given the positive economic impact we make everywhere we are.

As the only component of the Army that is also a single command, we are embedded in every Army service component command and combatant command, and we currently have almost 20,000 soldiers serving around the globe, with 6,000 still in Afghanistan. We also provide a unique linkage to industry and America's private sector, as most of our troops are traditional reservists who work in technical careers in the civilian sector that directly correlate to what they do in the Army Reserve. In fact, most of the total Army's support and sustainment capabilities, such as our attorneys, chaplains, civil affairs, military history, logistics, information operations, postal, personnel, medical, doctors, nurses, chemical, transportation, public affairs, full spectrum engineering, and all of that are in the Army Reserve.

Because the majority of these soldiers are traditional Reserve soldiers, they keep their technical skills sharp at little or no cost to DOD. Currently, 74 percent of all the doctoral degrees and almost half of all the master's degrees in the total Army are held by Army Reserve soldiers.

I'd like to take a few minutes to share some stories that illustrate our unique capabilities and the dedication of our Army Reserve soldiers and families. On November 8, 2013, a typhoon struck the Republic of the Philippines. The Army Reserve has almost 4,000 soldiers permanently assigned throughout the Pacific and most of them are organized under the 9th Mission Support Command, which is commanded by Brigadier General John E. Cardwell. I received a call the same day from General Caldwell and also from General Vincent K. Brooks, who's the Commanding General for U.S. Army Pacific, about the crisis and the need for immediate assistance for the Philippines. I authorized and supported the immediate use of a Logistics Support Vessel stationed in Hawaii and within 48 hours we had 13 crew members, all traditional reservists, preparing to set sail.

I also called Major General W. Gary Beard to Active Duty, an Army Reserve individual mobilization augmentee serving in U.S. Army Pacific Command (USARPAC), who left immediately for the Philippines to assist in leading ground coordination support of USARPAC.

We conducted many more missions, but this illustrates the ability of the Army Reserve to respond and act quickly. We exercised that capability every day in service to requirements at home and abroad.

On October 29, 2012, Super Storm Sandy hit New York and New Jersey, resulting in immediate need for assistance. That day I authorized to Active Duty our emergency preparedness liaison officers (EPLO) for full-time support to the Federal Emergency Manage-

ment Agency (FEMA). EPLOs provide direct linkage to DOD in time of crisis. Our EPLOs, supporting FEMA and linked to Army North and U.S. Northern Command (NORTHCOM), quickly identified military assistance requirements. Within 48 hours we had multiple units on Active Duty and en route to the east coast to assist their fellow citizens.

Specifically, I had three dewatering and pump units providing relief located at Breezy Point, where they executed dewatering missions and support to our citizens. In addition, we had two Chinook helicopter teams activated to provide support to the National Guard Joint Task Force Headquarters.

These are just some of the examples of how the Army Reserve can immediately respond to assist Americans in need during a complex catastrophe. As the Commanding General for the U.S. Army Reserve Command, I have the authority to order immediate help when and where needed to assist our first responders, our police and our firefighters, and our great State force—the Army and Air National Guards.

In the case of Super Storm Sandy, I ordered the troops to Active Duty via annual training for 29 days, which then gave us time to convert the orders over to 12304[a] mobilization orders, as requested by General Charles H. Jacoby, Jr., USA, the NORTHCOM Commander. The Army Reserve, as a dual mission force, can routinely provide this type of support to States in need, as authorized under the National Defense Authorization Act of 2012.

My last story is about an Army Reserve family, the Henshields. Don and Janet Henshield are like so many military families. They love their country and they're proud to have their most precious resource, our sons and daughters, serve in the military. What makes Don and Janet extra special, in my opinion, is the fact that they had three boys serve in combat in Iraq and Afghanistan, all as Army Reserve soldiers. Their sons' names are Landon and Cody, and a son-in-law named Jacob. All three became wounded warriors. The wounds and experience of war were severe, so severe, in fact, that they would no longer be able to do what they wanted most, to serve as soldiers in the Army.

The many months of multiple surgeries and treatments, both physical and mental, took a tough toll on that family, especially when they found out that Landon, who was finally recovering from his war wounds, had developed cancer. Eventually, Landon died. As Cody and Jacob continue to struggle with their own wounds and the grieving associated with losing Landon, my wife and I got to know this family well. In fact, my wife visited with them regularly during this entire tragic ordeal.

But this story has a happy ending. Normally what I've seen in similar circumstances is a family that hates the military. But not here. Don, Janet, and the whole family appreciated the tremendous support the Army Reserve and our whole Army family gave them under the most difficult situation you could ever find yourself as a family. Their courage, their commitment to our Army and to the Nation, make my contributions and those of so many others pale in comparison. Don and Janet represent to me the best of what it means to be American. I will miss Landon, especially our talks about my Jeep J–10 pickup, which is a classic, and on television,

Duck Dynasty, he liked that show. But he taught this soldier a lot about giving and a lot about dying.

In closing, since September 11, 2001, more than 275,000 Army Reserve soldiers have been mobilized. Like all Reserve components, we have become part of the operating force, and I'm sure we all agree that we must preserve that capability. Essential to this effort is the necessity to maintain our full-time support, which is currently authorized at 13 percent, the lowest of any Service or component. The DOD average for the Reserve component is 19.4 percent full-time support.

In addition to increasing our full-time authorizations on parity with the DOD average, I urge your support on two very important legislative proposals that have been submitted to the committee on modifying the military technician program. These proposals allow for greater flexibility and upward mobility for our members in and out of uniform.

As you are aware, I have provided the committee a statement that outlines the challenges of the Army Reserve and some specific ways the committee and Congress can assist us in keeping us viable and strong in service to others. I ask for your continued support for all of our Services and components as we keep America secure and prosperous.

I very much look forward to your questions, twice a citizen and Army Strong.

[The prepared statement of General Talley follows:]

PREPARED STATEMENT BY LTG JEFFREY W. TALLEY, USAR

INTRODUCTION

Chairman Levin, Ranking Member lnhofe, distinguished members of the committee, thank you for the opportunity to represent the more than 200,000 soldiers, civilians, and family members of the U.S. Army Reserve. On their behalf, I would like to thank the committee for the steadfast support you have provided to them, especially during the past 12 years.

AMERICA'S OPERATIONAL RESERVE FORCE

The Army Reserve is America's dedicated operational Federal Reserve of the Army—a premier provider of trained, equipped, ready, and accessible soldiers, leaders, and units to the Total Army, the Joint Force, and our combatant commanders worldwide.

Since September 11, 2001, more than 275,000[1] Army Reserve soldiers have been mobilized and seamlessly integrated into the Active Army and the Joint Force. Today, more than 19,000 still serve in direct support of Army Service component commands and combatant commands across the globe, including nearly 4,000[2] soldiers in Afghanistan.

Yet, while we are no longer in Iraq and could soon be out of Afghanistan, we face a world, as Secretary Hagel recently described it, that is growing ever more "volatile, . . . unpredictable, and in some instances, . . . threatening to the United States."[3]

Continued regional instability, violent extremism, the proliferation of weapons of mass destruction, and any number of other factors, would seem to predict that the future global security environment is likely to be even more complex and potentially dangerous than it is today. So we must be prepared to meet the threats and challenges of the future.

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[1] 275,542 since September 11, 2001, as per G–3/5. Source: HQDA system "MDIS" Mobilization Deployment Information System.

[2] From G–3/5: as of March 11 2014, 18,990 AR soldiers were on duty in support of ASCC/COCOMS, and 3,951 Army Reserve soldiers were in Afghanistan.

[3] "We are repositioning to focus on the strategic challenges and opportunities that will define our future: new technologies, new centers of power and a world that is growing more volatile, more unpredictable, and in some instances more threatening to the United States."

ARMY RESERVE CAPABILITIES VITAL TO MISSION SUCCESS

Never before in the history of our Nation has the Army Reserve been more indispensable to the Army and the Joint Force, and the reason is the critical skills and capabilities they bring to the fight—skills often acquired through soldiers' civilian careers and honed in service to our Nation.

We not only provide professional skills and capabilities vital to the success of the Total Army and the Joint Force—but we also provide capabilities not found anywhere else in the Active Army, the Army National Guards, or our sister Services. Most, if not all, of those capabilities are vital during major combat operations but also vital during times of local and national emergencies affecting the Homeland.

Those capabilities include theater-level transportation and sustainment, pipeline and distribution management, railway and water terminal operations as well as other high demand career fields such as doctors and nurses, lawyers, engineers, and cyber warriors. Put simply, Army Reserve citizen-soldiers add the operational flexibility and strategic depth so essential to the Army's ability to Prevent, Shape, and Win across the full range of military operations in which our Nation is, and will continue to be, engaged.

A significant portion of the Army's technical enablers—including 90 percent of civil affairs, 65 percent of logistical units; 60 percent of doctors, nurses, and other health professionals; 40 percent of transportation units; 35 percent of engineers; 24 percent of military police, as well as quartermaster and ordnance units—are provided by the Army Reserve. As a single command with an authorized end strength of 205,000 soldiers and 12,600 civilians arrayed under a variety of theater commands, the Army Reserve has the flexibility to quickly tailor or task-organize for any mission in sizes ranging from individuals to large formations.

Indeed, steady demand for Army Reserve capabilities has introduced a new paradigm of reliance on the Army Reserve as an essential part of our national security architecture.

As a dedicated Reserve Force under Federal control, the Army Reserve is an indispensable Total Army partner that is ready and accessible 24/7. It provides direct and immediate access to high-quality, operational soldiers, leaders, and units for both planned and emerging missions. Our focus to support the Army's Regionally Aligned Forces ensures that Army Reserve soldiers and leaders will be ready to support the Department of Defense's global requirements.

DEFENSE SUPPORT OF CIVIL AUTHORITIES

In the National Defense Authorization Act (NDAA) for Fiscal Year 2012, with the enactment of section 12304a of title 10, U.S.C., Congress provided the Department of Defense with new Reserve component access authority that allows soldiers to be involuntarily mobilized for up to 120 days to assist our fellow Americans in the United States during domestic emergencies, when Federal Assistance is requested by the Governors. The same lifesaving and life-sustaining capabilities so essential to missions abroad make the Army Reserve an optimum force for preserving property, mitigating damage, and saving lives here at home.

In fact, key capabilities in high demand during a major disaster, such as an earthquake or hurricane, are prominent in the Army Reserve and nearly all Defense Support of Civil Authorities response missions could benefit from the Army Reserve's unique capabilities and core competencies. In addition to those already mentioned, Army Reserve capabilities also include aviation lift, search and rescue, or extraction; quartermaster units (food, shelter, potable water, heated tents, et cetera); protection of key infrastructure; supply; civil affairs; public affairs; public and civilian works; as well as a significant portion of full spectrum engineer capability—with some capabilities almost exclusively within the Army Reserve.

Our Expeditionary Sustainment Commands deploy to locations devoid of infrastructure and quickly open seaports and airports, while our logistics and supply chain personnel are experts at moving supplies into affected areas.

Army Reserve aviation units include medical evacuation helicopters, and fixed wing aircraft that can provide quick transportation in a disaster response area, and heavy lift helicopters that can rapidly move relief supplies, equipment and construction material into devastated areas.

Our Engineer units include search and rescue teams, debris removal capabilities, horizontal and vertical construction, and bridge construction capabilities. We even have a prime power company, headquartered at Fort Belvoir, VA, that provides commercial-level electrical power to affected areas.

We also provide 100 percent of the Army's Emergency Preparedness Liaison Officers (EPLO), and nearly 50 percent of the Department of Defense's EPLOs, who maintain communications between the Department of Defense, Federal, State, and

local governments, and nongovernmental organizations to coordinate assistance between all parties during emergency response events. They serve as subject matter experts on specific capabilities, limitations, and legal authorities and keep track of Army Reserve capabilities in their States and regions.

Thus, the same trained and ready forces that provide indispensable and immediately accessible capabilities for operations abroad, today stand ready to support domestic emergency and disaster relief efforts at home.

A GOOD RETURN ON AMERICA'S INVESTMENT

The Army Reserve provides all of these capabilities, and nearly 20 percent of the Army's trained soldiers and units, for just 6 percent of the total Army budget.

We are the most efficient and cost-effective Reserve component and the lowest ratio of full-time support to end strength in the entire Department of Defense—about 13 percent. With our unique structure of combat support and combat service support, or technical enablers, the majority of our soldiers are traditional Army Reserve soldiers, with full-time jobs in the public and private sectors that keep their technical skills sharp at little or no cost to the Department of Defense.

For many missions supporting a Combatant Command's Theater Security Cooperation Strategy such as Build Partnership Capacity, it makes sense to leverage the capabilities of the Army Reserve, especially since Congress increased direct access to our capabilities with the enactment of section 12304b of title 10, U.S.C., in the NDAA for Fiscal Year 2012. So, in this era of constrained fiscal resources, using the Army Reserve is a particularly cost-effective way to mitigate the risks while simultaneously maintaining an operational reserve.

In addition to the return on investment the Army Reserve provides to the Army and the Department of Defense, there is also a return in the form of a positive economic impact to States and communities across the United States.

Each year the Army Reserve invests billions in local communities, in the form of payroll to local soldiers and Army Reserve civilian employees; utilities and other services to municipalities; civilian contractors and administrative support; as well as professional, scientific and technical services in areas like environmental cleanup and protection—which in turn generates tens of thousands of new food industry, service-related, and other non-Department of Defense jobs, creating new income for families and a positive economic climate for State and local communities.

A NEW GENERATION OF ARMY RESERVE LEADERS

For these and many other reasons, the Army Reserve that some people still recall from the 1990s is long gone. As my predecessor testified 3 years ago to the Senate Appropriation subcommittee, "I have seen the Reserve of the future and it is now."

Today's citizen-soldiers are highly educated and professionals in their civilian careers. They are our doctors, lawyers, academics, scientists, engineers, and information technology specialists on the leading edge of their fields—a new generation of soldiers who grew up with technology in their hands, practice it in their professions and leverage it while in uniform. Today, 75 percent of the doctorate degrees in the Total Army and half of the master's degrees are found in the Army Reserve. Our soldiers' education and skills are invaluable to the civilian career fields in which they work, but they are also invaluable to the Army Reserve.

Physically and mentally fit, and fundamentally resilient, Army Reserve soldiers are America's steady state, operational reserve Force. In times of crisis or national emergency, the Army Reserve can respond quickly to our Nation's call. A ready Army Reserve not only offers the Nation an insurance policy, but it can provide an opportunity to create a "Soldier for Life" when soldiers leave Active service due to downsizing. Transitioning these soldiers to the Army Reserve helps the Army keep faith with them and their families who have a propensity to serve. Becoming a "Soldier for Life" preserves the taxpayer's investment in training them and offers new military career tracks that may bridge the transition for soldiers and their families.

Offering a continuum of service option supports the Chief of Staff of the Army's recent guidance to leverage the unique attributes and responsibilities of each component and preserves the operational experience gained from more than 12 years of war while continuing to prepare soldiers and units for future challenges.

FISCAL YEAR 2015 BUDGET AND BEYOND

In his February 24 preview of the fiscal year 2015 budget, Secretary Hagel echoed the Chief of Staff of the Army's concern for the future, citing the need to ensure a "highly ready and capable Army, able to dominate any opponent across the full spectrum of operations."

To achieve the balance between the budget caps and military strength, the Secretary said, we must reduce our structure by fiscal year 2017 in all three components. The Army Reserve will reduce from our current end strength of 205,000 to 195,000.

While "the changes would result in a smaller Army," the Secretary said, the reductions "would help ensure that the Army remains well-trained and clearly superior in arms and equipment."

General Odierno's directive for an Army Reserve end strength of 195,000 soldiers by 2017 is an acceptable risk to sustain a ready and operational Army Reserve. It preserves the combat tested experience of today's generation that will be used to train the next generation and keep us prepared for the future.

Conversely, if the Budget Control Act remains unchanged for fiscal year 2016 and beyond, and the Army Reserve is directed to significantly lower its end strength by another 10,000 soldiers, it would negatively impact our ability to provide technical enablers, skills, and capabilities vital to success in many missions.

AMERICA'S ARMY RESERVE: A LIFESAVING, LIFE-SUSTAINING FORCE FOR THE NATION

Whether it is providing trained and ready forces for combat missions, contingency operations abroad, or saving lives and protecting property at home, today's Army Reserve is America's lifesaving, life-sustaining force for the Nation.

For more than 12 years, through two major conflicts and numerous contingency operations, the Army Reserve became a full partner with America's Active-Duty Forces. We now have more combat veterans in our ranks than at any point in recent history, and many thousands more preparing to serve if called.

Indeed, I can say, without hesitation, that we have, quite literally, the best Army Reserve in history. In the future, they may be needed more than ever.

Thank you for the steadfast support Congress has always provided our Army Reserve men and women who have served our country so selflessly during the past 12 years, and continue to do so every day.

Chairman LEVIN. Thank you so much, General Talley.

Let's have a 7-minute first round.

General Odierno, first, please pass along to the Fort Hood family and the Army family, the thoughts and the condolences of this committee, if you would.

On the ARI, what I'd like to do is first call on you, General Grass, to outline the alternative that you've offered. Then, I'm going to call on General Odierno to comment on that proposal. I think we have to get into this issue. It's one of the important issues that we are going to be struggling with. General Grass, could you outline the proposal which you offered to the Chiefs as an alternative to the one which they adopted?

General GRASS. Thank you, Mr. Chairman. First, let me say that over the past 12-plus years as we've deployed our aviation teams, I've had an opportunity to visit some of those facilities, to visit the great men and women, and they are very thankful for the upgrades that we've received, almost $900 million in upgrades over the years.

They have fought hard, no doubt. A unit just returned from Missouri, my home State, after many hours in combat. In fiscal year 2013 we actually attracted 45 Active Duty AH–64 pilots. I hope whatever the outcome is, we can continue to attract those Active Duty folks as they make that decision to go back into civilian life, but stay with us in the National Guard. That 45 represented a savings of $36 million to DOD by being able to bring them in. But something larger than that was the combat experience they brought to the Guard in addition to our warriors.

Sir, as a member of the Joint Chiefs of Staff, we have fought and we have discussed these topics many times. I provided my best military advice. I have assessed the risk, I've given the cost, but

the decision's been made, Mr. Chairman, and my job now is to begin to look at the effects across the States and figure how we're going to execute this plan.

Chairman LEVIN. Let me ask you this about the $12 billion in savings which will result from your proposal. About $10 billion, as I understand, comes from the Kiowa Warrior cancellation, in effect, of the upgrades. Is that true?

General ODIERNO. Yes and, in addition to that, the elimination of three complete combat aviation brigades out of the Active component. It's a combination of eliminating all OH–58Ds and OH–58A/Cs, as well as eliminating three complete aviation brigades out of the Active component.

That causes us to generate a savings that enables us to reinvest that savings back into training, back into modernizing the fleet that we have, and actually moving some aircraft from the Active to the Reserve component in terms of UH–60s.

Chairman LEVIN. Could you give us for the record the portion of the $12 billion that is in the budget before us for the authorization bill before us? In other words, how much of that $12 billion in savings is actually counted in the 2015?

General ODIERNO. All of it, sir.

Chairman LEVIN. Pardon?

General ODIERNO. All of it.

Chairman LEVIN. All the $12 billion?

General ODIERNO. Not in 2015, now. That's across the total FYDP.

Chairman LEVIN. Right. If you could break it down year-by-year for us?

General ODIERNO. In 2015 it's approximately about $2 billion.

Chairman LEVIN. If you could give us for the record how that's broken down, that would be helpful.

General ODIERNO. I will.

[The information referred to follows:]

In fiscal year 2015, total cost avoidance is $245.01 million; in fiscal year 2016, $223.12 million; in fiscal year 2017, $257.22 million; in fiscal year 2018, $308.32 million; and in fiscal year 2019, $423.42 million, for a total of $1.46 billion across Program Objective Memorandum fiscal years 2015 to 2019. The remaining $10.5 billion in cost avoidance are from purchases and modernization efforts which will no longer be required in fiscal year 2020 and beyond.

Chairman LEVIN. As I understand, your testimony, General Odierno, was clear in terms of whether or not we should have a committee appointed the proposal that there be a commission. I'm wondering if our other two witnesses would comment on that proposal. General Grass, then General Talley? General Odierno has already indicated his opposition to that proposal. What is the Guard's view of it?

General GRASS. Mr. Chairman, a year and a half ago when I stepped into this job we were faced with similar challenges, different in some ways, as the Air Force struggled with the 2013 budget. At that point, General Welsh and I, both coming on to the jobs, committed to work together and try to find a solution that was best for the total Air Force and for the Nation.

General Welsh set on a path and we included in his committee, in his team effort, an Air National Guardsman. He included an Active National Guard and an Air Reserve Guardsman in that team,

which helped set the path. That team came up with about half of the solutions that the committee had proposed when they made their announcement in February.

Since then, the information we've received from that committee has been very helpful, and we're continuing to look at its recommendations. As we look to 2023 and with the fiscal realities we're facing, who would not want an independent look? This committee is going to have to help us through this. I would think you would want an independent look as well.

Chairman LEVIN. Thank you.

General Talley?

General TALLEY. Mr. Chairman, thank you for the question. To be frank, it's not clear to me today why we need a commission. I understand the bill that's been introduced, but I think the Army, Active, Guard, and Reserve, working through Congress, can lead through these challenging times. If a commission were to be established, as directed by Congress, I think obviously, to echo what General Grass has said, we have to make sure that those members truly understand and represent the different components.

The final comment I would make is, it's very important to me to caution anybody from applying Army Reserve conclusions from commissions of other Services. I'm thinking specifically of the recent report from the Air Force commission [National Commission on the Structure of the Air Force: Report to the President and Congress delivered on January 30, 2014]. There were some interesting recommendations that came out of that that I'm concerned could affect the U.S. Army Reserve Command.

Thank you, sir.

Chairman LEVIN. My final question is to General Odierno. Is it correct that Acting Deputy Secretary of Defense Christine Fox tasked the Office of Cost Assessment and Program Evaluation (CAPE) to conduct its own independent assessment of the Army force mix options, including aviation and restructure issues? I understand that the CAPE analysis agreed with the Army's assessment as reflected in the budget request.

First of all, is that true, very quickly if you can give us a yes or no to it? If not, give us a more accurate or complex answer. But also, can you tell us whether or not the results of that analysis were shared with the Council of Governors?

General ODIERNO. Mr. Chairman, yes, they did an independent assessment; and yes, it was shared with the Council of Governors, the assessment that they did.

Chairman LEVIN. Thank you.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

I want to get back to the end strength question. This would be for General Grass and General Talley. By the end of fiscal year 2015, the Army end strength will be 450,000 Active, 335,000 Guard, and 195,000 Reserve. In General Odierno's statement in talking about force levels he said: "The Army will be able to execute the 2012 DSG at this size and component mix, but at significant risk."

Do the two of you agree with his statement? Does that represent your feelings of your components?

General GRASS. Senator, yes. The 335,000 force structure level is not consistent with what the governors and adjutants general have asked for. We've actually asked for a higher end strength. But at the 335,000, yes, we could.

Senator INHOFE. You could do it, but at significant risk?

General GRASS. Significant risk.

Senator INHOFE. Do you agree with that, General Talley?

General TALLEY. Yes, Senator.

Senator INHOFE. All right. For all three of you: Without a long-term solution to sequestration, let's assume the worst happens. The Army end strength would then be 420,000, the National Guard at 315,000, and the Reserve at 185,000. At the Army posture hearing last week, General Odierno said at 420,000 end strength sequestration levels, the Army could not execute the DSG.

Does this hold true for the Reserve and the Guard?

General GRASS. Senator, yes, it does.

General TALLEY. Yes, Senator.

Senator INHOFE. General Odierno, on January 7, at a National Press Club event, you said: "First is the Army. For many years now, it's structured to be complementary, and what I mean by that is, you have an Active component that has a certain capability, you have a National Guard that has a certain capability, and you have an Army Reserve that has a certain capability. The capabilities are not interchangeable."

Then, General Grass, 2 days later at the same forum you said: "However the Army looks or however the Air Force looks, we have to be interchangeable. We'll never be identical to them. They're not going to be, and we're not going to try. They will never be identical to us because of that Homeland mission, where we roll out the gate. But we have to be complementary to each other."

It appears that you agree that Active and Reserve Forces must be complementary, but you don't agree on the interchangeability. I'd like to ask why that would be. Let's start with you, General Odierno.

General ODIERNO. Thank you, Senator. First, it has to do with a combination of things. When I look at the force, I look at readiness, I look at responsiveness, and I look at all kinds of things. The bottom line is, because of the Active component being collocated, having ranges, air ranges, and ground ranges readily available to them on a daily basis, they're able to sustain a significantly higher readiness rate. They're more capable and they're more responsive. They provide us a capability that the National Guard will not.

But with mobilization time, with post-mobilization training, then the National Guard can provide us that capability. But it is not the same capability. They are not interchangeable. They are complementary to each other. The Active component provides the initial force, no notice, and capable of responding, especially for the more complex organizations.

For less complex organizations, actually they're closer to being interchangeable, for example, a maintenance unit or a transportation unit. Where it becomes difficult is when you require a significant amount of collective training, which is BCTs, aviation units, et cetera. That's where they are not completely interchangeable; they're complementary.

Senator INHOFE. General Grass, 2 days later you made your statement.

General GRASS. Senator, I've made three trips overseas since I've been in this job, and every time I hear the same thing. The commanders on the ground, and it doesn't make any difference which Service or which country in some places they're supporting, tell me they can't tell the difference.

Senator INHOFE. This is a disagreement between the two of you, is that right?

General ODIERNO. It is.

Senator INHOFE. All right, that's fine. When you see statements like that, we need clarification up here around this table.

For all three of you, what I've heard in testimony and in the press recently is that the National Guard can provide combat troops at a fraction of the cost of the regular Army. We constantly hear cost as the compelling argument for retaining National Guard end strength and there are models that can prove that assertion.

These factors, I'm sure, played a major factor in the Department of the Army's planning for component size and mix. However, cost is only one of many factors to consider in deciding Army force mix. Equally, if not more important, are other factors, such as readiness and demand, that should be used in determining the mix.

I'd like to hear from each of you as to what should the critical factors be in determining the appropriate size and mix of the Army and of our Reserve component?

General ODIERNO. Senator, first a couple. We look at flexibility and agility. We look at readiness levels. We look at responsiveness. We look at current operational commitments. We look at future requirements and we look at cost. Those are the things that we take a look at. I would say in the proposal that we have provided that's why we're taking 70 percent of the total reductions out of the Active component. That gets after the cost factor.

However, in order to sustain flexibility, agility, readiness, and responsiveness, we have to sustain a level of Active component structure. With sequestration, we take 150,000 soldiers out of the Active component. That is a significant reduction, 46 percent reduction in BCTs. We're removing three complete aviation brigades. We're taking a significant amount out of the Active component, which is directly related to the cost factor.

I cannot go any lower. In order to meet our budget requirements, we had to take a smaller portion out of the National Guard and U.S. Army Reserve, understanding that they do cost less. That's why we took a much smaller reduction out of the National Guard and the U.S. Army Reserve.

Senator INHOFE. I appreciate that, and that's the reason I asked the question. It appears to me that everything nowadays is budget-driven.

What do you think about the cost factor? Do you agree with General Odierno?

General GRASS. Senator, there's a tough issue that always comes up every year, and it's what the right mix is between the Active component and the Guard. That starts with understanding the requirement the Nation is asking us to do and how much time we have to get ready to go. Then we can determine what readiness lev-

els our Guard needs to be at. For those in the Homeland, though, they have to be ready all the time at some level.

Senator INHOFE. Do you agree, General Talley?

General TALLEY. Sir, I do agree with General Odierno's assessment. For me, it's about performance, cost, and risk. Performance is about effectiveness. You have to be effective. Cost is you want to, obviously, be efficient, but you can't just look at it as a money drill. You have to be effective and efficient, so you have to balance that risk, low or high risk, which is why, as General Odierno described, in our Active component we have to have those combat formations ready to go. It's a little easier for me to have combat support and service support in the Army Reserve to provide that support to the combat formations of the Active component or to the National Guard.

Senator INHOFE. My time is expired, but I'm glad you brought up the risk factor. Risk means lives and I think we all need to understand it. We do understand it.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

General Odierno, we understand Active Forces are in various levels of readiness, with I presume still the 82nd being the lead division in terms of hours in getting units out the door. But are you prepared to order any of your Active Forces into a combat situation virtually immediately, given transportation and all the other issues aside, because of their readiness?

General ODIERNO. Right now, as I have publicly said before, we are building readiness right now. Because of the sequestration and how it's been executed, our readiness is lower than it normally would be. By the end of this summer, we plan on having about 14 to 16 brigades ready, so we would be prepared to immediately send them as soon as they were noticed, including the combat service support structure that would go with that.

Senator REED. General Grass, let's move forward to the end of the summer. Would you be prepared to send one of your National Guard brigades immediately into combat without any training?

General GRASS. Senator, no.

Senator REED. Thank you. There is a difference between Active Forces and National Guard Forces in terms of national security and the ability to respond quickly. I sense, and the point you're trying to make, General, as the Active Force gets smaller, the ability to project these forces immediately becomes more critical; is that correct?

General ODIERNO. It is. The smaller we get, the more ready we have to be, in the Active component, in the National Guard, and the U.S. Army Reserve.

Senator REED. My observation has been that our National Guard when they're deployed and our Reserve when they're deployed is one Army. There is no difference. The skill level, ironically, is sometimes higher in the Reserve and National Guard because pilots, for example, have been flying the same platform for 20 years, and in the Army you move around.

But the issue also is the unit you deploy. The typical deployment unit is a brigade. You train at the brigade level, I assume, General Odierno, is that correct?

General ODIERNO. We do, Senator. We train at the battalion and brigade level. The advantage we have is at our installations, whether it be Bliss, Bragg, Carson, or other installations. They have the air space and ground capability, and they're collocated with all the aviation, their ground forces, and their support. They can train at a battalion, brigade, and even division level, if necessary, where in the Guard we can't until we deploy them to a CTC. That's the difference. We just have the resources and capability to do it. But if they had those they could do it as well. But they don't have the time or the large installations to do that.

Senator REED. General Grass, essentially, again, my recollection is that Guard units are extremely capable. In fact, as I would suggest, some of the individual guardsmen have more skills than some Active Forces because of their experience. But typically the training level and the training test of the year is at the platoon and company level; is that fair?

General GRASS. Yes, Senator.

Senator REED. Yes, it is. I don't want to cut you off.

General GRASS. With the projections that we have right now for fiscal year 2015, we'll have to drop that level. We won't have the funding. Then we will also lose two of our rotations to the CTC.

Senator REED. That's something that we all have to reflect upon in terms of the costs, as Senator Inhofe pointed out, of the sequestration impact. But typically, how often does one of your brigades assemble and go to a training center?

General GRASS. Senator, before the war started we had 15 brigades that were held at a higher state of readiness. They were given more resources. Of our 32 brigades at that time, we eventually came down to 28. But of those 15 that received greater resources, they got a chance about 1 in every 7 or 1 in every 8 years, depending on whether they were light or heavy.

The real value, though, of the CTC is not just the rotation. The rotation will ratchet it up to whatever level you want to go in there at. It's premier, there's nothing like it in the world. The real value is when you step up and you sign up for that rotation, even at the squad and individual crew level, you begin to focus at that brigade operational level.

Senator REED. General Odierno, what's the impact on your rotations at the National Training Center (NTC), given the budget?

General ODIERNO. Last year we had to cancel eight rotations to the NTC. We're in catch-up mode this year. We're going to be able to do a full complement in 2014 and 2015. This year, we have all Active components and one National Guard brigade. In 2015, we have two National Guard brigades and the rest Active component going through. That's because we're in catch-up mode and we're trying to catch up on readiness. Our worry is that in 2016 it goes down again.

Senator REED. But this goes back to the point that the force, the smaller Active Force you're building has to be able to go out the door almost immediately. That means that you have to catch up with your Virtual Clearance Training going through the NTC, and

then you have to, as General Grassley just said, keep adding each year additional National Guard brigades.

General ODIERNO. That's exactly right, Senator.

Senator REED. But a National Guard brigade, even if we get back to the pre-this budget and this sequestration, it was about an average of once every 7 years a brigade would go through; is that correct, General Grass?

General GRASS. Senator, I didn't hear.

Senator REED. If we went back to pre-sequestration, it was about once every 7 years that a typical brigade would go through?

General GRASS. Yes. It was 1 in 7 or 1 in 8, depending on whether you were a light or a heavy.

General ODIERNO. The only other point I'd make, Senator, would be the other thing that happens. You're not done when you finish a CTC rotation. When an Active unit finishes, they go back to home station and they continue to train on the lessons they learned at the CTC. There's just a good advantage in terms of the readiness levels.

With the Guard, we try to do the same thing. It helps them to develop their training plans that follow. But it just takes them a longer period of time in executing because of the limitations that they have.

Senator REED. Just a final point. You might take it for questions for both you, General Odierno and General Grass, about this issue of the Apaches versus Black Hawks. One of the key things that an Apache crew has to do is fire their weapons frequently. There are door gunners on Black Hawks, but a different platform. My sense, again, please correct me if I'm wrong, is that access to ranges for regular forces are much easier. They're right on post. Whereas access to National Guard units, it's challenging. You have to get the aircraft or use other aircraft. Is that fair?

General ODIERNO. It is. The other piece I would argue, it's the collective training aspect, integrating the aviation.

Senator REED. The one point, I think, because it's one thing going down the range, which I couldn't do, and hit anything flying a helicopter, but you also have to work with ground troops on a constant basis, so that they're comfortable and you're comfortable. Is that another fair assessment?

General ODIERNO. That is.

Senator REED. Thank you very much, gentlemen.

Chairman LEVIN. Thank you, Senator Reed.

Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman.

General Odierno, if we return to the sequestration level budgets, what effect will that have on the ARI? Do you think it's going to force major changes with these plans, that they're all going to have to be rethought?

General ODIERNO. No, ARI is something we have to do and we will do it. If it goes to sequestration, the current ARI proposal will remain the same.

Senator FISCHER. Can you elaborate on that for me?

General ODIERNO. Sure. What that means is that on ARI we are going to eliminate all OH–58Ds, which are scout helicopters. We're going to eliminate the OH–58A/Cs, which are the older model of

the scout helicopter. We are going to get rid of our TH–67 single-engine training aircraft that are at Fort Rucker. We are going to eliminate three combat aviation brigades out of the Active component completely. We have 13, we're going to go to 10.

In the National Guard, they will maintain 10 brigades, but we will take all the Apaches and move them into the Active component, to replace the OH–58Ds that are being removed, so we have 10 complete brigades. We will move 111 UH–60s from the Active component, from the 3 brigades to be inactivated, to the U.S. National Guard and to the Army Reserve.

The other thing is we were initially going to take 100 Light Utility Helicopters (LUH) out of the Guard. We are now going to keep every one of those in the National Guard. We will take all the LUHs out of the Active component and put that in the training base in order for them to train all of the pilots from the National Guard, Reserve, and the Active component.

Senator FISCHER. Will you be deactivating some of these brigades?

General ODIERNO. We will deactivate three combat aviation brigades in the Active component.

Senator FISCHER. General Grass, do you have anything to add to that?

General GRASS. Senator, we're fielding 212 Lakota aircraft in the National Guard. We have used them extensively already in the Homeland and actually have deployed some to Germany for rotation. I thank the committee and others that fielded those and had the vision years ago to change out from our old UH–1s many years ago.

But overall, none of us like what we have to do. I'm sure General Odierno would tell you the same thing. None of us like what we're having to do. My big concern right now is trying to figure out how I'm going to move, how many States I'll have an impact on, and what's the cost to facilities and to retrain pilots. I have to tackle that because the decision's been made.

Senator FISCHER. General Talley, do you have anything to add to that as well?

General TALLEY. Yes, Senator. The Army Reserve has two Apache battalions. We're swapping out two Apache battalions for two assault battalions to give us lift capability, since we're predominantly combat support and service support. It's actually better suited for us. We're very pleased with the ARI as it relates to the Army Reserve.

Senator FISCHER. General Grass, you mentioned you have to look at how many States are going to be affected by this. Do you have any idea right now how many?

General GRASS. Senator, if you take the Kiowa Warriors that Tennessee flies and then we have 9 States that fly the Apache today, that's 10 States. Then, when you take the maintenance units, we're estimating right now, and this is just an estimate, probably about 22 States in the total shuffle to move aircraft and people around and to re-gear up facilities to handle a different type of aircraft.

Senator FISCHER. You mentioned the requirements for facilities and installations. Specifically, do you know how many States would be affected by the changes that are going to require costs?

General GRASS. Senator, we don't have that analysis yet, but I can get that to you as soon as we've done the analysis.

[The information referred to follows:]

The Aviation Restructure Initiative (ARI) should not require construction and probably will not require renovations to existing Army National Guard aviation facilities.

The ARI redirects helicopters by type and results in a net loss of total aircraft for the Army National Guard. Therefore, we do not anticipate needing new facilities, nor do we anticipate the need to shut down any existing facilities.

There are already Black Hawks in Army National Guard aviation facilities where Active component Black Hawks will replace Army National Guard Apaches. The UH–60 Black Hawk has the same profile as the AH–64 Apache, so we do not expect any requirements to change Army National Guard aviation facilities. For example, hangar doors will not have to be changed and no additional space is needed to house Black Hawks where Apaches are currently housed.

Senator FISCHER. General Odierno, do you have any idea about the cost analysis on the facilities and installations that are going to be affected? Any time you make changes, it's going to add to costs. Do you have any idea?

General ODIERNO. I can't give you the specific numbers. I will give those to you.

Senator FISCHER. Thank you.

General ODIERNO. But that has been incorporated into all our analysis.

[The information referred to follows:]

Based on our analysis, the Aviation Restructure Initiative (ARI) will not require construction or renovations to existing Army aviation facilities. The Army has sufficient facility capacity to cover aviation assets realigned under ARI. In fact, the Army is reducing in size, freeing capability in all components.

Senator FISCHER. Do you think you're going to be satisfied that everything's been considered up to this point?

General ODIERNO. I think we've done extensive work on this for over a year and I'm confident that we have captured most. I will never say that we've captured everything, but we will continue to look at it and make sure we do, to ensure that we understand all the costs.

Senator FISCHER. General Odierno, I understand the reasoning behind moving all the Apaches into Active Duty is so that they're ready now. You had talked before that the Active Duty is the initial force. There's no notice, so we can handle anything that happens. Do we have the logistical capability to deploy that many helicopters immediately?

General ODIERNO. Actually, in terms of Apaches specifically, we're reducing from 37 battalions of OH–58s and Apaches to 20. We have the capability. That's one of the reasons. We're reducing almost 50 percent of the attack aviation capability in the Active Army, even with the movement of the aircraft from the National Guard. We have the infrastructure and we have the maintenance to sustain all these. We have less aircraft in the end, significantly less aircraft. We have the ability to do that.

Senator FISCHER. Are you then looking at making personnel cuts to those operations because of the decrease in the aircraft?

General ODIERNO. Some will have to and they will retrain. We're reducing the numbers of people, so we will have to take people out of the Active component who are working in some of these areas.

Senator FISCHER. Thank you.

General Grass, how's the National Guard going to implement the changes that are required under the aviation plan? It's my understanding it's not going to be an even swap, is it, between the Apaches and the Black Hawks?

General GRASS. Senator, no, it will not. Part of it is taking Lima model modernized Black Hawks and replacing some of our older, more expensive to fly Alpha models. It'll also require some reductions in full-time manning as we adjust the numbers downward.

Senator FISCHER. How's the Guard going to do that? If we don't authorize a Base Realignment and Closure (BRAC) process, how are you going to do it just through the budget?

General GRASS. Senator, first of all, identifying those States, this is much larger than just the Apache discussion, especially as we look down the road. It's brigades. It will affect just about every jurisdiction in the United States when we look at this to get down to the 315,000 some day that we face.

We're trying to manage that now. Actually, by May we have to load in the 2017 force structure into the Army's total analysis program so that we can start building that structure now. It gets pretty serious. The States have been told what the cuts are. They don't agree with them. They're trying to offer countermeasures of what structure they might trade.

Senator FISCHER. Do you believe we will even have to have a BRAC process? Don't you think we'll be forced to do a lot of this just through budget?

General GRASS. Senator, I don't know how we're going to be able to maintain. I mentioned before our armories are 44 years old at the average. I don't know how we're going to be able to maintain these facilities and not have them start falling down if we don't close something, as structure goes away.

Senator FISCHER. Can that happen through a budget process?

General GRASS. Yes, ma'am.

Senator FISCHER. Thank you, sir.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Fischer.

Senator Udall.

Senator UDALL. Thank you, Mr. Chairman.

Good morning, gentlemen. Thank you for your service. Thank you for being here to share your important perspectives on this issue. I would be remiss if I didn't more broadly talk about the tremendous courage, commitment, and dedication that the Army's demonstrated under your leadership.

I would also like to comment specifically about Colorado. We're the proud home of tens of thousands of Active Duty, Reserve, and National Guard soldiers. We've watched with awe as they've answered our Nation's call time and again.

Last week, General Odierno, we talked a little about what's happening in Colorado the last couple of years. We've had the worst wildfires and flooding in our State's history, and it was the Army that came to our rescue. Active Duty and National Guard soldiers

fought the flames, rescued our citizens from rising flood waters, and saved countless homes. Then, when it was over, they've been helping us rebuild our State.

Then, at the same time, you have thousands of soldiers from Fort Carson, CO, reservists and National Guardsmen, who are doing heroic work overseas, just as they have done since September 11, 2001.

My point of view is that we need our Army to be able to perform all of those roles with the same skill, honor, and courage that they've demonstrated over the last decade. No one doubts the value of the Guard or questions the incredible service of our citizen soldiers. But we need to ensure that our Total Force remains well-trained, well-equipped, and ready. It's not about the Active Duty or the Guard; it's about our Army. That's why it's so important that we get this decision right.

In that spirit, I know it's been addressed, I think, early in the hearing, but I want to make sure I have it and we do have it right. General Odierno, let me direct a comment and a question to you. Some of my colleagues in Congress are considering legislation that would establish an independent commission to examine the total Army's force structure. As I understand it, the proposal would freeze National Guard troop and equipment levels pending the release of the commission's findings.

Would you describe the effect such a freeze would have on the Total Force, considering that similar studies have taken, I think, up to 2 years to complete?

General ODIERNO. I would, Senator. We estimate that if it was delayed it would cost us $1 billion a year. The problem with that is, I've already submitted $10.7 billion for unfunded requirements for 2015. This would be another billion dollars. That means it directly comes out of readiness. There's no other place for it to come out of if this is not done. If it's delayed 2 years it would be $2 billion, $1 billion a year of savings that we have already forecast. That would increase the unfunded requirements.

Again, my other concern is then it would exacerbate our already problematic readiness levels in all three components.

Senator UDALL. To put it plainly, if the current plan is blocked or delayed, would additional Active Duty Army brigades be at risk of deactivation?

General ODIERNO. It would not be immediately. But readiness and training would be. If they don't execute our plan over the long term, then by 2019 it will result in additional Active units coming out. It would be up to somewhere between 20,000 and 30,000 additional soldiers that would have to come out if ARI is not implemented.

Senator UDALL. General Grass, let me turn to you. How have the AH–64s been used to support Homeland defense and civil support missions? Let me give you an example. In Colorado, we've benefited greatly from having National Guard Black Hawks available to perform search and rescue missions, evacuate flood victims, drop water on wildfires, and even deliver hay to cattle stranded by blizzards.

Have Apaches ever been used for those purposes, and wouldn't it make sense to have those utility aircraft available to governors for in-State missions?

General GRASS. Senator, if you would allow me first to congratulate your folks from the Colorado Army and Air National Guard. I had a chance to visit during the floods and that was the third disaster in 18 months. I also had a chance to go up afterwards and have an opportunity to see Colorado, Wyoming, Kansas, and Utah repair the road between Lyons and Estes Park in record time.

Senator UDALL. Yes.

General GRASS. Senator, to answer your question, there is one time when the Columbia disaster occurred, the Columbia Space Shuttle, and an Apache was used under the direction of the National Aeronautics and Space Administration to locate hot spots out across the lands of Louisiana, Mississippi, and Texas, mainly Texas and Louisiana. But the main mission of those Apaches is to support, to be the combat Reserve of the Army.

Senator UDALL. General, thank you for the work you did. It was uplifting to have all those Guard units from all the surrounding States. That road was due to be completed a month or 2 after it actually was finished and put back into operation. It was quite a moment for everybody, and it showed when we work together, private sector and government sector, we can really do remarkable things. Thanks again for the involvement there.

General Odierno, if I could come back to this attack aircraft question. Will moving the attack aircraft to the Active component relegate the Reserve component to a support role rather than a combat role? Is there any intent by the Army or the DOD leadership to return the National Guard to a lower tier status? After you comment, General Grass, I'd like your comment.

General ODIERNO. No, and in fact, the reason we are recommending aircraft moving is actually to increase readiness and increase their capability. UH–60s have flown more combat hours in Iraq and Afghanistan than any other aircraft by far. It's the centerpiece of everything that we do. Their need for combat operations will continue because it's the centerpiece.

The other piece I would say is that it will also allow us the ability to reinvest in the readiness of the National Guard and U.S. Army Reserve. It'll free up dollars so they can sustain the readiness to, in my opinion, be closer to a fully operational reserve, which is what we all want.

Senator UDALL. General Grass, would you care to comment?

General GRASS. Senator, I've received letters from the governors as well as the adjutants general on the very issue you bring up. There's a concern. They want to stay as a member, as a combat Reserve of the Army and the Air Force. It is a concern of theirs.

Senator UDALL. Thank you.

General Odierno, can you describe the process by which the force structure plan was designed, reviewed, and approved? For example, were all of the Joint Chiefs included in the process before the budget was finalized?

General ODIERNO. This has been a 14-month process, where we had meetings that were attended by all the Joint Chiefs, all the combatant commanders, all the Service Secretaries, and all leaders

in OSD. We had multiple meetings, multiple iterations of this, where we looked at all different types of courses of action. That has been going on. It went on for a very long period of time.

Senator UDALL. I believe you believe the plan is in the best interests of the military and the U.S.'s national security?

General ODIERNO. I do, Senator. These are tough choices, and I want to make it clear. The Army needs a ready National Guard, we need a ready Army Reserve, but these are necessary. That's why, again, we took the majority of the cuts from the Active component, because we recognize that. We think this is the best total Army package for the dollars that we have been allocated.

Senator UDALL. Thank you for that.

Thanks again, gentlemen. I look at the three of you and I see the Army. Thank you for being here.

Chairman LEVIN. Thank you very much, Senator Udall.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

General Odierno, last week when you were here you stated that the security situation in the world was more unpredictable than at any time you'd ever seen it in your career. But you also stated, in answer to questions, that we are in danger of, or possibly have reached a point, or are reaching a point, of a hollow Army. Would you elaborate on that, especially in light of our ability to respond to contingencies, since the world is more unpredictable in your view?

General ODIERNO. The problem we have, Senator, is because of the significance of the sequestration cuts that we've taken and will take again in 2016. It will directly impact readiness, because it would force us to take out significant force structure, which we can't do fast enough. Our readiness levels for the next 3 or 4 years will be lower, and it'll impact our ability to deploy ready forces. We will still deploy forces, but they will not be as ready as we would like them to be.

It will take us up until fiscal year 2019 to even begin to rebuild the Army as we're used to seeing it, which is an Army that is ready to go across all three of its components in the appropriate time frames that we've defined for each component.

We are moving towards a hollow force for the next several years. We're doing everything we can to keep that from happening. In the end, in 2019 the other part we have, even if we fully execute our plan, we'll have a ready force, but it'll be much smaller. Then you start thinking about what's the deterrent capability of that force.

Senator MCCAIN. How much difference does it make if we are able to give you relief from a renewed sequestration after this 2-year hiatus? What difference would that make to you?

General ODIERNO. Depending on how, what the relief is, it will definitely impact——

Senator MCCAIN. Say we gave it, just did away with it as far as the defense side is concerned.

General ODIERNO. That would allow us to keep more end strength in all components. I think what we're thinking would be about the 450,000, 335,000, and 195,000 levels. It would allow us to sustain ourselves at a higher level. It would also allow us to

start reinvesting in our modernization, which we've had to cut significantly as well.

Senator MCCAIN. Would it give you some change in your opinion about the approaching hollow force situation?

General ODIERNO. Significant difference, because in order to keep out of the hollow force, you need sustained funding over a long period of time. That would allow us that sustained funding to enable us to sustain our readiness.

Senator MCCAIN. I'm not trying to put words in your mouth because you've been very candid with this committee. But this really is the difference between your confidence in maintaining the security of this Nation, as you have opined and I agree, and the most unpredictable period in recent history. Not being able to maintain an ability to respond, since Secretary Gates said, "In the 40 years since Vietnam, we have a perfect record in predicting where we will use military force next. We've never once gotten it right. If you think about it, from Grenada, to Haiti, to Somalia, to Panama, to Iraq twice, to Afghanistan, to Libya twice, the Balkans and so on, not one of these cases did we have any hints 6 months ahead of the start of hostilities that we were going to have military forces in those places."

You agree with that, obviously?

General ODIERNO. I do, Senator.

Senator MCCAIN. Again, I'm not trying to put words in your mouth, but do you share my opinion that we are literally putting our national security at some risk if we continue sequestration as it is presently programmed to be?

General ODIERNO. I believe across the Joint Force, not only the Army but the entire Joint Force, it puts it at risk. The last comment I would make is it also puts our young men and women at much higher risk when we use them if we don't have the money necessary. That's also a deep concern of mine.

Senator MCCAIN. I just hope that every Member of Congress can hear those words of yours, General Odierno, because I continue to be puzzled and deeply disappointed that colleagues on both sides of the aisle don't realize the danger that we're putting our national security in.

General, would you agree that the A–10 is probably the best close air support (CAS) mission-capable aircraft ever?

General ODIERNO. The A–10 was built to be a CAS aircraft. It's provided support, has the guns, has the maneuverability, and it has the visibility that's important to provide CAS for our soldiers.

Senator MCCAIN. Do you believe that there is right now an adequate replacement for it?

General ODIERNO. There's not the same replacement for it, I will say that. But they have provided CAS with other platforms in Afghanistan successfully. They have proven that they can do it in other ways. Obviously, we prefer the A–10.

Senator MCCAIN. I think it depends on what kind of conflict you're talking about, doesn't it?

General ODIERNO. It does. Each conflict is very different and the capabilities that you might need will be very different.

Senator MCCAIN. But I'm not sure you could substitute a helicopter for an A–10.

General ODIERNO. You cannot. It is not the same. You cannot. It's a different capability.

Senator MCCAIN. An F–35 is cost prohibitive, wouldn't you agree?

General ODIERNO. It'll be a while before we get the F–35, so again, there's a vulnerability period that I worry about.

Senator MCCAIN. But also cost. I believe the A–10 is about $15 million and the F–35, God only knows what it will cost by then. It just doesn't make sense to replace the perfectly capable aircraft with a far more, by a factor of 10, expensive aircraft to replace it, which would probably have not any greater capability. Would you agree with that?

General ODIERNO. Senator, I probably don't know enough about the F–35 to comment on that. But I will say the A–10 has performed well. CAS is an important mission to our ground forces. We are working with the Air Force to come up with new solutions as we move away from the A–10 if that's what the decision is.

Senator MCCAIN. The reason why I'm pressing you on this is because unnamed "administration officials" continue to say there'll be no more land wars, which then if you accept that means that you really don't need an A–10. But as Secretary Gates said, in the last 40 years we have never anticipated one of the conflicts that arose. To then eliminate the A–10 with some future capability it seems to me is a roll of the dice.

I don't ask you to respond to that because I don't want to get you in any more trouble than I usually do.

I thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator McCain.

Senator Manchin.

Senator MANCHIN. Thank you, Mr. Chairman.

Thank you all again for being before us. I want to thank General Odierno for coming back. He was just here last week. General Grass and General Talley, good meeting you in the office. I appreciate your coming.

Just a few questions. I know there's a big difference, a little bit of a big difference, or in my mind a difference, between the roles of the Guard and the roles of the Army and the Reserve. With that, and I think the Apache shows there's a difference of approach of how we do this.

I was looking at the $40 million plus of difference between a battalion of Guard and a battalion of the Army operating the same aircraft. With that being said, I think, General Odierno, you gave us a complete list of the savings and it was about $12 billion.

We're talking about operational and strategic capability, what role the Guard's going to play. If that's the case, the Guard today is a different Guard than what we had before, General Grass. I have to be honest with both of you. In my former role as Governor of West Virginia, I worked very closely with the Guard, the Army Guard and the Air Force Guard. I saw and I still see a better connect between the Air Force Guard and the Air Force than I do the Army Guard and the Army. I'm thinking hopefully you can work through that, or if you're moving closer to working in more of a succinct pattern.

Can you give me some examples of areas where you think you are working closer together?

General GRASS. Senator, first I want to applaud U.S. Army Forces Command, General Daniel B. Allyn, USA, who has reached out to our States and our units and he's working very closely with the adjutants general. I've received some very positive comments back where he's aligning Active divisions with some of our brigades and our divisions.

I'll give you an example. The 86th Brigade out of Vermont is going to do a rotation this summer at the Joint Readiness Training Center at Fort Polk. The 10th Mountain Division, who they're aligned with, is going to provide them some additional military intelligence support. We had hoped later on, when the 10th Mountain goes through their warfighter, we'll be able to take some folks out of the 86th Brigade.

I saw this work so well before, really before September 11, 2001, as our forces were deploying to Bosnia and we did rotations and were aligned with the Active corps, and our divisions aligned very well with them.

Senator MANCHIN. Do you have any?

General ODIERNO. Senator, for 13 years we've worked very closely together, closer than any other Service probably in the history of this country, Active and Guard. I reject your thought there, because we've been very close. We've worked together, we've trained together, and we've fought together. In my mind, we're close.

This is like a family spat here. We're arguing over a little bit of resources. I'm here speaking for all three components. I'm the only one under title 10 who's responsible for ensuring that a total Army is here. I want you to know, I am dedicated to that. I am absolutely dedicated to make sure that we have the right Guard, the right Active, and the right Reserve. It is critical to our future.

This is about our future, and what I'm trying to do is, with the dollars allocated, come up with the best answer for the future of the Army. As was said, Force Readiness Command (U.S. Coast Guard) has an extensive Total Force policy. The Secretary of the Army has an extensive Total Force policy. I'm comfortable with that. Again, this is a spat about resources. Let's not interpret that as not close relations between the Guard, because there's significant close relationships between the Guard, Active, and U.S. Army Reserve throughout our Army, sir.

Senator MANCHIN. With all that being said, and we're talking about money, it comes down to the bottom line.

General ODIERNO. Right.

Senator MANCHIN. Last year, Congress learned that the Army accumulated $900 million worth of Stryker vehicle repair parts, many of which were unneeded or obsolete. This year the Army effectively cancelled the Ground Combat Vehicle (GCV) after investing almost $1 billion in the program. I'm sure you see the same reports.

My point is that perhaps if we focus more closely on some of the waste and things of that sort, maybe we wouldn't be having our so-called "family spat."

General ODIERNO. Senator, I would argue if we got predictable budgets we wouldn't have to do that. That $1 billion cut in the

GCV is because we have unpredictable budgets and we have sequestration. That was not originally part of the plan.

Senator MANCHIN. How about the Stryker parts and all that?

General ODIERNO. I'd have to look more into Stryker parts. That was in Afghanistan. I'll take a look at that. I think you're right, I think there are some efficiencies that we should gain.

Senator MANCHIN. The thing I was concerned about is training to the lowest tier. If there's going to be cutbacks in the training that the Guard and the Reserve does, is that going to put you in a different tier as far as readiness? General Grass, do you have concerns of that?

General GRASS. Yes, sir, I do, and it will, especially as we look at 2016 and beyond. It's going to have an impact in 2015, but 2016 and beyond it gets worse. I think General Odierno would agree that the training seats are going to begin to disappear. We're already seeing some of that in some of our aviation seats, as well as schools that will be available starting in 2015.

Senator MANCHIN. That would almost immediately put you in the strategic reserve, right?

General GRASS. Senator, we've had such great support over the years with the deployment of 760,000. Probably 46 percent right now of our Guard is combat veterans. Our leadership is strong. But over a few years I think we would definitely see a loss.

Senator MANCHIN. General Talley, do you have a concern?

General TALLEY. Senator, I think the concern affects all three components of our Army, as our ability to have operations tempo (OPTEMPO) money is going to draw down because of the effects of sequestration if that's not reversed. All three components are going to have less ability to be ready.

In the Army Reserve right now, if we execute all the individual training tasks that we're supposed to execute, it eats up about 34 days of our 39 training days that we're authorized. We rely on that extra OPTEMPO money to make sure we're ready, particularly as we get closer to being in the window, if you will, for availability. It absolutely will have an impact.

Senator MANCHIN. General Odierno, my final question here. I understand that there are different challenges, of course, for the personnel in the Active Forces than those in the Guard and Reserve. The Active Duty Army units typically rotate through a CTC, I believe every 2 years, and according to the briefings of the Army, National Guard units will only have that opportunity on a rotation of 7 to 10 years.

General ODIERNO. Every 7 to 10 years, depending on the brigade availability.

Senator MANCHIN. That again will put them in a different tier, just not having the training available.

General ODIERNO. Right. It also has to do with mobilization time and other things. It's a combination of what we talked about in terms of how much time they're called up and how much they're not. That was all factored in as we do this.

Senator MANCHIN. I'd like to work with you on the waste factor, sir.

General ODIERNO. Absolutely.

Senator MANCHIN. My time is running out, but this is really something very much concerning to me, and I think a lot of this can be avoided if we can get our cost effectiveness.

Thank you, sir.

Chairman LEVIN. Thank you, Senator Manchin.

Senator Wicker.

Senator WICKER. Thank you very much, Mr. Chairman.

General Grass, let's talk about the Regional Counterdrug Training Academy (RCTA) program. These schools, including one located in Meridian, MS, have the unique mission of providing combatant commands, law enforcement agencies, community-based organizations, and military personnel with training to support and enhance their capabilities to detect, interdict, disrupt, and curtail drug trafficking.

I have visited with our RCTA in Meridian. I found it to be an outstanding facility with a world-class faculty. I've met with our law enforcement and uniformed service members who've benefited from the classroom lectures and hands-on practical training provided in Meridian. Members of this committee may be interested to know that many graduates of the program return to their home jurisdictions as instructors.

The feedback I've received from these individuals has been effusive, as well as feedback from our governors, adjutants general, and law enforcement leaders. This is not only for the Meridian RCTA, but also the four sister schools located throughout the country. Based on their testimonials, our RCTAs are of utmost importance. Interesting to note, we have five of them nationally, General, and the entire cost to the government is less than $5 million for all five of these.

I was disappointed to learn that President Obama's budget request contains zero funding for these schools. Just for the benefit of the chairman and the ranking member, I intend to work with my colleagues on this committee to try to ensure that we can find that $5 million.

General Grass, you are, I believe, a supporter of the RCTA program, is that correct?

General GRASS. Senator, yes, I am. I have visited Meridian.

Senator WICKER. Do you agree that these training academies are productive institutions that have contributed to our national security and public safety?

General GRASS. Senator, these facilities have trained over 600,000 law enforcement agents since they were established.

Senator WICKER. Let me ask you to elaborate, then, on your testimony last week before the House Appropriations Committee. Indeed, DOD has directed you to close these five training centers, is that correct?

General GRASS. Yes, sir. We've been directed in 2015 to close them.

Senator WICKER. Am I correct that we're really talking just under $5 million to keep all of these open?

General GRASS. Senator, I think that was the figure that we were given, what was available this year. Let me go back and get the actual figure, what they needed to run before we received a reduction, if you'd like me to do so.

Senator WICKER. It would be fair to say that a relatively modest investment will keep these invaluable programs open and available for these hundreds of thousands of participants?

General GRASS. Yes, sir.

Senator WICKER. It's also my understanding that law enforcement officers and National Guard personnel staff have contacted the National Guard Bureau in support of the RCTA program. Are you aware of these communications, General?

General GRASS. I'm not aware of the law enforcement contact, but I am aware of a number of adjutants general that have reached out and had the conversation with me.

Senator WICKER. Okay. Would you be willing to sit down and listen to some of these law enforcement testimonials?

General GRASS. Senator, yes, I would.

Senator WICKER. I know you're busy.

Then, finally, do you believe the value of the RCTA program warrants authorization by Congress?

Senator WICKER. Senator, yes, I do.

Senator WICKER. Thank you very much

Mr. Chairman, I yield back the balance of my time.

Chairman LEVIN. Thank you very much, Senator Wicker.

Senator King.

Senator KING. Thank you, Mr. Chairman.

General Odierno, some pretty straightforward, quick questions. This also may be for the record. What would be the cost of leaving the National Guard as is and implementing the rest of the plan, in other words maintaining National Guard strength at 354,000 instead of 335,000?

General ODIERNO. In terms of end strength only, or the whole?

Senator KING. Just take the plan as is, but just not reduce the National Guard component. What I'm looking for is what are the savings anticipated from that piece of the reduction?

General ODIERNO. Roger. It's somewhere around $6 to $7 billion, I could get you the exact number, which accounts for annual training of AH–64s, the procurement of additional AH–64s, and the payment of end strength. Then also it's about the training of the BCTs that would be reduced, the two that would be reduced, and the sustainment of those capabilities. It's about that number, somewhere in there.

Senator KING. Is that per year?

General ODIERNO. It's somewhere close to $1 billion annually, and then there are some one-time costs that you would have to pay for.

Senator KING. We've had some experience in this. How long does it take to bring a Guard unit up to combat readiness?

General ODIERNO. It depends on the type of unit and the mission that they're going to do. Over the last 10 years, this is an average, based on our records that we've kept, they give them 1 years' notice for mobilization. That's the requirement. Then once they become mobilized, we train them somewhere between 95 and 145 days to prepare them to go to either Iraq or Afghanistan, depending on the unit.

Over the last 6 years, that was reduced because there was legislation passed that reduced the amount of time that they could be

mobilized. It reduced their time they could be mobilized and it reduced the amount of training they would do. We had to adjust missions based on that adjustment that we were given as well.

Senator KING. But it sounds like what you said is basically a year and a half from the time you say we need them to the time they're in the field.

General ODIERNO. Until the time they can deploy.

Senator KING. With the regular Army what's the time?

General ODIERNO. It depends on the different readiness levels. But for the top tier readiness, which is the first 8 to 10 brigades, they can go out the door immediately, and it's just a matter of how long it takes them. Beyond that, it's probably about 30 days later.

Senator KING. There really is a significant difference between the two in terms of readiness, particularly in a more or less emergency situation.

General ODIERNO. There is.

Senator KING. General Grass, I'm a former Governor, so I have lots of warm feelings about the National Guard. They were enormously helpful to us. We had an enormous natural disaster when I was in office that the Guard was absolutely critical.

On the other hand, I don't understand. Can you make the argument to me why a National Guard unit needs Apache helicopters? I know you're supportive of the agreement, but be an advocate for a minute and explain to me what the argument is out there, because we don't have someone at this table to make it, why a National Guard unit needs Apaches?

General GRASS. Senator, I go back in the history of the Guard, of who we are from our Founding Fathers, our foundation in 1636. It was men and women who would leave their farms, grab their muskets, and consider themselves infantrymen. There's a long tradition of being a part of the combat forces of the United States military.

In every war we've been called forward, and that combat capability has come out. But that combat capability is really where we get the bulk of our leaders that execute complex missions in responding to major catastrophes in the Homeland. I often thought after Hurricane Sandy of those 12,000 troops. It probably took six brigades worth of colonel-level leadership on down and staff to execute those kinds of missions. We rely heavily on our combat force for that capability.

Senator KING. But there are combat functions for Guard units. It's not like the Apaches are the only combat function for a Guard unit, right?

General GRASS. Yes, sir. No, there are other combat capabilities.

Senator KING. But the basic idea is that the Guard would like to maintain and have its hand in this piece of the combat readiness.

There's an article in this morning's newspaper that quotes a member of the other body that says that this proposal, that is to get rid of the Apaches from the Guard, trades one capability for another. It, "significantly reduces personnel, many of whom are aviation personnel with years of experience as either pilots or in aircraft maintenance. Over 6,000 of these personnel, in whom the Army has invested significant time and money, will be forced out

of a job and will be cut from the Army National Guard as a result of this proposal."

General Odierno, is that a true statement?

General ODIERNO. First off, I don't know about the number 6,000. I think that's a bit high. I would argue that that's happening across the entire force. I'm cutting 150,000 Active component soldiers who we've invested an incredible amount of money in, who have multiple tours in combat, and that we're also cutting out of the Army. This is happening across every single component and this is happening in significant numbers because of the reduced budget.

I would say many of those individuals will be retrained to fly UH–60s or LUHs or other aircraft, because they're only losing 111 aircraft. If you have 2 pilots per aircraft, that's 222 pilots. There are some sustainment people that are behind that. But 6,000 is a pretty high number. They just have to retrain some of this great experience to go on UH–60s.

In the Active component, we're cutting 700 aircraft. The reduction of experienced combat pilots is actually greater in the Active component, seven times greater than it is in the National Guard or U.S. Army Reserve.

Senator KING. On the National Guard side they are going to be gaining Black Hawks, is that correct?

General ODIERNO. 111 Black Hawks, sir.

Senator KING. Mr. Chairman, that's what I have at this time. I yield back the remainder of my time. Thank you.

Chairman LEVIN. Thank you, Senator King.

Senator Graham.

Senator GRAHAM. General Grass, can you tell us how long it takes to mobilize and deploy a BCT in the Guard?

General GRASS. Senator, using the training strategy that was published in December 2013, it's 71 days, the tasks that we have to accomplish if we're at company-level proficiency. It's 87 days at platoon. I might mention that on our attack aviation over time we got better and better at this. We have modernized aircraft, and our post-mobilization time for our attack is about 71 days now, unless you're a non-modernized unit and you're going through an upgrade. Then it's about 113 is what the facts show.

Senator GRAHAM. What's the difference in missions of a Black Hawk and an aircraft attack aircraft?

General GRASS. Senator, it's combat versus support for the most part.

Senator GRAHAM. Isn't that the big difference, that they'll be flying Black Hawks, but they will not be flying attack helicopters?

General GRASS. Yes, sir.

Senator GRAHAM. Will the National Guard have any attack capability?

General GRASS. No, Senator.

Senator GRAHAM. That's the big deal, whether or not you should divest the Army National Guard of the ability to have attack aviation assets.

General Odierno, you said last week that, knowing we're $17 trillion in debt, probably 500,000 would be a moderate risk Army, is that right?

General ODIERNO. That's correct, sir.

Senator GRAHAM. If we got to 500,000, that would take some of these problems off the table for the big Army, right?

General ODIERNO. Yes, sir.

Senator GRAHAM. Do you know the cost difference between a 450,000 or say a 420,000-person Army on the Active side and a 500,000-person Army?

General ODIERNO. It's $1 billion per 10,000 people, sir.

Senator GRAHAM. We need to add that up and see what you get for that money.

General ODIERNO. That would be $8 billion a year, sir.

Senator GRAHAM. $8 billion. For $8 billion, what kind of difference would we be able to achieve in terms of the Army?

General ODIERNO. If all the readiness dollars came with it, obviously that's a key part of this, and modernization dollars, that would enable us to have up to 32 to 34 brigades. It would allow us to have more aviation, which we need. It would allow us to have more air defense, ballistic missile defense capability, that we need, so we wouldn't be struggling with some of the demand and density of equipment that we have. It would allow us to meet prolonged, longer-term conflicts that we might have to face in the future. It would also allow us to probably do two at once.

Senator GRAHAM. Would it also create more deterrence in your mind?

General ODIERNO. I think it would obviously create more deterrence.

Senator GRAHAM. The world as you see it today, are the threats to the Nation rising, about the same, or going down?

General ODIERNO. I know the uncertainty has grown significantly, and the unrest that we see, whether it be in Europe, whether it be in the Middle East, or whether it be on the Korean Peninsula, seems to be ratcheting up a bit, not going down.

Senator GRAHAM. General Grass, would you support an independent commission to look at the Army force mix between the Guard, Reserve, and Active Duty?

General GRASS. Senator, I had mentioned earlier my experience with the Air Force commission, which is different, no doubt, because it was a different time. But looking forward to 2023 and where we're headed with sequestration, I don't see any problem with having an independent look, especially for this committee.

Senator GRAHAM. Thank you.

My view is it would be wise, but the wisest thing we could do is find a way to give some sequestration relief. I will be introducing with Senator Leahy a commission, and I would like the commission to look at the effect of sequestration and have an independent view of that. I trust General Odierno. I think you've just been an outstanding commander, but I want somebody outside the Army looking at what we're doing to the Army, to tell the committee, if they could, the effects of sequestration.

From the Reserve component, General Talley, what are we losing in the Reserve as a result of sequestration?

General TALLEY. Senator, thank you for the question. I think the short answer is we're losing readiness. If sequestration stays in effect long term, I won't be able to have the additional OPTEMPO

money that I need to make sure that those technical enablers that the Army relies on every day, which is predominantly from my component, as well as providing that direct support to the combatant commanders.

Senator GRAHAM. What does that mean to you, General Odierno?

General ODIERNO. What that means is that we lose depth. They provide us the depth that we need. Frankly, in a lot of combat support and combat service support, that depth is pretty thin. We rely a lot on the National Guard and U.S. Army Reserve for combat support and combat service support capability.

Senator GRAHAM. When you look at the African theater, do you think it would be wise for us to beef up our military training presence, our intelligence capability, and Special Operations Forces capability in Africa?

General ODIERNO. We have slowly been doing that, Senator, over the last couple of years. It's much more this year than it was last year, and I think it's something that we have to continue to do.

Senator GRAHAM. When you do that, that comes at the expense of something else in this budget environment, correct?

General ODIERNO. It does. We have to pay for that, sir.

Senator GRAHAM. From a Korea point of view, it seems fairly unstable. What's the likelihood in your mind that the current regime in Korea would do something very provocative that could lead to a larger shooting conflict than we've seen in the last couple of weeks?

General ODIERNO. I don't know the percentage. What I would say, though, is just recently we've seen, again, the launching of ballistic missiles. We've seen some artillery being fired. I worry that we continue to ratchet this up a bit more. I just worry where that could head. I think we have to be very cognizant and aware that they are conducting some provocation that could elicit a response from South Korea which then could begin to escalate. I think it's something that's very dangerous and it's important for us to understand that we have to be very careful here, because I think we are unsure what the leader over there is going to do.

Senator GRAHAM. Do you talk to our allies frequently throughout the world?

General ODIERNO. I do, sir.

Senator GRAHAM. Is there a general impression throughout the world that America is in retreat in terms of our actual strategy?

General ODIERNO. I wouldn't say that, what I would say is they expect us to lead.

Senator GRAHAM. Do they see us leading?

General ODIERNO. When I talk to my counterparts, they want to know how we're doing and how we're going to implement in the future. We talk about how we're going to lead. Whether they believe that or not I will leave up to them. They don't say that to me.

Chairman LEVIN. Thank you, Senator Graham.

Senator Nelson.

Senator NELSON. General Odierno, I agree with you in your response to Senator McCain. The future sequestration cuts would clearly diminish our capacity to be in a state of readiness as we want to to meet the world's threats.

I want to get into the cuts to the Guard. Basically, the Department of the Army has suggested approximately 32,000 cuts to the National Guard. General Grass, your recommendation, whether it was imposed on you or whether it came from you, is roughly about 12,000 cuts. That's a difference of about 20,000, and I suppose that it's going to be Congress that is going to decide this difference.

What I want to get to, General Grass, is the difference in the States as to the threat that is facing each of the Guards in the State, be it Army or Air Guard. If you use CAPE analysis on simultaneous events using historical data, it would reallocate the Guard among the States as to the ones that have the largest threats.

My State of Florida is now the third largest State. We have surpassed New York in population. But New York and Florida also have the threat of hurricanes in common. We have a peninsula that sticks down into the middle known as Hurricane Highway. But New York found out that it was suddenly threatened with Hurricane Sandy, very significant damage, along with those other northeastern States. Sandy, Katrina, and the 2004 hurricanes were taken into consideration. We had four hurricanes hit Florida in 2004.

What it shows is that about a third of the States ought to be increased in National Guard and about two-thirds of them ought to be decreased. I understand you're not in the business of going around and telling existing Guards. But when a cut is going to be imposed on you, be it your 12,000 cut nationally or General Odierno's 32,000 cut, then a 12,000-member Florida Guard gets cut one-twelfth, 1,000, 800 for the Army, 200 from the Air Guard.

That just doesn't seem right. Why in the world?

General GRASS. Senator, first of all, none of us want to make the cuts we're having to make. One of the issues that we deal with right now, especially in the Army, is trying to figure out where we can take risk, it's all about risk now when we have to make these cuts, and still fulfill the requirements for a governor to be able to call up his or her Guard and get them there on the ground within a timely timeframe so that they can respond and save lives.

We're working very closely with FEMA and NORTHCOM right now to look at what we call the worst night in America. We've done some great analysis looking at those scenarios across the United States. We've never been totally able to quantify the requirements. We have 54 State plans now. We know how each State plans. Your State, sir, has been tremendously helpful in providing us their experiences. Unfortunately, because of the hurricanes, they've created tremendous capability. They've provided us their plan.

We're taking those plans. If you imagine the Gulf Coast and the east coast, right now I can pretty much tell you what each State needs for a CAT–5.

What we haven't been able to isolate in the past is to be able to tell you, of the 10 essential functions that we use in pretty much every State disaster, where do they come from in that disaster? How many will come in from other States?

Senator NELSON. Let me just interrupt you here because we're running out of time. Is this the modeling that you're talking about?

General GRASS. Yes, Senator.

Senator NELSON. Okay. But there's something also known as consequence management. Why do you pick modeling over consequence management?

General GRASS. Senator, it is a part of the calculus. In the end it will be.

Senator NELSON. What did the Florida Adjutant General say to you about what a 1,000 cut in Florida from a 12,000 strength would do with hurricane season approaching?

General GRASS. Senator, I have had calls, I've had letters from every adjutant general about the proposed cuts, that it's unacceptable to them, especially when I talk about the 315,000 number we have to get to. This is just an immediate step, but full sequestration takes us back to even worse cuts, and it will have an impact on our response times.

Senator NELSON. Now you're modeling it, and the State plans, which are synchronized between the National Guard and the local responders, and you're looking at the gaps. Is that how you're going to allocate the cuts nationally?

General GRASS. Senator, first we have to understand the requirement by region. But each State day-to-day for the smaller events has a capability they need. There's a certain type of capability that they need, the 10 functions that I mentioned.

Senator NELSON. Did the Florida Guard accept this kind of allocation of cuts, assuming that General Odierno's 32,000 cut nationally is what is the final figure?

General GRASS. Senator, I haven't had a single State accept them yet.

Senator NELSON. So the answer is no?

General GRASS. No.

Senator NELSON. Did the Florida Guard argue that there are other States that have a much larger Guard that do not have the threats and therefore there ought to be a reallocation among the States as to the actual threats?

General GRASS. Senator, they have made that case.

Senator NELSON. Apparently, not successfully.

General GRASS. Senator, we're still in the deliberations.

Senator NELSON. I thought these were your recommendations.

General GRASS. Senator, we have to get to the May timeframe. Right now, the States are coming back with their proposed trade spaces for force structure reductions. By May, we have to load that into the total Army analysis program.

Senator NELSON. That means things are going to change in May?

General GRASS. Sir, it depends on what comes out of the debate and discussion that will occur with all the States present. They'll have a chance again to make their case.

Senator NELSON. Okay. Then while you're listening to the States, I would just add my voice. Hurricanes are a way of life. Back in the early part of the last decade, I can tell you the Florida Guard knew how to take care of business, and had they been in New Orleans there wouldn't have been the problem that occurred there because they knew what to do. I don't want to lose that capability.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Nelson.

Senator Lee.

Senator LEE. Thank you, Mr. Chairman.

Thank you all today for your testimony and to your faithful service on behalf of our country.

You all have been forced to make some difficult decisions and you've been put in an unenviable position, having to deal with scarce and declining resources. I know that you've made those decisions with the security of our country and the safety of the men and women who serve under you as your highest priority.

The Army's restructuring plan for aviation, of course, calls for the divestment of several fleets of helicopters and also for the remissioning of all National Guard Apache battalions over to the Active component. Of course, this means that if this plan were implemented, the National Guard would no longer have aviation attack flyer on-target capabilities.

As has been highlighted to some extent already today, the National Guard's Apache battalions have performed exceptionally well in past wars, providing readiness and providing strategic depth for the Army and some of the best-trained personnel in the world. As one example of this, I will point, as one prominent example of this, to the Utah National Guard's 1–211th Attack Reconnaissance Battalion, that has deployed three times in the last 14 years, including multiple tours in Afghanistan, where it received the German Presidential Unit Streamer from our German allies in that conflict.

While understanding the need to reduce costs and to prioritize modern equipment over older aircraft, I do have some concerns about getting there by divesting the valuable and very cost-effective national defense asset that we have in our National Guard Apache battalions. General Grass, if I could start with you, can you tell me, did the National Guard have a proposal for aviation restructuring that would have maintained some of the National Guard attack capabilities with the Apache while simultaneously ensuring that the Army had the equipment necessary to make up for the capabilities that would be lost from the divesting of the Kiowa Warrior?

General GRASS. Senator, first, let me say that I want to applaud the men and women of the National Guard that have flown this mission and all of our Army forces that have flown the mission. The Guard did 12 battalion rotations and 5 company detachment rotations. We have a detachment right now out of Tennessee that flies the Kiowa Warrior that is at mobilization. They will do their mission, come home, and they will change missions.

I would tell you that I was included in every discussion. I provided my best military advice and I provided options. But now, sir, since the decision's been made I have to begin to plan for the future. I come back to sequestration, that this will be just a series of cuts that are going to continue as we look out to the future by 2016 when we take even further reductions.

Senator LEE. You refer to the fact that you outlined other options. Can you tell me whether some of those options included what I've described?

General GRASS. Senator, yes, they did.

Senator LEE. Why did you think it was important to maintain some attack aviation capability within the National Guard?

General GRASS. Senator, I think every National Guardsman wants to maintain a close relationship with our Army, and we want to continue to look like our Army and to work closely. I think going forward, looking at multi-component forces, I think we definitely have some opportunities coming in the future.

Senator LEE. One of the justifications for the ARI is that State Guard and governors will have more aviation equipment, including transport capability, which some have suggested might be more suitable to their Homeland security missions than the Apache. General, to your knowledge has the Governor of any State requested more transport capabilities as opposed to Apaches? In other words, have any of them asked for more Black Hawks rather than Apaches?

General GRASS. No, sir.

Senator LEE. Not one?

General GRASS. No, sir. They have asked for CH–47 Chinooks.

Senator LEE. In addition to this, I would note that we had 50 States and territorial governors who wrote a letter to President Obama in February asking that the proposed changes to the Guard's combat aviation capabilities be reconsidered. I do think that's significant.

General Grass, many National Guard aviators and crew have flown the Apache for many decades, and they've made the choice to stay in the National Guard with this mission in mind, to continue to serve in connection with the Apache. Can you tell me whether there have been any studies completed or any analysis conducted to estimate how many personnel from our National Guard Apache battalions might remain in the National Guard if they need to be retrained to fly the Black Hawk?

General GRASS. Senator, I'm not aware of any studies. I know, looking at changes in structure that turbulence always creates, no matter what the discipline is, some folks will just not or probably don't have the time to get away and retrain.

Senator LEE. Is there any historical precedent you can think of that might give us some insight into what that might look like?

General GRASS. I think some of the recent changes that have occurred, especially over the last 4 years, with the Air Force.

Senator LEE. Those would indicate that we might see some departures?

General GRASS. Yes, sir. The restructuring may require a pilot to go requalify on a new platform and they may have to travel much greater distances. In this case, we wouldn't have the same, but what we find is employment becomes an issue, and family becomes an issue, especially when they're getting close to retirement. You lose that experience.

Senator LEE. Thank you.

I see my time has expired. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Lee.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

Thank you both for your service.

General Grass, the Chief of the National Guard has a unique role among the members of the Joint Chiefs, in that you serve as chief

military adviser to the Secretary of Defense for non-Federalized Guard matters, but not necessarily owning or controlling the Guard the same way that other Chiefs own their Services. Given the Guard's dual State and Federal roles and command structures, does this cause a structural challenge for you on how to guard input factors into budget and planning decisions?

General GRASS. Senator, first let me say, and thanks to this committee, I'm proud to be able to serve in this capacity as a member of the Joint Chiefs. I think one of the huge values of being able to serve here is to be able to provide that advice that comes from the National Guard, not just in responding to disasters, but also across the 54 States and territories.

I think from a budget perspective, I've been received very well by the Joint Chiefs. I've been able to provide my input on every discussion. I've been able to provide issue papers when I possibly disagreed or a Service Chief and I maybe disagreed. I was still able to bring my message forward to the Deputy Secretary. Then once the decision's made, sir, it's my job to execute.

Senator DONNELLY. Is there anything that can be done to improve this situation or do you think it's working appropriately right now?

General GRASS. Senator, I recently sat down and I read the charter, the history of the Joint Chiefs of Staff. I think there are growing pains. I looked at the Marine Corps and it took almost 25 years before they went from being just an advisory role to a full member. We are a full member. I think it's historic what this committee has done and what DOD has done to welcome us into this. I think there's huge value for the future for being a member of the Joint Chiefs of Staff.

Senator DONNELLY. Thank you.

General Odierno, as we have discussed before, and we appreciate all your efforts on this, I view the mental and behavioral fitness of our soldiers also as a readiness issue. I appreciate the Army's leadership on implementing smart behavioral health screening policies. In particular, I want to highlight the leadership the Army has shown on implementing annual enhanced behavioral health assessments for all Active Duty soldiers, not just those in the deployment cycle, but for all Active Duty soldiers, as part of their periodic health assessments.

I understand the Army is working on implementing the same policy and tools in annual assessments for the Reserve component. I was wondering, General, what the status of that effort is at this time?

General ODIERNO. First off, a couple things have happened that are good. First, the Army National Guard utilizes the director of psychological health to assess all of their programs. That's a new initiative that we put into place. They support all 54 States and territories when they're doing this.

Second, we have incorporated telebehavior health, which is really good for the Guard and Reserve because it enables them now to not necessarily have to be right there, but we can do it over long distance, where we then can utilize some of the Army capabilities when we have behavioral health. But there's still a lot more work to be done.

The other piece we've done is TRICARE Reserve Select, which is a low-cost, premium-based health plan which you approved for the Reserve component. That's enabling them to go outside to get this help. We now have some things in place that will help us. We're also putting behavioral health specialists at the brigade level at all the components.

A combination of all of these things are beginning to help us. We still have a distinct challenge in the Reserve component, and that is reaching out to them on a regular daily basis like we can with Active component soldiers, because of the fact that they are spread out over large distances and they have other jobs where they're not in daily contact. But the Guard and Reserve are putting in several different initiatives that help them to reach out.

We're nowhere near where we need to be, but we have made some progress.

Senator DONNELLY. General, this is a little bit different from the original question, but one of the things I've heard is you've worked so hard to eliminate any stigma to seeking help. But I have still heard that some Army members or Reserve members would rather see somebody outside the uniform, I guess would be the way to put it. Has there been any thought in terms of making sure that there is, in towns where you have such a big place or in bases where you have such a huge presence, to having somebody just outside the gates who may not be connected per se to the Army, but is there to provide those kinds of services?

General ODIERNO. Each one of our major installations in the Active component is working very closely and have a relationship, that they have a behavioral health network that is available, and they identify what that network is so people have options. As I said earlier, for the Reserve component it's now TRICARE Select, and that helps them then to, obviously, seek help outside of the uniformed military to do this.

Senator DONNELLY. Thank you.

Do you know, General Grass, whether there is an effort to provide the same type of annual behavioral health assessments for the Guard as well?

General GRASS. Senator, yes, there is. Today we have 167 mental health clinicians across the Guard, both with the Army and Air. At the Air level, we are at each wing. In the Army level, we have a contracted clinician in every State. We also have 24 additional in our high-risk areas of the State.

Thanks to Congress, we have another $10 million this year that we're applying to additionally bring on. I've been working with the Air Force on converting some of those contract positions to permanent civilian positions. We want to do the same with the Army, so that you put someone in the State headquarters or in a unit that's going to be there and when the contact runs out you don't lose them. You bring them from, as you said, sir, that community, that they understand the problems we're dealing with.

Senator DONNELLY. This would be for both of you. Are there any challenges to that drive to provide those services? Obviously, there are financial challenges because of resources. Are there any other challenges on this end we can be helping you with to try to make sure that you have the tools necessary to provide those services?

General ODIERNO. I'd say a couple of things. We have the tools, so I don't think we need help from you. There are some things we have to do internally. That's hiring more behavioral health specialists.

The only other thing, I mentioned the other day in the wake of Fort Hood, is it has to do with our getting commander access to information, and there are some internal things we can do, but there might be some legislative things that we have to look at. That should come out of some of the studies we're doing based on what happened at Fort Hood.

Senator DONNELLY. Okay.

General GRASS. Senator, if I could add one thing. We've had great support from the Army on this, but a lot of our capability and our resources have come through Overseas Contingency Operations (OCO) money. As that money dries up, we're concerned about what we'll have left behind there to execute the mission.

We're working very closely with the Department of Health and Human Services and the Department of Veterans Affairs, because one of the concerns that I have as over 100,000 men and women are coming out of Active Duty with 4 to 6 years in combat, is how it's going to have an impact? We hope to attract them in the Guard, but how is that going to have an impact on them and their mental health? I don't think we as a Nation have tackled that yet.

Senator DONNELLY. General Odierno and General Grass, thank you, and thank you to all the men and women who serve our country.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator Sessions.

Senator SESSIONS. Thank you.

General Odierno, thank you for your service. You've been given a tough job. All of us need to know that.

General Grass, I think your recent comment about the danger to the morale and spirit of soldiers who've served us, even in combat, maybe more than one or two or three deployments, when they're said that they're not needed any more, worries me. I think it's a danger to the Service.

We've known all along we're going to have to draw down the numbers after the peak of Iraq and Afghanistan. We've been preparing for that. But it's just not something we ought to take lightly.

General Odierno, I know you will wrestle with it and try to do the best you can, and you're being asked to do some very tough things.

My impression, General Odierno, as you said at the beginning, is that the Guard is being listened to effectively, and you're doing your best to shape a force for the future that reflects their contributions and the Active Duty contributions. In fact, if your plan is carried out, the Guard will have a larger percentage of the Total Force than they had before, either before September 11, 2001, or after September 11, 2001. Is that correct?

General ODIERNO. That is correct, Senator.

Senator SESSIONS. I thank you for doing that. I think the Guard makes great contributions and the Army Reserve does, and at a reasonable price, and I appreciate that.

With regard to the total numbers, I hope we don't have to go to 420,000. That number to me is lower than I would have thought possible, or maybe it's not possible. We're going to have to look at those numbers hard.

General Odierno, maybe someone else would be better able to answer this, but I'll just ask you first. What about civilian personnel? We've been told and I understand that as many as 100,000 new civilian personnel were added to the total work force after September 11, 2001. I'm wondering what kind of reduction in their numbers should occur with regard to our overall constant desire for military leadership and Congress to have more available at the point of the spear and less available in the establishment bureaucracy, for lack of a better word.

General ODIERNO. Senator, so far, since we started in 2012, we've reduced the U.S. Army civilians by approximately 20,000. We will continue to reduce them over the next 5 fiscal years as well. They are coming down as well. It's a bit harder to predict because it's based on number of budget dollars, but we've directed a 25 percent reduction in all headquarters, both civilians and military. That's part of this. We have reduced civilians in every one of our installations and we're continuing to do this. Army Materiel Command has done a study on how we will reduce civilians there.

All of that we are continuing to work, and we will continue to see reductions in our civilian workforce as we move forward.

Senator SESSIONS. It seems to me that the logical thing would be to, as we've drawn down the size of the Active-Duty Force, reduce civilians to support that force, number one. Number two, we were facing life and death events every day in Iraq and Afghanistan with troops being deployed, and we need to have the kind of civilian support staff that made sure that they got what they needed, when they needed it, because lives were at stake. Could you go lower than that? How much lower do you think, and why shouldn't we have a greater percentage reduction in civilian than we do in Active uniformed personnel?

General ODIERNO. I think what we're trying to do is proportionally cut based on our assessment. In other words, I think over time you will see proportionate cuts in the civilian work force as it is in the military as well.

We're also, by the way, just to add something else, reducing contractors significantly. We began that process this year. We are continuing to go after that, and we're trying to reduce contractors first, then civilians, and then military. That's the thought process we're going through as we move through this. But we still have lots of work to do here.

Senator SESSIONS. I respect the difficulty of this. This is a huge institution and you're trying to make changes over time. But with regard to the budget numbers, next year's 2015 budget beginning in October would be $498 billion, basically the same as this year, and then go to $499 billion in 2016, which is another tight, flat year with no increases.

Then the next year it jumps $13 billion to $536 billion, and grows at 2.5 percent a year for the next 4 years after that.

I guess what it seems to me from the outside looking in, of all the challenges you face, it's trying to stay within those numbers

now, because you're making decisions now to reduce structure and personnel and so forth that will create savings in the years to come, but it's hard to effectuate and capture those savings this year.

Would you share with us how you see the current stress you're under, as opposed to the longer-term trajectory?

General ODIERNO. For the next 3 to 4 years, until we get to those numbers you just described, it's impacting our readiness and our modernization programs. We've had to reduce readiness in the Active, Guard, and Reserve. We've had to cut modernization programs. We've had to delay procurement of equipment. All of that is happening now.

Around fiscal year 2020, if sequestration goes out to its final stages, that will be the first time that we are able to start to balance the right amount of readiness, force structure, and modernization. That will allow us then to build a complete, ready force as we move forward.

Senator SESSIONS. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Sessions.

Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman.

Thanks to all of you for your service, as well as, of course, your testimony today.

When not mobilized, I assume it's clear National Guard and Reserve personnel train less than Active Duty. For instance, the Guard has far fewer rotations at CTCs like the Joint Readiness Training Center at Fort Polk. What impact does that less frequent training have on skill proficiency and interchangeability?

General ODIERNO. The Guard is able to do individual proficiency and small unit proficiency. They get good at their individual military occupational specialty. They can do some small unit, platoon level capability, maybe at home station. But without having CTC rotations, it's much more difficult to get to company, battalion, and brigade. The more complex the organization, the more difficult it is. The complex organizations are BCTs and aviation brigades. Less complex organizations, such as transportation units and maintenance units, can do a lot of it at home station. But the impact is really on the more complex, integrated, and collective training that has to be done, that they're simply not able to do. In an Active unit you can do it at your home station because you have the ground, air-space, and facilities to do it and you're collocated together, where the Guard is spread out and they don't have that. They need the training center in order to build that readiness.

Senator VITTER. Generals, we've all heard a lot about possibly including an amendment that would restrict funds from being used to retire any aircraft associated with Air National Guard or Air Force Reserve units until a study could be done, basically for a couple of years. It strikes me that that would be reasonable if nothing were changing and no cuts were happening in that time period. But, of course, the threat is that major things are changing, major reductions have to be made in that time period.

That would be a decision. Taking things off the table is an affirmative decision in the context of all of those other changes and

cuts that would have to be made. Isn't that a fundamental problem with a 2-year pause, protecting some assets and not others?

General ODIERNO. It creates $1 billion a year for 2 years. As I mentioned earlier, I already submitted a $10.7 billion unfunded requirements problem that we have in the Army already. This would add to that. It would directly impact readiness of all three components if, in fact, a commission is established.

Then if the commission does not go along with our recommendations and comes in with another, you go on a whole other significant amount of bills, up to $11 or $12 billion, which we'd have to find. Everything is zero sum. It would just delay that, so it would further delay the readiness. It would further delay our ability to respond. It would further delay our capabilities in this very uncertain world that we have.

Senator VITTER. Generals, can you respond to my basic concern that a major 2-year pause, protecting some things, holding some things harmless, in the context of major changes or reductions that are happening in those same 2 years, is an affirmative decision?

General GRASS. Senator, if I could comment, again, my only experience with this was with the Air Force and as we stepped in we had moves that needed to occur going back to 2010 when the commission was stood up in 2013. We had to get agreement to go ahead and make those moves or it would have had a major impact. But we were able to do that.

General TALLEY. Senator, I think from a commission perspective as it relates to the Army, my concern is the Air Force commission came out and there's a lot of analogies that are being drawn, even though one of the members asked for those analogies not to be drawn to apply that to the Army Reserve. Specifically, one of those recommendations is to eliminate the U.S. Air Force Reserve Command. That issue's been brought to me many times, almost weekly. If there's an Army commission, we're concerned that there could be similar conclusions.

I guess my concern is I'm not sure we need a commission. I think the Army needs to move forward and execute its right-sizing of the Total Force, working with Congress. But if Congress does decide to move forward with an Army commission, it's going to be critical to make sure that we have the right representation from all three components and folks that truly understand how the total Army is integrated and synchronized.

Senator VITTER. General Odierno, if there were this 2-year pause and this $1 billion hit to the Active Army, I assume that could certainly affect Army end strength. How low could that push it? Lower than 420,000?

General ODIERNO. If the decision by the commission is to not take any structure out of the Guard and not do the ARI, it would result in somewhere between 20,000 to 30,000 additional people out of the Active Army. It would go somewhere between 390,000 and 400,000.

Senator VITTER. We're talking about well below what you consider your absolute minimum level.

General ODIERNO. Which is 450,000.

Senator VITTER. Right.

I know the Guard has proposed a plan that accounted for about $1.7 billion in offsets. I wonder if each of you can address that wherever you're coming from, positive or negative, including why the Army couldn't accept that particular plan?

General TALLEY. Senator, again, as I look out to full sequestration coming back in 2016, we looked at the Army Guard and said that we have to be willing to pay part of the bill. If we are not, sequestration is still going to take the money at some point unless Congress elects to put money back in there.

But at the same time, I rely heavily, we rely heavily, on our Services for research and development, for acquisition, for schools, et cetera. We have to get the balance right. When I proposed to the adjutants general that a reduction in our budget, the $1.7 billion, which ends up at about roughly 12 percent of our total obligation authority, was a good number that is consistent with some of the discussions we've had with the Secretary of Defense, that number definitely would reduce our full-time manning. It would reduce some of our military construction, our sustainment of our facilities; it would reduce there.

It is painful, no doubt. But as I look out over the next 10 years at what we have to do, I could see no other alternative.

General ODIERNO. As the National Guard provided us the alternative, which was well thought out, there are several issues with it as far as I'm concerned. In their proposal, it significantly reduces the amount of force structure that leaves the National Guard. It actually proposes that we take more. We're already taking three complete aviation brigades out of the Active component. It proposes we take more aviation out of the Active component.

We are already moving from 37 shooting battalions to 20 shooting battalions in the Active component. We cannot go any lower than that. We simply cannot. We will not be able to meet our operational commitments if we do that. For me, that made it a bit more difficult.

What I'm concerned about in the National Guard is that if we don't take any force structure down, you're going to have this mismatch between force structure and readiness. That's what we've done in the Active. We've taken 150,000 out of force structure so we can pay for readiness. We don't have to take as much out of the Guard to pay for readiness because they're cheaper, so we have proposed taking a little bit out of the Guard so we can pay for the readiness, because we want them to be an operational reserve.

But if we maintain more structure, they're headed towards a strategic reserve because we are not going to be able to pay for their training. That, I think, is necessary for them to have in order to sustain the level of readiness that they've achieved over the last 10 to 12 years, with huge investments in OCO money that we have used to obtain this level of readiness.

In my mind, that was my concern about it. Again, we want to come with the right solution and we think the one we've come up with cuts less end strength, less percentage of end strength, out of the Guard, and we're able to maintain at a higher readiness level, which is important to all of us. That's really what the difference is. But again, it was a well thought out proposal that they gave us.

Chairman LEVIN. Thank you.

Senator VITTER. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Vitter.

Senator Blunt.

Senator BLUNT. Thank you, Mr. Chairman.

General Odierno, last week, you and Secretary McHugh were here. I'd like to follow up on just one thing that came up last week on the mental health issues. My understanding from last week was that when a soldier leaves an installation his or her medical health records follow them to the next post, but their mental health record does not follow them. Is that right?

General ODIERNO. Sir, we're working our way through this. This is something we're looking into. The mental health record can go to certain people, but it is not distributed completely. One of the problems we have is that commanders don't know that this has transitioned. The medical professionals might, but the commanders don't know.

That's what we're trying to work out now and figure out how we can look at that and what we can do to help with these problems, because that's something that we have faced for some time now and we have not been able to solve yet. We're trying to work through legal issues, the Health Insurance Portability and Accountability Act, and other things that are out there that allow us to do this to protect our soldiers and provide them the right care as we identify it.

Senator BLUNT. At some level we have to start dealing with these mental health issues, both in how we treat them and how we pay for them, how we communicate them like they're health issues. I assume from your answer you're trying to determine at least what level in the command structure all records need to be available as decisions are made?

General ODIERNO. That's correct, so we can get them the right care, so we understand there might be a problem, so we understand and we can make sure that they are getting the right capabilities that they need in order to help themselves. That's really the key piece of this.

In reality, the other piece is, we're even looking at things that, if somebody has a significant medical issue, do we even allow them to do a change of station. Let's fix it where he or she is, unless we think it's better for him or her to move. That would be a conscious decision that we would make as well.

Those are all the things that we have to constantly review as we look at this very difficult problem.

Senator BLUNT. The National Institutes of Health says that 1 out of 4 adults has a diagnosable and treatable mental health issue. I don't know if it's higher or lower in the military, but I suspect the military is pretty reflective of overall society in that regard. Both as a society and as the institutions that defend us, we just can't continue to act like somehow this is something nobody else has to deal with but the one individual you're talking to, nobody else.

I'll be supportive and hope to be helpful of whatever you're doing there.

I appreciated Senator McCain's remarks about the A–10. I think there is a real gap here and we need to be thinking about how to fill that gap. General Talley, F–16s are one of the supposed re-

placements, but I don't think the F–16s do all that the A–10s do in terms of close combat support. Am I right on that or do you want to make a comment about that?

General TALLEY. Sir, I don't. That's outside my area of expertise. Anything you want to ask about the Army or technical enablers, I can talk for hours.

Senator BLUNT. In terms of CAS for the Army, you don't have a sense of which of those aircraft would be better?

General TALLEY. Sir, I'll leave those comments to General Odierno and to others, sir.

Senator BLUNT. Okay. General Odierno, do you want to follow up at all? One of the potential replacements is we put the F–16 in and I don't think it does the same things.

General ODIERNO. I've said this a couple times, not in this hearing. But I would say the F–16 is designed for CAS. It is designed to provide support for our soldiers. Its visual capability enables us to provide CAS. In Afghanistan, more than 50 percent of the CAS missions have been flown by F–16s.

Remember this is a counterinsurgency environment. We have to work with the Air Force what the right platform is or what the tactics, techniques, and procedures (TTP) are that we need to provide CAS across the wide variety of potential scenarios that we're going to have to operate in. We do know the A–10 works in those scenarios today. We have to work with them to make sure that we have that capability.

General Welsh has been very specific about saying they will ensure that we have the right CAS. Soldiers like the A–10. They can see it and they can hear it. They have confidence in it. That's the one thing that we have to account for as we move forward.

Senator BLUNT. I would hope before we replace the A–10 we know that we're replacing them with something that works and there's no gap between the thing that would work and the ability to have that particular replacement as something that would work.

General Grass, in the coming and going here as we do, I know you mentioned some mobilization figures for the Guard. Could you repeat those to me? It seems to me there's some real disagreement about readiness as it relates to the Guard.

General GRASS. Senator, what I mentioned in my opening statement was 760,000 mobilizations of Army and Air Guard. Of that, just over 500,000 have been Army Guard.

Senator BLUNT. In terms of readiness?

General GRASS. Over time, again going back to pre-September 11, 2001, resources weren't always there for all the right reasons. We were at peacetime and we were taking a peace dividend. As long as we could meet our State missions and a certain level of training in peacetime, we were able to have some reduced levels of funding.

But as the war started, we had to ramp up quickly. What has happened over the last 12½ years, thanks to the great work of Congress and of the Services, they've helped us get up to a level where we've reduced the amount of post-mobilization time significantly. Over time that will atrophy, especially as the resources go away, and as we get out into full sequestration we will slowly atrophy back to at a lower level of training.

Senator BLUNT. I believe what you said, General Odierno, is that a lot of the OCO money, the Iraq and Afghanistan money, has been used over this 12-year period of time to be sure that the Guard was ready?

General ODIERNO. Yes, it has. In fact, we have this organization called First Army whose total responsibility is to train the Guard and Reserve. We have to reduce that because a lot of that—we built that up over the last 10 or 12 years with OCO dollars as they were preparing the Guard and Reserve to go. That organization is shrinking in the Active component and with input from the U.S. Army Reserve and the National Guard, that organization was the main trainer of them and will continue to be.

We're still going to have that organization, but it's not going to be robust or as big as it once was because that was funded in OCO money.

General TALLEY. Senator, can I get in on that for just a minute?

Senator BLUNT. Yes.

General TALLEY. In the Army Reserve, since we're technical enablers, our requirements at a mobilization site are generally 2, 3 weeks. We've consistently gotten in and out of the mobilization site ready to go in less than a month. Normally it's 2 to 3 weeks.

Every mission that's ever come down to the Army Reserve, we've been at C1 or C2, which is the highest level of readiness, 60 days prior to the late entry date. That says a lot about the ability of the Army Reserve to generate readiness quickly.

Then, to tack onto what the Chief is talking about, that OPTEMPO money, that extra money, is how we buy back and maintain that readiness. On First Army, most of First Army is actually Army Reserve. Almost the majority of First Army's structure is provided by me out of the U.S. Army Reserve Command. It's a great organization, very helpful in helping us get all the Army Reserve components ready to go.

Senator BLUNT. I would think if the force was truly interoperable and the readiness issue could be dealt with, that as you're reducing the full-time force that you'd want to actually be increasing the backup, part-time force. I'm going to let you talk about that, General. That'll be my last question.

General ODIERNO. Thank you. Forces Command, which is the commander of all continental forces in the continental United States, to include U.S. Army Reserve, National Guard, and Active, has put together a plan that will better integrate training at several different levels to increase the capabilities of the Guard and the Reserve. This was at the request of the Guard and the Reserve. They wanted us to do this, and General Grass talked about it earlier, where we're integrating better Active, Reserve, and National Guard when we can in training, which will help us to do this.

We have to come up with new ways to do this, but there are ways we can come up with that will continue to ensure we have the right readiness levels.

Senator BLUNT. I thank all of you.

Chairman LEVIN. Thank you very much, Senator Blunt.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

General Odierno, I wanted to follow up on some of the questions that Senator Blunt asked you about the A–10. There are different kinds of CAS, aren't there?

General ODIERNO. There are, ma'am.

Senator AYOTTE. Yes. Some CAS is done at the 10,000 foot level with precision-guided bombs, correct?

General ODIERNO. That's correct.

Senator AYOTTE. Then there's the CAS that saved 60 of our soldiers in Afghanistan last year from A–10s, where they dealt with a situation where the A–10s were flying at 75 feet off the ground, using their guns, and they were within 50 feet of friendlies. Isn't that what the A–10 is best at that kind of CAS?

General ODIERNO. Yes, ma'am.

Senator AYOTTE. When you talked about vulnerability, I think in response to Senator McCain's question about the A–10, they aren't worried about the TTPs about that lower mission, getting down. I think the F–16 is a great platform, so I don't want to diminish the strength of the F–16.

But as I understand it, the F–16 has to go a lot faster down there because it doesn't have the same type of survivability that the A–10 would. Can you help me understand this?

General ODIERNO. You have CAS that provides, again, systems that are further away. You have CAS that provides with troop contact, which is close contact and medium contact. There's different depths of the battlefield. The A–10 has over the years provided us great CAS very close in when we need it, along with the Apache helicopter. But the A–10 has different capabilities than the Apache. They are not interchangeable either. It's given us a significant capability.

The F–16 provides some capability. It is operated at a higher level. That's one of the things you have to look at. Can they operate at lower levels? I think that's one of the things that we're working with the Air Force; can they, and what are their capabilities?

Senator AYOTTE. I know that you and I talked about this last week as well. When we talk about developing TTPs for CAS, we're talking about that scenario, where we're talking about the support needed on the ground, also having the capacity to distinguish between the friendlies and the enemy. Because the A–10 can get low and go at a slower pace, and also it's a titanium tank, it has more survivability, correct?

General ODIERNO. That's correct, ma'am.

Senator AYOTTE. Would you agree with me? You've said in the past that for that mission the A–10 is the best.

General ODIERNO. It is.

Senator AYOTTE. I know when you talked to Senator McCain he asked you about the F–35 and whether the F–35 could replace the A–10, and I think you said: "I don't know."

General ODIERNO. What I said is, I know the F–35 is being built to replace, and I'm not familiar enough with the exact capabilities.

Senator AYOTTE. Right. That's fair. I think the F–35 is an important platform as well.

However, one of the concerns I have, even if we assume that the F–35A can replace the A–10, is that our plan right now has a gap, because under what General Welsh has introduced, all of the A–

10s would be retired by fiscal year 2019 and even the best-case scenario, the F–35A is operational in 2021. There's a gap there.

We don't know the answer to this question on the TTPs of whether the F–16s or other platforms can perform this low function that is so critical to our men and women on the ground. I know you agree with that because we have lots of stories to tell and you have way more stories to tell than me on this.

I think this is a very important issue that we should not overlook and I am hopeful that this committee will address, because I see a gap here until we know the answer to these questions. This is a gap we can't afford, because these are our men and women on the ground who are taking the bullets and we want to make sure that we give them the very best when it comes to this mission. Would you agree with me on that?

General ODIERNO. I'm always concerned about making sure our soldiers who are in contact have the best capability possible for them across all of our capabilities.

Senator AYOTTE. Great. Thank you, General. I appreciate it.

I wanted to ask both you and General Grass a question on another issue. This is the issue that I know, General Odierno, you've already mentioned, that we want the Guard and Reserve to be operational. It has been operational in Iraq and Afghanistan. This is so important. We couldn't have fought those wars without their support. Training and readiness is really the key to all of this.

One issue that I see in all of this is that not only you train individually, but you train as a group, correct? This readiness involves both.

How important, General Grass, are the CTC rotations in your view in terms of the preparedness of the Army National Guard and the BCTs to ensure that they have CTC rotations?

General GRASS. Senator, they are critical. I know in the past we've done about once every 7 or 8 years with certain brigades. What I learned is that over time, I'm sure it's the same for the Active Force, when they get the mission, they know their rotation is coming up, that focuses all their training. For our men and women, that's every weekend drill, that's every additional staff period, that's the annual trainings for years leading up to that rotation.

Senator AYOTTE. General, as I look at this proposal, under the fiscal year 2015 proposal, no National Guard BCTs will be sent to CTCs, is that right?

General ODIERNO. There's two, ma'am.

Senator AYOTTE. There's two. Okay, so you're going to send two under the fiscal year 2015 proposal. Okay, so I didn't understand that correctly.

General ODIERNO. There's one undecided, so there may be up to three. But two for sure, maybe three. It depends, frankly, on availability of Active brigades. In 2014 there is one and in 2015 there are two.

Senator AYOTTE. Okay.

General Grass, do you feel that we're prioritizing this amount of training with regard to the BCTs, sending them to the CTCs, with the proposal before us?

General GRASS. Senator, we're very pleased to have the rotation. The 86th Brigade will go to Fort Polk this summer and they're very

excited about it, and the 10th Mountain will go along and support them.

What we're concerned about is the money going away in 2015. We have two allocated rotations for 2015. We'd love to have another one. I think for the long term what we ought to examine, especially with the resources dwindling, what can we afford, and then build a plan consistent with what the men and women of the Guard can do as well, because there is a commitment.

Seven years may be too infrequent, but we have to find that right number for them.

Senator AYOTTE. I think of all the issues that we hopefully can work on is this issue of making sure that there's enough training. I know that's been the focus of all of you in some of the difficult choices that you've had to make in terms of force structure and readiness. I look forward to continuing to talk with you about this issue.

Thank you all for your service and what you've done for the country and continue to do.

Chairman LEVIN. Thank you, Senator Ayotte.

I just have a few additional questions. First, General Grass, you made a very important point about your concern about the availability of funds for mental health needs once OCO either goes away or is dramatically reduced further. That, I think, means that you all need to be sensitive about trying to find a way to build this into the base. I would just simply make that point. It's something I frankly had not thought much about until you made that reference, General Grass. Thank you for that, and I would just urge you, all of you, to think about how we build into the base what we need for the additional mental health for our troops as they come home.

I'll just ask a quick question. General Odierno, is that something which is on your radar?

General ODIERNO. It is, it's very much on our radar. We are actually increasing our behavioral capability even this year and next year. We are trying to increase it so we get it out of OCO completely.

Chairman LEVIN. All right, thank you.

General Grass, separate and apart from the issue of trading Apaches for Black Hawks, is it accurate that there has been an unmet requirement for Black Hawks in the Guard?

General GRASS. Senator, I'm not aware of one.

Chairman LEVIN. You're not aware that the governors or adjutants general have sought additional Black Hawks in the past before this issue of the trade came up?

General GRASS. No, sir. They have sought more Chinook aircraft.

Chairman LEVIN. They have sought them, but there may or may not be a requirement; is that it?

General GRASS. Yes, sir.

Chairman LEVIN. Senator King asked me to ask you this, General Grass. As the reductions in size are made, do you know yet whether those reductions will be allocated proportionately to the States, or will there be other factors that will be considered? Do you know that yet?

General GRASS. Senator, we're in the middle of developing those metrics. But to be fair, we have to look across the States and con-

sider their Homeland mission, consider their structure within the State that can respond to the Army's and Air Force's needs. But also the other thing that we take into consideration are the demographics of the area of support, looking out 10 to 15 years from now.

Chairman LEVIN. Okay, I see Senator Cruz has arrived. Senator Cruz.

Senator CRUZ. Thank you, Mr. Chairman.

General Odierno, General Grass, and General Talley, thank you for your service. Thank you for being here.

General Odierno, I'd like to start by just making a comment about the brave men and women at Fort Hood. I was down there last week visiting with the heroes and, as tragic as that shooting was, I have to tell you it was at the same time inspirational. One young soldier I visited with in particular had been shot twice, was recuperating, and was in the hospital with his fiance and his mother and his sister. As he was sitting there and the commanding general came in and he saw the Ranger patch on his uniform, this young soldier leaned forward and said: "I want to be a Ranger; can I go to Ranger school?" This was 48 hours after he was shot. He's recuperating and the only thought he had was that he wanted to be a Ranger and fight for our country. It's a powerful testament to the extraordinary men and women who serve in our Army and serve in the military, and I know all of us are praying for those soldiers or remembering those soldiers and are standing with them.

One question that has obviously been discussed in the past week has been the question of concealed carry on military bases. I recognize that's a question on which there's a difference of opinion in the military and a difference of opinion in the civilian world. There are some soldiers who feel quite strongly that concealed carry would be a sensible change in policies. There are others who may disagree.

It has been a long time since this committee has held a hearing examining that question, examining the policy benefits and detriments of allowing concealed carry on military bases. In your view, would that be a productive topic for a hearing for this committee?

General ODIERNO. There's clearly a difference of opinion on this. I would just say, Senator, that our assessment is that we right now probably would not initially support something like that. But all of this is always worth a discussion if we think it's important.

Senator CRUZ. Thank you for that. I do agree it's a question worth further examination, because I think we are all agreed that we want to implement policies that will maximize the safety of the men and women who are serving on our base. Obviously, Fort Hood has now twice, in a very short time period, suffered through a traumatic experience. I'll tell you, the community has come together even more strongly in the aftermath of that.

I'd like to ask another question focused on the proposals of the Army to reduce its Active Duty end strength after more than a decade of war. I understand that the Army can handle much of the reduction through normal attrition, but that there will be some soldiers with several tours in Iraq or Afghanistan, in other words, some of our most valued combat veterans, who under the current plan will not be allowed to reenlist or otherwise stay on in Active Duty.

The question I would ask you is, if we go down that path, wouldn't it make sense for the Nation if we could find places for those soldiers in the National Guard, so that we don't lose this experience?

General ODIERNO. Senator, it does. We're working programs now as we go through this to ensure that. We have some limitations that we're working our way through now in terms of recruiting and how we do that and get them exposed to the National Guard. We clearly would love to keep this experience in the National Guard or the U.S. Army Reserve, either one, because as you said, they have great experience, they have great contributions, and the fact that we have to draw down 150,000 means there's going to be some incredibly capable people that will leave the Army that we would certainly like to continue to serve.

Senator CRUZ. General Grass, I would welcome your views as well on the ability of the Guard to absorb and provide a home for some of these combat veterans and ensure that we have their contribution to readiness going forward.

General GRASS. Senator, actually, as General Odierno mentioned, we have programs already where we're having an opportunity to talk with the soldiers who are going to be getting out and talking about what part of the country they're going in. We also have the ability to retrain them. If the skill that they've been serving on Active Duty doesn't exist in their home town, we can get them additional skills. We can actually do that before they leave Active Duty now, which is a huge success from the past.

Senator, one of the things that I'm really pushing hard on is looking at the mix between our prior service and non-prior service. When the war started, the Army National Guard was sitting at about 50 percent prior service and 50 percent non-prior, which meant that everyone we recruited in the non-prior had to go to basic training, they had to go to advanced individual training. They had no experience when they came out. All of those prior service recruits already qualified, had great experiences.

As the war unfolded, a lot of people that came off of Active Duty and with two or three deployments felt that they had served their Nation and they wanted to get on with their civilian life. So, our numbers went down to about 20 percent prior service, 80 percent non-prior. That has cost us additional in recruiting and training.

We would really like to get back to about a 50–50 split and be able to capture all those great young men and women coming off Active Duty into the Guard.

General TALLEY. Senator, if I may, as we transition from Active component to Reserve component, as we lose those quality soldiers from our Active component, it's critical that we bring them into our Reserve component. But we really shouldn't look at them as no longer being a soldier. We want them to be a soldier for life, which means in the regular Army, the Army Reserve, or one of our 54 Army National Guards.

In the Army Reserve, we created the Employers Partnership Program that was replicated across all Services and components and now it's called Heroes to Hire at the OSD level, so we can help those soldiers; instead of pushing them out, we can pull them out, give them into a civilian career in the private sector, that we can

train them for in the Army Reserve and that will allow them to be one of our enablers.

To your opening comments, all I have to say is: Rangers lead the way.

Senator CRUZ. Thank you and thank you for that comment and your service.

Let me ask one final question, which is, at a time when budget resources are certainly scarce it seems to me there's a difficult policy question of the right balance between Active Duty, Reserve, and Guard, and each has a different impact on cost structure and also our readiness. The question I would ask to all three of you is: would you support the idea of an outside independent commission to study and analyze the proper mix for Active and Reserve component forces for the Army?

General ODIERNO. Thank you, Senator. I think I'm on the record of not supporting that commission, and let me give you reasons why. I think I owe you that, obviously. First, a lot of us compare it to the Air Force commission, but in the Air Force proposal, initially they didn't cut anything out of the Active component. All their cuts were out of the Reserve component, where in our case 70 percent of the reductions are coming out of the Active component to begin with. We believe it's been a real fair assessment.

Besides that, this has not been a surprise. For the last year, 12 to 18 months, we've done detailed analysis internal to the Army and we've done external to the Army. The RAND Corporation has studied this.

In addition to this, CAPE has validated our Total Force levels as well as the ARI. We've had outside validate this.

In my mind, I'm not sure what additional expertise would be brought to this by a commission. In addition to that, it would cost us $1 billion additionally a year if we delay this 2 years. I worry about that because we already have significant unfunded requirements.

Thank you, sir.

Senator CRUZ. General Grass, General Talley?

General GRASS. Senator, I think your question to me is, is there a value in an external look at the Reserve component versus the Active component balance. I will tell you, throughout my career every time we've had fiscal challenges, this comes up. My personal opinion is that it never hurts to have another look at that balance, because we all learn from it over time.

I do think, going forward, no matter what comes out of the budget, and General Odierno and I have talked about this, we have to build more multi-component opportunities similar to what we had on pre-September 11, 2001, where we had what was called the Title 11 embedded officers and noncommissioned officers from Active Duty into our Guard units. I think that's the kind of thing we have to look to in the future, and how do we get there with the challenges that we've all been handed, with the great difficulties in the fiscal horizon.

General TALLEY. Senator, it's not clear to me why we need an Army commission. I think the Army, working together and leading through some of the challenges we're having, which are really, to

be frank, an impact of the serious budget issues that have been placed upon this Service, I think we can resolve them.

If Congress makes the decision to go forward with the commission, the only thing I would ask is it's critical to make sure that all three components are well represented and integrated. As I mentioned earlier in the hearing, my concern is when I look at the Air Force commission that just concluded, there are already some comparisons being drawn out of one of the recommendations, to eliminate the U.S. Air Force Reserve Command, and how that might apply to the U.S. Army Reserve Command, which is a great title 10 response force for the Nation. I'm a little leery and question whether or not this is needed.

Thank you, sir.

Senator CRUZ. Thank you, gentlemen.

Chairman LEVIN. Thank you very much, Senator Cruz.

Senator Blunt, do you have any additional questions?

Senator BLUNT. No. Thank you.

Chairman LEVIN. One of the things I've been impressed by this morning is how you work together as one Army, even under these circumstances, where you're asked questions which require you to give your different perspectives, to the best of your ability you do everything you can to support the concept of one Army and come to support each other. It's a very impressive performance here this morning. I want to thank you all for what you do for our Nation and thank you for your testimony.

General TALLEY. Army Strong.

Chairman LEVIN. This hearing is now adjourned.

[Whereupon, at 12:52 p.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JEFF SESSIONS

ARMY PERSONNEL

1. Senator SESSIONS. General Odierno, please explain the difference in processes for removing uniformed personnel and civilians in the Army.

General ODIERNO. Aside from punitive discharges or dismissals under the Uniform Code of Military Justice, or separation or retirement for physical disability, soldiers may also be administratively separated on both a voluntary or involuntary basis. Involuntary separation may occur for a variety of reasons including: unsatisfactory performance, misconduct, alcohol or drug abuse, rehabilitation failure, failure to meet weight standards, convenience of the government, reduction in force, strength limitations, or budgetary constraints.

To ensure that only those noncommissioned officers (NCO) who consistently maintain high standards of professionalism, performance, and efficiency are retained, the Army uses a centralized selection board process to consider Regular Army and U.S. Army Reserve (Active, Guard, Reserve) NCOs in the rank of staff sergeant through command sergeant major/sergeant major for denial of continued service based upon permanent filing of derogatory information (poor performance and/or disciplinary actions) into an NCO's official records. This process is known as the Qualitative Management Program board.

In addition, because the Army cannot achieve projected end strength requirements through natural attrition or the reduction of accessions alone, the Army has implemented the centralized board process, known as the Qualitative Service Program, to consider select NCOs for denial of continued service. This process is necessary to reduce projected excess NCOs that would otherwise perpetuate promotion stagnation across the Force and negatively impact viable career paths in an All-Volunteer Force. The Army must have the capability to shape the Force by grade and skill while retaining soldiers with the greatest potential for future contributions. NCOs with between 15 and 20 years of Active service are offered early retirement under authority established in Public Law 112–81 (section 504, National Defense

Authorization Act for Fiscal Year 2012). Soldiers with less than 15 years of Active service are entitled to involuntary separation pay and may elect to transfer to the Reserve component to qualify for a non-regular retirement. All affected soldiers are given a 12-month period to transition from Active service in order to take full advantage of transition assistance programs.

Voluntary officer separations occur with submission and approval of unqualified resignations. Otherwise, officers may be dismissed from service by virtue of a court-martial, or administratively separated by board action. The most common method of administrative separation results from two consecutive non-selections for promotion. Promotion boards provide a regular, equitable method of ensuring the Army promotes and retains the best-qualified officers, and matches the officer cohort by grade with force structure requirements. Other types of administrative separation include: (1) approved recommendations for elimination by Boards of Inquiry for substandard performance of duty, moral, or professional dereliction, or in the interests of national security; and (2) selection for early discharge or retirement by force reduction boards. While eliminations occur as needed, based upon officer behaviors, reduction-in-force (RIF) boards are used to accelerate officer losses when required by significant, short-term force structure reductions, congressionally-mandated strength limitations, or budgetary constraints.

Reductions in the civilian workforce are accomplished through a combination of incentive programs to prompt voluntary early retirement or separation and RIF. The RIF process is objective and systematic, and ranks employees in retention order, based on veterans' preference, length of service, and credit for performance. Employees are placed on a retention register and compete for retention within a competitive area (usually within the commuting area). Employees with the highest retention standing remain in their current assignments or are reassigned if their positions have been eliminated, while employees with the lowest retention standings are separated or reduced in grade. Employees who are expected to be affected by RIF are entitled to at least a 60-day advance notice and have appeal rights.

2. Senator SESSIONS. General Odierno, is it easier to terminate employment of soldiers than civilian employees?

General ODIERNO. There is no easy way to compare involuntary separations of civilian and military personnel as the applicable procedures are significantly different.

Civilian reductions are governed by title 5, U.S.C., and military reductions are governed by title 10, U.S.C. Although there are well-established procedures to terminate employment of both military and civilian personnel for cause, the real challenges occur when we need to reduce the size of the force.

Before implementing a civilian RIF, various information concerning each individual employee must be reviewed, including service computation dates, career status, veterans' preference, and overall performance ratings. All of these must be considered when determining the order of release of civilians. Additionally, prior to implementing a RIF, there are a host of actions that must take place: competitive areas must be published at least 90 days prior to a RIF; each position must be assigned to a competitive level (these denote interchangeable positions); affected employees' employment records must be reviewed for accuracy; and unions, where they exist, must be given an opportunity to be heard.

Under the provisions of title 10, U.S.C., and established Army policy, we use a variety of procedures to draw down the size of the military, including Officer Separation Boards, Selective Early Retirement Boards, Enhanced Selective Early Retirement Boards for officers, and Qualitative Service Program and Precision Retention for enlisted members. Implementation timelines and requirements are different for each type of procedure. Like civilian RIFs, all the procedures used to reduce the military force are tied directly to the force structure requirements by grade.

3. Senator SESSIONS. General Odierno, what does an Active Duty brigade combat team (BCT) cost per year?

General ODIERNO. There are three types of BCTs in the Army and each has different personnel, equipment, and training costs. The three types are Infantry, Armor, and Stryker.

The Assistant Secretary of the Army (Financial Management and Comptroller) models, the Cost and Economics Forces Cost Model and the G–3/5/7 Training Resource Model, were used to generate a total cost for each of the BCT types. The models assume that the units will be fully manned, equipped, and trained for Decisive Action operations. The models address five cost categories: (1) Personnel; (2) Operating Tempo (OPTEMPO); (3) Defense Health Program; (4) Installation Serv-

ices; and (5) Post Production Software Support. The following table reflects those modeled cost estimates for the three BCTs:

FY14 ($M)	IBCT	ABCT	SBCT
Number Personnel	4,159	4,325	4,227
Personnel	$319.5	$331.3	$320.4
OPTEMPO	$22.2	$60.0	$40.5
Defense Health Program	$42.0	$43.7	$42.7
Installation Services	$30.8	$32.0	$31.3
Post Production Software Support	$1.9	$1.7	$2.3
Total Cost per BCT	$416	$469	$437

OPTEMPO costs are generated from the Training Requirements Model; all other costs are generated from the Forces Cost Model. The above BCT cost estimates may not reflect the funding the Army actually receives to man, equip, and train the BCT force structure.

The above does not include allocation of costs associated with research, development, test, and evaluation, acquisition, facilities, combat support, and combat service support outside of BCT.

4. Senator SESSIONS. General Odierno and General Grass, as the Army reduces end strength, how many soldiers and civilians had positions terminated as opposed to attrition?

General ODIERNO. The Army drawdown plan for soldiers relies on reduced accessions and natural attrition in order to achieve end strength targets. Between fiscal year 2012 and fiscal year 2013, Army end strength decreased by approximately 17,600 soldiers. Natural attrition and reduced enlisted and officer accessions accounted for 98 percent of these reductions. The Army's use of involuntary separation measures in this time period was very minimal, separating approximately 280 officers via reduced promotion opportunities and 120 enlisted soldiers via the Qualitative Service Program.

In terms of the reductions of Federal civilian workforce, as the overall workload and mission requirements decrease, the Army will eliminate civilian workforce positions, as needed. The preferred course of action in reducing positions remains use of voluntary methods, including limiting replacement hiring, offering voluntary early retirement, reassigning employees to vacant positions, and authorizing voluntary separation incentives. RIF is the method of last resort as it adversely affects our civilian employees and their families. Moreover, there are temporary losses of organizational efficiency and high costs from unemployment compensation, lump-sum annual leave payouts, and permanent change of station cost.

Over the last fiscal year, the Army eliminated 30,000 positions. These eliminations overall were 96 percent voluntarily and 4 percent involuntary separations. The voluntary separations included resignations, retirements, and transfers out of the Department of the Army. The approximate 1,200 involuntary separations included civilian RIF and temporary employees separated as workload decreased.

General GRASS. The Army National Guard has been able to maintain military and civilian employment at or below fiscal year 2014 funding levels through attrition and without resorting to terminations. At this time, no military or civilian personnel have been terminated. In upcoming fiscal years, individual State cuts will be driven by force structure changes. Individual States will ultimately handle how military and civilian positions will be eliminated, as necessary. At this time, we do not know what those changes are by State. Therefore, we cannot yet conduct an accurate analysis. States that will not be able to reach established end strength through attrition in the future will have their accession missions adjusted accordingly and will have to conduct retention boards.

Our projected fiscal year 2015 to fiscal year 2019 authorization levels, outlined in the table below, draw down our employment consistent with direction from the Secretary of Defense and resource reductions implemented by the Department of the Army. In regard to title 5 civilians, we expect attrition to be sufficient to reach current overall downsizing targets that average about 4 percent per year for a total decrease of 209 positions.

Military End Strength and Civilian Authorizations by Fiscal Year

	FY14	FY15	FY16	FY17	FY18	FY19
Military	354,200	350,200	342,000	335,000	321,500	315,000
Civilian	1,144	1,092	1,043	992	938	935

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

RESERVE COMPONENT

5. Senator AYOTTE. General Odierno, are you examining the roles and missions of the Reserve component?

General ODIERNO. Yes. The Reserve component has been, and will continue to be, an important Army asset, providing the Nation with capacity and capability in peace and war. As the Army considers assigning roles and missions to the Reserve component, it does so with a real appreciation of the historical contributions of the Guard and Reserve, the unique capabilities these components provide, and an awareness of the emerging complex security environment. Our responsibility to be good stewards of increasingly limited resources informs our examination of Reserve roles and missions, as well. The Army plan reduces the Active component slightly more than the Reserve component, but does not fundamentally shift the roles or missions of the Reserve component. Although some minor, incremental shifts in missions could occur, these would only be made in the interests of sustaining the readiness of the Total Army.

6. Senator AYOTTE. General Odierno, do you see areas where you might be able to increase your reliance on the Reserve component in order to save money?

General ODIERNO. We have made a fundamental decision that we will rely more on the U.S. Army Reserve and the Army National Guard. This will be necessary since we are taking a much larger reduction in the Active component than in the Reserve component. The Reserve component plays an important role in peace and war, and will make up more than 50 percent of the Total Army end strength. Reserve formations are best suited to predictable, infrequent deployments, domestic missions, and providing operational and strategic depth to the Joint Force in contingency operations. Missions the Reserve component conducts in support of civil authorities, such as disaster relief, reinforce the Reserve component's competency to provide critical capabilities necessary for overseas operations. We will continue to retain the Reserve component as an operational reserve and employ it as funding permits.

EQUIPMENT MODERNIZATION

7. Senator AYOTTE. General Odierno, in your prepared statement, you state the Army National Guard has 86 percent modernized equipment and the Army Reserve has 76 percent modernized equipment. What is the equipment modernization percentage for the Active component?

General ODIERNO. The equipment modernization percentage for the Active component was 91 percent as of December 2013. Over the last decade the modernization percentages for all components has steadily improved. The rate of improvement is 32 percent for the Active component, 37 percent for the Army National Guard, and 30 percent for the Army Reserve. It is also important to note that the modernization percentage of critical dual use equipment, those items used by the Army National Guard and the U.S. Army Reserve to support both wartime operations and domestic response incidents, is 85 percent for the Army National Guard and 74 percent for the U.S. Army Reserve.

NATIONAL GUARD YOUTH CHALLENGE PROGRAM

8. Senator AYOTTE. General Grass, what is your assessment of the National Guard Youth ChalleNGe program?

General GRASS. The National Guard took the steps 20 years ago to create an intervention program, the National Guard Youth ChalleNGe program. The mission of the National Guard Youth ChalleNGe program is to intervene in and reclaim the lives of 16- to 18-year-old high school drop-outs, producing more graduates with val-

ues, life skills, education, and self-discipline necessary to succeed as productive citizens.

Today, we have 35 programs in 27 States, Washington, DC, and Puerto Rico. Over the past 3 years, we opened the doors to three new National Guard Youth ChalleNGe program sites, with two programs on target to open in 2015 and another in 2016. The number of at-risk youth who have benefitted from the program now stands in excess of 122,000 as we close out the 20th year anniversary of the National Guard Youth ChalleNGe program. A newly formed Congressional Youth Challenge Caucus has enabled new perspective for growth and sustainment and has already positively changed the path of so many of the Nation's struggling youth. We are also optimistic in this time of fiscal constraints that the National Guard Youth ChalleNGe program will continue to receive the necessary funding and congressional support to maintain the current programs and to continue on the path of growing future sites.

RETAINING TALENT AND EXPERIENCE

9. Senator AYOTTE. General Odierno, the Army is in the midst of its largest downsizing in a generation. Thousands of qualified and experienced soldiers will leave the Army in the next 5 years, some will leave voluntarily and some will leave involuntarily. How important is it that we try to retain as much of this experience as possible?

General ODIERNO. It's vitally important that we retain this talent and experience. The drawdown is an opportunity to shape the Army of the future by ensuring that we retain only our very best soldiers. The Army will continue to have incredible opportunities for these soldiers, and we will strive to keep them on Active Duty, if possible, or in the Reserve component.

10. Senator AYOTTE. General Odierno, how can the Army try to retain the experience of soldiers that are being voluntarily or involuntarily separated?

General ODIERNO. It's vitally important that we retain this talent and experience leaving Active Duty in the Reserve components. As the Army transitions and reshapes the force, we will proactively engage soldiers who are pending transition from Active Duty. To facilitate the Army drawdown, programs are in place to ensure we provide Active Army soldiers maximum opportunities to continue their service in the Reserve component. For example, the Army has focused its Reserve component recruiting efforts at high transition Active component locations, starting with an ongoing pilot program at Fort Hood. Our strategy is to engage Active component soldiers by appealing to their sense of service and providing them the opportunity to be a "Soldier for Life." Utilizing the skills and experience of Active component soldiers in the Guard and Reserve is beneficial to not only the Army, but also to the soldiers and their families.

STATE PARTNERSHIP PROGRAM

11. Senator AYOTTE. General Grass, what is your assessment of the New Hampshire National Guard's State Partnership Program with El Salvador?

General GRASS. The State Partnership Program relationship between New Hampshire and El Salvador is very strong and continues to grow. El Salvador is one of the top 8 countries out of 21 in priority for U.S. Southern Command (SOUTHCOM). The New Hampshire National Guard is a strong performer in the State Partnership Program in terms of their execution of events and focusing on events that strengthen U.S. and New Hampshire ties with El Salvador and that continue to build the capacity of the El Salvadoran military.

New Hampshire and El Salvador formed their State Partnership Program relationship in March 2000. Since that time, they established a robust partnership that includes a solid mix of military-to-military, military-to-civilian, and civil security cooperation events. The New Hampshire National Guard focuses on building lasting relationships founded in a friendly, professional exchange of expertise in military, civic, business, and educational arenas of El Salvador. This supports SOUTHCOM security cooperation goals and is mutually beneficial to both El Salvador and the New Hampshire National Guard. The New Hampshire National Guard coordinates closely not only with the Security Cooperation Office in El Salvador, but also the U.S. Agency for International Development and other agencies, in order to foster relationships outside the military. The goal is to continue to mature the program by integrating different New Hampshire organizations, such as local police and fire de-

partments, Homeland security, fish and game managers, charitable groups, and local school districts into the program.

The New Hampshire National Guard conducted 89 separate events from fiscal year 2000 through the end of fiscal year 2013. Three events are complete for fiscal year 2014 with 11 still to be executed. In fiscal year 2015, the New Hampshire National Guard and El Salvador are planning for 15 different events. These events, both past and future, cover such topics as mountain operations, network security, females in the military, hazardous materials, and Mobility Support Advisory Squadron operations. All events are coordinated between SOUTHCOM, the Embassy Security Cooperation Office, and the El Salvadoran military and government.

El Salvador is a continuing partner in operations in the U.S. Central Command area of responsibility. They participated in 13 Operation Iraqi Freedom rotations and Phase I and II of the International Security Assistance Force. Last year, an El Salvadoran Police Advisory Team deployed to Afghanistan with several members of the New Hampshire National Guard, serving the unit by filling critical shortages. Those soldiers, and the relationship that New Hampshire has with El Salvador, proved to be of great value to the unit during the deployment.

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

THURSDAY, APRIL 10, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

POSTURE OF THE DEPARTMENT OF THE AIR FORCE

The committee met, pursuant to notice, at 9:36 a.m. in room SD–106, Dirksen Senate Office Building, Senator Bill Nelson, presiding.

Committee members present: Senators Levin, Nelson, McCaskill, Hagan, Donnelly, Kaine, King, Inhofe, McCain, Chambliss, Wicker, Ayotte, Fischer, Blunt, and Lee.

OPENING STATEMENT OF SENATOR BILL NELSON

Senator NELSON [presiding]. Good morning. The committee meets this morning to discuss the plans and programs of the U.S. Air Force in our review of the fiscal year 2015 budget and the Future Years Defense Program (FYDP).

Senator Levin will be here in about an hour and he has very graciously asked me to stand in for him.

We welcome the Honorable Deborah Lee James, Secretary of the Air Force; and General Mark A. Walsh III, USAF, Chief of Staff of the Air Force. This will be Secretary James' first posture hearing as Secretary and we welcome you, Madam Secretary. We are grateful to each of you for your service to the Nation and for the very professional service of the men and women under your command. We pay tribute especially to the families because of the obviously vital role that the families play in the success of the men and women in our Armed Forces.

In the last 13 years, Air Force personnel and equipment have played a key role in support of our national security goals in Iraq, Afghanistan, and elsewhere all around the globe. We've relied heavily on Air Force strike aircraft to take on important ground targets, Air Force manned and unmanned aerial vehicles to provide intelligence, surveillance, reconnaissance, (ISR) and support from that, and Air Force tankers and cargo aircraft to support the coalition air operations. On behalf of this committee, please extend our gratitude to the men and women of the Air Force.

The witnesses this morning face huge challenges as they strive to balance the need to support ongoing operations and sustain readiness with the need to modernize and keep the technological edge in the three domains of air, space, and cyber space that are so critical. These challenges have been made particularly difficult by the spending caps imposed in the Budget Control Act, caps that were modestly relieved for 2015.

However, these caps are scheduled to resume again in 2016 and then beyond. These caps already seriously challenge our ability to meet our national security needs and have already forced all of the military departments to make painful tradeoffs and, unless modified for years after fiscal year 2015, they're going to threaten our long-term national security interests.

The Air Force is proposing significant force structure changes to ensure that it will have the right size and mix of assets and capabilities to meet strategic needs in the manner consistent with a tight budget. The Air Force proposal includes major shifts in both strategic and tactical aircraft, with reductions shared among the Active-Duty Force, the Air National Guard, and the Air Force Reserve.

One example is the Air Force plan to retire the entire A–10 fighter force. This is an effort to avoid the cost of maintaining the whole logistics pipeline for the aircraft fleet to try to be more efficient. But members of this committee have concerns about the proposal. We need to understand the Air Force plan. Is it effective? Is it efficient?

Another example is the Air Force wanting to retire 46 older C–130 aircraft, mostly in the Guard and the Reserve, leaving 300 aircraft to support tactical operations, a 14 percent reduction. This would eliminate the 32 aircraft increase in the C–130 in the force that was required by section 1059 of the National Defense Authorization Act (NDAA) for Fiscal Year 2013, which would provide direct support airlift capability for the Army.

Another example is the Air Force reversal of its position to retire the entire U–2 fleet and keep the Global Hawk Block 30 remotely piloted aircraft fleet that the Air Force tried to retire for the last 2 years.

My final example is the Air Force wanting to reduce the number of Predator and Reaper combat air patrols (CAP). The previous goal was 65 CAPs; the new goal is 55 CAPs. The Air Force wants to significantly reduce certain high-demand/low-density forces, such as the Airborne Warning and Control System, the Joint Surveillance and Target Attack Radar System (JSTARS), and the Compass Call fleets.

I will insert the rest of the statement in the record. I want to turn to the ranking member, Senator Inhofe.

[The prepared statement of Senator Nelson follows:]

PREPARED STATEMENT BY SENATOR BILL NELSON

The committee meets this morning to discuss the plans and programs of the United States Air Force in our review of the fiscal year 2015 annual budget and the Future Years Defense Program. I want to welcome Secretary James and General Welsh to the committee this morning. This will be Secretary James' first posture hearing as Secretary and I want to welcome you, Madame Secretary.

We are grateful to each of you for your service to the Nation and for the truly professional service of the men and women under your command and pay tribute to their families, because of the vital role that families play in the success of the men and women of our Armed Forces.

Over the past 13 years, Air Force personnel and equipment have played a key role in support of our national security goals in Iraq, Afghanistan, and elsewhere around the world. Over this time, we have relied heavily on Air Force strike aircraft to take on important ground targets, Air Force manned aircraft and unmanned aerial vehicles to provide intelligence, surveillance, and reconnaissance support, and Air Force tankers and cargo aircraft to support coalition air operations. I hope you will extend, on behalf of the committee, our gratitude to the men and women of the Air Force and their families for the many sacrifices that they have made on our behalf.

Our witnesses this morning face huge challenges as they strive to balance the need to support ongoing operations and sustain readiness with the need to modernize and keep the technological edge in the three domains of air, space, and cyberspace that are so critical to military success. These challenges have been made particularly difficult by the spending caps imposed in the Budget Control Act—caps that were modestly relieved for fiscal year 2015 in the Bipartisan Budget Act that we enacted earlier this year. However, these caps are scheduled to resume again in fiscal year 2016 and beyond. These caps already seriously challenge our ability to meet our national security needs, have already forced all of the military departments to make painful trade-offs. Unless modified for years after fiscal year 2015, they will threaten our long-term national security interests.

The Air Force is proposing significant force structure changes to ensure that it will have the right size and mix of assets and capabilities to meet strategic needs in a manner consistent with a tight budget environment. The Air Force proposal includes major shifts in both strategic and tactical aircraft programs, with reductions shared among the Active-Duty Force, the Air National Guard, and the Air Force Reserve. Here are some examples:

- The Air Force is planning to retire the entire A–10 fighter force. This is an effort to avoid the costs of maintaining the whole logistics pipeline for an aircraft fleet and be more efficient. I know that other members and I have concerns about this proposal. We need to understand whether the Air Force plan is effective, not just efficient.
- The Air Force also wants to retire roughly 46 older C–130 aircraft (mostly in the Guard and Reserve), leaving roughly 300 aircraft to support tactical operations, roughly a 14 percent force reduction. This would more than eliminate the 32-aircraft increase in C–130s in the force that was required by section 1059 of the National Defense Authorization Act for Fiscal Year 2013 to provide direct support airlift capability for the Army.
- The Air Force has reversed its position and now wants to retire the entire U–2 fleet and keep the Global Hawk Block 30 remotely piloted aircraft (RPA) fleet that the Air Force tried to retire for the last 2 years.
- The Air Force wants to reduce the number of Predator and Reaper RPA Combat Air Patrols (CAP) it will support. The previous goal was 65 CAPs, and the new goal would be 55 "fully supported" CAPs.
- Finally, the Air Force wants to make significant reductions in certain high-demand/low-density forces, such as the Airborne Warning and Control System, Joint Surveillance and Target Attack Radar System, and Compass Call fleets.

Two years ago, Congress created a National Commission on the Structure of the Air Force to make recommendations on policy issues that are directly relevant to these force structure decisions. We have received the Commission's final report and we look forward to receiving testimony from the Air Force and the members of the Commission about that report after the recess.

As these major force structure changes are contemplated, the Air Force is expected to play a key role in implementing defense strategic guidance calling for a shift to refocus emphasis to the Asia-Pacific region. I hope our witnesses today will help us understand how this strategic shift is reflected in the Air Force budget and in the Service's future plans.

In addition, the Air Force faces a continuing challenge in managing its acquisition programs, including the Joint Strike Fighter—the most expensive Department of Defense acquisition program in history—and a new tanker and a new bomber. I hope that our witnesses will explain the steps taken or planned to control costs on these programs. We are working to schedule an acquisition reform hearing early next month, at which we should have further opportunity to explore these issues.

I look forward to the testimony of our witnesses.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

I would observe and I sincerely believe that this is certainly the most difficult time in the years that I have served in the House of Representatives and the Senate, not just for the Air Force but for all of our Services. I can't think of two people I'd rather have at the helm of the U.S. Air Force than our two witnesses today.

This is the last of our Service posture hearings for the fiscal year 2015 budget and soon this committee will be starting to draft the NDAA, what I consider to be the most important bill that comes along each year. I think we're going to do a little better and quicker job than we did last year.

U.S. interests are being challenged across the globe in ways that I haven't seen in all my years of serving in this body. Yet the threats to our national security are growing. The readiness and capability of our military are being degraded by drastic budget cuts. We're all in agreement with that.

Just 2 weeks ago, Secretary of Defense Chuck Hagel said: "American dominance on the seas, in the skies, and in space can no longer be taken for granted." Mr. Chairman, when I say that in Oklahoma, they don't believe this could happen; this is still America. That's quite a statement, that American dominance on the seas, in the skies, and in space can no longer be taken for granted.

Put in the context of this hearing, the ability of our Air Force to provide air dominance is at risk, which puts America at risk. While I appreciate the Air Force prioritizing funding for the F–35, the KC–46, and the Long-Range Strike Bomber (LRSB), budget cuts are driving force structure decisions that increase risk at an unacceptable level. I would read these cuts, but it's already been done by our chairman.

I am interested in hearing from our witnesses about the current status of the LRSB, the F–35, and the KC–46 and how they plan to increase readiness levels. There are concerns about the aerospace industrial base. That has to be a concern. A lot of times we depend on buyers outside this country to keep the industrial base going. I think we're going to be in that position once again. We're concerned about the morale of the airmen and the modernization and sustainment of our nuclear forces.

Finally, on base realignment and closure (BRAC), this is one area where I do disagree with statements that have been made in previous committees on having another BRAC round. One of the things that is certain in a BRAC round is that the first 2 to 4 years it costs money, and there's never been a time when we can less afford the cost for money that should be going to readiness, and for that reason, I would be opposing that.

Thank you, Mr. Chairman, and I look forward to hearing from our witnesses.

Senator NELSON. We will insert your full statement into the record, and if you would summarize it now, Secretary James.

STATEMENT OF HON. DEBORAH LEE JAMES, SECRETARY OF THE AIR FORCE

Ms. JAMES. Thank you so much, Mr. Chairman, Senator Inhofe, and other members of the committee. General Welsh and I very

much appreciate the opportunity to come before you today. I will say on a personal level, it is a huge honor and privilege for me to be the 23rd Secretary of the Air Force and to be in a position to represent the more than 690,000 Active Duty, National Guard, Reserve, and civilian airmen, plus all of their families. Thank you so much for mentioning the families; it is very important.

I just surpassed my 100th day in office, so call it 3½ months, and it has been busy for me. I've now been to 18 bases in 13 States, plus I just returned a couple of weeks ago from a trip to the theater of operations, including several stops to visit with our airmen in Afghanistan.

Whenever I visit a location, three things always pop right up at me. First of all, I see leaders at every level who are taking on tough issues and doing their utmost to solve them. Second, I see superb, and I mean superb, Total Force teamwork everywhere I go, from the highest of the high to the lowest of the low, right on the flight line. Third, I see amazing and innovative airmen who are enthusiastic about service to our country. They're doing a fabulous job. That has been particularly helpful to me, to see these folks on the front line doing their jobs day-in and day-out and inquiring with them directly just how the various decisions that we make here in Washington will be impacting their lives. Without question, the number one thing on their minds is our force downsizing and if they will or will not be able to remain in our Air Force.

Mr. Chairman, we're in extremely challenging times both from a security environment standpoint as well as the fiscal environment, and all of this coupled together really did cause us, as you said at the outset, to have to make some very tough choices. But of course we have to start with the strategy. We have a strategy of today, which is to, number one, defend the Homeland; number two, build security globally by projecting U.S. influence and deterring aggression; and number three, if necessary, standing ready to fight and win decisively against any adversary.

There's also a strategy for tomorrow. We can't lose sight of tomorrow. This requires us to invest in the right technologies and the right platforms so that we can be prepared to operate in a very volatile and unpredictable world and, just as Senator Inhofe said, a world in which we cannot take for granted that we will continue to command the skies and space.

Your Air Force is crucial in that strategy, both from the standpoint of today as well as from the standpoint of tomorrow. But of course, the trouble that we're all dealing with is that the likely budget scenarios won't make ends meet. So our fiscal year 2015 budget does hit the targets of the Bipartisan Budget Act, but it also contains for us in the Air Force an additional $7 billion in the Opportunity, Growth, and Security Initiative. That's our piece of the overall $26 billion initiative, which, if approved, would help us with additional readiness and high priority investment programs.

That's the fiscal year 2015 story. For 2016 through 2019, we're asking for higher levels in the President's budget than the sequestration level budgets currently in law. We're doing this because we feel that those sequestration budget levels in 2016 and beyond simply would compromise our national security too much.

The overall budget picture we're presenting to you today, as you said, is hard choices, nothing but hard choices, and assumptions of what we think are the most prudent risks. Believe me, Mr. Chairman, there just wasn't any low-hanging fruit to help this time around.

I'd like to quickly give you my three priorities as Secretary of the Air Force and then weave in some of these hard budget decisions that we made along the way. The priorities for me are, number one, taking care of our people, and number two, balancing today's readiness with tomorrow's readiness. That means, of course, our modernization for the programs of tomorrow. Number three, we need to ensure the world's best Air Force is the most capable, but at the best price to the taxpayers, and that means make every dollar count.

Taking care of people, for me, everything comes down to people ultimately. It's always about people. Of course, we will have fewer people as we go forward. We will be a smaller Air Force in all of our components. Taking care of people means recruiting the right people, retaining the best people, making sure that we develop them, having the right balance between our Active, our Guard, and our Reserve. By the way, our plan going forward does rely more heavily on our Guard and Reserve. It was collaborative in the way we put it together. We had Active, Guard, and Reserve at the table throughout, including some of our adjutants general who helped put this plan together.

It also means that we need to shape the force. At the moment, we have too many of certain types of people, too few of others. As we downsize, we also need to shape so that we get in sync for the future.

It means diversity of thought at the decisionmaking table. It means important family programs need to be protected. It means dignity and respect for all, continuing to work on sexual assault and stamping it out, and making sure that everybody is on top of our core values and leading with those core values: integrity, service, and excellence.

It also means fair compensation. Although, Mr. Chairman, we are proposing that we slow the growth in compensation, this slowing of the growth and getting smaller are two of those very hard decisions that we had to make that no one is totally happy with, but we felt that we had to make them so that we could free up money for readiness and modernization for tomorrow.

Which leads me to my second priority, and that's achieving that balance between today and tomorrow. Our fiscal year 2015 budget requests money to fully fund flying hours and other high priority readiness issues. Our readiness has taken a hit over time. Today, it is not where it should be and it's not where we're satisfied. If our proposal is approved, we will see gradual improvements in full-spectrum readiness over time. It won't all get solved in 1 year, but over time, if approved, this will put us on the right path, particularly to be able to operate in a contested environment, an environment where they may be shooting at us, jamming us, and taking other measures to interfere.

At the same time, we have to invest now so that we are not beaten 10 or 15 years in the future by the adversaries that we will face

in the future perhaps. For this reason, we're committed to our top three programs, which have already been mentioned, as well as our intercontinental ballistic missiles (ICBM) and our bombers, which is two-thirds of our nuclear triad.

In our 5-year plan we also begin to replace the aging platforms that are involved with combat rescue, the Combat Rescue Helicopter (CRH) program, and new technologies like jet engine technologies that promise reduced fuel consumption, lower maintenance, and helps to ensure a robust industrial base.

To pay for all of this, here come some of the hard choices again. We had to propose important cuts where we believe we are appropriately balancing our risk. You already mentioned the A–10, which is a wonderful aircraft, but there are other aircraft that can cover that very sacred close air support (CAS) mission. We will cover that mission in the future using these other aircraft.

You mentioned the U–2. We have decided to retire the U–2, keep the Global Hawk, which is a newer platform, but over time the sustainment costs have come down on that. We feel that over time, that can be less expensive and get the job done, though we have to make some investments to get it there.

There are a number of these others. I won't go into detail because I suspect we'll go into them a great deal in the questions. But none of these were easy. We would love to have just about all of them back in our budget, if we could. But we simply couldn't.

That leads me to my third priority and that's to make every dollar count. This is value to the taxpayers, best capability at the lowest cost. This to me means we have to keep these acquisition programs on budget and on schedule. No more of these terrible cost overruns like we've seen in the past. That's a personal goal of mine.

I want to deliver auditability as a fundamental principle of good stewardship going forward. We're going to be trimming overhead. The Secretary of Defense told us to do a 20 percent reduction of headquarters' staff over 5 years. We're going to do it in 1 year and we're looking to do better than 20 percent. I do have to join with Secretary of Defense Hagel and ask that you consider another round of BRAC in 2017.

All of what I just said is under the higher levels of the President's budget over 5 years. If we have to return to those sequestration levels, we've thought that through as well and it gets tougher and tougher. If we return to sequester level budgeting in fiscal year 2016, in addition to everything I just said, we would also have to retire up to 80 more aircraft, including the KC–10 tanker fleet. We would have to defer some important sensor upgrades that we want to do to the Global Hawk which would bring it up to parity with the U–2. We'd have to slow the purchases of F–35s. We'd have to do fewer Predator and Reaper CAPs. We would not be able to do that next-generation jet engine program I told you about. We would likely also have to reevaluate the CRH, as well as take other actions.

Bottom line, Mr. Chairman, is that sequestration level funding is not a good deal for the country and we ask for your support to stick with us and please consider those higher levels.

I'd like to wrap up now by telling you my vision for the Air Force 10 years from now. I see an Air Force that will be smaller, but will be very capable. It will be innovative and it will be ready. It will be a good value for the taxpayers and it will be recognized as such. We'll be able to respond overseas when we're asked to step up to the plate to any mission and we'll also be on the ready here at home when disaster strikes. We'll be more reliant, not less but more, on our Guard and Reserve, because it makes good sense from the mission standpoint and for the taxpayers' value.

Most importantly, we will be powered by the best airmen on the planet, who live our core values of integrity, service, and excellence, and cultivate a culture of dignity and respect for all.

I want to thank the members of this committee for all that you do for us and for our Nation, and would yield to General Welsh.

[The joint prepared statement of Ms. James and General Welsh follows:]

JOINT PREPARED STATEMENT BY HON. DEBORAH LEE JAMES AND GEN. MARK A. WELSH III, USAF

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—in the time, place, and means of our choosing—gives our Nation an indispensable and unique advantage that we must retain as we plan for an uncertain future. Whether responding to a national security threat or a humanitarian crisis, your Air Force provides the responsive global capabilities necessary for the joint force to operate successfully.

It takes the combined efforts of all of our military Services and the whole of government to deny, deter, and defeat an enemy, and over the last decade this integration has tightened. Just as we depend on our joint partners, every other Service depends on the Air Force to do its job. Whether it is Global Positioning System information to navigate waterways, airlift to get troops to and from the fight, manning intercontinental ballistic missile (ICBM) silos to deter aggression, or reconnaissance and satellite communication to tell forces where enemy combatants gather or hide, the Air Force provides these capabilities, as well as many others. Here at home, our airmen patrol the skies ready to protect the Homeland and are integral to the movement of people and lifesaving supplies when disasters, like Hurricane Sandy or the California wildfires, strike. This capability to see what is happening and project power anywhere in the world at any time is what global vigilance, global reach, and global power are all about.

The current fiscal environment requires the Air Force to make some very tough choices. When making decisions about the best way for the Air Force to support our Nation's defense, the abrupt and arbitrary nature of sequestration created a dilemma between having a ready force today or a modern force tomorrow. To best support national defense requirements, comply with the Defense Department's fiscal guidance, and meet defense strategy priorities, as updated by the 2014 Quadrennial Defense Review (QDR), we attempted to preserve capabilities to protect the Homeland, build security globally, and project power and win decisively. To do this the Air Force emphasized capability over capacity. We worked hard to make every dollar count so we could protect the minimum capabilities for today's warfighting efforts, while also investing in capabilities needed to defeat potential high-end threats of the future. Moving forward, we seek to maintain a force ready for the full range of military operations while building an Air Force capable of executing our five core missions: (1) air and space superiority; (2) intelligence, surveillance, and reconnaissance (ISR); (3) rapid global mobility; (4) global strike; and (5) command and control, all against a well-armed and well-trained adversary in 2023 and beyond.

STRATEGIC ENVIRONMENT

The U.S. Air Force has long enjoyed technological superiority over any potential adversary. However, the spread of advanced technology has eroded this advantage faster than anticipated. The proliferation of nuclear weapons, cyber capabilities, cruise missiles, ballistic missiles, remotely piloted vehicles, air defense systems,

anti-satellite development efforts, and technologically advanced aircraft, including fifth generation fighters, are particularly concerning. Increased access to such capabilities heightens the potential for the emergence of additional near-peer competitors—adversaries capable of producing, acquiring, and integrating high-end capabilities that rival or equal our own and can possibly deny our freedom of action. This means we may not be able to go where we need to in order to protect our national security interests. This dynamic security environment creates both opportunities and challenges for the United States. As we address known threats, we must also have the vision to understand the changing strategic landscape, and keep an open mind with regard to which of these changes represent true threats, and which may present strategic opportunities.

FISCAL ENVIRONMENT

Historical Perspective

The Air Force has always had to balance 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). However, over time our trade space has been shrinking. As an Air Force, with respect to aircraft and personnel, we are on course to be the smallest since our inception in 1947. After peaking at 983,000 Active component airmen in 1952, we have consistently gotten smaller. While the military as a whole has grown since September 11, the Air Force has further reduced our Active component end strength from 354,000 to just over 327,600 today. Also, the Air Force post-war budget drawdowns in the 1950s and 1970s were followed by major acquisition programs that fielded most of our current missile, bomber, tanker, fighter, and cargo inventory, yet post-September 11 investments have replaced less than 5 percent of the currently active combat aircraft. Since 1990, our aircraft inventory has decreased from 9,000 to 5,400 aircraft, and the average aircraft age has increased from 17 to 27 years. Additionally, since 1962, our annual budget's non-blue total obligation authority (TOA) (funding that the Air Force does not control and cannot use to balance other requirements) has risen to more than 20 percent of our total Air Force TOA.

This narrow trade space and constrained funding leave no room for error. Past drawdown strategies suggest that the Air Force should prioritize high-end combat capabilities; near-term procurement of highly capable and cost-effective weapons and munitions as force multipliers; and long-term research and development for the next-generation weapon delivery platforms. Simultaneously, we must gain and maintain readiness across the full range of operations.

Fiscal Realities

In fiscal year 2015, the Air Force must be able to execute national defense requirements while also recovering from the impacts of fiscal year 2013 sequestration, and adjusting to the fiscal year 2014 Bipartisan Budget Act (BBA) funding levels and the uncertainty in the future years planned budget top line for fiscal year 2016 and beyond. We are working hard to make the right choices that maximize each taxpayer dollar and ensure we can meet national security needs today and in the future.

Effects of Fiscal Year 2013 Budget and Sequestration

The magnitude of the cuts generated in fiscal year 2013 by sequestration was difficult to absorb in the short term. We stood down 31 Active component squadrons for more than 3 months. We initiated civilian furloughs, putting extreme stress on the workload and personal finances of our civilian workforce. We cut maintenance of our facilities, in many cases by 50 percent, and delayed major maintenance actions, including depot aircraft overhauls.

With support from Congress, the Air Force was able to realign $1.7 billion into operations accounts. This allowed us to cover our overseas contingency operations requirements and enabled us to resume flying operations, but these budget adjustments came at a sacrifice to future weapon system modernization. Of the units affected by the fiscal year 2013 sequestration, only about 50 percent have returned to their already degraded pre-sequestration combat ready proficiency levels, and it will take years to recover from the weapon system sustainment backlog.

Fiscal Year 2014 Game Plan

Though the BBA and the fiscal year 2014 Appropriations Act provided partial sequestration relief in fiscal year 2014, and some help for fiscal year 2015, they do not solve all of our problems. The additional funds help us reverse our immediate near-term readiness shortfalls and enable the Air Force to build a plan that mostly shields our highest priorities, including: flying hours; weapon system sustainment; top three investment programs; and key readiness requirements such as radars,

ranges, and airfields. However, the tightening fiscal caps combined with the abrupt and arbitrary nature of sequestration clearly drove the Air Force into a "ready force today" versus a "modern force tomorrow" dilemma, forcing us to sacrifice future modernization for current readiness.

This dilemma is dangerous and avoidable and will continue to be a threat in 2015 and beyond. If given the flexibility to make prudent cuts over time and avoid sequestration, we can achieve significant savings and still maintain our ability to provide global vigilance, global reach, and global power for the Nation.

Fiscal Year 2015 and Beyond—Long-Range Vision

The fiscal year 2015 President's budget (PB) is our effort to develop and retain the capabilities our Nation expects of its Air Force within the constraints placed upon us. The least disruptive and least risky way to manage a post-war drawdown is to wait until the end of the conflict to reduce spending and to provide a ramp to the cuts. Sequestration provides no such ramp. However, the fiscal year 2015 PB in conjunction with the BBA does allow for a more manageable ramp, as seen in Chart I, Air Force Budget Projections. This funding profile allows us to move toward balance between capability, capacity, and readiness.

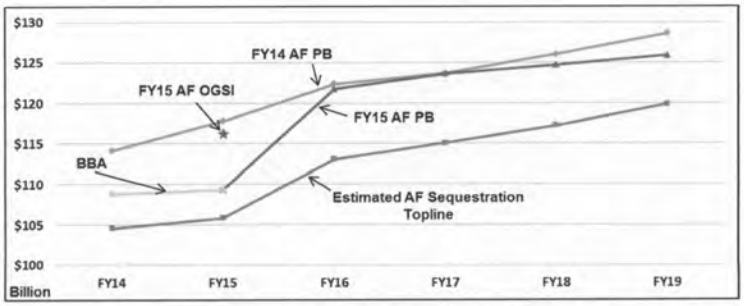


Chart I: Air Force Budget Projections

Maintaining the fiscal year 2015 PB top line level of funding will provide the time and flexibility to make strategic resourcing choices to maximize combat capability from each taxpayer dollar. If we continue to be funded at the fiscal year 2015 PB top line level we can continue a gradual path of recovery to full-spectrum combat readiness, preserve munitions inventories, and protect investments such as the new training aircraft system and the next generation of space-based systems. Additionally, the President has proposed an additional Opportunity, Growth, and Security Initiative to accompany the fiscal year 2015 budget request. For the Air Force, this $7 billion additional investment would enhance our readiness posture, enable us to fund critical modernization programs, accelerate recapitalization efforts, and improve our installations and bases.

A sequestration-level budget would result in a very different Air Force. We are aggressively seeking innovative cost savings and more efficient and effective ways of accomplishing our missions, however these initiatives will not be sufficient to reach sequestration funding levels. To pay the sequestration-level bill we will have to sacrifice current tanker and ISR capacity by divesting KC–10 and RQ–4 Block 40 fleets, all of our major investment programs will be at risk, and our readiness recovery will be significantly slowed due to required cuts in weapon system sustainment and ranges.

FISCAL YEAR 2015 BUDGET DECISION METHODOLOGY

During the development of the fiscal year 2015 budget submission, the Air Force took a bold but realistic approach to support the Air Force 2023 framework and the 2012 Defense Strategic Guidance, as updated during deliberations on the 2014 QDR. To do this within fiscal guidance, including the Strategic Choices and Management Review, we had to make difficult trades between force structure (capacity), readiness, and modernization (capability). As a result, the Air Force established four guiding principles to steer our strategy and budget process.

(1) We must remain ready for the full-spectrum of military operations;

(2) When forced to cut capabilities (tooth), we must also cut the associated support structure and overhead (tail);
(3) We will maximize the contribution of the Total Force; and
(4) Our approach will focus on the unique capabilities the Air Force provides the joint force, especially against a full-spectrum, high-end threat.

When building the budget, there were no easy choices. We divested fleets and cut manpower that we would have preferred to retain. We focused on global, long-range, and multi-role capabilities, especially those that can operate in contested environments, which meant keeping key recapitalization programs on track. We made these choices because losing a future fight to a high-end adversary would be catastrophic.

Full-Spectrum Readiness

Because of our global reach, speed of response, and lethal precision, the Air Force is the force that the Nation relies on to be first in for the high-end fight. This is our highest priority. To do this we must be ready across the entire force. This means we need to have the right number of airmen, with the right equipment, trained to the right level, in the right skills, with the right amount of support and supplies to successfully accomplish what the President tasks us to do in the right amount of time . . . and survive.

Over the past 13 years, the Air Force has performed exceptionally well during combat operations in Iraq and Afghanistan. However, these operations have focused on missions conducted in a permissive air environment and with large footprints for counterinsurgency. This left insufficient time or resources to train across the full range of Air Force missions, especially missions conducted in contested and highly contested environments. To ensure success in future conflicts, we must get back to full-spectrum readiness. We can only get there by funding critical readiness programs such as flying hours, weapon system sustainment, and training ranges, while also balancing deployments and home-station training—in short, reducing operational tempo. This will not be a quick fix; it will take years to recover. If we do not train for scenarios across a range of military operations, including a future high-end fight, we accept unnecessary risk. Risk for the Air Force means we may not get there in time, it may take the joint team longer to win, and our military servicemembers will be placed in greater danger.

Fleet Divestment

Given the current funding constraints, the Air Force focused on ways to maximize savings while minimizing risk to our Joint Forces and our ability to support national defense requirements. Every aircraft fleet has substantial fixed costs such as depot maintenance, training programs, software development, weapons integration, spare parts, and logistics support. Large savings are much more feasible to achieve by divesting entire fleets rather than making a partial reduction to a larger fleet. This allows us to achieve savings measured in the billions rather than "just" millions of dollars.

Upon first glance, divesting an entire fleet is undesirable because it removes all of a fleet's capabilities from our range of military options. For example, divesting the A–10 causes a loss of combat-tested aircraft optimized to conduct the close air support mission. However, the A–10 cannot conduct other critical missions, such as air superiority or interdiction, and cannot survive in a highly contested environment. Air superiority, which gives ground and maritime forces freedom from attack and the freedom to attack, is foundational to the way our joint force fights. It cannot be assumed, must be earned and is difficult to maintain. One of the dramatic advantages of airpower in a major campaign is its ability to eliminate second echelon forces and paralyze the enemy's ability to maneuver. As the Air Force becomes smaller, we must retain multi-role aircraft that provide greater flexibility and more options for the Joint Force Commander.

Another example is the Air Force's U–2 and RQ–4 Global Hawk Block 30, high-altitude ISR aircraft. The U–2 has been the combatant commanders' high-altitude ISR platform of choice due to its exceptional reliability, flexibility, survivability, and sensor capabilities. In the current fiscal environment, the Air Force cannot afford to maintain both platforms. While both have performed marvelously in Afghanistan and other theaters worldwide, the Global Hawk RQ–4 Block 30 provides unmatched range and endurance and, after multiple years of focused effort, now comes at a lower cost per flying hour. With responsible investment in sensor enhancements, the Global Hawk RQ–4 Block 30 can meet high-altitude, long endurance ISR requirements. Therefore, long-term affordability after near-term investments provides a stronger case for the RQ–4 Global Hawk Block 30 in a constrained funding environment.

To support combatant commanders and act as good stewards for the taxpayer, we need to divest entire fleets of aircraft to achieve large savings while preserving the capabilities the Air Force uniquely provides to the Joint Force.

Active Component/Reserve Component Mix

American airmen from each component—Regular Air Force, Air National Guard, and Air Force Reserve—provide seamless airpower on a global scale every day. The uniformed members of today's Total Force consist of approximately 327,600 Regular Air Force airmen, 105,400 Air National Guardsmen, and 70,400 Air Force Reserve airmen actively serving in the Selected Reserve, as authorized by the National Defense Authorization Act for Fiscal Year 2014. Over the past 2 decades, to meet combatant commander requirements and the demands of recurring deployments, the Air Force has increasingly called upon its Total Force. This elevated use of the Air National Guard and Air Force Reserve has transformed a traditionally Strategic Reserve Force into a force that provides operational capability, strategic depth, and surge capacity. As the Air Force becomes smaller, each component will increase reliance on one another for the success of the overall mission.

To meet Department of Defense (DOD) strategic guidance for a leaner force that remains ready at any size, the Air Force plans to remove approximately 500 aircraft across the inventories of all three components, saving over $9 billion. Additionally, the Air Force has instituted an analytical process of determining the proper mix of personnel and capabilities across the components to meet current and future requirements within available resources. Air Force leadership representing the Active and Reserve components, including adjutants general, teamed to develop the Air Force fiscal year 2015 Total Force Proposal (TFP–15) that preserves combat capability and stability for our Total Force. Taking into account recent lessons learned and existing fiscal realities, this compilation of actions maximizes every dollar and leverages opportunities to move personnel and force structure into the Reserve component, while still preserving capability and capacity across all three components. To do this, the Air Force plans to transfer aircraft from the Active component to the Air National Guard and the Air Force Reserve, including the transfer of flying missions to locations that would otherwise have no mission due to fleet divestments. This effort helps the Air Force maintain combat capability within mandated budgetary constraints by using the strength and unique capabilities of the Guard and Reserve components to make up for capabilities lost as Active Duty end strength declines, a concept known as compensating leverage. Leaders from all three components developed the TFP–15 plan which accomplishes these objectives using the following principles as guidelines:

- Where possible, replacing divested force structure with like force structure (e.g., A–10 with F–16);
- Adding similar force structure without driving new military construction;
- Adding same-type force structure to units where possible and returning mission sets to locations where they were previously located;
- Considering opportunities to realign force structure to the Reserve component prior to any decision to completely divest aircraft; and
- Considering new aircraft deliveries as options for mission transition at uncovered locations.

In January 2013, as part of the Air Force's effort to optimize the capabilities of the Active and Reserve components, the Secretary of the Air Force and the Chief of Staff of the Air Force (CSAF) established the Total Force Task Force (TF2) to explore and leverage the unique strengths and characteristics of each component. This task force conducted a comprehensive review of Total Force requirements, offered ideas for improving collaboration between the three components, and gave us a starting point for future Total Force analysis and assessment efforts. To continue the body of work initiated by the TF2, and facilitate a transition to a permanent staff structure, the CSAF directed the stand-up of a transitional organization, the Total Force Continuum (TF–C), on October 1, 2013. The TF–C is continuing to develop and refine decision support tools that will help shape and inform the fiscal year 2016 budget deliberations.

The Air Force has made great strides in understanding how a three-component structure can operate as a powerful, efficient, and cost-effective Service that maximizes the integrated power of our air, space, and cyberspace forces. This needs to be the way we do business, without even thinking about it. We will continue to seek ways to strengthen and institutionalize the collaboration and cooperation between the components, including reviewing the National Commission on the Structure of the Air Force's findings. Our initial examination of the Commission's report suggests a great deal of symmetry between many of their recommendations and current Air Force proposals for the way ahead. The Air Force is committed to ensuring that

our Total Force is fully synchronized to deliver an unparalleled array of airpower anywhere in the world.

Recapitalization Vs. Modernization

One of the most critical judgments in building the Air Force plan for 2015 and beyond was how to balance investment in our current aging fleet against the need to buy equipment that will be viable against future adversaries. Forced to make tough decisions, we favored funding new capabilities (recapitalization) over upgrading legacy equipment (modernization). We cannot afford to bandage old airplanes as potential adversaries roll new ones off the assembly line. For example, the backbone of our bomber and tanker fleets, the B–52 and KC–135, are from the Eisenhower era, and our fourth generation fighters average 25 years of age. That is why our top three acquisition priorities remain the KC–46A aerial tanker, the F–35A Joint Strike Fighter, and the Long Range Strike Bomber (LRS–B).

The KC–46A will begin to replace our aging tanker fleet in 2016, but even when the program is complete in 2028 we will have replaced less than half of the current tanker fleet and will still be flying over 200 KC–135s. Similarly, our average bomber is 32 years old. We need the range, speed, survivability, and punch that the LRS–B will provide. Tankers are the lifeblood of our joint force's ability to respond to crisis and contingencies, and bombers are essential to keeping our Air Force viable as a global force. In our fiscal year 2015 budget submission, we have fully funded these programs.

The F–35A is also essential to any future conflict with a high-end adversary. The very clear bottom line is that a fourth generation fighter cannot successfully compete with a fifth generation fighter in combat, nor can it survive and operate inside the advanced, integrated air defenses that some countries have today, and many more will have in the future. To defeat those networks, we need the capabilities the F–35A will bring. In response to tightening fiscal constraints, the Air Force has deferred four F–35As in the Future Years Defense Program (FYDP). If the President's projected top-line enhancements are not realized, and future appropriations are set at sequestration-levels, the Air Force may lose up to 19 total F–35As within the FYDP.

Moving forward, we cannot afford to mortgage the future of our Air Force and the defense of our Nation. Recapitalization is not optional—it is required to execute our core missions against a high-end threat for decades to come.

MAKING EVERY DOLLAR COUNT

Program Stewardship

The Air Force and our airmen are committed to being good stewards of every taxpayer dollar. One way we are doing this is by making sound and innovative choices to maximize combat capability within available resources. Recently, the Air Force announced its intent to proceed with the program to ensure the continued availability of the Combat Rescue Helicopter (CRH). The CRH contract award protects a good competitive price and effectively uses the $334 million Congress appropriated to protect the program.

Another example of maximizing the bang out of each taxpayer buck is the KC–46A tanker contract. The recapitalization of the Air Force's tanker fleet is one of our top three priorities, and the fixed-price contract for 179 aircraft represents an outstanding return on investment for the Air Force and the American people. The program is currently on track in cost, schedule, and technical performance, and in the fiscal year 2015 PB we were able to save $0.9 billion in KC–46A Aircrew Training System and other KC–46A program risk adjustments based on successes to date. Keeping this program on a stable funding path is imperative to meeting our contractual obligations and ultimately to our Air Force's ability to meet national defense requirements.

The Air Force remains committed to delivering space capabilities at a better value to the taxpayer. In cooperation with Congress and the Office of the Secretary of Defense, we have used the Efficient Space Procurement strategy to drive down costs of two key satellites, Space-Based Infrared System (SBIRS) and Advanced Extremely High Frequency (AEHF). Through stable research and development funding, block buys, and fiscal authority to smooth our spending profile combined with strong contracting and negotiation approaches using fixed price contracts and "should cost" reviews, the Air Force has been able to achieve significant savings. For satellites 5 and 6 of the AEHF program, these practices reduced Air Force budget

requirements $1.6 billion[1] from the original independent cost estimate of the Cost Assessment and Program Evaluation office (CAPE). For SBIRS 5 and 6 these practices have already reduced the budget $883 million[2] from the original CAPE estimate and negotiations are still ongoing. Since our policy is to fund to the CAPE independent cost estimates, these savings are real dollars that are now available to reduce the pressure on our budget.

Perhaps the best results are on the Evolved Expendable Launch Vehicle (EELV) program where we have used competition, long term contracts (where there is only one provider), and good understanding of costs to get better deals for the government. This year's budget reduces the program by $1.2 billion. Combined with prior year Air Force reductions and savings for the National Reconnaissance Office, we have reduced the total program by $4.4 billion since its "high water mark" in the fiscal year 2012 budget. The Air Force remains committed to driving competition into the launch business and we are actively supporting new entrants in their bids for certification. At the same time we must maintain our commitment to mission assurance that has resulted in unprecedented success. We have had 68 successful EELV launches and 30 additional successful National Security Space launches in a row, but we know that the only launch that matters is the next one.

These are just a few examples of how the Air Force is optimizing our allocated resources. Good stewardship of the taxpayer's dollars demands we look for more efficient ways to accomplish the mission as an inherent part of our program and budget decisionmaking process every year.

Energy

To enhance mission capability and readiness, the Air Force is diligently managing our resources including our demand for energy and water. By improving the efficiency of our processes, operations, facilities, and equipment, the Air Force can generate cost savings and decrease our reliance on foreign energy sources. The Air Force has reduced its facility energy consumption by 20 percent since 2003 and has instituted a number of fuel saving initiatives, reducing the amount of fuel our aircraft have consumed by over 647 million gallons since 2006. Additionally, we are investing $1.4 billion across the FYDP for next generation jet engine technology that promises reduced fuel consumption, lower maintenance costs, and helps ensure a robust industrial base. By instituting aircraft and installation efficiencies over the past 5 years, we avoided an energy bill $2.2 billion higher in 2013 than it would have been otherwise.

Base Realignment and Closure

As we make efforts to become more efficient by improving and sustaining our installations, we also recognize we carry infrastructure that is excess to our needs. The Air Force is fully involved in the Office of the Secretary of Defense-led European Infrastructure Consolidation efforts. Since 1990, the Air Force has decreased European main operating bases from 25 to 6, returning more than 480 sites to their respective host nations and reduced Air Force personnel in Europe by almost 70 percent. While we have made large reductions in base infrastructure overseas, and previous base realignment and closure (BRAC) rounds made some progress in reducing U.S. infrastructure, we still spend more than $7 billion operating, sustaining, recapitalizing, and modernizing our physical plants across the Air Force each year. While our best efforts to use innovative programs have paid dividends, such as recapitalizing our housing through privatization and pursuing public-public and public-private partnerships, we continue to spend money maintaining excess infrastructure that would be better spent recapitalizing and sustaining weapons systems, training for readiness, and investing in our airmen's quality of life needs. The Air Force has limited authority under current public law to effectively consolidate military units or functions and then divest real property when no longer needed. To save considerable resources, we request BRAC authority in 2017.

Military Compensation

Military compensation has risen over the last decade and has helped the Air Force to recruit and retain a world class force in the midst of an extended period of high operations tempo. To sustain the recruitment and retention of airmen committed to serve the Nation, military compensation must remain highly competitive. However, in light of projected constraints on future defense spending, DOD needs to slow the rate of growth in military compensation in order to avoid deeper reductions to force structure, readiness, and modernization efforts critical to support the warfighter

[1] Fiscal year 2012–fiscal year 2017 savings
[2] Fiscal year 2013–fiscal year 2018 savings

and the national defense. The Air Force supports the military compensation recommendations and will reinvest the savings back into readiness to provide our airmen with the necessary resources to remain the best-equipped and best-trained Air Force in the world.

AIRMEN

Innovative Force

We are the best Air Force in the world because of our airmen. We continue to attract, recruit, develop, and train airmen with strong character who are honor bound, on- and off-duty, by the Air Force's core values of Integrity First, Service Before Self, and Excellence in All We Do.

We depend on a workforce that leads cutting-edge research, explores emerging technology areas, and promotes innovation across government, industry, and academia.

The budgetary constraints in fiscal year 2014 and beyond force the Air Force to become smaller. However, as we shrink, we must continue to recruit and retain men and women with the right balance of skills to meet Air Force mission requirements, and maintain a ready force across the full-spectrum of operations. Attracting science, technology, engineering, and mathematics talent to our civilian workforce has been hampered by furloughs, hiring and pay freezes, and lack of professional development opportunities. Despite fiscal constraints, the Air Force needs to continue to attract and nurture our Nation's best and brightest into both our military and our civilian workforces, because it is our innovative airmen who continue to make our Air Force the best in the world.

Airmen and Family Support

Airmen and their families are our most important resource. We are committed to fostering a culture of dignity and respect, and to ensuring an environment where all airmen have the opportunity to excel. As a result, the Air Force will preserve our core services programs (fitness, childcare, and food services) and warfighter and family support programs. Unfortunately, the budget environment necessitates consequential reductions to morale, welfare, and recreation programs at U.S.-based installations to affect cost savings. We will do so in a manner that provides commanders as much flexibility as possible to respond to their individual military community needs and unique geographic situations.

Air Force Sexual Assault Prevention and Response

The Air Force's mission depends on airmen having complete trust and confidence in one another. Our core values of Integrity, Service, and Excellence, define the standard. Sexual assault is absolutely inconsistent and incompatible with our core values, our mission, and our heritage. As such, our Sexual Assault Prevention and Response (SAPR) program is a priority both for ensuring readiness and taking care of our airmen.

During the last year, the Air Force has worked hard to combat sexual assault. We have invested in programmatic, educational, and resourcing efforts aimed at reinforcing a zero tolerance environment. Our SAPR office now reports directly to the Vice Chief of Staff of the Air Force. We revamped our wing and group commanders' and senior non-commissioned officers' sexual assault response training courses, established full-time victim advocates with comprehensive training and accreditation requirements, and implemented the Defense Sexual Assault Incident Database to streamline data collection and reporting efforts.

The Air Force has been DOD's leader in special victim capabilities, particularly with the success of the Air Force's Special Victims' Counsel (SVC) program. The SVC program provides victims with a dedicated legal advocate whose sole job is to help the victim through the often traumatizing legal process following an assault. So far the results have been exceptional. Since the program's implementation, more than 565 airmen have benefited from SVC services, and in fiscal year 2013, 92 percent of the victims reported that they were "extremely satisfied" with SVC support. Due to its success, the Secretary of Defense has directed all Services to stand up similar SVC programs. The Air Force has also established a team of 10 Special Victims' Unit senior trial counsels and 24 Air Force Office of Special Investigations agents who have received advanced education and training to work sexual assault cases.

Providing a safe, respectful, and productive work environment free from sexual innuendo, harassment, and assault is the responsibility of every airman, and the Air Force is committed to realizing this vision.

Diversity

The Nation's demographics are rapidly changing, and the makeup of our Air Force must reflect and relate to the population it serves. To leverage the strengths of diversity throughout our Air Force, our leaders must develop and retain talented individuals with diverse backgrounds and experiences, and create inclusive environments where all airmen feel valued and able to contribute to the mission. Air Force decisionmaking and operational capabilities are enhanced by enabling varied perspectives and potentially creative solutions to complex problems. Moreover, diversity is critical for successful international operations, as cross-culturally competent airmen build partnerships and conduct the full range of military operations globally.

The competition for exceptional diverse talent will remain fierce. To compete with other government agencies and the business sector to attract and recruit the Nation's finest talent, the Air Force must develop an accessions strategy that taps new markets of diverse, high performing youth. In a similar sense, the Air Force must continue targeted development of existing talent, and continue to promote a comprehensive mentorship program that trains all airmen to view operational problems and opportunities through a diversity lens.

Force Management

In fiscal year 2014 and fiscal year 2015, we will implement a number of force management programs designed to reduce the overall size of the force while maintaining our combat capability. The goal of these programs is to make reductions through voluntary separations and retirements, maximizing voluntary incentives to ensure a smooth transition for our airmen. To meet current funding constraints, significant reductions in total end strength over the FYDP are required, and may impact up to 25,000 airmen. These reductions are driven largely by the divestiture of associated force structure and weapons systems, headquarters realignment, and a rebalancing of aircrew-to-cockpit ratios in a post-Afghanistan environment. Realignment efforts will also reduce Headquarters Air Force funding by 20 percent immediately and combatant command headquarters funding through a 4 percent annual reduction reaching 20 percent by fiscal year 2019. We have developed a plan to retain high performing airmen so that we can accomplish the mission our Nation expects.

AMERICA'S AIR FORCE

A Global, Ready Force

Over the past 35 years, the Air Force has been called upon more than 150 times to conduct combat or humanitarian operations in more than 50 countries around the world. It is impossible to predict when America will call on its Air Force next. It is our job to be ready.

The evolving complexity and potentially quick onset of warfare means that future conflicts will be a "come as you are" fight. There will be precious little time to "spin up" units that are unready to carry out their designated missions. Currently, the combatant commanders' requirement for fighter squadrons essentially equals the number of squadrons in the Air Force, and the requirement for bomber aircraft and ISR platforms is much greater than the number currently in the inventory. In simple economic terms, our supply across Air Force capabilities is less than or equal to the demand. Tiered readiness is not an option; your Air Force is either ready or it is not.

Air Force Core Missions

Airmen bring five interdependent and integrated core missions to the Nation's military portfolio. These core missions have endured since President Truman originally assigned airpower roles and missions to the Air Force in 1947. While our sister Services operate efficiently within the air, space, and cyber domains, the Air Force is the only Service that provides an integrated capability on a worldwide scale. Although the way we operate will constantly evolve, the Air Force will continue to perform these missions so that our military can respond quickly and appropriately to unpredictable threats and challenges.

Air and Space Superiority . . . Freedom from Attack and the Freedom to Attack

Air and space superiority has long provided our Nation an asymmetric advantage. The Air Force's fiscal year 2015 budget request focuses on the capabilities necessary to ensure we can provide the theater-wide air and space superiority our combatant commanders require.

Since April 1953, roughly 7 million American servicemembers have deployed to combat and contingency operations all over the world. Thousands of them have died in combat. Not a single one was killed by bombs from an enemy aircraft. Air superi-

ority is a fundamental pillar of airpower and a prerequisite to the American way of modern, joint warfare—we cannot fail. In calendar year 2013, the Air Force flew over 27,000 air superiority sorties, accounting for over 37,000 flight hours. These sorties directly supported critical missions, such as homeland air sovereignty with Operation Noble Eagle and the protection of the President of the United States. Additionally, the Air Force flew numerous Theater Security Posture missions in the U.S. Central Command and U.S. Pacific Command areas of responsibility.

To ensure we can provide unmatched air superiority capability and manage the risk associated with combat force reductions and emerging advanced technologies, the Air Force is modernizing munitions and platforms. In fiscal year 2015, the Air Force continues to invest in the AIM–120D and AIM–9X air-to-air missiles and develop new munitions to address future threats. Upgrades to the F–22 program and the procurement of the F–35A will also provide required capabilities to help ensure freedom of movement in contested environments. Continued upgrades to fourth generation platforms, such as the Joint Air-to-Surface Standoff Missile Extended Range for the F–16, are also necessary to ensure sustained viability in the future. These added capabilities will ensure the Air Force is prepared to survive today and meet tomorrow's challenges for control of the air.

America's freedom to operate effectively across the spectrum of conflict also includes its ability to exploit space. Every day joint, interagency, and coalition forces depend on Air Force space operations to perform their missions on every continent, in the air, on the land, and at sea. In calendar year 2013, the Air Force launched 8 National Security Space (NSS) missions totaling 68 consecutive successful EELV launches to date and 98 consecutive successful NSS missions. In fiscal year 2015, the Air Force will acquire 3 launch services and plans to launch 10 NSS missions. The Air Force will also continue the evaluation and certification of potential new entrants.

The space environment is more congested, contested, and competitive than ever, requiring the Air Force to focus on Space Situational Awareness (SSA). Our SSA modernization efforts include: moving forward with acquisition of the Space Fence (near-Earth SSA capability); defining the Space-Based Space Surveillance follow-on system; fielding the Geosynchronous Space Situational Awareness Program; continuing work with our Australian partners to field an advanced space surveillance telescope (deep-space SSA capabilities); and fielding the Joint Space Operations Center mission system (SSA command and control and data integration and exploitation).

The Air Force remains fully committed to the long-term goal of fostering international relationships and supporting ongoing security efforts with partner nations around the globe. Teaming with allies and partners not only helps cost and risk-sharing, it also increases capability and capacity to support contingency operations. Space is an area in which we have made significant progress in building partnerships.

Underpinning all of these capabilities is our ability to effectively operate in and through cyberspace. The advantages of effective cyberspace operations in speed, ubiquity, access, stealth, surprise, real-time battlespace awareness and information exchange, and command and control are manifest in every Air Force mission area and nearly every mission area has come to depend on them. Global strike; fused ISR; force and personnel movement; telemedicine; global logistics; financial systems; joint aerial network linkages; space control; remotely piloted aircraft and vehicle command and control; target deconfliction; fires coordination; and even aspects of national strategic (including nuclear) command and control, rely on cyberspace superiority. Despite the strategic risk this dependence introduces, the advantages to those mission areas are too great to forego, so the Air Force must continue to lead and leverage the advantages of cyberspace superiority.

Intelligence, Surveillance, and Reconnaissance . . . Delivering Decision Advantage

Air Force globally integrated ISR provides commanders at every level with the knowledge they need to prevent strategic surprise, make decisions, command forces, and employ weapons.

Our ISR airmen identify and assess adversary targets and vulnerabilities from hideouts to bunkers to mobile launchers with greater accuracy than ever seen in the history of warfare. In 2013 alone, airmen flew over 27,000 ISR missions, enabled the removal of 1,500 enemy combatants from the fight, provided critical adversary awareness and targeting intelligence to U.S. and coalition forces in over 350 troops-in-contact engagements, enhanced battlespace awareness through 630,000 hours of sustained overwatch of tactical forces and communication lines, and identified over 350 weapons caches and explosive devices that would have otherwise targeted American and partner forces. ISR reduces uncertainty about our adversaries and

their capabilities, strengthens deterrence, prompts adversaries to act more cautiously, provides intelligence that allows commanders a decisionmaking advantage, and delivers real-time information on which troops rely to fight effectively and win.

In recent years, the development of Air Force ISR capabilities has focused mainly on meeting the needs of permissive combat environments. In more contested future environments, gaining and maintaining an ISR advantage will become increasingly difficult and even more important. Therefore, the Air Force will focus primarily on enhancing ISR capabilities for operations in contested environments. Accomplishing this will require updating the current mix of ISR assets, while also giving significant and sustained attention to modernizing Air Force ISR systems, capabilities, and analytical capacity.

Rapid Global Mobility . . . Delivery on Demand

The Air Force's rapid global mobility capability is truly unique. There is no other force in the world that would have the confidence to place its fighting men and women at the end of an 8,000 mile logistical train. The fact that we are able to reliably supply a military force of 100,000[3] troops in a landlocked country half a world away during an active fight is simply amazing.

On any given day, airmen deliver critical personnel and cargo and provide airdrop of time-sensitive supplies, food, and ammunition on a global scale. Averaging one take-off or landing every 2 minutes, every day of the year, America's mobility fleet provides a capability unmatched by any air force across the globe. Whether it is sustaining the warfighter in any environment or delivering hope with humanitarian assistance, our airmen ensure that the whole of government and international partners are strengthened with this unique capability to get assets to the fight quickly, remain in the fight, and return home safely.

In calendar year 2013, airmen flew 26,000 airlift missions, and over the course of 345 airdrops, the Air Force dropped 11 million pounds of combat-enabling sustainment to coalition forces on the ground in Afghanistan. As the linchpin to power projection at intercontinental distances, Air Force tanker crews flew 31,700 missions and aeromedical evacuation crews airlifted 5,163 wounded soldiers, sailors, airmen, marines, and injured civilians around the globe. Since September 11, America's tanker fleet has offloaded over 2.69 billion gallons of fuel to joint and coalition air forces, and the Air Force has logged an astounding 194,300 patient movements.

To ensure global reach, the Air Force will continue to protect this vital mission by recapitalizing our aging aerial tanker fleet with the KC–46A, modernizing the inter-theater airlift fleet, and continue supporting the C–130J multi-year procurement contract that will extend beyond fiscal year 2018.

Global Strike . . . Any Target, Any Time

The Air Force's nuclear and conventional precision strike forces can credibly threaten and effectively hold any target on the planet at risk and, if necessary, disable or destroy it promptly—even from bases in the continental United States. These forces possess the unique ability to achieve tactical, operational, and strategic effects all in the course of a single combat mission. Whether employed from forward bases or enabled by in-flight refueling, global strike missions include a wide range of crisis response and escalation control options, such as providing close air support to troops at risk, interdicting enemy forces, supporting special operations forces, and targeting an adversary's vital centers. These capabilities, unmatched by any other nation's air force, will be of growing importance as America rebalances its force structure and faces potential adversaries that are modernizing their militaries to deny access to our forces.

In calendar year 2013, the Air Force flew 21,785 close air support sorties in Operation Enduring Freedom, including over 1,400 sorties with at least 1 weapons release. In the rebalance to the Pacific, the Air Force rotated 5 fighter squadrons and 3 bomber squadrons to forward locations in Guam, Japan, and Korea to project power and reassure our regional partners and flew over 43,000 missions bolstering theater security and stability. We continue to invest in the Pacific theater to ensure viability of our Air Force bases through a combination of hardening, dispersal, and active defenses.

The Air Force will focus future efforts on modernizing global strike assets to ensure that American forces are prepared to act when, where, and how they are needed. The multi-role F–35A is the centerpiece of the Air Force's future precision attack capability, designed to penetrate air defenses and deliver a wide range of precision

[3] At their peak, U.S. military forces in Afghanistan consisted of 100,000 military members and over 112,000 contractors. Source: CRS 2011 report "DOD Contractors in Afghanistan and Iraq"

munitions. Procuring the F–35A aircraft remains a top priority, and we plan to achieve initial operational capability in 2016.

The backbone of America's nuclear deterrence is the ICBM fleet. To ensure the ICBM's viability through 2030, the Air Force will invest in updated warhead fuzes, as well as beginning guidance and propulsion modernization programs and modernization of launch facilities and communication centers. While the LRS–B is the bomber of the future, the Air Force will continue to modernize current B–2 and B–52 aircraft to keep these nuclear capabilities viable. The Air Force will ensure we are able to maintain the flexibility to deploy nuclear forces in a manner that best serves our national security interests.

Command and Control . . . Total Flexibility

Air Force command and control systems provide commanders the ability to conduct highly coordinated joint operations on an unequaled scale. Getting the right information to the right person at the right time is essential to the American way of war. The capability to deliver airpower is also intimately dependent on the ability to operate effectively in cyberspace, a domain in and through which we conduct all of our core missions and which is critical to our command and control. Operations in cyberspace magnify military effects by increasing the efficiency and effectiveness of air and space operations and by integrating capabilities across all domains. However, the Nation's advantage in command and control is under constant attack with new and more capable threats emerging daily in the areas of cyber weapons, antisatellite systems, and electromagnetic jamming. Our adversaries are making advances by electronically linking their own combat capabilities, which create new military challenges.

To counter these challenges, the Air Force will prioritize development and fielding of advanced command and control systems that are highly capable, reliable, resilient, and interoperable, while retaining the minimum command and control capacity to meet national defense requirements. More importantly, we will recruit and train innovative airmen with the expertise to build, manage, secure, and advance our complex and diverse command and control systems.

CONCLUSION

Ultimately, our job is to fight and win the Nation's wars. While, the Air Force's fiscal year 2015 budget submission remains strategy-based, it is also shaped by the fiscal environment. At the levels requested in the President's budget, the Air Force protects the capabilities required to prevail in the more demanding operational environment in years to come. By making tough choices today we set ourselves on a path to produce a ready and modernized Air Force that is smaller, yet still lethal against potential adversaries in the future. Regardless of the strategic tradeoffs made, at sequestration-levels it is not possible to budget for an Air Force that is capable of simultaneously performing all of the missions our Nation expects. We would end up with a force that is less ready, less capable, less viable, and unable to fully execute the defense strategy. While we would still have the world's finest Air Force able to deter adversaries, we would also expect to suffer greater losses in scenarios against more modern threats.

Airpower . . . because without it, you lose!

Senator NELSON. Thank you, Madam Secretary.

General Welsh.

STATEMENT OF GEN. MARK A. WELSH III, USAF, CHIEF OF STAFF OF THE AIR FORCE

General WELSH. Thank you, Senator Nelson, Ranking Member Inhofe, and members of the committee. It's always an honor to appear before you. Thank you for the chance.

Ladies and gentlemen, your Air Force is the finest in the world and we need to keep it that way. We built this budget to ensure that Air Force combat power remains unequaled, but that does not mean it will remain unaffected. Every major decision reflected in our fiscal year 2015 budget proposal hurts. Each of them reduces capability that our combatant commanders would love to have and believe they need. There are no more easy cuts and we simply can't

ignore the fact that the law as currently written returns us to sequestered funding levels in fiscal year 2016.

To prepare for that, the Air Force must cut people and force structure now to create a balanced force that we can afford to train and operate in 2016 and beyond. We started our budget planning by making two very significant assumptions. First, was that the Air Force must be capable of winning a full-spectrum fight against a well-armed, well-trained enemy; and second, ready today versus modern tomorrow cannot be an either/or decision. We must be both.

We also knew the overwhelming majority of reductions in our budget would have to come from readiness, force structure, and modernization, and we tried to create the best balance possible between readiness, capability, and capacity across our five core mission areas, because we needed to reduce our planned spending in other areas by billions of dollars a year. Trimming around the edges just isn't going to get it done.

We were forced to take a look at cutting fleets of aircraft as a way to create the significant savings that are required. We have five mission areas with air or space craft that could be reduced. In the air superiority mission area, we already had reductions in our proposal, but eliminating an entire fleet would leave us unable to provide air superiority for a full theater of operations, and no other Service can do that.

We looked at our space fleet, but no combatant commander is interested in impacting the precise navigation and timing, communications, missile warning, or space situational awareness and other special capabilities that those assets provide. ISR is the number one shortfall our combatant commanders identify year after year. They would never support even more cuts than we already had in our plan in that mission area.

We have several fleets in the global mobility mission area. I spoke with Chief of Staff of the Army General Raymond T. Odierno, USA, to ask what he thought about reductions in the airlift fleet. His view was that a smaller Army would need to be more flexible, more responsive, and able to move more quickly. He did not think further reduction of airlift assets beyond our current plan was a good idea. I agree.

We looked at our air refueling fleets and considered divesting the KC–10 as an option. But analysis showed us that mission impact was just too significant. As the boss said, however, if we do return to sequestered funding levels in 2016, this option will have to be back on the table.

We looked at KC–135s as well, but we would have to cut many more KC–135s than KC–10s to achieve the same level of savings. With that many KC–135s out of the fleet, we simply can't do the mission.

In the strike mission area, cutting the A–10 fleet would save us $3.7 billion and another $500 million in cost avoidance for upgrades that wouldn't be required. To achieve the same savings would require a much higher number of either F–16s or F–15Es. But we also looked at those options. We ran a very detailed operational analysis comparing divestiture of the A–10 fleet to divestiture of the B–1 fleet, to reducing the F–16 fleet, to deferring procurement of a number of F–35s until outside the FYDP, or to de-

creasing readiness by standing down a number of fighter squadrons, as we did in fiscal year 2013.

We used the standard Department of Defense (DOD) planning scenarios, and the results showed that from an operational perspective, cutting the A–10 fleet was clearly the lowest risk option. While no one is happy about recommending divestiture of this great old friend, it's the right military decision, and representative of the extremely difficult choices that we're being forced to make. Even if an additional $4 billion became available, I believe the combatant commanders would all tell you that they'd rather have us fund more ISR, airborne command and control capability than retain the A–10 fleet.

The funding levels we can reasonably expect over the next 10 years dictate that for America to have a capable, credible, and viable Air Force in the mid-2020s, we must get smaller now. We must modernize parts of our force, but we can't modernize as much as we planned, and we must maintain the proper balance across our five mission areas.

Thank you for your continued support of our Air Force and my personal thanks for your unending support of our airmen and their families. The Secretary and I look forward to your questions.

Senator NELSON. Thank you, General.

In an expression of collegiality, I'm going to call on our ranking member first. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

The most important question would be to General Welsh. Would you like to recognize who that pretty little girl in blue is behind you?

General WELSH. Senator, I'd be honored to. This is my wife of 36 years, Betty. She rocks. [Laughter.]

Senator INHOFE. Great. Thank you very much.

Again, during the Senate Armed Services Committee hearing earlier this year on worldwide threats, Director of National Intelligence James R. Clapper testified that over his last 50 years in intelligence, he has not experienced a time when we've been beset by more crises and threats around the globe.

The Air Force has reduced the size of its combat squadrons since September 11, 2001, from 75 to 55. It is projected to reduce the number to 48 by the end of fiscal year 2019. The fiscal year 2015 budget alone puts the number of fighter aircraft below the 1,900 requirement determined by the Air Force to meet our national military requirements, and that smaller force has an average age of over 30 years.

Based on the briefings that we have received in this committee, I would just ask the two of you how much more risk can we accept right now?

Ms. JAMES. I'll speak first and give you my opinion, Senator. I think we are at the point where we can accept no more risk. I think this is the bottom. It should not go any deeper than that. As you point out, should all three things happen at once in the National Military Strategy, meaning the two contingencies plus defense of the Homeland all going on at once, we are below the level that we need in terms of fighters. Of course, if not everything goes wrong at once we'll be able to handle it.

Senator INHOFE. Do you generally agree with that, General?

General WELSH. Senator, I would just say that if you look at our standing requirement versus the actual projected organizational size of our Air Force today, and for sure by fiscal year 2019, every fleet we have is low-density/high-demand by definition. The requirement is greater than what we own.

Senator INHOFE. I agree with that, and I'd like to just get that on the record, because when we talk about readiness we're talking about risk. When we're talking about risk, we're talking about lives. Then the American people understand how serious this is.

Several of us, I think including some of you, didn't think that the decision to stand down 31 squadrons last year was the right thing to do. My feeling was when you put the cost in there to recover. I understand only 50 percent of those are now recovered, but in terms of maintenance, in terms of pilot training, is that good economics, to stand down those squadrons?

General WELSH. Senator, I do not believe it is. It's going to take us 10 years or so to recover readiness in the Air Force to where you would like it to be for the Nation.

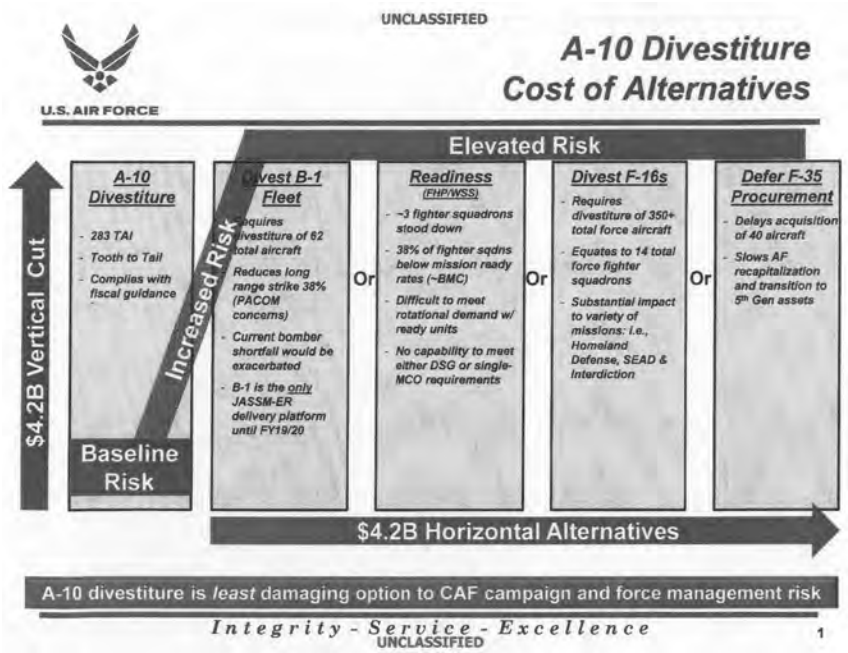
Senator INHOFE. I agree with that. I think it's worth bringing out now. I may have some questions for the record, but I'm saving the longest question for last now because of all the controversial things we're dealing with in terms of our assets, the A–10 is the one that has received the most attention. You did address this, of course, very accurately in your comments.

I think that the Air Force request divests the entire 283-aircraft A–10 fleet. It is something that has probably attracted more attention from more people. What I'd like you to do, using this chart, which you are very familiar with, is explain the following questions. What alternatives were you looking at against retiring the A–10? Why were they not chosen? We list four requirements up there on this chart that you're familiar with.

Second, has the Air Force discussed the retirement of the A–10 with the other Services, especially the Army? I'm sure that you and General Odierno have talked about this. Maybe you could share those comments or those experiences with us.

What other aircraft of the Air Force and other Services can execute the close air combat, search and rescue, and airborne forward air controller missions? What other ones can perform this same mission? How do they stand against each other? I know that Senator Ayotte is going to have more specific questions about this, but if you could just address this chart and explain it to us, that might be helpful.

[The chart referred to follows:]



General WELSH. Senator, this chart is from the analysis I mentioned in my opening comments that was done. We compared with an operational analysis against the DOD standard warfighting profiles that our requirements are measured against. Each of these is an independent option, so we ran multiple runs of our analytical models, one divesting the A–10 fleet, one divesting the B–1 fleet, one just taking squadrons that we will retain, but having them not current, not flying them at all. We divested 350 F–16s as an option to create the same amount of savings as we could with the A–1. Then we deferred 40 F–35s outside the FYDP and ran that as a model in its own right.

Those are the things that we analyzed against the problem we have in meeting our warfighting requirements that the combatant commanders present us. When we did that analysis, all this chart represents is that from an operational perspective, clearly the least operational risk came from the divesting of the A–10 fleet.

One of the things that I think that effort highlighted for me—I followed the debate closely. The great thing about this is we have a lot of people passionate about what they do, about the airplane they fly, about the mission we perform, and that's a wonderful thing. I don't see anything wrong with the debate.

But I am concerned that we're talking about some of the wrong things, because this isn't about whether or not the A–10 is a great aircraft or whether it saves lives on the battlefield. It is a great aircraft and it does save lives. So does the F–16, which, in fact, has flown more CAS sorties than the A–10 all by itself over the last 8 or 9 years. So does the F–15E, the B–1, the AC–130, the B–52. They're all great and they've all saved lives on a battlefield.

Senator INHOFE. Yes, General Welsh, and I understand that. I'm just saying this has risen to the point where it seems to be the most controversial of these cuts, and I wanted to give you a chance to explain it.

The other part of my question was, have you talked to the other Services, and I said particularly the Army.

General WELSH. Yes, sir. We brief all the Services in the course of our budget process. What General Odierno specifically has said to me is that he hates to see the A–10 go, as do I, but that he trusts us to do CAS for the Army. That's what the Air Force provides them.

Senator INHOFE. Thank you, General Welsh.

Thank you, Mr. Chairman.

Senator NELSON. Thank you, Senator Inhofe.

Madam Secretary, DOD's budget includes numerous personnel-related proposals intended to slow the growth of personnel costs. For example, a 1 percent pay raise for most military personnel is lower than the current projected 1.8 percent that would take effect under current law. Another example is a 1-year pay freeze for general and flag officers. Another one is a slight reduction in the growth of housing allowance over time, such that it would cover 95 percent of housing expenses rather than 100 percent. Another is a phased reduction by $1 billion of the annual direct subsidy provided to military commissaries, down from the current subsidy of $1.4 billion. Another is the increased enrollment fees and pharmacy copays and a consolidation of TRICARE.

DOD has testified that the savings achieved by these proposals, estimated to be at $2.1 billion and $31 billion over the FYDP, would be used to invest in modernization and readiness. I'll ask either one of you, do you agree with these proposals and why do you think they're needed?

Ms. JAMES. Mr. Chairman, I do agree with these proposals. These are among the difficult choices, because I think we all want to do the absolute utmost for our people. But all of these proposals amount to a slowing of the growth in military compensation at a time where we're coming off of a decade where military compensation has risen quite a bit. I believe it's 40 percent over the last dozen years or so. Also, it's a time of still unprecedented high quality in recruiting and retention.

I mentioned in my opening comments that the number one thing on our airmen's minds as I have traveled around has been the downsizing, and there is, of course, this great desire to remain in the Air Force. We are actively working to try to attract as many as possible in certain categories through voluntary incentives to leave our Air Force and use involuntary only when necessary.

But my point is at a time like this we can afford to slow the growth in compensation, so I do support it.

Senator NELSON. General, aren't these proposals going to have a negative impact on recruiting and retention?

General WELSH. Senator, I can't answer that question until we've done it. There's no indication right now, as we discuss these things, that there's going to be a retention problem or a recruiting problem. We haven't had a recruiting problem in almost 20 years in the Air Force.

The operational impact is that for us these savings would save a little over $3 billion across the FYDP. As a comparison, divesting of the U–2 fleet is saving us a little over $2 billion. If we can retain capability that our warfighters really desire and need by making these cuts, I think there's a number of airmen who will listen to this discussion and understand that this will be helpful.

All we're trying to do is take a growth curve in pay and entitlements that has been spectacular because of the help of the U.S. Congress. You've been wonderfully good to us for the last 12 to 15 years in this area, but the growth rate is not sustainable. I think we all know that. All we're trying to do is get it to a sustainable curve.

It's a very emotional topic, I understand that.

Senator NELSON. Were the Air Force senior enlisted personnel consulted on this, and did they agree with these proposals?

General WELSH. Yes, sir, the Chief Master Sergeant of the Air Force consulted with our Enlisted Board of Directors, composed of the command chief master sergeants of every major command in the Air Force, throughout the entire process, and all the joint senior enlisted leaders were in the tank sessions where we discussed this with the Chairman.

Senator NELSON. Did they agree?

General WELSH. Yes, sir, they did.

Senator NELSON. Let me ask you about JSTARS. Your budget indicates that you want to start a plan to buy a version of a business jet, modified to carry some of the new radar that would have synthetic aperture radar, and also a ground moving target indicator capability. You also indicate in your budget that you believe that you could have two such aircraft delivered in fiscal year 2019, with an initial operating capability (IOC) in 2021, and fully operational in 2025.

You also plan to rely on the Global Hawk Block 40 with its multi-platform radar technology, unless further sequestration causes you to retire the entire Global Hawk Block 40 fleet.

A couple of years ago, General Norton A. Schwartz, USAF, Chief of Staff of the Air Force from 2008 to 2012, and who is now retired but when sitting here said the following, "The substance of the analysis of alternatives (AOA) indicated that a blend of Global Hawk Block 40 and a business class ISR platform was the least cost, highest performing alternative. The reality, however, is that there is, notwithstanding the AOA, not enough space to undertake a new start business class ISR platform. We simply don't have the resources."

General, how is it that the Air Force didn't have the resources back then in 2012 and now in 2014, after several rounds of budget cuts, enough money to start a new JSTARS replacement?

General WELSH. Senator, you would have to ask General Schwartz for the justification of what he put into his analysis. But his statements were before sequestration became the law. As we look out 10 years now with that law in place, we have the option of not modernizing at all in this arena, which is unacceptable to our combatant commanders. It will leave us with a fleet of aircraft that is not viable 10 years from now. Or, we can look within our

own resources and figure out a way to recapitalize, which is what we've done.

That's why these choices are so hard. We're not waiting for magic money to appear. We are going to trade. Both in this area and in the E–3 fleet, our proposal is to modernize from our own top line, because we don't see any other way to do it. If we don't do it 10 years from now, we'll be in a conflict with a completely unusable platform.

Senator NELSON. You're going to have to break all records and field a JSTARS replacement by 2021?

General WELSH. Yes, sir, we are.

Senator NELSON. Good luck.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman. I want to thank both of our witnesses for being here and for your service to our country.

I wanted to ask both of you, Secretary James and General Welsh, whoever you think is the most appropriate, to answer this question. Just so we understand, for the record, is this an accurate description of the Air Force's proposed A–10 divestment: All Active Duty A–10 units would be divested in 2015 and 2016, plus the Boise Air National Guard unit in 2015?

General WELSH. Yes, ma'am.

Senator AYOTTE. All remaining A–10 Air National Guard and Air Force Reserve units divested in fiscal years 2017 to 2019? In other words, the entire A–10 fleet divested by 2019?

General WELSH. Yes, ma'am.

Senator AYOTTE. As we've talked about in the past, the F–35A is not going to be, even by best estimates, fully operational until 2021, is that correct?

General WELSH. Yes, ma'am, that's correct.

Senator AYOTTE. Thank you.

This is not the first time that the Air Force has tried to divest the A–10, is it?

General WELSH. No, ma'am, it's not.

Senator AYOTTE. In fact, I believe back in 1993 or around that time there was an effort to divest the A–10. In fact, at that time that effort was stopped because there was serious concern that the Air Force, and this is from a Government Accountability Office (GAO) report, had not adequately emphasized the CAS mission. I'm very glad that it was not divested then because, as we know, the CAS mission is a very, when you think about our men and women on the ground, preeminent, mission in terms of their support.

I was recently in Afghanistan and I was really struck by the number of people on the ground, men and women in uniform, our special forces operators and our Army soldiers, who, unsolicited, came up and asked me to convey and to make sure that people understood how important they believe that the A–10 was to them on the ground. In fact, I had a special operator tell me about an event that had happened the night before with an A–10 that he believed saved him and his position that he was in and people that he was with.

I believe in answer to Senator Inhofe's questions, you said that you had spoken to General Odierno about the divestment of the A–10; is that true?

General WELSH. Yes, ma'am, we have spoken.

Senator AYOTTE. One of the things that he has said in the hearings leading up to the posture hearings for the Army when he's been asked about the A–10, I think is something that is of deep concern. General Odierno has said that the Army would actually have to work with the Air Force to develop the tactics, techniques, and procedures (TTP) the Army needs to provide CAS across the wide variety of potential scenarios that we're going to have to operate.

One of those scenarios is in the close contact. For example, 75 feet off the ground, General Odierno believes that the troops seeing the presence of the A–10, but also the ability of the A–10 to go at a slower pace, means that these TTPs still need to be developed. He said: "We know that the A–10 works in those scenarios today." In fact, as you've agreed with me in the past, he has told us this is the best CAS platform.

One of the concerns that I have is that the Chief of Staff of the Army is basically saying we'll have to come up with new solutions if we move away from the A–10. Would you agree with me, when we talk about CAS missions, that not all CAS missions are the same? Some are conducted at higher levels, at the 10,000-foot level, with precision bombing, and some missions are conducted at a much lower elevation, closer to the troops.

This was the mission that General Odierno expressed direct concern to this committee about not yet having the TTPs in place. To me, this is a deep consideration as we look at the A–10.

The Air Force has told us that other aircraft have conducted 80 percent of the CAS missions in Iraq and Afghanistan. I would like to ask you about that statistic. According to information that my office received that came from U.S. Air Force's Central Command, the 80 percent statistic includes aircraft that fly CAS missions, but never attack targets on the ground, and does not take into account how many passes are used. If that's true, a B–1 flying at thousands of feet, that never drops a bomb, is counted the same as an A–10 that flies 75 feet above the enemy position and conducts 15 gun passes within 50 meters of friendly ground forces. This is actually a scenario that happened in Afghanistan last year that saved 60 of our troops.

General Welsh, can you tell me whether that 80 percent statistic that the Air Force has cited counts the CAS missions that never attack targets on the ground?

General WELSH. Yes, ma'am, it does. It also includes A–10 missions that never attack targets on the ground.

There aren't many A–10 missions that fly at 75 feet and do 15 gun passes, Senator. We have pilots in the F–16s who have hit the ground trying to strafe inside caves and have died. We have a major sitting two rows behind me who serves as my aide-de-camp who saved a lot of lives at Combat Outpost Keating in a huge fight, who's an F–15E pilot.

Our F–16s have been doing CAS with full TTPs with the Army since the late 1970s. The F–15Es have been doing it for the last

10 years. I don't know why anybody would tell you we need to develop tactics. That's not true.

Senator AYOTTE. This is General Odierno, this isn't just anyone. He's the Chief of Staff of the Army, who testified before the committee that he believes that there needs to be TTPs developed for the CAS mission, if the A–10 is divested.

General WELSH. I'm just telling you they are in place. We've been using them for the last 8 years in Afghanistan and Iraq. We don't need new TTPs.

Senator AYOTTE. General, I think this is something that we should have this conflict addressed, because this was testimony that General Odierno gave before this committee. When he was asked about the A–10, I think he made clear that those who are on the ground prefer the A–10.

I want to make clear that I in no way diminish the mission of the F–16s. But I think you and I would both agree that the F–16s certainly have to take a faster pass than the A–10s, and that the A–10s have a focus on the CAS mission, not that the F–16 can't have a part of that mission. But I in no way am diminishing the F–16s.

But General Odierno has made clear before this committee that they prefer the A–10; it is the best CAS airframe. Just having been on the ground recently in Afghanistan and hearing from our men and women in uniform, and it's not like I was going out asking their opinion about the A–10, I was very struck by what they came up to me and said, unsolicited, about their view of the A–10 and how important they felt that the A–10 was to have on the ground, what they're doing every day, and what they're facing.

I think this is a very important consideration for this committee, particularly since we're not going to have the F–35A on line until 2021.

Thank you, General. [Pause.]

Chairman LEVIN [presiding]. Thank you very much, Senator Ayotte.

General WELSH. Mr. Chairman, is there any chance I might make a comment? This is such an important issue, I want to make sure that it's clear.

Chairman LEVIN. Please.

General WELSH. The issue really isn't about the A–10 or even CAS. It's about all the things we provide as an air component to a ground commander. For the last 12½ years we've been doing CAS. That's what's visible. Air forces have to be able to do more than just a CAS fight. We must be prepared to fight a full-spectrum fight against a well-trained foe. If you do that, where you save big lives on a battlefield for the ground commander as an air commander is by eliminating the enemy nations will to continue to fight, by eliminating their logistical infrastructure, their command and control capabilities, their resupply capabilities, and by providing air superiority so your ground and maritime forces are free to maneuver and are free from air attack, which we have never had to deal with because we're good at this.

The other thing you have to do is eliminate the enemy's reinforcement capability. You have to eliminate their second echelon

forces so they can never commit them against our ground forces. Those are the places you save big lives on a big battlefield.

Then, of course, you have to do CAS. We have a lot of other airplanes that do CAS that can do those other important things. The A–10 is not used in that way. That doesn't mean it's not a great platform. It doesn't mean it's not a critical mission. But the comment I have heard, that somehow the Air Force is walking away from CAS, I admit frustrates me. We have battlefield airmen in our Air Force who live, train, fight, and die shoulder-to-shoulder with soldiers and marines on the battlefield.

I have a son who is a Marine Corps infantry officer. That lady there [gestures to woman behind him, his wife Betty] is not letting me make CAS a secondary consideration, if anybody in the Air Force tries to.

CAS is not an afterthought for us. It never has been. It's a mission. It's not an aircraft; it's our mission, and we'll continue to do it better than anyone on Earth. Those great A–10 pilots who do it so well will transition to the other fighters I've mentioned and they'll ensure we do it better than anybody else.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you.

Senator McCaskill.

Senator MCCASKILL. Thank you, Mr. Chairman, and thank you all for being here today.

General Welsh, in March I had the opportunity to go to the 139th Airlift Wing of the Missouri National Guard in St. Joseph. They fly C–130s, and do a critical training mission for other members of the Guard and, frankly, for our allies. One of the reasons that is a cost-effective base for the National Guard and for our Nation's military is because of the training that they're providing, and getting revenue for, to many pilots from across the world.

I think you probably know the problem. They don't have a C–130J, and if they don't get a C–130J, then those countries are no longer going to come to get trained at St. Joseph. Then all of a sudden, we have a different problem in terms of that infrastructure that is so vital to the rest of the Guard across the country.

I'll never forget when I was in Afghanistan and I got in a C–130 to go up north. I was up in the cockpit area with the pilots and we were talking about where I was from, and they were two National Guardsmen from Maryland. They said they just came from Rosecrans and just trained there on this aircraft, and they were so complimentary of the training they had received.

I really want to ask you. You can't update everybody and expect the Guard to be what it needs to be if they don't get the updated J model. Is it possible that you can figure out a way to get at least one J model to St. Joseph fairly quickly, so they will not be in a real problem in terms of their training mission?

General WELSH. Senator, of course, we can look at the plan for St. Joseph. But I'll tell you this. What we're doing right now is building the long-term C–130 modernization plan for all the components. By the end of this FYDP, by 2019, we will actually have four locations where there are J models in the Active Force and four locations where we have J models in the other components, three in the Guard and one in the Reserve.

We actually have the plan in place. We don't have that many J models coming off the production line over the next 4 or 5 years to dramatically alter the numbers going into place yet in the Reserve component. It clearly has to be part of the plan.

We're putting the whole plan together. We would love to get that done and come brief you and everyone else interested in it.

Senator MCCASKILL. That would be great. I just know that because of the training mission there for our allies, I would hope that they would be at or near the top of the list in terms of receiving a J model.

Secretary James, I am scratching my head about the lack of competition on the commercial launch program. In December, you announced plans to compete up to 14 additional launches by 2017, but at the same time, you committed to 35 to the one entity that is doing this now, frankly, without competition. That worries me. It worries GAO. It worries all of us.

I am a big believer that competition is our best friend in keeping costs down. I need some explanation and some reassurance from you that you are committed to competition in this area and what you intend to do to make sure that there is more competition going forward, rather than just one in 2015. It worries me that we could do one in 2016 and one in 2017, which really means there will be no competition, because obviously, that's not sustainable for anybody else, to not have an opportunity to get into the playing field.

Ms. JAMES. Senator, I am absolutely committed to competition. This particular contract you're speaking of was actually signed before I arrived in DOD, but let me give you the background, because I have asked a lot of questions about it as well.

In the world of these satellite launches, in the world of the Evolved Expendable Launch Vehicle (EELV) program, there are what I will call heavier launches, and there are lighter launches. There's different techniques and capabilities required to get different things into space, depending on whether they fall into this heavier category or lighter category. There are no entrants coming on scene and we are working to get them qualified, first to compete for the lighter launches, if all goes well, we expect that will be done this year, in 2014, and subsequently to be able to compete as well for the heavier launches. If all goes well, according to the program, that should be by 2017.

By that point everything will be open for competition. But as you point out, at the moment, we have the one entity that is doing all of it and will be doing all of it for some time, at least through 2014 when the new entrants hopefully are qualified.

Why did they sign this contract back in December? The answer that I believe to be true is they had a deal. The deal was $1.2 billion less than the should-cost of the government, so it seemed like it was a very good buy for the taxpayers to lock in. I think it's 36, not 35, if I'm not mistaken, of what are called core. These tend to be for the heavier launches.

As you point out, there are these other launches, the lighter ones, and we are going to be having eight of these over the next several years. Seven out of those eight ought to be competitive, and I'm working it to see if we can't get the eighth of the eight competitive.

Senator MCCASKILL. That would be terrific. I know it's great if we save money, but I guarantee you they're still making money off of it, which they should. Nothing wrong with that. The real way to get the value for the government is for there to be somebody competing against them for price.

Ms. JAMES. I think the very threat of that competition helped to bring that cost down.

Senator MCCASKILL. I think that's probably true.

Finally, I wanted to compliment the Air Force on your efforts with the Special Victims' Counsel program. It's my understanding that you have seen a 32 percent increase in reporting of sexual assaults and a 39 percent increase in unrestricted reporting, and that is an unbelievably good sign, because obviously that means these victims are getting that support at the crucial moment, which is empowering them to feel like they are not going to continue to need to hover in the shadows, that they can come forward, and they can hold the perpetrators accountable. I know that is because of these Special Victims' Counsels.

I think you have really been a role model for the other Services on this. You stood up first and you have done it in a way that has ensured the victims' counsels' independence, and I know that yesterday you received an award from the Department of Justice for this program. I wanted to take a minute, if you have any comment about what you need going forward, and especially if you would just comment about reassuring Special Victims' Counsel that they should not take the ruling in the Sinclair case the wrong way, because that victim advocate was doing what she was supposed to do for that victim. This was not undue command influence. That was a tortured decision by that judge.

I want to make sure that there aren't victims' counsels out there that are all of a sudden getting the wrong message that they shouldn't act. When the prosecutor wants to drop a case and the victims' counsel sends a letter to the command saying it shouldn't be dropped, that's exactly what they should be doing. I want to make sure that you guys have sent that message to your folks.

Ms. JAMES. I'll begin and then maybe General Welsh can also add his comments.

Chairman LEVIN. Before you begin, Madam Secretary, let me interrupt. A vote has started. We're going to try to work right through this vote. Some of you may want to run over, vote, and come back. We will continue in any event.

Ms. JAMES. I also want to say, I certainly can't take credit for it. You can and the Air Force can. This is a great program. We will be increasing it a bit, but we think our numbers are about right, maybe a little bit more of an increment.

A couple other tidbits of information. There is a very high level of satisfaction from victims who have used victims' counsels. That, of course, will breed, I think, greater usage in the future.

Everywhere I go, by the way, all my travels, I always meet privately with Sexual Assault Response Coordinators, the victims' counsel, if they're available and so forth. What I hear anecdotally is absolutely on target with what this overall data suggests. We're totally in favor of it and going to stand behind it for the future.

General WELSH. Senator, I would just add that the Special Victims' Counsel represents the victim and only the victim. That's where their allegiance lies. That's what we expect, that's what we train them, and that's what we expect from them. If we see anything else, in fact, we'll step in.

I would also just mention that, while we're proud of this program and we think it's one of the few game-changing things we've been able to find, we're still looking for all the others. This is a never-ending campaign. We have a lot of work to do.

Senator MCCASKILL. Thank you very much.

Chairman LEVIN. Thank you very much, General Welsh.

Secretary James, you're really right. Senator McCaskill is the one who should be looked to for credit for this program. She really has been an extraordinary leader in pushing this program, and there is no easy solution. But there is a solution and a big part of it is this victims' counsel which she has led the effort to create.

But thank you. She is right, the Air Force has been the role model on this in terms of implementing it. We want to thank you for that.

Senator Wicker.

Senator WICKER. Thank you, and thank you to both of our witnesses.

Welcome, Secretary James, to your first posture hearing. I know you are working with my office to get down to Keesler Air Force Base and we look forward to scheduling that soon and hosting you on the Gulf Coast of Mississippi.

Madam Secretary and General Welsh, I want to talk about C–130Js. I remain convinced that some elements of the total force plan, such as the proposal to relocate C–130J aircraft from Keesler to Little Rock, may adversely impact our intra-theater airlift capability at a time when our Services are evolving, and I believe the Air Force must make force structure decisions based on long-term global force requirements, as well as concrete and defensible data.

Accordingly, I'm concerned that the transfer of C–130Js from Keesler may not, in fact, do not, actually produce promised financial savings. Under the President's proposal, a new airlift group would be established at Little Rock. This group would be comprised of the 10 C–130Js that are currently at Keesler. It seems to me that establishing a new group at Little Rock would require the costly relocation of military and civilian full-time employees. I do not believe the numbers add up to savings, and I want to explore that with the two of you during the next several days as you provide written answers to the following questions.

Number one, what are the specific differences in costs to perform the C–130J flying mission at Keesler versus Little Rock?

[The information referred to follows:]

The C–130J mission costs the same regardless of where it is performed in terms of aircrew and maintenance manpower, flying hours, and depot maintenance. The cost to support the mission with 209 positions for medical, personnel, and other functions is also the same whether the Air Force support the aircraft at Keesler or Little Rock. Moving the C–130Js to Little Rock reflects a decision to retain 209 support positions at $10.5 million per year in order to maintain an Air Force Reserve Component presence at the "Home of the Herk" and enhance integration of the Reserve, Guard, and Active components. The alternative is to divest the 209 positions already at Little Rock. Although requiring the Air Force to leave more billets at Little Rock, the move to the "Home of the Herk" is in line with the National Commis-

sion on the Structure of the Air Force report's recommendations to integrate the Active and Reserve components as much as possible.

Senator WICKER. Number two, is it correct that the Air Force's proposal would move maintenance and wing management personnel from Keesler to Little Rock, where we would have to switch C–130 models and stand up another wing to support them?

[The information referred to follows:]

No, it is not correct that the Air Force's proposal would move maintenance and wing management personnel from Keesler to Little Rock. Both maintenance and wing management personnel are already in place at Little Rock in Detachment 1. The activation of the 913th Airlift Group is simply a name change for Detachment 1. The transition from the C–130H to the C–130J shrinks Detachment 1 from 686 manpower positions to 618 in the 913th Airlift Group.

Senator WICKER. Number three, will it be more cost-efficient to maintain the two C–310J squadrons at Keesler Air Force Base?

[The information referred to follows:]

It will not be more cost efficient to maintain the two C–130J squadrons at Keesler Air Force Base. The most cost efficient course of action for the C–130J enterprise is reflected by the fiscal year 2015 President's budget, which saves $116 million Future Years Defense Program. Additionally, keeping an AFRC presence at Little Rock contributes to the Air Force's Total Force C–130 enterprise and increases integration of Reserve, Guard, and Active component airmen. This leads to improved processes as well as more effective and efficient employment of the C–130 fleet.

Senator WICKER. Will the new 913th Airlift Group require the movement or hiring of additional military and civilian employees?

[The information referred to follows:]

No. Since Detachment 1 shrinks from the 686 current state to the 618 in the 913th Airlift Group, Little Rock will see a reduction in Air Force Reserve component personnel.

Senator WICKER. Number four, how does the Air Force save money by moving a squadron from Keesler, which has an existing maintenance capacity, existing wing management structure, and brand new ground infrastructure, to a base that will have four wings located on it?

[The information referred to follows:]

The Air Force saves money through the consolidation of the C–130Js at Little Rock in conjunction with a reduction in excess C–130 capacity across the enterprise. Keesler is the only wing within the Air Force Reserve Command with two C–130 flying units, so moving the 10x C–130Js from Keesler to Little Rock balances the force while maximizing the savings of divesting excess C–130 capacity.

Senator WICKER. Number five, how does the Air Force save money by moving C–130Js from a base with two C–130J squadrons, including a C–130J simulator, to a base that has only an Air Force Reserve detachment that trains on legacy Air Guard C–130Hs?

[The information referred to follows:]

The Air Force saves money through the consolidation of the C–130Js at Little Rock in conjunction with a reduction in excess C–130 capacity across the enterprise. Little Rock is the "Home of the Herk" for all three components and already has a large C–130J footprint, including simulators. The fiscal year 2015 President's budget decisions maintain a C–130 center of excellence at Little Rock with a regular Air Force C–130J combat coded mission, the C–130J formal training unit (AMC), the C–130H formal training unit (Air National Guard), and the AFR C–130J combat coded mission with Active Associate.

Senator WICKER. Those are my five specific questions. But also, while you're looking at that, let me get back to one of my first ques-

tions and point out that the Air Force Reserve Command (AFRC) states that they're going to save 616 manpower positions by consolidating their 10-PAA C–130J unit with Air Mobility Command's (AMC) 19th Airlift Wing at Little Rock, vice retaining the 10 C–130Js at Pope under the 440th Airlift Wing. The manpower savings generate approximately $116 million across the FYDP and are realized by deactivating the 440th Airlift Wing at Pope and downsizing AFRC's Little Rock fleet.

Here's my point. The data seem to talk about a move from Pope to Little Rock which is not actually taking place. The aircraft never went to Pope. The aircraft are at Keesler. My question is this: Isn't it a fact that most or even all of the manpower positions are based on savings in overhead positions that would exist from a Pope to Little Rock move, but that, in fact, do not exist for a Keesler to Little Rock move?

[The information referred to follows:]

The savings in the Pope to Little Rock move reflected by the fiscal year 2015 President's budget are the result of divesting: the C–130H missions at both Pope and Little Rock, expeditionary combat support squadrons at Pope, and Pope overhead. The cumulative effect of these changes resulted in elimination of 1,779 Reserve manpower billets (1,302 at Pope, 68 at Little Rock, and 409 at Keesler). Since this move accounts for the National Defense Authorization Act for Fiscal Year 2013 transfer of the C–130J mission from Keesler to Pope in fiscal year 2014, then it is the same savings as a Keesler to Little Rock move.

Senator WICKER. I've taken most of my time with asking these questions for the record, because I want specific answers and I want to explore with you two whether the savings are actually there. But in the time remaining, I would welcome your verbal comments. General, why don't we begin with you, sir.

General WELSH. Senator, because of the material we've already sent you, this has been looked at as an enterprise move by both AMC and by AFRC. That is where the total savings come from both in people and money. The benefit to us is that it allows us to get rid of about 47 C–130Hs over time, to get down to what we believe is the required number of tactical airlifters as defined by the Mobility Capabilities Assessment-2018.

To do that, the synergy of putting things together at Little Rock for both training and to put three combat-coded squadrons in one place, Active, Guard, and Reserve, there is some real benefit in terms of being able to train people and in terms of being able to consolidate instructors to minimize excess support equipment, infrastructure, et cetera. That's the effort.

All the numbers are tied, though, to an enterprise move as you suggest. They're not all based on just a Keesler to Pope move. We'll get you your detailed answers to these questions. We'd love to have this discussion, and for any questions you have we'll get our mobility experts from AMC and the representatives from AFRC to come discuss this with you.

Senator WICKER. Okay, thank you.

Secretary James, do you want to add anything to that?

Ms. JAMES. Senator, I would tell you in our budget and in our Air Force today we're on the absolute what we either need for a requirement or in some cases we're under requirement. If you go through different aircraft and different types of programs, we're either at the requirement or under.

With respect to C–130s, my understanding is at the moment we have too many C–130s. I'm giving you the big picture story in the aggregate. I'm giving you the big picture story. We have more than what we need against the requirement for tactical airlift. The big picture is bringing down those overall numbers of C–130s nationwide.

As to what goes where and why, I'd prefer the Chief to answer that because I'm not as familiar with that.

Senator WICKER. Very good. General Welsh, you're going to get back to me with specific answers on the record to these questions, and then we will visit.

General WELSH. Yes.

Thank you very much, and thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Wicker.

I'm going to have to run and vote, I believe. We're going to recess until one of my colleagues gets back here, which should be any minute. But if you have to take care of other business for a few minutes, don't worry about that and just get back here within 5 minutes in any event.

[Recess]

Senator DONNELLY [presiding]. Thank you very much. Thank you for continuing to be patient with us through these votes. I will tell you that this year I did not expect to be chairing a hearing at any point in the Senate Armed Services Committee, but here we are. [Laughter.]

Thank you, General Welsh, for your service. Secretary James, congratulations on your appointment. You have our best wishes and we are pulling very strongly for your success because your success means our country's success.

In regards to preliminary data to Military Times and others regarding suicides and mental health, I've spoken twice with General Odierno about the Army's work to implement annual enhanced behavioral health screenings for all Active Duty servicemembers in the periodic health exams, regardless of deployment status. Does the Air Force similarly conduct annual behavioral health screenings for our airmen, and what do these screenings entail?

General WELSH. Senator, we do with some career fields. We don't call it the same thing, but for example, for all of our special operators, our explosive ordnance disposal technicians, and our security forces members who operate outside the wire, we do have a special program to monitor them as they return from deployments and follow their progress.

Air Force Special Operations Command has built a program that I think is spectacular as part of the U.S. Special Operations Command effort in this arena to not only track the behavior and assess their health, but also to track improvement over time and use it as an indicator of whether or not they can be used in the mission until they've recovered.

Air Force-wide, we do not have a comprehensive annual behavioral health analysis program.

Senator DONNELLY. Do you have a difference in the screening between airmen who are in deployment cycle and those who have not or have never deployed overseas?

General WELSH. Sir, we do, and we've actually studied this. In the Air Force there is no correlation between suicide rate, for example, and whether you have deployed or not.

Senator DONNELLY. Okay. In regards to your initiative in suicide prevention or trying to assist in mental health challenges that folks have, what initiatives have you found that have been the most helpful in trying to deal with these issues?

General WELSH. Senator, I think the ones that we've just talked about. All of our commanders here recently discussed it with all of our wing commanders at a conference back in December. I think all of them would tell you that the things that make the most difference are face-to-face exchanges with people, not a study or a new Air Force program. It's knowing your people better. It's staying connected with them, understanding what makes them tick, and understanding the things in their body language and their behavior as you would with your best friend, for example.

Senator DONNELLY. Sure.

General WELSH. Those are the things that have been most successful. Our actual suicide prevention and resiliency program has been very successful. It's gotten a lot of rave reviews and awards over the last 3 to 4 years. I'm very proud of the program, as are the people who run it.

The problem we have with this terrible illness that results in this kind of behavior is it can spike on you unexpectedly. We are in the middle of a spike like that right now. We have had 32 suicides, the latest one was last night, inside the total Air Force this calendar year. Our rate per 100,000 is up to about 18. Last year it was down around 14.

In fact, I started drafting a letter that I did the first review of last night, to send to every commander in the Air Force, reemphasizing this program and requiring them to put out details to their people of what's going on over the next 30 days and have these face-to-face discussions.

Senator DONNELLY. Secretary James and General Welsh, we would like to continue to work on this with you, because when I was over in Israel recently we met with the Israeli Defense Force, their leaders, in regards to this issue. Much of what they're doing is, instead of top-down, it is bottom-up. Their officer closest to the individual is who does a lot of the providing of information, that a person's suffering or challenged right now.

Obviously, as you said, it's not only deployment; it is people who are at home as well. It's personal relationships, it is financial challenges that folks face. For some of them, they're afraid of what it might to do their career. We want to make sure we're working closely with mental health facilities in nearby bases and places that they can go to and feel that their privacy will be protected.

We would appreciate the chance to continue to work with you on this as it has become such a challenge for us.

Ms. JAMES. Yes, and if I could just jump in with maybe a couple of final points. As the Chief said, we are undergoing a spike and the question is why. We certainly have both asked this question. Is it the time of year? Do these things happen periodically? There doesn't seem to be a reason to say for it, but we're not finished asking the questions and we want to try to get to the bottom of it.

Maybe the mental health assessment idea that you just put forth, which is being done elsewhere in the military, is something that we ought to at least consider to beef up our program. It's something to at least think about. As the Chief said, we have a very good program, but you can't argue with the statistics and at the moment our statistics are up and that's worrying.

Senator DONNELLY. General, in regards to A–10s, there are A–10s in Fort Wayne, IN, and they are being replaced by F–16s by approximately 2019. I was just wondering how the Air Force determined the timeline for those conversions and which bases would go first and what factors are taken into account in determining when to transition each unit?

General WELSH. Senator, we wanted to bring F–16s that were being made available as F–35s were fielded to not lose that capability and retain as much as we could by moving it into the Reserve component. That was the timing of the F–16s being available. We adjusted the A–10 departures for the units that the F–16s would go into based on that.

The decision on which units would actually get the F–16s or some other airplane to backfill the A–10 mission was actually reached in consultation with the Director of the Air National Guard and the National Guard Bureau, working with the State Attorneys General.

Senator DONNELLY. Just one other thing I want to touch on quickly. As we look at the F–35 and we look at the costs that have been involved, as you look down into the future, do you expect that the F–35 fleet may need to be reduced to remain financially sustainable?

Ms. JAMES. Never say never. It's possible, and I think we have a study that is due out to report in the June or July timeframe that's going to relook at the requirements and so forth.

General WELSH. I think right now the most important thing for the F–35 cost over time, whether it's production cost, purchase cost, or sustainment cost, is that we keep a production ramp going and we keep flying them. We're learning an awful lot about how to operationalize maintenance on this airplane together with the company, with the Joint Program Office, and with the Marine Corps and the Navy, as we do more and more sorties at Eglin, Yuma, Edwards, et cetera.

We're up to 3,500 actual flight sorties now on the F–35. We're not having to use projected data any more. We can see what it costs. We know which parts are failing, we know which tasks are tougher to do and the cost that goes into that. We are starting to get a better and better picture of what this will cost to maintain over time.

Every Service Chief—Marine Corps, Navy, and Air Force—is focused on this. We just had a maintenance summit at Eglin Air Force Base. The company attended. I get routine updates now about every 2 weeks from the head of Lockheed Martin Aeronautics on the initiatives they've taken away from that to start reducing maintenance activity and cost. We'll stay on this every single day.

Senator DONNELLY. Thank you. Thanks, both of you.

Thank you, Mr. Chairman.

Chairman LEVIN [presiding]. Thank you, Senator Donnelly.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

General Welsh, it's somewhat amusing to hear you defend the F–35 again, the first trillion dollar weapons system in history, plagued by incredible inefficiency and waste, and is a shocking story of the really serious problems we have with acquisition in America. Yesterday, we heard at a hearing that there could be another 4- to 6-month delay. You didn't mention that, I guess, because of software problems.

The Air Force ignored the fundamental principal of fly-before-you-buy and this program has turned into a national and defense scandal.

By the way, I happened to see an article in Defense News that said: "Lieutenant General Charles Davis said he's frustrated by a system that allows politicians to block military brass recommendations." We recommended that there were serious and terrible problems with the F–35 10 years ago, General, and it was ignored by these same people. I don't need to be told by an Air Force general about cost savings and what we need to defend this Nation. The role of this committee is to see that that is done. I hope you will mention to Lieutenant General Charles Davis that we are fulfilling our responsibilities and our role, and the F–35 is certainly an example of us perhaps not doing enough.

I want to talk to you about the EELV. According to a GAO report, it gained the distinction of being the program that is contributing to the most cost growth within the entire major defense acquisition portfolio as a percentage of the whole. The Air Force has cited full and open competition as being the key component to getting the costs down. But your proposal, the DOD proposal, is to cut in half the number of EELV launches subject to competition.

How does that match up? How do you say that competition is the key to reducing these costs and yet cut in half the number of launches?

General WELSH. Senator, we didn't cut the number of competitive launches. We delayed them. The contract that we have with United Launch Alliance (ULA) guarantees them 36 booster cores of the 50 that we expect to buy between 2013 and 2017 and launch by 2019. That contract and the mechanism of that contract, we believe the threat of competition in that contract, actually has saved us $4.4 billion in this program since our projections in 2012.

Senator MCCAIN. Let me get this straight. It saved you $4 billion, but the GAO says it has experienced the most cost growth within the entire defense acquisition portfolio. Something's wrong with that story, General.

Ms. JAMES. If I could maybe jump in, Senator McCain, the GAO report is comparing two separate baselines. The one that they are referencing with this huge cost growth actually includes 10 years and many additional launches. It's a little bit of a comparison between apples and oranges.

Senator MCCAIN. Okay, then over 10 years they've had the most cost growth.

Ms. JAMES. No. Futuristic 10 years, I mean to say.

But your overall point is right, over years it has had big cost growth. But competition, which we are committed to and we're bringing on as quickly as possible, will help bring that down.

Senator MCCAIN. But your proposal to Congress is to cut the launches in half or delay half of the launches. How do you justify that?

Ms. JAMES. The launches in question were delayed because the Global Positioning System satellites currently in orbit are lasting longer than anticipated. Therefore, we don't need to launch the replacements as early as originally anticipated.

Senator MCCAIN. You're cutting in half the number of launches that are subject to competition, Madam Secretary. Why would you want to do that?

Ms. JAMES. The competition schedule is to have hopefully new entrants qualified by the end of this year to do——

Senator MCCAIN. There are already people who have proven with launches that they can do it efficiently and at lower cost.

Ms. JAMES. It turns out, as I have learned, there are heavier launches and lighter launches, and they are not fully qualified to do the heavier launches yet. They have to get qualified in both categories and we're doing it as quickly as possible under an agreement, as I understand it, that the new entrants as well as the government have agreed to.

Senator MCCAIN. I'm also interested in a breakdown of the savings estimates and in what specific areas the Air Force achieved or is expecting savings, because if you are able to do that, it's a dramatic turnaround from what GAO has ascertained.

Before December 2013 when the Air Force agreed to the 36-rocket block buy with the prime contractor, the Air Force was aware of the facts that are the basis of the first two reasons it cites today. Wasn't that it? Wasn't that the case?

Ms. JAMES. This contract in question was signed before I got there. But as I asked questions about it, and I have since I arrived at DOD, that 36-core buy, the reason why they did it, locked it in for the heavier launches. At the moment, only ULA is qualified to do it, and locked in a price which was significantly below the should-cost of the government.

Senator MCCAIN. You're saying that none of the competitors are capable of the heavier launch? Is that what you're saying?

Ms. JAMES. That's my understanding, that's correct. They have not qualified through the process yet.

Senator MCCAIN. General Welsh, yesterday, Lieutenant General Christopher C. Bogdan, USAF, the Program Executive Officer for the F–35 Lightning II Joint Program Office, said that delays in the F–35's critical software may be the most significant threat to the program's ability to support on time the military Services' IOCs. Do you share his concerns about the delays in software development?

General WELSH. Senator, software development for this program has been a concern from day one.

Senator MCCAIN. Yes, that is true. My question is do you share his concerns about the future capability of the software?

General WELSH. Sir, his specific concern is about after the IOC version that the Air Force has, the next level of software development. The 3I software which we will need for IOC at the end of

2016, I do not have a concern about that and neither does General Bogdan. His concern is for the 3F version, which is what we require for full operational capability by 2021. He's concerned that it could be 4 to 6 months late to deliver, which would delay our operational tests. He also stated that he believed there are things we can do between now and then to accelerate that timeline, and we will support the effort to do that.

Senator MCCAIN. There's a lot of things we could have done for the last 10 to 15 years as well, General, and we didn't. People like you came to Congress and gave us information that turned out to be totally incorrect. Maybe it was optimistic, maybe it was using false information. But we are now looking at the first trillion dollars weapons system in history and we're talking about replacing a very inexpensive A–10 with the most expensive weapon system in history—that, in my view, does not have any increase in capability.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator King.

Senator KING. Thank you, Mr. Chairman.

General Welsh, I'm going to get back to the F–35 in a minute. But one of the proposals is to retire the U–2 and use the Global Hawk as a replacement. My understanding is that there are some missions and functions that the U–2 can provide us that the Global Hawk can't or at least can't at the present time. Are we losing any important capability? Could you discuss that decision with us, please?

General WELSH. Senator, there are things that the U–2 can do today that the Global Hawk can't do. There are some sensors it can carry that the Global Hawk cannot carry, and it will require a new adaptor being built for the airplane for just under $500 million to be able to carry those sensors. One of note is the optical bar camera that's used to do treaty verification in places like the Middle East.

Because the Global Hawk operates at a lower altitude than the U–2, the sensor ranges, even when the final sensors are in place, will not be quite as long. You won't have the same range of look with the sensors. Today's sensors that operate off the Global Hawk, some of the sensors are not as definitive in the products they provide as the U–2. The combatant commanders prefer the U–2 sensor image for the things today.

The decision on the U–2 versus Global Hawk this year is based on the fact that over time we believe strongly that the Global Hawk will be more cost effective as we go forward in the next 25 to 30 years.

Senator KING. I don't doubt that. The question is when do you make the changeover and how much will it save us if we make it 2 or 3 years from now as opposed to now after the Global Hawk capabilities are improved?

General WELSH. Yes, sir. If the Air Force was voting and had the money, we'd keep them both, because there's a demand for that level of support by the combatant commanders. We made the trade because we don't have enough money to do both. It's the balance we've been talking about today. Every decision is hard here, sir.

But we will be giving something up in the short-term while we modify the Global Hawk. With your help, hopefully we can modify the Global Hawk to improve its sensor capabilities and give it more ability to operate in weather.

Senator KING. I'd appreciate it, perhaps in a different forum or for the record, if you could give us a more detailed analysis of what we're giving up versus what we're gaining, so we can understand the risk analysis and the implications, if you could.

General WELSH. Senator, we'd love to do that.

[The information referred to follows:]

The Air Force has conducted comparative analysis between the RQ–4 and U–2 in peacetime and wartime scenarios. Neither the U–2 nor the RQ–4 can completely replicate or replace the other, even with potential upgrades. Mixed fleets capitalize on that relationship, but do so at cost levels unaffordable under Budget Control Act constraints. The Air Force provided a comprehensive classified mixed-fleet study to the six congressional defense committees on April 25, 2014. The study provides an assessment at proper classification levels, and we are willing to brief those detailed results to you upon request.

Senator KING. To get back to the Joint Strike Fighter (JSF), I'm a great believer in after-action assessments. What did we learn from this experience and how do we keep from repeating it again? Are you actively trying to seek lessons learned? Bad experiences are always the best teacher.

General WELSH. Senator, I think General Bogdan of the Program Office, which is a Joint Program Office, of course, not an Air Force program office, has been working hard, as have his predecessors, I believe, to capture these lessons learned. He can give you chapter and verse on acquisition lessons learned from the beginning of the program.

One of the big questions is do you try and produce a joint program in an area that has this many products you're trying to deliver. Three different versions of the same thing with different sets of requirements has made this very complicated.

You can also talk about concurrency versus nonconcurrency, the fly-before-you-buy issue that Senator McCain raised. I also think as we capture those lessons we need to look at the rebaseline that occurred in 2011 and look at what has worked from 2011 until today and why it has worked, because for almost 3 years now, we have been firmly on track with this program. The company has met guidelines. Price curves are falling along projected lines. We know what the airplane costs. We're operating the airplane. It's moving along well.

I'm very confident on where the F–35 is today. There are lots of lessons we have to learn from the past, but I think we need to capture what changed in 2011 and why it has worked well for the last 3 years as part of this effort.

Senator KING. Thank you.

Madam Secretary, you mentioned a phrase, I think I wrote it down right, "we will be more reliant on the Guard and Reserve." Could you expand that somewhat? I know we had a big force structure hearing here with the Army the other day with regard to the relationship. Do you see a change in proportion between Active Duty, Guard, and Reserve in the Air Force? Is that feasible in the Air Force?

Ms. JAMES. It is, Senator. We think in terms of our 5-year plans. You are very focused on the fiscal year 2015 budget, but we look at it in terms of the 5-year plan. It already is there. It's already relying more on the National Guard and Reserve. If you do it by the numbers, if you do it by the airframe, more has been shifted.

Again, I'm a newcomer on the scene, so in December I learned exactly how General Welsh and the rest of the team had put this plan together, and they did it in a highly collaborative way. It was General Welsh and General Frank Grass, the Chief of the National Guard Bureau and the head of the Air Force Reserve, together with some of the adjutants general, who sat down together and did a very detailed analysis mission-by-mission, going through the Air Force.

It's not completely done yet. We're continuing to analyze. But the results that we already have were plugged into the budget and those are the results before you. We're bringing down the Active-Duty Force much more than the National Guard and Reserve. Again, no matter how you cut it, we're relying more on them in the future, which, as I said, makes good sense not only from a mission standpoint, but also from a value to the taxpayers standpoint.

Senator KING. Thank you.

I should mention to both of you that the Subcommittee on Personnel had a hearing where we had enlisted testify. We had a question earlier about if the enlisted people support the personnel changes, the commissary, and the 1 percent pay increase. I made them all answer and they all said they do support this. They were very clear understanding that it's a zero sum game and if we don't make these changes then we're going to have to make reductions in readiness. They felt that in the long run, investments in readiness were more important to the troops than these adjustments in compensation. Is that your understanding, General?

General WELSH. Senator, I believe that's exactly their feeling. More than anything else, the Service Chiefs and the Service senior enlisted leaders owe our people the confidence that they will go and do the very difficult jobs that we ask them to do, in very difficult and dangerous places, and come home safe. That's readiness.

Senator KING. These were the chief petty officers and the master sergeants of the four Services.

Finally, General Welsh, I'm very concerned about cyber vulnerability, particularly with the Air Force, because it's all about communications. You're not all in one place at one time. Do you feel that you're adequately prepared? Are you working with U.S. Cyber Command (CYBERCOM)? Are you in good shape in terms of cyber vulnerability? Do you test? Do you have some really bright people trying to figure out how to make life difficult, to practice?

General WELSH. Senator, I think everybody is vulnerable, and we all need to be concerned. But yes, the Air Force is fully connected. Air Force Space Command is where we have focused our cyber efforts so far. We also have airmen who work for CYBERCOM. We have airmen who work for the National Security Agency under their title 50 authorities. We are very closely connected in that arena, and I'm actually comfortable with where we are today because it's taken us a while to get here. But we have to accelerate

in this area and create capability across our Air Force that we've never had before.

Senator KING. I hope you will have some very bright people who are playing the role of the enemy and trying to find the holes, because I believe the next Pearl Harbor is going to be cyber.

General WELSH. Senator, we actually even play that in our red flag exercises now. Every major exercise we have includes play in the cyber domain, to include red team activity.

Senator KING. Thank you very much. Thank you both.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator King.

Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman.

First of all, I'd like to acknowledge the administration's release on Tuesday, April 8, of the U.S. Strategic Force Structure to comply with the New Strategic Arms Reduction Treaty. I know it was a long and difficult process that your staff worked on, so I thank you and all of those in DOD for your effort on this.

I was pleased to see that the ICBM silos are kept in a warm status consistent with the congressional preference expressed in the NDAA from last year. Secretary James, one question I have is, will the empty silos be distributed across the ICBM force or do you think a whole squadron is going to be removed from that?

Ms. JAMES. That is to be determined, but my guess is it will be distributed across the force.

Senator FISCHER. When will that be decided for certain, do you know?

Ms. JAMES. I think over the next several months is what we're anticipating.

General WELSH. The recommendation to the Secretary is going to be that we distribute them across the force. We've come to the recommendation position. The Secretary just hasn't seen it yet.

Senator FISCHER. I know that you're well aware of it, but last year's NDAA expressed that Congress' view was that the cuts should be distributed across the ICBM wings.

Ms. JAMES. I'll go with what he just said, Senator.

Senator FISCHER. Always good. Thank you.

General Welsh, thank you for clarifying that for me. I appreciate it.

Secretary James, it's also my understanding that DOD no longer plans to conduct the environmental study on the ICBM silos?

Ms. JAMES. That's correct.

Senator FISCHER. Thank you.

Madam Secretary, I know that you've been investigating the recent incidents within the ICBM force and I do appreciate your attention to this matter. What steps do you think are necessary if we're going to improve the morale of these airmen?

Ms. JAMES. I think we need a holistic approach, Senator, to this community. I've believed that from the start. Action has been taken, and there's more action to follow. I think everybody is aware that they've announced changes to the testing and training regime of the ICBM forces. I at least felt, and I think we were all in agreement, that the way it was being done was breeding an unhealthiness and too much focus on scoring 100 percent on certain tests.

They're going to fundamentally redo the training. That's one important thing. Over the next 5, 6 weeks, we're going to be looking at things such as incentives, accolades, and other types of issues that would directly benefit the people in the ICBM force, so that's another thing.

We're also looking at leadership development within this community, how we're growing these young leaders, and what path they have for the future. There are a number of things. Of course, you're aware that there will be accountability for the people who have been involved as well, and as well as for the leaders.

Senator FISCHER. Thank you.

General, did you have anything to add to that?

General WELSH. No, ma'am. The Secretary's been out front leading this effort from the day we found out about it, and we are following in lockstep.

Senator FISCHER. Do you have follow-up right on base? Do you have commissions there? Do you see leadership coming together and working right on the bases? Or is this coming top-down?

General WELSH. Both, Senator. The force improvement program that the commander of Air Force Global Strike Command commissioned actually was formed of teams from the wings themselves, people in every functional area and at every rank level. They were advised by experts in everything from human behavior, to training, to testing, and to other things. They put together a series of several hundred recommendations that we are now tracking down in several different categories.

They're monitoring it locally. We're being briefed routinely at the Air Staff level. General Jack Weinstein, Commander of 20th Air Force, is the overall executor of this, and he's reporting weekly to the Commander of Air Force Global Strike Command.

Senator FISCHER. Great. Thank you.

Madam Secretary, I know that the Air Force has prioritized things like the F–35, the new bomber, and the new tanker. Will you be able to protect these programs if we're going to be returning to sequestration levels in 2016? What's your outlook there?

Ms. JAMES. We certainly will make every effort to do so. If we return to sequestration in fiscal year 2016, however, whether it's the same quantities or not very much remains to be seen. I don't think we can protect them in an absolute fashion, but we do feel very strongly that they are our future; they're our top three programs. So vis-a-vis others, we will have to protect them strongly, yes.

Senator FISCHER. Are you making any concrete planning procedures right now in dealing with looking ahead if we are going to return to those levels? Or are these just thoughts that are happening at your level?

Ms. JAMES. We do have concrete plans, and, in fact, in all of the backup budget documents that are before you and your teams we've basically laid out two different ways to a fairly good level of detail. We've laid out how we would propose to proceed under the President's budget, which is, of course, higher level, 2016 through 2019, and we've also laid out how we would deal with it if we had to return to sequestration.

Senator FISCHER. Thank you. I understand that you are making those tough choices. The budget request, when you look at the funding for construction and facilities sustainment, do you think that level of funding is going to continue in the foreseeable future? How are you addressing that for facilities?

Ms. JAMES. Facilities budgets have been very nearly under siege, I would say. They have taken hits in the past. They are not today where we would like them to be. If we go to sequestration, I suspect they will be even lower. It's part of readiness, by the way. People think it's just a building, so what? It's important for readiness. It's important for people to do their jobs in a variety of ways.

We would like to see the higher levels because that means higher levels for facilities as well as many other important programs.

Senator FISCHER. When you're looking at facilities, what kind of process do you use to prioritize updating, modernization, and construction?

General WELSH. Senator, we have an Air Force-wide program that starts at the base level and goes up through the major commands for review and prioritization. The major commands have authority to use some portion of the budget based on their priorities, and then the remainder comes to the Air Force. We manage the overall prioritization at the Air Force level.

In fact, right now one of the things we're looking at is the possibility of forming a new installation support center where we would do this prioritization under the direction of the Commander of Air Force Materiel Command, supporting all the other major command commanders, to try and save people and cost in the processes.

Senator FISCHER. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Fischer.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman, and thanks to the witnesses.

I don't want to plow ground that's already been plowed before I arrived at the hearing, but I'll just state that during the course of the year I've had good interaction with our Air Force personnel at Langley in Virginia and also personnel stationed abroad in travel either for this committee or for the Senate Committee on Foreign Relations. It was my pleasure to work as a member of the Senate Budget Committee with my colleagues to try to find a 2-year budget that reduced the impact of the sequester on the armed services in 2014 and 2015, and I think we have a significant task before us in 2016 and the out-years.

We were making you deal with uncertainty, which was a horrible thing. Given the uncertainty you already deal with in the security challenges across the globe, to add budgetary uncertainty on top of that was something that Congress shouldn't have done. We have now provided some certainty, but I hope we can dig into the years 2016 and out and have a budget that's driven by our strategy rather than to continue to have to try to adjust, carve, and cut our strategy to fit a budget that in my view is not one that appropriately provides for the defense of the Nation.

I wanted to ask a question about one item that is close to home in Virginia, and that's the Air Force Office of Science and Research.

This is a facility that's located in Arlington that is an important facility for the Air Force. It operates in significant synergy with other science and research offices. The National Science Foundation, the Defense Advanced Research Projects Agency, and the Office of Naval Research are right there in the area, and other science and technology operations, like the Defense Geospatial Intelligence Agency at Fort Belvoir, are also partners in close proximity.

I know there is a plan that crops up on occasion, I don't think this is the first time, to look at relocating that Air Force office to Wright-Patterson Air Force Base in Ohio. I've been in discussions with folks who work there, the scientists and researchers who love where they work and love where they live, and they are not excited about the prospect of moving.

I wonder if you could talk about the status of that evaluation from a timing standpoint and what would be reasons why a facility that's doing a good job where it is, with a high-quality workforce, should be put on the block for potentially moving?

Ms. JAMES. The evaluation is completed and it's staying put.

Senator KAINE. I do not want to snatch victory from the jaws of defeat, Mr. Chairman. I will stop my questioning there.

Chairman LEVIN. We're all delighted.

Senator KAINE. Thank you very much.

Chairman LEVIN. Senator Lee is next.

Senator LEE. Thank you very much, Mr. Chairman, and thank you to Secretary James and General Welsh for being here today.

General Welsh, I especially appreciate our conversations over the last few years regarding the F–35. The State of Utah is very pleased, couldn't be more pleased, with the fact that Hill Air Force Base was ultimately selected to host the first operational F–35s. I appreciate your hard work in moving that decision forward.

Secretary James, you talked a little in your testimony earlier this morning about preventing cost increases, the need to do that and the need to prevent delays in these three major procurement programs that we've talked about. Can you elaborate on your plans to do that just a little bit and give us some insight into how that might work?

Ms. JAMES. What I personally intend to do is conduct regular program reviews on these programs and meet with the program managers, as well as industry, as well as go out and see what's happening in the field. This is what I did in industry and this is what I'm hoping to bring to the table now that I'm in government.

Essentially, it's relentlessly keeping to the program and keeping accountability on the program. That's what it's all about, and I do have confidence, particularly with the three big programs, that the people that we have in charge of those programs are well-qualified and they have their eye on the ball, not only of the technical capability, but also their eye on the ball of the cost containment. I do feel confident in that. But it requires persistent focus and persistent leadership.

Senator LEE. Thank you.

I'll ask both of you to respond. In the face of a decreased budget that the Air Force has to work with, do you think that the work being done at the Air Force depots to maintain and modernize our

current weapons systems is likely to become more critical to our military readiness? What thoughts do you have generally about how our maintenance and modernization work and can be used in a way that increases our readiness while saving us money?

Ms. JAMES. As far as I know and believe, but I'm anxious to come and visit some of our depots, they're already critical to our readiness story. They will remain so and probably become even more so in the future. That's point one.

Point two, I think, is there has been a lot of progress, particularly at the depots, to get costs better under control, new ways of doing business, new procedures, and new processes. I think that sort of an approach, stepping back and taking a fresh look at how we do things and asking ourselves if we can do it differently and more cost effectively, needs to be a hallmark for the rest of the Air Force as we look at processes and procedures.

Senator LEE. General Welsh, do you agree with that or have anything to add to it?

General WELSH. No, Senator, I agree completely with the Secretary. They've always been critical. We've just made it tough for them to do their job. I think to borrow Senator McCain's phrase, what people like me need to do is make sure that the innovations that our depots show routinely, the workforce we have there, feels valued, proud, and respected. We hurt them last year with furloughs and the government shutdown. So we have to try very hard to not go in that direction again.

Senator LEE. What would be the impact on the Air Force if the Air Force were unable to retire the equipment that it's identified in the President's budget?

Ms. JAMES. If we're not permitted to retire the equipment or make these other changes in force structure that we're talking about, the problem is you'll have a higher level of force structure and probably, we fear, pay for it out of the operation and maintenance readiness accounts. When you have higher force structure and not enough money to pay for it, the training and the proper maintenance and so forth, that then gets you unready forces or so-called hollow forces. That is the number one thing we want to guard against.

Senator LEE. That could compound our already significant problems.

Ms. JAMES. Absolutely. That's the way we feel about it.

Senator LEE. Secretary James, in our Subcommittee on Personnel hearing a couple of weeks ago, I questioned Secretary Jessica Wright about an incident in March at the Air Force Academy involving a cadet who was asked to take down a Bible verse that had been quoted on the whiteboard right outside of his hallway. I asked some follow-up questions in writing and received the response on that. The response relied heavily on Air Force Instruction 112.11, which states that:

> "Leaders at all levels must balance constitutional protections for an individual's free exercise of religion or other personal beliefs and the constitutional prohibition against government establishment of religion. For example, they must avoid the actual or apparent use of their position to

promote their personal religious beliefs to their subordinates or extend preferential treatment for any religion."

This was the instruction that was cited by the Air Force to justify the command actions taken at the Academy, given that the cadet in question was, as I understand it, as it was explained to us, a cadet leader.

Can you help me understand why it is that there's a different standard that would apply to the freedom of religious expression for leaders within the Air Force, whether it be the Academy or elsewhere, than for airmen who are not in leadership positions?

Ms. JAMES. Before I come to that, if I may tell you, I think the policy itself, when you read the policy on paper, seems to make good sense and it's this balance situation. But I think what we're perhaps learning is that in practice, when you get down to the people who are the real people, either at the Academy or on the flight line and so forth, sometimes there are these gray areas where situations are confusing. Then, what do we do and are we doing the right thing or not?

The bottom line that I want you to know is that the Chief later this month is going to be gathering all of the chaplains from the major commands, general counsel, and the Manpower and Reserve Affairs, and we're all going to go off site and we're going to talk about this policy. We're going to put it up against the recent laws that have been passed, against the new DOD instruction, look at what the other Services are doing, and try to see if there are ways that we can clarify this policy, because sometimes where the rubber meets the road it's a little hard to know what to do.

But as you say, what we're trying to do is hit that balance, so that there is dignity and respect for all religions, including those who have no religion. But it's proving difficult sometimes in the field to implement. At least we have some examples of this.

Senator LEE. I appreciate that a lot, Madam Secretary, and I'd love to follow up with you after that happens. I think it's important that review occurs, especially considering the fact that the Air Force policy in question, the one that I quoted, has some significant ambiguities in it to start with. It's made more ambiguous still by the use of words like "apparent," that could be read quite easily to suggest that almost any expression of religious belief, at least by someone in a leadership position, as innocuous as someone saying "I like this scripture from the Book of Galatians," which is all this cadet had done, could somehow run afoul of this policy.

That policy, to the extent that it's interpreted that way, I think runs afoul of section 532 of the NDAA for Fiscal Year 2014, which says: "Unless it could have an adverse impact on military readiness, unit cohesion, and good order and discipline, the Armed Forces shall accommodate individual expressions of belief."

I think that weights the scale much more heavily on the side of freedom of religion and freedom of religious expression than the Air Force policy appears to accommodate. I'd encourage you strongly to take that into account.

Thank you very much to both of you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Lee. Would you keep us all informed on progress with those discussions? There's a lot of sensitivity from all directions on this issue.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman.

To both the Secretary and General Welsh, thank you very much for everything you do and for your service. Welcome.

I am deeply concerned about a proposal from the Air Force that's in discussion now that would remove all of the C–130s stationed at Pope Army Air Field at Fort Bragg. These actions would leave no airlift at the Home of the Airborne, and it's something that I definitely oppose. This is a rushed proposal that would attempt to push through a drastic decision before Congress has the opportunity to review it through the full authorization and appropriation process.

I recognize the Air Force, like the rest of DOD, is facing significant fiscal challenges. We understand that. But I question the completeness of the cost analysis that I've seen. I'm troubled by the lack, the true lack, of consultation with the Army units that would be directly affected by this proposal. I worry that the Air Force is considering force structure changes based upon considerations other than the greatest military value.

General Welsh, I wanted to ask about the cost analysis. I'm concerned, as I said, about the completeness that's been provided so far. The Air Force has stated that shifting the 33 percent of the Airborne training that the 440th currently provides to off-station units will result in no additional cost, even though the average cost of 1 flying hour for a C–130H is over $4,000. A comparable unit to the 440th providing support from over 750 miles away would cost an additional $20,000 per mission.

I understand the Air Force is saying that, even though the individual missions will cost more when the 440th supports units at Fort Bragg, the cost to the Air Force will not increase because this support comes from allocating flying training hours, which the units will not exceed.

Here's my problem with this argument. Allocated flying training hours are a finite amount of funding, especially in our fiscally constrained environment. The Airborne training is prioritized and, while I'm confident that the 82nd Airborne's training will be a high priority of the global response force, if missions to support Fort Bragg will end up costing more, it's going to reduce the amount of flying training hours available to support the other Army units. It would then require increased funding or the readiness of other units would, in fact, suffer.

Has the Air Force looked broadly enough at the cost of removing the planes from Pope and inactivating the 440th?

General WELSH. Senator, I believe we have. But if we can't convince you with the data, then we better relook at the data. I don't know what you've actually been given already.

Senator HAGAN. Not nearly enough.

General WELSH. We'll get you what you need, ma'am.

This was put together as a much broader proposal than Pope. It's an enterprise look at the C–130 enterprise by AMC and AFRC. There were issues that involved everything from recruiting for the

Reserve unit at Pope to ways to consolidate a fleet and get rid of more C–130Hs overall to bring that cost down.

The costs were much broader that General Selva was looking at than just the cost of training the 82nd. But if you don't have the data you need to understand this, we need to get it to you and have this discussion.

[The information referred to follows:]

The fiscal year 2013 President's budget decision to divest the C–130Hs currently at Pope Air Force Base was due to the combination of excess capacity in intra-theater airlift (as cited in the Mobility Capabilities Assessment and Defense Strategic Guidance), and Budget Control Act of 2011-level funding, which cut $54 billion from the Air Force's budget. These two factors contributed to the Air Force's fiscal year 2015 President's budget decision to reduce the C–130 enterprise from 358 to 328 Total Aircraft Inventory across the Future Years Defense Program (FYDP). The 440th Airlift Wing was deactivated to capitalize on the efficiencies that exist at Little Rock Air Force Base based on the large C–130J footprint already in place. These efficiencies allowed the Air Force to realize savings of over 600 manpower positions by relocating the C–130Js from a base with a wing structure (Pope Army Airfield) to a base with a group structure (Little Rock Air Force Base) and subsequently divesting the 440th Airlift Wing. Air Mobility Command will also avoid a $1.5 million training site activation cost and an annual $100,000 training contract position at Pope Air Force Base by consolidating Air Force Reserve Command's C–130J squadron at Little Rock Air Force Base, where ample training capacity already exists. The Air Force estimates saving $23.2 million per year ($116 million across the FYDP). The savings is more than enough to make up for costs incurred by off-station units supporting Fort Bragg training events. Fort Bragg's airborne training requirements will be supported through the Joint Airborne/Air Transportability Training construct the Air Force already uses for 66 percent of the missions at Fort Bragg, as well as 100 percent of the missions at Fort Benning, Fort Campbell, Fort Lewis, and other Army locations which do not have colocated Air Force C–130 aircraft.

Senator HAGAN. I'm really concerned about the lack of input from the units that would be affected by these proposed changes. How many of the 82nd Airborne Jumpmasters were consulted before proposing to remove all of the C–130s from Pope?

General WELSH. I doubt if any of them were consulted.

Senator HAGAN. How about battalion and brigade commanders?

General WELSH. Ma'am, that's not who we would talk to. The U.S. Army was consulted and we briefed this recommendation to them before the budget was finalized.

Senator HAGAN. Was the commanding general of the 82nd Airborne consulted?

General WELSH. I do not know if the Army talked to him or not, ma'am.

Senator HAGAN. My understanding is that none of the affected Army units at Fort Bragg were consulted.

General WELSH. You'd have to talk to the Department of the Army about that, Senator. We don't consult directly with the units in the field.

Senator HAGAN. The 82nd Airborne is dependent on the Air Force for their airborne operations, and it really is the best example of joint operations. I think it's very important that the Air Force at least consider inputs from all stakeholders in these very important decisions. That's why I think the Air Force may be looking too narrowly at just the cost. You have to take into account other factors, such as the effect on the readiness of the 82nd Airborne, on the Special Operations Forces that are all right there at Fort Bragg, and then all the other units at Fort Bragg. That's my main concern.

Obviously, I oppose moving the C–130Js from Pope. But I am troubled also that in an Air Force proposal you would still transfer away the C–130Hs. The H models at Pope were only being transferred in the fiscal year 2013 force structure plan if the 440th was going to receive the upgraded J model. The 2005 BRAC final report stated that at Pope, "The synergistic multi-service relationship will continue between Army airborne and the Air Force airlift forces, with the creation of an Active Duty-Reserve associate unit which provides greater military value and offers unique opportunities for jointness."

Then, in 2012, the Air Force proposed the retirement on a number of the C–130s, and Congress pushed back on that proposal. But it's important to note none of those cuts at that time were coming from Pope.

The question to me is, are there clear signals about the importance of collocating these C–130s with the airborne forces at Fort Bragg? It's like if the J models didn't come to Pope, why would you transfer the H models away? What analysis has the Air Force performed to suggest that the H reductions should come from Pope rather than other locations?

General WELSH. Senator, we'll get you something for the record, and we need to come show you that. We'll get representatives from AMC and from AFRC to come walk through that with you or your staff, your choice.

[The information referred to follows:]

The fiscal year 2013 President's budget decision to divest the C–130Hs currently at Pope Air Force Base was due to the combination of excess capacity in intra-theater airlift (as cited in the Mobility Capabilities Assessment and Defense Strategic Guidance), and Budget Control Act of 2011-level funding, which cut $54 billion from the Air Force's budget. These two factors contributed to the Air Force's fiscal year 2015 President's budget decision to reduce the C–130 enterprise from 358 to 328 Total Aircraft Inventory across the Future Years Defense Program (FYDP). The 440th Airlift Wing was deactivated to capitalize on the efficiencies that exist at Little Rock Air Force Base based on the large C–130J footprint already in place. These efficiencies allowed the Air Force to realize savings of over 600 manpower positions due to locating the C–130Js from a base with a wing structure (Pope Army Airfield) to a base with a group structure (Little Rock Air Force Base) and subsequently divesting the 440th Airlift Wing. Air Mobility Command will also avoid a $1.5 million training site activation cost and an annual $100,000 training contract position at Pope Air Force Base by consolidating Air Force Reserve Command's C–130J squadron at Little Rock Air Force Base, where ample training capacity already exists. The Air Force estimates saving $23.2 million per year ($116 million across the FYDP). These savings more than enough make up for costs incurred by off-station units supporting Fort Bragg training events.

While the Air Force has great respect for Fort Bragg's jumpmasters, battalion commanders, and brigade commanders, we typically do not consult them when making force structure and basing decisions. After the Secretary of the Air Force approved the fiscal year 2015 Program Objective Memorandum, all Service Secretaries and Chiefs of Staff met with the appropriate members of the Office of the Secretary of Defense to discuss proposed plans, including force structure cuts. It was at this venue that Air Force and Army senior leaders discussed the proposal to divest excess C–130s and deactivate the 440th Airlift Wing. The Army posed no opposition to the Air Force's proposal during the process.

The Air Force is confident that Fort Bragg's airborne training requirements will be supported through the Joint Airborne/Air Transportability Training construct the Air Force already uses for 66 percent of the missions at Fort Bragg as well as 100 percent of the missions at Fort Benning, Fort Campbell, Fort Lewis, and many other Army locations which do not have colocated Air Force C–130 aircraft.

General WELSH. But this was part of a very detailed enterprise look that they took. This comes back to a refrain that I'm really

sorry to have to keep repeating, but everything hurts in this budget. There isn't enough money to keep all the C–130Hs and the new C–130Js. We are going to get smaller in every mission area.

Senator HAGAN. I think the cost analysis is what we're looking for the reasoning, and the discussion and consultation with the 82nd Airborne unit that is located at Fort Bragg. To think that you're taking all the airlift away from Pope Army Air Field, with the collocation there at Fort Bragg and our Special Operations Forces, I think a lot more discussion needs to take place other than the cost analysis that I haven't seen, that you're talking about, in this one specific area.

General WELSH. Ma'am, I'm confident that there has been discussion between the Air Force operations group, which will remain at Fort Bragg to manage the training support for the 82nd, and the 82nd Airborne Division. I'm confident that's happened. We don't deal with budget requests and coordination from Headquarters Air Force to Army individual units, at the request of the U.S. Army. We go to their headquarters and assume that they will do that.

But we'll make sure we get you what you need.

Senator HAGAN. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Hagan.

Senator Inhofe.

Senator INHOFE. Yes, just a couple of follow-up questions, Mr. Chairman. One thing that hasn't been mentioned that you and I have talked about is the Air Force requesting the funding to recapitalize joint North Atlantic Treaty Organization (NATO) intelligence, I think from Molesworth to Crichton. Can you tell us why this project is important, General?

General WELSH. Senator, I'll try to. There are some great benefits to this program from an intelligence perspective. First is that it allows U.S. European Command (EUCOM) and U.S. Africa Command (AFRICOM), who are supported by this Joint Analysis Center, to keep their intelligence analysis capability on the same continent, which seems like a silly thing to say, but it's really important to be in the same time zone for coordination of activity.

The second thing it does is it allows them to keep an integrated intelligence coordination organization between EUCOM, AFRICOM, and NATO. A lot of the colonial powers that know a lot more about Africa than we do are actually connected to EUCOM. This allows their analysts to be connected to AFRICOM for their support. It also lets us be interoperable, interchange, and share more intelligence with NATO.

The other part of this that's spectacular is that the business case model is fantastic. We close three installations to have one. We recapitalize, we pay this back in 4 years, and then we save $78 million a year after that. We run the old analysis center concurrently as we build the new one, so it's a turnkey operation. We don't lose capability. I think everything about this one is good.

Senator INHOFE. Okay. That's good and that's a good explanation. I appreciate that.

Let me just share with both of you that I've been privileged; for 8 years in the House, a total of 24 years, I think, I've never missed one of either the Paris Air Show or the Farnborough Air Show after that. We've always been so proud of our country and our pi-

lots that show up there and have demonstrations. We walk around, or at least I do, and I look at all the competition that's out there, the Eurofighter, the Rafael, the Typhoon, the Gripen, and the ones that are being developed.

Those are not, as I understand it, going to be stealthy. When I look and I see what the Chinese and the Japanese are doing, I might be wrong and you can correct me if I am, they aren't in about the same position of development as we are on the F–35 with the PAK–FA and the J–20?

General WELSH. Senator, I don't think the J–20 or the PAK–FA will be as capable as the F–35. I do believe they will be more capable than our legacy aircraft are, which is why we need the F–35.

Senator INHOFE. Yes. I'm with you. I don't want an equal fight there. I want to have something that's better.

I'd like to ask you, Madam Secretary, if you would join me in encouraging the administration and the military to have a presence at the next show that comes up. In my recollection, over the last 24 years last year was the first year we had no military presence at all, no military and all that. I think we have to be a player in the world and that sends the wrong signal, I think, if we don't show up.

Do you have any thoughts on that?

Ms. JAMES. I'm not fully up to speed on what presence is planned, with one key exception. I plan to be there, so that's at least a little bit of a presence. But please allow me to look into what kind of aircraft and other officials.

Senator INHOFE. I understand we're going to have an F–35, but it's going to be the United Kingdom. They're taking it.

I will allow that and I look forward to visiting with you about it. Hopefully, we can have a better showing this next time.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Let me finish this round. Perhaps, even though Senator Shaheen is on her way, I'll ask my first round questions.

Let me ask you both, Secretary James and General Welsh, the National Commission on the Structure of the Air Force has estimated some significant savings by shifting its component mix more to the Active Duty and the Reserve Forces. Can you promptly get to us a summary and a briefing of the analysis which you have not quite completed, wherever you are? Get us what's available as promptly as you can, with a summary and a briefing next week or so, so we can consider your analysis to the extent it's available when we have our hearing on the commission's report later this month?

Ms. JAMES. Yes, we will do that.

[The information referred to follows:]

Yes, the Total Force-Continuum will work to provide what information they have completed prior to the hearing on April 29, 2014. The Air Force is undertaking a comprehensive review of every mission area to determine the optimum Active and Reserve component balance. The foundational data and analytical approach applied is highly consistent with what was used by the National Commission on the Structure of the Air Force. We strengthen this analysis with a recently developed high velocity analysis model that uses more highly refined data and analysis to arrive at a more precise Active/Reserve component mix recommendation. This enhanced precision comes through modeling that better accounts for rotational and non-rotational force analyses and the impacts of Active/Reserve component rebalancing

choices on defense planning scenarios that include Homeland defense requirements. Our initial assessment of all 42 National Commission on the Structure of the Air Force recommendations is highly positive, concurring with the majority of them. We expect to have 80 percent of the force assessed using the high velocity analysis process by the end of 2014.

Chairman LEVIN. Will you also let us know at that time what the process is that you're going to be using to respond to or react to the report of that Commission, unless you know that process now? You could share it with us now. In other words, when that report comes out, what's going to be your process in terms of reviewing it?

Ms. JAMES. Of course, the report came out a couple of months ago now and we have been thoroughly reviewing it as we have been going forward.

Chairman LEVIN. I misspoke. What is the process you're using, rather than what will be the process?

Ms. JAMES. We have a group within DOD now, which we're keeping in perpetuity, called the Total Force Continuum Office. This is an Active, Guard, and Reserve full time. They are actively, with us as the leaders, reviewing these proposals in detail.

Chairman LEVIN. When will that be completed?

Ms. JAMES. We expect to complete a lot before the hearing, that's for sure. But the more follow-on analysis, if we can put more of the structure into the National Guard and Reserve, we project that will be ready for the next budget submission.

Chairman LEVIN. Can you give us that interim briefing next week, then?

Ms. JAMES. Yes.

Chairman LEVIN. Back to the A–10s. Has there been air to ground testing and has there been CAS testing of the F–35A at all?

General WELSH. We've just begun release testing for weapons. We've dropped one weapon out of the airplane so far. The software version we need for IOC that we should get in 2015 is when we'll be able to start doing more weapons delivery as you would see in a limited CAS profile.

When the F–35 reaches its IOC, we don't anticipate we will be using that in the CAS role. We'd be using the F–16 primarily, with the F–15E and the B–1 in support if the environment allowed it.

Chairman LEVIN. Would you say just a small percentage of your testing? You've only had one bomb dropped, I guess.

General WELSH. I believe we've only dropped a weapon out of one airplane, so far. I may be wrong. But that was within the last month, so we haven't done a lot.

Just releasability testing. It's not targeting anything. It's just making sure the system works.

Chairman LEVIN. On the Global Hawk, I guess you have changed the position on the Global Hawk versus the U–2. How much will it cost to enable the Global Hawk to achieve equivalent capability to the U–2?

General WELSH. Sir, it's roughly $1.6 billion total, and it would include an initial cost of around $450 million, for an adaptable mount that we can put the sensors that the U–2 carries onto the Global Hawk. The other thing we have to do over time is create a de-icing system for the airplane. We have to develop new sensor capability to make it compatible with the products currently deliv-

ered to the combatant commanders by the Global Hawk, and that's going to take us a good amount of time, probably 10 to 12 years, to complete the entire process.

We're counting on the lower cost upfront, per flying hour over time, lower sustainability costs, and the increased processing capabilities of the airplane. There are things you can do with it as a computer that you can't do with the U–2. But it's going to take a while and it's going to take some investment, sir, to get there.

Chairman LEVIN. One of the costs I understand is that while the Global Hawk is operating, other aircraft need to fly along with it. Is that correct, that it will have some positive contact with it?

General WELSH. I'm not aware of that requirement, sir. I'm not sure what that refers to.

Chairman LEVIN. If you could check that out and see whether other aircraft have to be in positive contact with the Global Hawk while it's flying. If that's true, could you then tell us whether the cost of that is included in the comparison of the U–2 and the Global Hawk?

General WELSH. Yes, sir, we will.

Chairman LEVIN. That's all I have. Senator Chambliss.

Senator CHAMBLISS. Thank you, Mr. Chairman.

First of all, let me say to both of you, these are difficult times we are in. We understand that. We appreciate the efforts that you make to try to do the best you can with the resources that we have given you. We fully understand that part of the problem that you're having to deal with, or 99 percent of it, comes from this side of the dais. But we still want to make sure that we're spending our money in the right way.

I'd be remiss if I didn't say to both of you, thanks for your recent visits to Moody Air Force Base. It's a pretty special place down there, and any time we have the Secretary and the Chief come down within a short period of time like the two of you did, it just is a huge boost to morale, particularly with the decisions that have been made just before you got there. You were very well received.

General Welsh, let's talk a little more about JSTARS. Everybody that's come before this committee has testified that they are not receiving today the ground moving target indicator support that they need, and yet the budget calls for a 40 percent reduction in the JSTARS fleet, presumably to fund the acquisition of a replacement platform. We're talking about a major reduction here, obviously.

I want you to walk me through, again, the plan for phasing in this reduction and standing up the replacement platform, please, sir?

General WELSH. Senator, the intent here is to make sure that we have an airborne sensor with command and control capability on board in 2023 and beyond. That's the point here. We have to figure out how to keep this very valuable capability that all of our combatant commanders want. They don't want to give up any of it today, but we know of no other way to make sure they have it 10 years from now other than to give some up and recapitalize within our own resources. We don't have another option.

The game plan is to give up one airplane in 2015, I believe is the start, and I'll doublecheck that and then five more in 2016. The intent would be to then follow through on the recommendations from

our AOA that has been completed to look at a business jet model, a smaller, more cost-efficient aircraft. Miniaturization of sensors has allowed us to do a lot more processing on an airframe of that size. We believe it can do the same dynamic targeting mission and ISR mission that JSTARS currently does along with the airborne command and control.

We believe that this is just the kind of a turnover of that capability within the wing at Robins Air Force Base. We just keep doing the mission there. As we build new capability, we fold it into the unit and we transition in place.

We think that's the right approach. We don't want to lose the capability in the unit, the credibility in the unit, and the expertise, because it's a very specialized skill set. It is a matter of giving up some readiness today to make sure that we have capability tomorrow.

Senator CHAMBLISS. Are you confident we're going to be able to have that replacement with an IOC date of 2021?

General WELSH. Sir, that's our best guess at this point in time. Until we get started on this, the acquisition strategy has not been developed.

Senator CHAMBLISS. What I'm hearing you say is, we're going to retire planes in 2015 and 2016 and we're willing to give up, because of these budget constraints, some of our ISR capability within that timeframe, irrespective of what our needs might be there, and look towards 2021 when we'll start building back that capability to get to where we are now. Is that what I'm hearing you say?

General WELSH. Yes, sir, what you're hearing me say is that within the Air Force budget, that's the only way we can figure out how to do this to make sure that the capability doesn't go away completely 10 years from now.

Senator CHAMBLISS. The A–10 obviously is a major issue. It's the only weapon system you really talked about in any specifics in your opening comments, so I know how important it is to you. I hear what you're saying, that it's not the capability of the airplane, but it's what you can afford with the dollars you have.

But here's a question, though, that, really in order to satisfy this panel up here as we move into markup, I think clearly needs to be answered. The A–10, as I understand it, has some assets that are entirely different from ground support that can be given by the F–15 and the F–16. Great airplanes, no question about it. But the A–10 has more bullets, it can fly at a lower altitude, and provide a different type of cover from what an F–16 or an F–15 may give, even though what they give may be adequate under the circumstances, as I'm hearing what you say. I'm not disagreeing with you.

But the A–10 is a peculiar weapon system that has been extremely valuable over the last decade to fight the fight that we've been fighting. Did you consider, as you made this decision, not phasing out all of the A–10s over the next 2 to 3 years versus phasing out some of them, also phasing out some pretty antiquated F–16s that we have out there, and look towards filling that gap with all of these airplanes with F–35s as we look into 2020 and beyond?

Can you walk me through that, General, and tell me what the thought process was relative to just eliminating A–10s with no backfill there and utilizing F–16s and F–15s totally, versus phasing out some of both?

General WELSH. Senator, we did. I'll just give you one example. We looked at the possibility of keeping the A–10s that we had already done a wing replacement on. If we did that, we would have saved about $1 billion a year. We then would still be looking for $3 billion from some other mission capability.

The operational analysis we did was really the key to this. When we looked at all the options, the benefits of getting rid of a fleet, in this case the A–10 fleet, with its logistical infrastructure, the supply tail, all that, gave us the savings we needed to balance the books.

It's interesting to me that part of the discussion we're having is very similar to the discussion that was going on 40 years ago today in the U.S. Air Force. We did the competitive flyoff between the A–7 and the A–10 on what should be the next CAS platform for the Air Force, and a very impassioned, dedicated, hardworking, and talented A–7 force was saying the A–10 will never be able to do the CAS mission.

The mission will continue. We'll figure out how to do it better than it's ever been done before with the platforms we have. At some point in time, I believe the Air Force will have another dedicated CAS platform. But it won't be in the near term with the funding levels that we are looking at right now, sir. I just don't see that being possible.

Senator CHAMBLISS. I would just close by saying that it's already been alluded to earlier that we've had the conversation over the last couple of years of the retirement of the Global Hawk. I've forgotten now whether it's Block 30 or Block 40 that I inquired your predecessor about, but my understanding was the Air Force plan was to take a brand new Global Hawk off the line and immediately mothball it, which just was a dumb decision to everybody sitting around here.

It pleases me in one way that we're now reversing that decision. But it is an indication that the Air Force has changed their minds on some of these platforms. I just hope we don't come back here next year, General, and you say we made this decision on the A–10 and now we've decided that's not the right decision. But I respect you and know that you have tough decisions to make and know this is not one of the more pleasant decisions you're having to make.

But we're going to continue to dialogue with both of you as we go through this. Thanks to both of you for your service.

Chairman LEVIN. Thank you very much, Senator Chambliss.

Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Thank you, Secretary James and General Welsh, for being here this morning and for everything you do for our country.

I was very encouraged, General Welsh, to see in your testimony that the KC–46A continues to be one of the Air Force's top priorities. Obviously, as somebody who represents New Hampshire and the Pease Air National Guard Base, home of the 157th Air Refuel-

ing Wing, we are very pleased to see that remains a priority and very pleased and proud of Pease that they will be, we hope, one of the first bases to receive those tankers.

Secretary James, I understand you're going to be coming up to Pease, and so we look forward to being able to show you firsthand the great work of the 157th and the Air National Guard from New Hampshire who are based at Pease.

I am concerned, however, about what our lack of action to address sequestration may be doing to exacerbate the budget challenges that you face. In a Defense News article last November, the Assistant Secretary of the Air Force for Acquisition, Dr. William A. LaPlante, was quoted as saying that during the government shutdown the KC–46 program was within 24 hours of breaching its contract. I assume that if sequestration continues, if we have further budget uncertainties, that breaching contracts is a potential challenge that we might experience and that would drive up costs.

I wonder if either of you could talk about the impact that our unpredictable budget cycle and sequestration are having as we're trying to look at ensuring that the contracts that you've entered into can continue and that we don't breach those contracts and drive up costs.

Ms. JAMES. I totally agree, Senator, that sequestration was a bad deal with the uncertainty of it, the actions that the military was forced to take. I wasn't even here at that time. I was in industry, and it was bad for industry, too. It was bad for everybody all around.

We're very grateful to have this bit of certainty now in fiscal year 2014. We have a number that we've targeted in fiscal year 2015, and that's good.

Our budget proposal for 2016 through 2019, the President's budget is at a higher level, and we've thought through and a lot of our testimony has been how we would spend that money. We feel like that's the bare minimum. However, we've also thought through what we would have to do in the event sequestration-level budgets return and there's a lot of additional hurt that would occur.

As you point out, breaking contracts and things of this nature is very dire. If we went back to sequestration, we would have to relook a lot of things to include that. There would be program stretch-outs. There would be more cancellations. We certainly advocate and hope that we would not return to sequestration.

The other thing that's very worrisome is that sequestration would once again hit our readiness in a very bad way. You're aware of standing down flying units and how our readiness suffered. We have to get on a sustainable path to grow that readiness in the future. Again, we ask you, please, let's not return to sequestration level.

Senator SHAHEEN. Certainly I hope that we will see some action in the Senate and in Congress to address sequestration in the coming budget years. As I said, I very much appreciate your commitment to the KC–46A and keeping it on the priority list.

We had a Subcommittee on Readiness and Management Support hearing a couple of weeks ago about information technology (IT) costs to the military and defense as a whole. Obviously, one of the places where there's been some real concern has been in the effort

of the Air Force to finish the Expeditionary Combat Support System (ECSS), which as I understand has now cost the Air Force about $1.1 billion and taken 8 years, and yet we don't really have a system that is operational.

I know that there's another IT system in process, the Defense Enterprise Accounting and Management System (DEAMS), which I gather is having a little better luck in terms of being operational. But it still has significant cost overruns.

What are the lessons learned from these operations? How do we keep those kinds of cost overruns and putting in place systems that don't actually work from happening again?

Ms. JAMES. The ECSS actually has been cancelled.

Senator SHAHEEN. Right.

Ms. JAMES. Much as you said, Senator, it was a lot of money over quite a few years and precious little, if anything, to show. I think there was some residual positive impact, but not nearly enough for the amount of money spent. Looking back on that and trying to do a case study, it was a mess. We didn't understand the data as it was, the so-called "as-is status." We didn't understand quite where we were trying to take the data, to "to-be status." We had the wrong kind of contract vehicle. I think we have a very good case study of what went wrong.

What we're doing for the future, and I take this personally, is, just as I am conducting regular program reviews on JSF, on KC–46, on the big acquisition platform programs, I'm also doing it on the IT programs. We are religiously applying those lessons learned from the ECSS situation to the programs as we go forward, to try to make sure this sort of thing doesn't happen again.

Senator SHAHEEN. Okay. Given where the DEAMS program is and the fact that its cost has quintupled from $419 million to $2.1 billion, is it going to be fully deployed at that $2.1 billion level? Are there ways in which we can keep further costs from adding to the bottom line of that system?

Ms. JAMES. I will have to go back and doublecheck the figures that you just stated. I'm not quite sure about these figures. But I will say this on DEAMS. DEAMS, like some of the other programs we've talked about this morning, has had a long, storied history, but then it's had recent history. The recent history is trending in the right direction, that things are starting to turn around, that costs are beginning to come under control, that we've figured out where we're trying to go in a much more precise way.

I'm encouraged about the future. But of course, there's never going to be the ability to go back and redo the past. We will forever have that bumper sticker that, whatever we said way back then would be the cost, it's forever going to be more than that. But my job, as I see it, is from this point forward making sure that we stay on top of these programs.

Senator SHAHEEN. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Shaheen.

I just have one additional question and then I'll call on colleagues to see if they have any additional questions. This has to do with the number of Predator and Reaper CAPs. In this budget there's a new goal of 55 sustainable CAPs. Secretary Gates had an-

nounced that there was going to be 65 CAPs. Information that your staff provided us makes the distinction between a 65–CAP goal, said to be a surge goal, and a 55 CAP, which is called sustainable.

Can you tell us what the difference is between a sustainable 55 CAP and a surge 65 CAP, other than 10?

General WELSH. Mr. Chairman, the surge is what we can do if we took training lines, training crews, all the capability we have resident in the United States, to support forward deployed remotely piloted aircraft. We could surge that for some period of time. It would eat into our training pipelines. It would not be something you'd want to maintain over time.

The steady state is what we could actually deploy and operate around the world with the force we have in place to do so, and it's a total force effort. We have Guard, Reserve, and Active Duty units doing this.

Chairman LEVIN. Is this a budget-driven reduction or change?

General WELSH. The drop from 65 to 55? Actually, Mr. Chairman, it's not. This goes back to how we recapitalize the ISR enterprise as an airman. The combatant commanders, other than the Commander of the International Security Assistance Force in Afghanistan, don't really need 65 orbits of things like Predators and Reapers. That's not what they want for an ISR theater laydown of forces. As we come out of Afghanistan, we think it's very important to figure out how much of that we continue to need for counterterrorism operations and who should be conducting those inside the U.S. military. We think we need to look at that in terms of when you go to U.S. Pacific Command and ask Admiral Locklear what he wants. He wants broader area ISR with the ability to narrow down in some places, to do this focused look that you get from a Predator or Reaper.

We believe we need to recapitalize by trading some of that capability we currently have into new capability that will allow us to do different types of collection, in different types of threat environments, so not all permissive, but some nonpermissive capabilities as well. That's what we're trying to do. Bringing the plan down from 65 to 55 actually lets us start in that direction.

Chairman LEVIN. We thank you both. Senator Chambliss said it well, that you're doing a really good job with what's been provided. There will be differences, obviously, that Congress will have with your recommendation. That's what both of us are here for, to use our best judgment. But we know that there are some real constraints here, and hopefully we're going to be able to do something about sequestration. I hope most of us have not given up on trying to reverse, repeal, and reduce the continuing impact of sequestration continuing this year, for that matter, but when it really comes back in a roaring way in 2016.

We thank you, and we will stand adjourned.

[Whereupon, at 12:11 p.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN

AIR FORCE AND AIR GUARD CYBER

1. Senator MANCHIN. General Welsh, in previous testimony in front of the Senate Armed Services Committee, General Keith Alexander stated the National Guard

could play a huge role in the Nation's cyber security mission, and the Director of National Intelligence, James Clapper, and the Defense Intelligence Agency Director, Major General Michael Flynn, endorsed this opinion. The Air Force requested $40 million as part of an unfunded priority list for five Air Guard Cyber Protection Teams. How many Air National Guard cyber units are there?

General WELSH. There are currently three established Air National Guard cyber units, the 143rd Cyber Operations Squadron, 262nd Cyber Operations Squadron Network Warfare Squadron—both in Washington State—and the 261st Cyber Operations Squadron in California. By fiscal year 2016, there will be a total of five Air National Guard squadrons stood up to support the Cyber Protection Team (CPT) mission, to include the three existing Cyber Operations Squadron with two new Cyber Operations Squadron in Iowa and Maryland. In fiscal year 2016, the Air Force will fill a requirement for two enduring CPTs by drawing on the five Air National Guard squadrons.

2. Senator MANCHIN. General Welsh, in your opinion, how are these units best able to participate as part of the front line of defense in cyber on the Homeland?

General WELSH. The CPTs help defend the Department of Defense (DOD) information environment and our key military cyber terrain. While their area of responsibility will primarily be DOD's networks, they will be integrated into government-wide processes for responding to national threats. By sharing expertise, indications, and warnings with other government agencies such as the Departments of State, Justice, and Homeland Security, as well as key partners and allies, these forces will play a critical role in securing the Homeland and our entire critical infrastructure.

While DOD has limited authorities to directly act outside of the DOD's information networks, utilizing the Air National Guard to build some of these teams has the additional benefit of creating a cyber-defense capacity which can be made available to State governments under control of their governors to defend their critical infrastructures.

INTEGRITY IN THE AIR FORCE

3. Senator MANCHIN. Secretary James, you noted in your testimony the Air Force core values of integrity, service, and excellence. The cheating scandal at Malmstrom Air Force Base highlighted a problem with integrity. Whether this relates to cheating on a test, sexual assault, or protecting classified material, for some people, integrity is sometimes out of reach. Edward Snowden is an example of a lack of integrity, but perhaps there was a level of frustration or no outlet to blow the whistle on what he perceived was incorrect. In your view, what system or structure does the Air Force have in place to voice concerns when cheating or other issues are happening?

Ms. JAMES. There are various avenues through which Air Force personnel may voice their concerns. First is through the chain of command. Air Force Instruction 1–1, Air Force Culture, August 7, 2012, paragraph 1.7.1, provides guidance concerning the chain of command within the Air Force. Specifically, it states, "Everyone is a part of, and subject to, the chain of command and must use it properly. The key principle is to resolve problems and seek answers at the lowest possible level. If it becomes necessary for you to continue up the chain, you should, if practicable, request assistance at each level before going to the higher level and advise that you are doing so. (There are qualifications to this guidance covered in subparagraphs 1.7.4.5 and 1.7.4.6 below)." Subparagraphs 1.7.4.5 and 1.7.4.6 provide information on the Sexual Assault Prevention and Response (SAPR) Program and the Inspector General (IG), ensuring that Air Force personnel are aware of those avenues outside their chain of command to report concerns.

The SAPR Program provides servicemembers with the opportunity to make both unrestricted and restricted reports of sexual assault; restricted reporting enables a servicemember to report an allegation of sexual assault to specified personnel outside the member's chain of command without triggering an investigation (see AFI 36–6001, SAPR Program, September 29, 2008, Incorporating Change 1, September 30, 2009, Certified Current, October 14, 2010, Chapter 3).

Under the Air Force Complaints Resolution Program, Air Force personnel have the right to present a complaint to an IG without going through the chain of command (see AFI 90–301, Inspector General Complaints Resolution, August 23, 2011, Incorporating Change 1, June 6, 2012, paragraphs 2.1.1, 2.4). In addition to having the right to present personal complaints, Air Force personnel have the responsibility to report fraud, waste, abuse, or gross mismanagement; a violation of law, policy, procedures, instructions, or regulations; an injustice; and any abuse of authority, in-

appropriate conduct, or misconduct through appropriate supervisory channels or to an IG (see AFI 90–301, paragraph 2.1.1). Finally, all Air Force personnel must promptly advise the Air Force Office of Special Investigations of suspected criminal misconduct (see AFI 90–301, paragraph 2.1.1).

AFI 1–1, paragraph 1.7.4, also highlights other staff agencies where Air Force personnel may voice concerns, to include Equal Opportunity, the Staff Judge Advocate, and the Chaplain.

INTELLIGENCE, SURVEILLANCE, AND RECONNAISSANCE

4. Senator MANCHIN. General Welsh, you stated in your testimony the U–2 aircraft should be retired and replaced by the Global Hawk Block 40 aircraft. However, the Global Hawk platform is presently unable to complete the same intelligence, surveillance, and reconnaissance (ISR) mission without upgrades. How much will it cost for the Global Hawk to completely replace the U–2?

General WELSH. The Global Hawk is unable to completely replace the U–2. Per congressional direction, the Office of the Secretary of Defense is studying the cost and potential options to improve Global Hawk capability. Their analysis is ongoing. The Global Hawk does provide capabilities the U–2 cannot provide namely greater range, persistence, and multiple simultaneous imagery modes. The U–2 can carry larger payloads, operate at higher altitudes, provide unique imagery modes, and has inherent capabilities that make it suitable for particular classified missions. The Air Force plans to invest $2.23 billion to modernize the RQ–4 Block 30 over the next 10 years.

5. Senator MANCHIN. General Welsh, you stated the Joint Surveillance and Target Attack Radar System (JSTARS) program would have to retire two aircraft and the replacement aircraft would not be acquired until after 2020. How many aircraft can the Air Force afford?

General WELSH. In fiscal year 2016, the Air Force will retire five JSTARS aircraft to resource recapitalization of the JSTARS fleet. Our plan is to reinvest these resources to fund the next generation JSTARS aircraft. NextGen JSTARS will be a smaller, more efficient aircraft with on-board battle management command and control (BMC2) operators, modernized sensors, C2 suite, and communications package. Operation and sustainment costs will be lower for NextGen JSTARS when compared to legacy E–8C aircraft. The anticipated procurement for NextGen JSTARS is 16 total, with 2 delivered within the fiscal years 2015–2019 Future Years Defense Program (FYDP). NextGen JSTARS increases the operational capability and capacity while reducing the long-term sustainment costs for this critical BMC2 weapon system.

6. Senator MANCHIN. General Welsh, when will these new aircraft achieve fully operational capability?

General WELSH. The projected full operational capability date for JSTARS recapitalization is 2025. This is consistent with funding requested in the fiscal year 2015 President's budget and the draft Capability Development Document.

QUESTIONS SUBMITTED BY SENATOR KIRSTEN E. GILLIBRAND

CYBER MISSION

7. Senator GILLIBRAND. Secretary James, as you are aware, the National Commission on the Structure of the Air Force recently released their findings, which highlighted the importance of the National Guard and Reserve in the U.S. cyber mission. Also, the National Defense Authorization Act (NDAA) for Fiscal Year 2014 directed DOD to look at the integration of the Guard in all its statuses into the cyber workforce. I have long agreed with this assessment, and introduced the Cyber Warrior Act which would establish National Guard cyber teams in each State to leverage this talent pool. What actions, if any, are you taking to incorporate these recommendations into the Air Force cyber force?

Ms. JAMES. The Air Force is undertaking a comprehensive review of every mission area to determine the optimum Active and Reserve component balance. The Air Force Total Force Continuum Office and Air Force Space Command are examining the potential contributions of the Reserve components to Air Force CPTs, using existing Air National Guard network warfare squadrons and Air National Guard units that are in the process of re-missioning. We expect to have recommendations for a way ahead later this year.

8. Senator GILLIBRAND. Secretary James, does the fiscal year 2015 budget request incorporate funding for training, proficiency, and developmental opportunities for the Reserve components in line with the Active component?

Ms. JAMES. Yes, the fiscal year 2015 budget includes funding for Air Reserve component cyber training and certifications, to include associated schoolhouse allocations, in line with the mission and force composition.

The Air Reserve component provides funding for the temporary duty training costs involved and the Active component (Air Education and Training Command) budgets for the actual training classes. For fiscal year 2015, the Air Force Reserve was provided 1,188 training positions and the Air National Guard was provided 1,327 training positions. This meets the operational and mission requirement of the current Air Reserve component force.

9. Senator GILLIBRAND. Secretary James, do you see a need for a dedicated cyber military occupational specialty as a way to recruit and retain Air Force cyber warriors?

Ms. JAMES. The Air Force has occupational specialties for our cyber airmen. For example, our enlisted airmen have two career fields dedicated to cyberspace operations. Our Cyber Warfare Operations Airmen (Air Force Specialty Code (AFSC) 1B4) conduct "on the keyboard" operations in cyberspace and our Digital Network Analyst Airmen (AFSC 1N4X1A) conduct "highly-specialized" cryptologic cyber intelligence operations throughout the cyberspace domain. Our Cyberspace Operations Officers (17D) conduct operations across the spectrum of conflict from defensive to offensive operations in cyberspace. Our intelligence officers (14N) execute the core Air Force intelligence functional competencies of analysis, collection, integration, and targeting but tailor them to the unique military challenges of cyberspace. By focusing our airmen in AFSCs we are able to monitor and tailor accession levels requirements and retention status more closely and balance those requirements against Service end strength. As a result, I can tell you that our cyberspace defense operations airmen are currently 66 percent manned and are eligible to receive a selective reenlistment bonus. Likewise, our digital network analysts are currently 60 percent manned and are eligible to receive a selective reenlistment bonus. In our officer examples, our cyberspace operations officers are currently manned at 93 percent. Our intelligence officers are currently manned at 92 percent. Neither officer career field warrants a retention bonus at this time. In addition, we have tools available to incentivize the workforce should officer retention become an issue.

10. Senator GILLIBRAND. Secretary James, the Army has located a dedicated cyber center at West Point in my Home State of New York that is working to not only train cadets for future cyber careers but to promote cyber across the Army as well. What kind of work is being done at the Air Force Academy to recruit and train cyber officers and promote cyber across the Air Force?

Ms. JAMES. The Air Force Academy offers cyber programs to all cadets as well as specific offerings to computer science-cyber warfare and computer network security majors. The newly created computer and network security degree focuses on cyber operations and technologies with courses in low-level programming, computer hardware, digital forensics, reverse-engineering, and cyber policy. The Air Force Academy indicates that cadet interest in these majors is at an all-time high. They will graduate 36 cadets with the computer science-cyber warfare major in May 2014, 3 cadets with computer and network security degrees in 2016 and is on target to graduate 30 cadets with computer and network security degrees in 2017. In addition, The Air Force Academy is engaged with organizations to include intelligence, the other Service Academies, Penn-State, National Security Agency, U.S. Cyber Command (CYBERCOM) and the National Reconnaissance Office, to name a few in expanding and integrating external talent and influence in the Air Force Academy's cyber programs. We are very proud of the work the Air Force Academy and the cadets are doing to advance the study of cyber in academia.

11. Senator GILLIBRAND. Secretary James, the Air Force Research Laboratory's (AFRL) Information Directorate is located in my Home State of New York, at Rome. I am very proud of the work that is being done there to promote cyber not only in the Air Force, but across the Total Force. Are there any plans to expand the work being conducted by AFRL Rome, specifically as it relates to cyber?

Ms. JAMES. The AFRL Information Directorate leads the discovery, development, and integration of affordable warfighting information technologies for our air, space, and cyberspace force. The fiscal year 2015 President's budget requests $1.05 billion of funding across the FYDP for science and technology research in the areas of connectivity and dissemination, autonomy, and decision support, processing and ex-

ploitation, and cyber science and technology. This request is 9.8 percent, or $94.2 million, higher than the fiscal year 2014 President's budget and will enhance critical research in assured communications, cyber resiliency, cross-domain data dissemination, and other technologies that will empower Air Force missions in contested environments.

Of the additional $94.2 million, approximately $35 million will be used to expand and accelerate cyber-focused research efforts. The AFRL Information Directorate's cyber research will develop technologies to provide trust and assurance, create agile and resilient networks, support cyber situational awareness, and assure effective missions.

The funding discussed above assumes that the caps per the Budget Control Act of 2011 will not be imposed in fiscal year 2016 and that the funding levels projected in the fiscal year 2015 President's budget FYDP will be realized.

Cyberspace is essential to all Air Force missions, and actions in cyberspace can have significant digital, kinetic, and human effects. In Rome, New York, the dedicated scientists and engineers at the AFRL Information Directorate are conducting research critical to protecting and assuring vital Air Force missions.

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

A–10 COSTS AND SAVINGS

12. Senator AYOTTE. Secretary James and General Welsh, based on the proposed divestment of the A–10, how much does the Air Force expect to save? In your answer, please provide the fiscal year 2015 numbers, the annual amount over the FYDP, and please differentiate between savings and cost avoidance.

Ms. JAMES and General WELSH.

[In millions of dollars]

	Fiscal Year					FYDP
	2015	2016	2017	2018	2019	
Military Personnel	–82.8	–236.9	–328.8	–381.5	–439.5	–1,469.5
Flying Hours	–188.4	–270.8	–283.6	–323.8	–445.5	–1,512.1
WSS, Procure, RDT&E	–68.1	–123.9	–155.2	–175.5	–173.5	–696.2
2015 President's Budget Savings	–339.3	–631.6	–767.6	–880.8	–1,058.5	–3,677.8

The Air Force expects to save almost $3.7 billion across the FYDP with an additional $627 million in cost avoidance savings due to activities such as the wing replacement program no longer being required.

In addition to these financial costs, delays to A–10 retirement will disrupt the F–35 beddown, due to the impact on maintenance personnel. Should Congress block the retirement of the Regular Air Force A–10s in fiscal year 2015, the Air Force will be forced to under-man F–35 units until qualified personnel become available either through end strength increases or reduced manning from other mission areas with maintenance personnel.

A–10 MISSIONS

13. Senator AYOTTE. General Welsh, in addition to close air support (CAS), what are the other primary missions of the A–10?

General WELSH. The A–10C primary missions are: CAS, forward air control (airborne), and combat search and rescue.

POSSIBLE ACTIONS ON A–10 CONTRARY TO LAW

14. Senator AYOTTE. Secretary James, section 143 of the NDAA for Fiscal Year 2014 states that you "may not retire, prepare to retire, or place in storage" any additional A–10 aircraft for calendar year 2014, which includes the first 3 months of fiscal year 2015. In addition, Congress may decide to extend this prohibition in the NDAA for Fiscal Year 2015. Until that decision is made, I believe the Air Force should not take any steps to prepare to retire the A–10 or reduce the modernization or readiness of the A–10 fleet. On January 24, 2014, you were notified of congressional concerns about the Air Force's decision to cease all Suite 8 development of the operational flight program for the A–10. I appreciate your willingness to reverse

that decision. However, it has since come to our attention that the Air Force may be taking other steps to prepare to retire the A–10 in potential violation of current law, including allotting no flight hours for the A–10 weapons school and operational test squadron at Nellis Air Force Base in fiscal year 2015, canceling A–10 modernization programs, and ending normal sustainment and modernization processes. Has the Air Force taken these steps?

Ms. JAMES. No, in compliance with the NDAA for Fiscal Year 2014, the Air Force allocation plan includes funding to support the A–10 weapons instructor course for the first 4 months of fiscal year 2015, which will fund activities through class 14–B, and operational test squadrons at Nellis Air Force Base are funded for the entire fiscal year. As long as A–10 qualified pilots and aircraft remain, flight hours will be provided.

We have evaluated ongoing A–10 sustainment and modernization programs and will continue those that are consistent with our current force structure plan. In light of the fiscal year 2015 budget request position to retire A–10 aircraft by 2019, we will prepare a waiver to 10 U.S.C. section 2244a, a prohibition on modifications to retiring aircraft, to enable these ongoing efforts to continue.

15. Senator AYOTTE. Secretary James, can you also confirm whether the Air Force has not allotted flight hours for fiscal year 2015 for squadrons at Osan Air Force Base, Moody Air Force Base, Davis-Monthan Air Force Base, as well as the Idaho Air National Guard squadron?

Ms. JAMES. Flight hours for Active Duty units at Osan, Moody, and Davis-Monthan Air Force Bases are funded for 6 months; and the Idaho Air National Guard unit at Gowen Field is funded through at least the first quarter. Additionally, the Air National Guard will adjust flying hours, as necessary, depending on how many pilots are selected for retraining into the F–15E.

CHALLENGING THE 80 PERCENT NUMBER

16. Senator AYOTTE. General Welsh, the Air Force has been saying that aircraft other than the A–10 have conducted 80 percent of the CAS missions in Iraq and Afghanistan. According to information my office received that originated with the U.S. Air Force Central Command, the 80 percent statistic includes aircraft that fly CAS missions but never attack targets on the ground and does not take into account how many passes are used. Can you please tell me whether that 80 percent statistic that the Air Force has cited counts CAS missions that never attack targets on the ground?

General WELSH. All aircraft types considered in the 80 percent statistic have attacked targets on the ground at some point in time. The 80 percent statistic accounts for the total number of all CAS missions tasked in the Air Tasking Order. More specifically, this number is for those missions that actually flew, regardless of whether or not the aircraft actually supported troops on the ground involved with a troops in contact situation. If we look at only those CAS missions where aircraft actually supported troops on the ground in Afghanistan from 2008 to 2013, then the A–10 would account for 22 percent of the CAS effects, which include kinetic events, shows of force, and shows of presence.

17. Senator AYOTTE. General Welsh, does it not take into account how many passes are used?

General WELSH. The 80 percent statistic does not take into account how many passes were used in a single mission.

AIR FORCE AUDITABILITY

18. Senator AYOTTE. Secretary James and General Welsh, Secretary Hagel said that DOD needs "auditable statements . . . to reassure the public, and Congress, that we are good stewards of public funds." Do you share Secretary Hagel's belief that we need auditable statements to ensure the Air Force is a good steward of our tax dollars, especially in this period of difficult budget cuts?

Ms. JAMES and General WELSH. Yes, we share Secretary Hagel's belief that we need auditable financial statements. Auditable financial statements will help provide Congress and the American public confidence that the Air Force is spending taxpayers' funds judiciously. Our current budget environment makes this effort even more urgent. Audit readiness will improve the efficiency and effectiveness with which we apply the funds entrusted to the Air Force.

SPECIAL VICTIMS' COUNSEL PROGRAM

19. Senator AYOTTE. Secretary James and General Welsh, section 1716 of the NDAA for Fiscal Year 2014 required the Services to establish the Special Victims' Counsel (SVC) programs to provide independent legal advice for victims of sexual assault. The Air Force's pilot program provided a model for the other Services. How is the Air Force's SVC program going?

Ms. JAMES and General WELSH. The Air Force SVC program is doing tremendously well. Annually in April, the Department of Justice recognizes a Federal agency that provides outstanding contributions to the field of victim advocacy. The 2014 Federal Service Award was awarded to the Air Force SVC program for its provision of legal representation to victims of sexual assault.

As of May 9, 2014, the SVC program has represented 837 victims of sexual assault and guided victims through 140 courts-martial, 167 Article 32 hearings, and participated in over 1,360 interviews with investigators and trial and defense counsel. In July 2014, the SVC program will add 4 more judge advocates, for a total of 29 judge advocate generals serving as full-time SVC. This growth will help the program expand to meet the new requirements of section 1716 of the NDAA for Fiscal Year 2014 to represent child victims of sexual assault and adult victims of stalking and sexual misconduct other than sexual assault, such as indecent exposure and indecent recording and broadcasting. SVCs' annual training will now include sessions that address representing children.

20. Senator AYOTTE. Secretary James and General Welsh, what kind of feedback are you getting from victims?

Ms. JAMES and General WELSH. Since the SVC program's inception, SVCs have provided victims with surveys at the end of their representation. In response, more than 90 percent of the victims represented by SVCs have conveyed that they are "extremely satisfied" with the advice and support the SVC provided; 99 percent would recommend other victims request a SVC; 93 percent indicated their SVC advocated on their behalf; and 96 percent indicated their SVC helped them understand the investigation and court-martial processes.

Victims regularly add comments such as, "I am extremely appreciative of the SVC program, in the beginning prior to being assigned an SVC it was a very scary, confusing, and draining experience. Once I was assigned [an SVC] everything became much clearer, and I truly felt I was being protected." And, "her expertise and knowledge of the law made me feel at ease. She was truly on my side, and that's the only side she was ever going to be on. To have that kind of security is incomparable. As a victim, I feel that her services are absolutely necessary for any sexual assault victim."

21. Senator AYOTTE. Secretary James and General Welsh, according to testimony from Secretary Wright in the Subcommittee on Personnel of the Senate Armed Services Committee, DOD sexual assault reports are significantly up in fiscal year 2013. Is the Air Force seeing increased reporting of sexual assault?

Ms. JAMES and General WELSH. Yes. In fiscal year 2012, the Air Force had 790 reports; this increased to 1,047 reports in fiscal year 2013 (635 unrestricted reports and 412 restricted reports). This represents a 32.5 percent increase in overall reporting, a 41 percent increase in unrestricted reports, and a 21 percent increase in restricted reports. This increased level of reporting comes with no significant evidence suggesting that the number of incidents has increased at the same rate. Therefore, we are guardedly optimistic that the increased number of reports may represent increased sexual assault survivor confidence in our response programs and trust in the chain of command to provide supportive victim services and to hold offenders appropriately accountable.

22. Senator AYOTTE. Secretary James and General Welsh, how much of this increased reporting can be attributed to the SVC program?

Ms. JAMES and General WELSH. We cannot directly correlate the level of increase in reporting to the SVC program; nevertheless, the data shows that SVC-represented restricted reporters have converted their reports to unrestricted at a higher rate (51 percent over the life of the program) than the overall Air Force conversion rate (15.57 percent in fiscal year 2013). In addition, we have received a total of 905 requests for an SVC since the program began (338 requests of those were received in fiscal year 2014). We also know that of SVC-represented victims, 99 percent who have completed our SVC survey have stated they would recommend an SVC to other victims of sexual assault.

23. Senator AYOTTE. Secretary James and General Welsh, are more victims willing to file unrestricted reports?

Ms. JAMES and General WELSH. Because they present a full range of options for getting needed care to victims, the Air Force considers both the restricted and unrestricted reporting options to be integral components of a healthy SAPR program. We have noted a general increase in both restricted and unrestricted reports over the last several years; however, the ratio of restricted to unrestricted reports has stayed relatively unchanged since 2009 (for every 10 total reports, there have been between 3.5 and 4.5 restricted reports). Between fiscal year 2012 and fiscal year 2013, the percentage of reports that converted from restricted to unrestricted increased slightly from 14.54 percent to 15.57 percent.

KC–46A PROGRAM

24. Senator AYOTTE. Secretary James and General Welsh, does the KC–46A program remain on track?

Ms. JAMES and General WELSH. Yes, the KC–46A program remains on track for acquisition Milestone C at the end of fiscal year 2015. Boeing has met all contractual requirements to date. The KC–46 development program is 53 percent complete. Boeing is behind its internal schedule for Engineering and Manufacturing Development (EMD) aircraft #1 (767–2C Configuration) due to design updates from a wire audit which identified safety of flight spatial integration issues, internal engineering changes, and functional test corrections. In each case, corrective actions are being applied to the remaining EMD aircraft. As a result, we expect first flight of EMD #1 to occur in the fall of this year and first flight of the KC–46 (EMD aircraft #2) to occur in the second quarter of calendar year 2015.

25. Senator AYOTTE. Secretary James and General Welsh, what is the current status of the KC–46A program regarding development, fielding, and beddown?

Ms. JAMES and General WELSH. The KC–46 program is in the EMD phase of the acquisition process. The program is scheduled to exit the EMD phase and enter the production phase with low rate initial production authorization as part of the Milestone C decision in August 2015. Fielding and beddown of the KC–46 will begin in 2016. The program is on track to meet these dates.

Between 2016 and 2028, the Air Force is planning to base 179 KC–46As at a formal training unit (FTU) and up to 10 main operating bases (MOB). For the MOBs, current plans call for up to eight installations in the continental United States (CONUS), with up to two Active Duty, four Air National Guard, and two Air Force Reserve installations.

Below is the KC–46A aircraft delivery schedule:

- First aircraft arrives at MOB 1 (McConnell AFB, KS): February 2016
- First aircraft arrives at FTU (Altus AFB, OK): May 2016
- First aircraft arrives at depot (Tinker AFB, OK): May 2018

The Air Force announced the following KC–46A FTU, MOB 1 final basing record of decision (ROD) on April 22, 2014:

- FTU (Active Duty) ROD: Altus AFB, OK
- MOB 1 (Active Duty) ROD: McConnell AFB, KS

For MOB 2 (Air National Guard), a ROD is scheduled for congressional rollout in summer 2014. As we continue to field the remaining KC–46As at up to six additional CONUS MOBs, we will make future final basing decisions approximately 3 years prior to projected aircraft delivery. While we anticipate the criteria for future MOBs will remain essentially the same as we move forward with those basing actions, we plan to revalidate the criteria and then use the same strategic basing process. Under current plans, tanker units not selected for KC–46A will continue to perform their current mission, and will continue to benefit from capital investments in the KC–135s, providing critical capabilities for the foreseeable future.

26. Senator AYOTTE. Secretary James and General Welsh, are there any outstanding issues this committee needs to be aware of regarding the KC–46A at this time?

Ms. JAMES and General WELSH. Based on its internal integrated master schedule, Boeing is behind schedule completing power-on for EMD aircraft #1 (767–2C configuration). This delay results in schedule pressure to the EMD #1 first flight, now scheduled for summer 2014. Boeing identified the causes of the power-on delay, and is applying corrective action on the remaining EMD aircraft. EMD #2 will go to the Boeing finishing center late this summer for military component installations to be-

come the first KC–46A configured aircraft. EMD #2 first flight remains on schedule for early calendar year 2015. The Air Force is closely monitoring the progress of these aircraft; and will update the committee of any changes in status.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

AIR FORCE CYBER CAPABILITIES

27. Senator BLUNT. General Welsh, what is the current DOD mission assignment demand for Air Force cyber capabilities or entities that are focused on cyber security, information operations, and cyber intelligence?

General WELSH. CYBERCOM's Cyber Mission Force construct constitutes the preponderance of DOD demand signal for cyber security and intelligence. The Air Force has been tasked to provide over 1,700 personnel in 39 teams through fiscal year 2016. Approximately 60 percent of these personnel are from various cyber operations career fields, and the other 40 percent consist of cyber intelligence personnel.

Twenty of these teams are CPTs, which defend the DOD information environment and our key military cyber terrain. These teams perform several functions, including mission assurance, compliance inspections, and red team activities.

Information Operations (IO) is a function performed by the IO cells integrated into our Air Operations Centers (AOC). The Air Force does not have dedicated IO capabilities that it provides to the joint community, apart from those within AOCs to integrate IO into air operations.

28. Senator BLUNT. General Welsh, what current capacity or entities meet the existing demand of the above mentioned missions simultaneously?

General WELSH. The Air Force currently performs cyber operations through units in the 24th Air Force's 67th Cyber Wing and 688th Cyber Wing. They are supported by cyber intelligence personnel provided by the Air Force Intelligence, Surveillance, and Reconnaissance Agency's (AFISRA) 659th Intelligence Surveillance and Reconnaissance Group. We currently have units which conduct training for all of these disciplines, such as the 39th Information Operations Squadron (IOS) and its associate unit, the Vermont Air National Guard's 229 IOS.

In the future, however, cyber operations and intelligence will be fused at the team level through the cyber mission force construct. Air Force Cyber will present teams to CYBERCOM complete with offensive, defensive, and cyber intelligence capabilities, made up of personnel from the 24th Air Force and AFISRA.

29. Senator BLUNT. General Welsh, do you anticipate an increased demand for Air Force Cyber Red Team capabilities?

General WELSH. Currently, the joint community demand for Red Team capabilities is expressed in our requirement to provide 20 CPTs to CYBERCOM, and we are maximizing our recruiting and training pipeline capacity to meet this requirement. Once these teams are built and operating, I expect the joint community will assess any capability or resource gaps. At that time, we may see additional requirements emerge.

30. Senator BLUNT. General Welsh, the Air National Guard is currently proposing the elimination of Air Force capacity for Cyber Red Teams. How do you propose to replace capacity, which took over 10 years to develop in some cases, considering that the demand for threat emulation is increasing?

General WELSH. Air Force Cyber Red Team capability is transitioning into the CYBERCOM Cyber Mission Force construct. The Cyber Mission Force construct does not constitute a decrease in Air Force Cyber Red Team capability, but rather a force presentation model for Air Force cyber capability to CYBERCOM, who will then employ all types of Cyber Mission Forces to meet both service and broader requirements. The Air Force is currently exploring the right mix of Active, Guard, and Reserve components to perform these roles in the future.

31. Senator BLUNT. General Welsh, were you personally aware of such a reduction by the Air National Guard to Air Force Cyber Red Team capabilities?

General WELSH. The Air National Guard is not eliminating Red Team capabilities from its cyber portfolio. The Air Force will see an overall growth in Red Team capacity as we roll out our Cyber Mission Forces. The appearance of a reduction is probably due to the Air National Guard forces being integrated into CYBERCOM forces rather than service capabilities as they were previously used.

32. Senator BLUNT. General Welsh, did the directors of the Air Force, among the A1, A5, and/or A8 or their staffs, recommend such a reduction?

General WELSH. The Air Force directors in question did not recommend a reduction in Air National Guard Red Teams. In fact, the Air National Guard indicates that they are not eliminating their red team capacity; rather, they are pivoting their current cyber force structure to align with Cyber Mission Force demand from CYBERCOM. The Air National Guard is projecting growth in Red Team capacity as we roll out Cyber Mission Forces. This action is consistent with Active Duty component as we build Red Team capacity through the Cyber Mission Force construct. With the help of our Guard and Reserve components, we will be better able to gauge whether we are adequately meeting the demand for Red Team capabilities.

33. Senator BLUNT. General Welsh, were the directors of the Air Force or their staffs aware of such a reduction by the Air National Guard to Air Force Cyber Red Team capabilities?

General WELSH. The Air Force Staff and the National Guard Bureau were involved in the process of presenting Air Force total force teams to CYBERCOM for employment under proper authority to conduct operations. While these teams will no longer conduct cyberspace Red Team missions under Air Force authority, we anticipate they will be fully employed conducting the Red Team mission under CYBERCOM Cyber Mission Force nomenclature.

34. Senator BLUNT. General Welsh, given the increasingly active cyber warfare environment, have you expressed or plan to express future Air Force requirements for cyber Red Team capacity?

General WELSH. At this time, we are building significant Red Team capacity through the Cyber Mission Force construct, and we are exploring options for utilizing a Total Force approach (Regular Air Force, Air National Guard, and Air Force Reserve personnel). Once we have met this requirement, we will be better able to gauge whether we are adequately meeting the demand for Red Team capabilities.

QUESTIONS SUBMITTED BY HON. TIM SCOTT, A SENATOR FROM THE STATE OF SOUTH CAROLINA (SENATOR SCOTT IS NOT A MEMBER OF THE SENATE ARMED SERVICES COMMITTEE)

IN-KIND CONTRIBUTIONS FOR LEASES

35. Senator SCOTT. Secretary James, 10 U.S.C. 2667 gives you authority to provide leases that "will promote the national defense or be in the public interest." Further, under subsection (c) paragraph (1)(F), you have the authority to accept in-kind consideration "of such other Services relating to activities that will occur on the leased property as the Secretary concerned considers appropriate." This appears to provide the Secretary of the Air Force broad authority and discretion to accept in-kind contributions for leases. Can you please provide me with your interpretation of 10 U.S.C. 2667 and specifically what limitations, if any, subsection (c) paragraph (1)(F) places on your ability to accept in-kind contributions?

Ms. JAMES. Congress has, through the enactment and revision of 10 U.S.C. 2667, granted this office significant authority in the management of non-excess real property resources at the Department of the Air Force's disposal. However, that authority is not unlimited. 10 U.S.C. 2667 constrains the authority to outgrant in two significant ways. First, 10 U.S.C. 2667, (b)4 requires that the Air Force receive consideration, in cash or in kind, at an amount not less than fair market value. This means that whatever consideration our grantee offers must be a tangible, quantifiable value in order to be credited towards the full fair market value.

Second, that which is accepted as in kind consideration must be of significant value to the U.S. Government. 10 U.S.C. 2667c provides five examples of appropriate in kind consideration. Each is a construction, utility, or maintenance service for property used by our Service. Congress has clearly demonstrated an interest in narrowly tailoring payment in kind to real property related expenses. In accordance with section 2823 of the Conference Report to H.R. 1585, the NDAA for Fiscal Year 2008, modified 10 U.S.C. 2667, and deleted the broader "facility operation support" in favor of a provision of utility services and real property maintenance services. Further, the conference report limited "real property maintenance services" to pavement clearance, refuse collection and disposal, grounds and landscape maintenance, and pest control.

Guided by this expression of intent, the Air Force has not taken an expansive view of the authority granted under 10 U.S.C. 2667, c(1)f. Rather, we have generally

sought to meet the fair market value requirement by obtaining the benefits provided in 10 U.S.C. 2667, c(1)a thru e, or otherwise receiving benefits closely related to the Services' real property needs. In all cases, we read the 'provision of services' as those that say benefit to the Federal Government, primarily the Air Force.

CHARTER SCHOOLS

36. Senator SCOTT. Secretary James, keeping in mind the February 2, 2010, Air Force Memorandum on Air Force Policy on Charter Schools and Installation Involvement that states, "Installation commanders are encouraged to support parental and community efforts to develop and enhance learning opportunities for all children and especially military connected students. These opportunities can include traditional public school, private schools, virtual schools, home schools, and charter schools." Can you please describe the actions the Air Force has taken thus far to implement the above guidance and DOD's future plans?

Ms. JAMES. Since publishing our 2010 memorandum, we have continued to emphasize both the quality of education and available options for our airmen and their families. The Air Force has updated installation-level guidance in August 2013 with a comprehensive checklist to assist commanders when a charter school is proposed. While charter schools operating on military reservations remain under supervision and authority of State educational authorities, the availability provides another possible option for our airmen's family members, whether through advanced curriculum, progressive learning styles, methodologies, or meeting special needs for children with individual education plans. The presence of a charter school on a military installation also provides a very unique opportunity for partnering and relationships on a community level. The Department of Defense Education Activity, a field activity of the Office of the Secretary of Defense, can also be an additional resource for DOD-wide plans for educational practices, support, and availability.

37. Senator SCOTT. Secretary James, do you believe that the installation of a high performing charter school on base will provide enhanced learning opportunities, increase the quality of life for parents and base communities, and promote the national defense or be in the public interest?

Ms. JAMES. The Air Force anticipates the success of charter schools located on military installations to be similar to those that are already on military installations. While some charter schools are located on military installations, installation leadership is limited in what might be described as "directive interaction" with the school since it remains under the purview of the State educational authority. However, as with all schools on military installations, leadership remains concerned about the quality of education provided to military family members as that impacts the overall quality of life in the base community. We encourage continued appropriate engagement with school leadership that educate our students, regardless of the type of school.

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

TUESDAY, APRIL 29, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

RECOMMENDATIONS OF THE NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

The committee met, pursuant to notice, at 9:38 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Manchin, Shaheen, Donnelly, Kaine, Inhofe, McCain, Chambliss, Wicker, Ayotte, Graham, and Blunt.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody.

I want to welcome our first panel of witnesses. Secretary Deborah Lee James, Secretary of the U.S. Air Force, and General Mark A. Welsh III, USAF, the Chief of Staff of the U.S. Air Force. Welcome back to the committee this morning. We look forward to your testimony on the recommendations of the National Commission on the Structure of the Air Force (the Commission).

During the second panel, we are going to hear from most of the commissioners themselves.

First, both of you please convey our thanks to the men and women of the Air Force, and their families, for their valiant service and the many sacrifices that they have made and continue to make for our Nation. Thanks to both of you for your long careers of leadership and service.

We are here this morning to consider the recommendations of the Commission. Congress established the Commission in the National Defense Authorization Act for Fiscal Year 2013, and this was a direct result of force structure proposals that were highly controversial, to say the least.

For example, the Air Force had proposed to eliminate the C–27 cargo aircraft fleet not long after senior Air Force officials told the committee that the Air Force could not complete the direct support mission for ground forces without the C–27.

Similarly, the Air Force had proposed to cancel the Global Hawk block 30 remotely piloted aircraft system soon after the Under Secretary of Defense for Acquisition, Technology, and Logistics had certified that the Global Hawk block 30 program was essential to national security and that there was no other alternative that would provide acceptable capability to meet the joint military requirement at less cost.

In addition, the manpower and aircraft force structure changes, which had been proposed, would have fallen disproportionately on the Air National Guard. Governors, adjutants general, and other important stakeholders also complained that they had not been provided an opportunity for input in the process through which these proposals were developed.

So we established the Commission to provide an independent view on the future structure of the Air Force. The Commission was directed to give particular consideration to alternative force structures that would, first, meet current and anticipated requirements of the combatant commands; second, achieve an appropriate balance between the Active-Duty and Reserve components of the Air Force, taking advantage of the unique strengths and capabilities of each; and third, ensure that the Active-Duty and Reserve components of the Air Force have the capacity needed to support current and anticipated Homeland defense and disaster assistance missions in the United States; and maintain a peacetime rotation force to support operational tempo goals of 1:2 for Active-Duty members of the Air Force and 1:5 for members of the Reserve components of the Air Force.

The Commission submitted its report at the end of January. Among the report's major recommendations are that the Air Force should shift to a greater reliance on the Air Reserve components. The Commission's report suggests that the Air Force could move to a 58/42 mix of Active Duty to Reserve component as compared to the current 65/35 mix. The Air Force, it was recommended, should place greater reliance on the Air Reserve component contribution for specific missions, such as cyberspace, global integrated intelligence, surveillance, and reconnaissance (ISR), special operations, and intercontinental ballistic missile forces.

This morning, we are going to hear from our Air Force witnesses about their views on the Commission's recommendations, including specifically which of the recommendations they support, which ones they do not, and what concrete plans the Air Force has for implementing recommendations with which they agree.

In the second panel, we will hear from the commissioners about their recommendations. We will offer them the opportunity to clarify any issues surrounding those recommendations, and of course, we will welcome the commissioners' views on steps that the Air Force is taking to implement their recommendations.

The commissioners who will be with us today are: Lieutenant General Dennis M. McCarthy, U.S. Marine Corps Reserve (Ret.) and the Chairman of the Commission; Les Brownlee; General Raymond E. Johns, Jr., U.S. Air Force (Ret.); Dr. Janine A. Davidson; Dr. Margaret C. Harrell; and Lieutenant General Harry M. "Bud" Wyatt III, Air National Guard (Ret.).

On behalf of the committee, I want to thank all of you, all of our commissioners, whether you are here or you are not here, for the tireless efforts that you have made and the dedication which you have shown to producing a timely report and recommendations which will significantly aid Congress and—I am sure the Air Force agrees—will help the Air Force and the administration in charting a course for the Air Force to become even more effective and efficient.

My full statement will be made part of the record.

[The prepared statement of Chairman Levin follows:]

PREPARED STATEMENT BY SENATOR CARL LEVIN

I want to welcome our first panel of witnesses, Secretary James and General Welsh, back to the committee this morning to testify on the recommendations of the National Commission on the Structure of the Air Force. During the second panel, we will hear from most of the commissioners themselves.

First, please convey our thanks to the men and women of the Air Force and their families for their valiant service and the many sacrifices they have made and continue to make for our Nation. And thanks to both of you for your long careers of leadership and service.

We are here this morning to consider the recommendations on the National Commission on the Structure of the Air Force. Congress established the Commission in the National Defense Authorization Act for Fiscal Year 2013. This was a direct result of forces structure proposals that were highly controversial, to say the least.

For example, the Air Force had proposed to eliminate the C–27 cargo aircraft fleet not long after very senior Air Force officials told the Committee that the Air Force could not complete the direct support mission for ground forces without the C–27. Similarly, the Air Force had proposed to cancel the Global Hawk Block 30 remotely piloted aircraft system soon after the Under Secretary of Defense for Acquisition, Technology and Logistics certified that the Global Hawk Block 30 program was essential to national security and there was no other alternative that would provide acceptable capability to meet the joint military requirement at less cost. In addition, the manpower and aircraft force structure changes that had been proposed by the Air Force would have fallen disproportionately on the Air National Guard. Governors, Adjutants General, and other important stakeholders also complained that they had not been provided an opportunity for input in the process through which these proposals were developed.

Congress established the Commission to provide an independent view on the future structure of the Air Force. The Commission was directed to give particular consideration to alternative force structures that would:

- meet current and anticipated requirements of the combatant commands;
- achieve an appropriate balance between the regular and Reserve components of the Air Force, taking advantage of the unique strengths and capabilities of each;
- ensure that the regular and Reserve components of the Air Force have the capacity needed to support current and anticipated homeland defense and disaster assistance missions in the United States;
- provide for sufficient numbers of regular members of the Air Force to provide a base of trained personnel from which the personnel of the Reserve components of the Air Force could be recruited;
- maintain a peacetime rotation force to support operational tempo goals of 1:2 for regular members of the Air Force and 1:5 for members of the Reserve components of the Air Force; and
- maximize and appropriately balance affordability, efficiency, effectiveness, capability, and readiness.

The Commission submitted its report at the end of January. Among the reports major recommendations are:

- The Air Force should shift to a greater reliance on the Air Reserve components. The Commission report suggests that the Air Force could move to a 58/42 mix of Active Duty to Reserves, as compared to the current 65/35 mix.
- The Air Force should place greater reliance on the Air Reserve component contribution for specific missions, such as Cyberspace, Space, Global Inte-

grated Intelligence, Surveillance and Reconnaissance, Special Operations, and Intercontinental Ballistic Missile Forces.

• The Air Force should take additional steps to improve integration of the forces of the Active Duty, Air National Guard, and Air Force Reserve.

This morning, we will hear from our Air Force witnesses about their views on the Commission's recommendations, including specifically which of those recommendations they support, which ones they oppose, and what concrete plans the Air Force has for implementing recommendations with which they agree.

In the second panel, we will hear from the commissioners about their recommendations and offer them an opportunity to clarify any issues surrounding those recommendations. We will also welcome commissioners' views on steps the Air Force is taking to implement their recommendations.

The commissioners who will be with us today are Dennis M. McCarthy, the Chairman of the Commission, Les Brownlee; General Raymond Johns, Jr., USAF (Ret); Dr. Janine Davidson; Dr. Margaret C. Harrell; and Lt. Gen. H.M. "Bud" Wyatt, ANG (Ret). On behalf of the committee I want to thank you all for your tireless efforts and dedication to producing a timely report and recommendations which will significantly aid Congress, and, I believe the Air Force agrees, the administration in charting a course for the Air Force to become more effective and efficient.

Chairman LEVIN. I now call on Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman. Let me thank both of our witnesses, Secretary James and General Welsh, for all the individual attention they have given us. General Welsh, you brought your greatest asset, Betty, with you out to Oklahoma when we received the Commander in Chief's Installation Excellence Award at Altus. I appreciate both of you being there at that time. I just appreciate the fact that you are hands-on and willing to do that and not just delegating things to other people. Two great people at the helm that I appreciate very much.

We are forced to retire key assets, as the President said, such as the A–10, the Airborne Warning and Combat System (AWACS), the U–2, the Joint Surveillance and Target Attack Radar System (JSTARS), the EC–130, and delay procurement of some of our F–35s. We are unable to increase the number of E/A–18s. I support funding on all these aircraft. We will continue to work with the chairman to find offsets to pay for these what I consider to be critical assets.

Since the attacks of September 11, 2001, the Air Force has been called upon again and again to defend the Nation. Its Guard, Reserve, and Active Duty components have proven that they are, indeed, the world's greatest air force. We are all indebted to you, Secretary James and General Welsh, and all of our airmen and civilians under your command for their service and sacrifice.

The Air Force, like all the Services, is being forced to make difficult decisions on how to remain combat-ready while being as cost effective as possible. With these problems in mind, our committee established a commission to determine what changes, if any, should be made to the force structure of the Air Force to strike its delicate balance.

As the Commission outlined in its total force concept, each component must be an integral part of the future of the U.S. Air Force, and I could not agree more. I also believe that each component has its own critical role in the total force. Just as the Active Force could not perform all of its missions without the Reserve Force,

neither can the Reserve Forces maintain combat effectiveness without the experience and institutional knowledge of its Active Forces.

So as we proceed with this hearing, I look forward to seeing how you guys are going to make all this stuff work.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Let me now call upon Secretary James. Again, we thank you for your great work.

We are going to be in an unusual situation this morning at about 11 a.m., as we are going to begin six votes. Now, it is not totally extraordinary that we have a vote or two that we work around, but this morning apparently there are six votes that will begin at 11 a.m. We are going to try somehow or other to work around those votes, but it will be a huge challenge. If possible, we would ask the witnesses to be as succinct as possible. This is an important issue and we obviously have to and want to spend time on it. I just want to make you all aware that at 11 a.m. you will be seeing people come and go and come and go for whatever length of time it takes to finish this hearing.

Secretary James.

STATEMENT OF HON. DEBORAH LEE JAMES, SECRETARY OF THE U.S. AIR FORCE

Ms. JAMES. Thank you, Mr. Chairman, Senator Inhofe, and other members of the committee. General Welsh and I very much appreciate the opportunity to come before you today.

Mr. Chairman, in light of your upcoming retirement, may I just take a moment to thank you and say how grateful all of us are for the work that you have done over the years for our entire military team but especially for the U.S. Air Force. We will miss you a great deal.

Chairman LEVIN. Thank you very much. I really appreciate that, but I think I heard words here that I am not gone yet.

Ms. JAMES. You are not gone yet. That is true. I just wanted to get my digs in. We thank you.

Chairman LEVIN. I very much appreciate it.

Ms. JAMES. May I also request, Mr. Chairman, that our prepared statement be included in the record.

Chairman LEVIN. It will be.

Ms. JAMES. Mr. Chairman and members of the committee, I want to begin by stating loudly and clearly that I am a big believer in our Total Force and I have been for decades throughout my service in Government as well as my time in the private sector.

I have to admit, though, that before my confirmation I was concerned that one of my biggest challenges would be working on this Active Duty, National Guard, and Reserve relationship going forward and on the Total Force in general because from what I had heard on the outside, including from some of you during courtesy calls, was that the relationship had become very fractured, which was a personally painful message to me, particularly dating back from my experience as Assistant Secretary of Defense for Reserve Affairs in the 1990s because, you see, during that period, I used to refer to our Air Reserve components as the super stars amongst all of our Reserve components. To hear that the relationship had be-

come fractured was personally painful, and I very much wondered how we had gotten to this state of play but, more importantly, how were we going to repair it and take advantage in the future of the talents and the capabilities of our National Guard and Reserve within the Total Force concept.

If we flash forward, as it turns out, since my confirmation and since I have learned of all the work that has gone on since the fiscal year 2013 situation that you referenced, Mr. Chairman, I can tell you there has been tremendous progress moving forward towards transparency and inclusiveness across the board. More important, there have been real progress and real results as reflected in the fiscal year 2015 proposal before you, as well as in our plans for fiscal year 2016 and through 2019, the so-called out-years. We are not done yet, by the way.

So here is how it all happened. Prior to my coming on board, former Secretary Donnelly and General Welsh commissioned a tiger team, I will say, and we called it the Total Force Task Force, or TF2 for short. This was a tiger team of three generals from each of the Reserve components. Their charge was to conduct a comprehensive review of the Total Force requirements, recommend ideas for improving collaboration, and figure out a way to balance Total Force capabilities.

As part of this, General Welsh's charge to the team was as you go through and analyze mission-by-mission, push as much as possible into the Reserve components for the future, of course, within operational capability parameters. So that was the charge from the top.

Now, as we mentioned a couple of weeks ago in our posture statement, leadership from all three components, including several adjutants general, teamed up to figure out the right balance of force structure and personnel across the Air Force so that we were leveraging the right capabilities. Let me now give you some of the results. Again, I want to underscore we are not done yet.

While the whole Air Force is getting smaller and as we are divesting additional aircraft, we laid in force structure changes to take advantage of the Guard and Reserve's strengths. For example, in the area of ISR, we have increased Reserve components' presence in the MQ–1 and nine fleets of remotely piloted aircraft. We are going from 17 percent to 24 percent representation in that arena. In fiscal year 2016, we are adding three Air Force Reserve cyber units, approximately a 30 percent increase. Real results in the area of ISR and cyber.

In fiscal year 2015, we are decreasing Active component end strength by 17 percent but only decreasing the Air Force Reserve and Air National Guard end strength by 3 percent and .4 percent, respectively. In the future, we hope to garner enough savings by moving capability and capacity to the Reserve components so that future end strength cuts may not be necessary. No proportionality in terms of reductions. It is, in fact, disproportional, meaning we are taking more out of the Active Duty and relying more on the Guard and Reserve.

As we plan to rely more on the Guard and Reserve in the future, another piece of evidence is that we are budgeting better for the man-days of Guard and Reserve usage, a 70 percent increase in

planned man-years over the next 2 years. This is so that we can plan and plug in National Guard and Reserve to operational missions on a day-to-day basis.

Another one of TF2's charters was to be the conduit to the Commission that was standing up and doing its work, providing results of our internal reviews, as well as offering expertise and personnel to support in a variety of ways. Let me take this moment to add the thanks that you offered to the Commission. I would like to do the same for the expertise and the efforts that they have accomplished on our behalf. We have been working very closely with them throughout the process, and we find that we are in agreement with the vast majority of their recommendations. Overall in my opinion, the body of work that they have produced will really help us advance the ball tremendously, and I thank them for it.

In fact, the Air Force agrees with 86 percent of the recommendations, with another 11 percent that we need to do a little bit more analysis before we can take an initial position. That means, when you add it all up, we may well end up agreeing with upwards of 90 percent of the entire Commission's recommendations.

Last week, we did provide a comprehensive list to your team on each of these recommendations, our associated efforts, and what we think about it, and we expect to have a way forward on each of them or a reason why we feel we cannot accomplish those recommendations by next year, essentially the budget submission of next year. We will know more along the line. It is not all due at the end of next year, but certainly we will have a position by February 2015.

Now, there are two areas that I do want to call to your attention where we have a disagreement with the Commission. The first was the assertion—not really a recommendation, but the assertion—that a 58/42 Active to Reserve ratio is the proper go-forward strategy or a workable go-forward strategy for our Total Force. General Welsh and I both feel that we have not done enough analysis to agree with that. It might be right. It might not be right. We need to do a mission-by-mission approach, and that is the path that we intend to take. So for now, certainly for fiscal year 2015, we would disagree with that ratio, due to not having enough information.

The second one has to do with the disestablishment of the Air Force Reserve Command. We are all for integration and, of course, that is the basis of that recommendation. The Commission wants to seek more integration. But we feel that in fiscal year 2015 we do not have a good alternative way to manage and provide for and take care of 70,000 members of the Air Force Reserve. We would disagree with that proposition, at least for fiscal year 2015.

Let me now tell you the TF2 is no longer in existence. That was a temporary organization, but we now have a new organization called the Total Force Continuum (TF–C). This is another group of generals who are going to lead the charge and help us drive the train forward to make sure that we keep this ball rolling.

There are a number of areas that we are working on. I would just like to highlight a few of them for all of us.

One is called the continuum of service, and the Commission talked a great deal about this. We totally agree that we need to make it easier for people to flow between Active Duty, Guard, Re-

serve, and back at different times in their career. We have a number of initiatives we have identified, including some of the same ones that the Commission identified, to help get us there, to include, we have contracted for a new enterprise-wide Total Force personnel and pay system to facilitate the Continuum of Service. We are integrating at all levels increasingly from the senior staffs on high to unit levels. In the last 6 months, I would like to tell you all that we have integrated three force support squadrons, one at Peterson Air Force Base (AFB) in Colorado, one at March AFB in California, and one at Pease AFB in New Hampshire. This is where one unit is essentially serving all of the three different components in the geographic area with respect to personnel systems, working well so far. That is 6 months old.

Over the last 3 years, we have also increased our associations in the Air Force from 102 to 124, which is a 22 percent increase. An association is essentially where you have a squadron of aircraft and that squadron is shared by both Active Duty personnel, as well as Reserve component personnel. It is a form of integration and we are kicking it up a notch and doing more of these in the future.

I am very interested in initiatives that will help us to retain talent within the Total Force. Again, as we flow back and forth between Active Duty, Guard, and Reserve, and particularly as the Active Duty downsize, how do we capture that talent into the Guard and Reserve. For example, we have opened up the Palace Chase Service Commitment Waiver Program and reduced the Active Duty service commitment payback from 3 Reserve years for every year of Active commitment, down to one for one and extended the program to include rated officers. The bottom line there is we are making it easier and more attractive to people to enter the Guard and Reserve.

I have also taken several initiatives that are within my authority. I have moved out on the use of aviator retention pay to be able to pay that pay to traditional reservists. In other words, as an aviator leaves Active Duty and they are going into the Guard and Reserve, I want to be able to pay that incentive pay to aviators that are entering the Guard and Reserve. I have moved out to seek authority from the Office of the Secretary of Defense to get that done.

I just signed a letter delegating authority to the Director of the Air National Guard and the Chief of the Air Force Reserve to approve indispensability accessions at the grades of colonel and below. That should streamline the process from the time a person leaves Active Duty to the time they can actually enter the Guard and Reserve. At the moment, the process is too long and we lose good people due to that lengthy process. We want to streamline that going forward.

There are other examples as well. I will not go into them unless we get into it during questions and answers, Mr. Chairman. But the point that I want to leave you with is that we are pushing hard and we are leaning forward to make changes as quickly as possible when we think it makes sense to do so. But we do need time on a couple of these matters that I have mentioned that we have to study carefully, the second- and third-order effects. We must not rush.

The TF–C team, as I said, will be helping us lead the charge, and I intend to meet with them regularly so that I am doing my part to push these things through the system as quickly as possible.

Now let me wrap up, Mr. Chairman. I would just like to give you where I hope to see our Guard and Reserve 10 or 15 years from now. I will not still be in the seat, but I will be watching. Here is my vision of where I hope we are going and where we will be going.

Our Air Force will be smaller, but it will be more capable. It will be innovative. It will be more integrated and it will be ready. Our Air Force will be a good value for our taxpayers and able to respond when our Nation asks us to respond overseas, as well as when disaster strikes here at home. We will be led by a new chief, not this chief, because our time will be up, but we will be led by a new chief who has had, by that time, major Reserve component experience because they will have served jointly together. People will flow more easily between the components than they do today. Overall, we will be more reliant on our Guard and Reserve going forward, and we will have leaders at all levels that understand one another better because they will have served together more. Hopefully, we will not need to be debating these issues or talking so much about these issues of integration because it will just be the natural course. It will be the way that we just simply do business. So that is my vision of where I hope we will be in the next 10 to 15 years.

I thank you very much for the opportunity to appear before you, and I would yield to General Welsh.

[The joint prepared statement of Ms. James and General Welsh follows:]

JOINT PREPARED STATEMENT BY HON. DEBORAH LEE JAMES AND GEN. MARK A. WELSH III, USAF

INTRODUCTION

The U.S. Air Force is the finest in the world. Through the years, innovative airmen from all three components of the Total Force—Regular Air Force, Air National Guard, and Air Force Reserve—have fought side-by-side providing unequalled airpower for America. Judged in its entirety, the evolution of these components into an integrated fighting force is a great success story.

Since the 1960s, the Air Force has implemented policies specifically designed to maximize Total Force capabilities. Among these early policies were the comparable structuring of Active and Reserve component units; equal training and evaluation standards for Active and Reserve component forces; and an integrated approach to equipping, supporting, and exercising all Air Force units.

Over the past 2 decades, to meet combatant commander requirements and the demands of recurring deployments, the Air Force has increasingly called upon its Total Force. This elevated use of the Air National Guard and Air Force Reserve has transformed a traditionally strategic reserve force into a force that provides operational capability, strategic depth, and surge capacity. As the Air Force becomes smaller, we will rely more on each component for the success of the overall mission.

The uniformed members of today's Total Force consist of approximately 327,600 Regular Air Force airmen, 105,400 Air National Guard airmen, and 70,400 Air Force Reserve airmen actively serving in the Selected Reserve, as authorized by the National Defense Authorization Act for Fiscal Year 2014. Together, these airmen provide unmatched airpower on a global scale every day. While we have experienced challenges at the policy level, at the tactical and operational levels, where it really counts, it is impossible to tell the difference between an Active Duty, Guard, or Reserve airman . . . that's the ultimate testament to our Total Force.

TOTAL FORCE TASK FORCE

Our integration has not been without challenges. Recently the components diverged on key issues, creating an environment that did not emphasize transparency, understanding, or agreement, and compromised the essential bond of institutional trust between the Regular Air Force, Air National Guard, and Air Force Reserve. This became evident during development of the Air Force's fiscal year 2013 budget proposal, which opened up significant disagreement between the three components about future force structure recommendations. Recognizing the growing gaps between the three components and in order to identify a better way ahead, the Secretary of the Air Force and the Chief of Staff of the Air Force established the Total Force Task Force (TF2) on January 28, 2013.

Led by three major generals representing each of the components, the TF2 was chartered to conduct six tasks:

Task 1: Conduct a comprehensive review of policies, previous independent and Air Force-directed studies on the Total Force, existing Total Force functional and mission analysis, and Air Force organizational and operational initiatives to establish a baseline that defines the status of Air Force-wide Total Force integration efforts.

Task 2: Use the comprehensive review to identify strategic questions and critical assumptions to frame the planning effort.

Task 3: Develop options that balance Total Force capabilities to meet the full range of current and future mission requirements.

Task 4: Identify legal, policy, operational, and organizational changes that will enhance our ability to integrate future Total Force capabilities.

Task 5: Assist the National Commission on the Structure of the Air Force by:

(1) Providing results of the internal comprehensive review that defined the baseline status of Air Force Total Force efforts;
(2) Offering personnel to support the Commission with specific areas of expertise; and
(3) Coordinating requests for information to the Air Force headquarters staff.

Task 6: Build an engagement plan to inform and educate internal and external stakeholders throughout the process.

Additionally, the Chief of Staff directed the task force to lean forward and push as much into the Reserve component as possible, without negatively impacting operational capabilities or required response timelines. So the task force conducted a comprehensive review of Total Force requirements, offered many ideas for improving collaboration between the three components, and presented a starting point for future Total Force analysis and assessment efforts. This resulted in a fiscal year 2015 budget proposal with more reliance on the Reserve component. For example the Air Force pushed F–15Es, B–1Bs, and C–130Js into the Reserve component through the collaborative Total Force proposal (TFP–15). We are also leveraging the unique cyber skills of our Reserve component by standing up three Air National Guard network warfare units in fiscal year 2015, and we have increased the number of intelligence, surveillance, and reconnaissance units in the Air Force Reserve from 0 in 2008 to 11 squadrons and 1 group in 2013.

To continue the body of work initiated by this task force and facilitate a transition to a permanent staff structure, the Chief of Staff then directed the stand-up of a transitional organization, the Total Force Continuum (TF–C) on October 1, 2013. TF–C is currently working under our Strategic Plans Division, and we will continue to ensure that this group has all the support necessary to further enhance and solidify our Total Force efforts. We are greatly encouraged by the results thus far.

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

The National Commission on the Structure of the Air Force (NCSAF) was commissioned to consider whether the Air Force:

1. Meets current and anticipated requirements of the combatant commands;
2. Achieves an appropriate balance between the regular and Reserve components of the Air Force, taking advantage of the unique strength and capabilities of each;
3. Ensures that the regular and Reserve components of the Air Force have the capacity needed to support current and anticipated homeland defense and disaster assistance missions in the United States;
4. Provides for sufficient numbers of regular members of the Air Force to provide a base of trained personnel from which the personnel of the Reserve components of the Air Force could be recruited;

5. Maintains a peacetime rotation force to support operational tempo goals of 1:2 for regular members of the Air Force and 1:5 for members of the Reserve components of the Air Force; and
6. Maximizes and appropriately balances affordability, efficiency, effectiveness, capability, and readiness.

The Commission delivered its report to the President and Congress on January 30, 2014.

During the review, the Air Force and the Commission worked together. TF2 provided the Commission with approximately 450 documents. Air Force leaders took part in 11 public hearings and 6 closed meetings. In the end, the Commission's report contained 42 recommendations. Our initial examination of the NCSAF report suggests a great deal of symmetry between many of the recommendations from the Commission and current Air Force proposals for the way ahead, particularly in the areas of continuum of service, more associations, and greater collaboration and integration.

Of the Commission's 42 recommendations, the Air Force agrees with 86 percent of the recommendations. For example, staff integration (#6), the Air Force has already taken steps to integrate staff with members of all three components on Headquarters Air Force and major command staffs. Beginning in the Fall of 2014, the component personnel staffs will begin integrating under a Total Force, Air Force Office of Personnel (TF AF/A1). We expect this to improve our ability to identify and close personnel policy and legislative gaps between the components. The A1 is the first of our Deputy Chiefs of Staff to implement a Total Force organization with more to follow. Full operational capability within the TF AF/A1 is projected for October 2016.

We also agree in principle with cost approach (#1), the Commission recommends the Defense Department adopt a "fully burdened cost approach." The Air Force agrees that we should use a "burdened cost approach," and in a memo dated April 11, 2014, the Air Force Chief of Staff, the Chief of the National Guard Bureau, the Director of the Air National Guard, and the Chief of the Air Force Reserve, restated their commitment to incorporating this type of approach into "cost analysis as soon as it is sufficiently mature. Currently, the most mature model is the Individual Cost Assessment Model (ICAM), which is being developed by AFRC in coordination with the Air Force Office of Studies and Analyses, Assessments and Lessons Learned (A9), and should be complete sometime this summer. Until ICAM or an appropriate burdened life-cycle cost tool is ready, the memo establishes AFI 65–503 costing factors as the analytic baseline which accounts for over 87 percent of the burdened costs.

Eleven percent or five of these recommendations require further analysis before we can take an initial position. This includes the recommendation for the Air Force to include personnel tempo accounting in the Air Force Integrated Personnel and Pay System (#38). The Air Force needs more analysis of the details, specifically the definitions and tracking systems. We will have the initial policy review of these five recommendations done by May 31, 2014, and we are optimistic that we will be able to implement some or most of each recommendation.

We do not concur with one recommendation—to disestablish the Air Force Reserve Command. We disagree because we currently do not have a way of managing the readiness, force management, and administrative oversight of Reserve airmen without it. As we become more integrated, if it makes sense to do this in the future, then perhaps we would agree with this recommendation.

The report also suggests an aggregate Active component/Reserve component ratio of 58–42, which we disagree with because there is insufficient in-depth analysis to determine that ratio. The symbiotic relationship between the Active and Reserve components does not lend itself to a one-size-fits-all ratio. Mission by mission, platform by platform—the right mix varies. Currently our Active component/Reserve component ratio is 65–35. If the detailed, mission specific analysis we are currently conducting supports a 58–42 mix, then in the future we may agree with this assertion. We expect to have force mix options for 80 percent of our mission capabilities complete by the end of 2014.

Overall, we are very grateful for the Commission's hard work and expertise. We are also optimistic about the future due to the symmetry between the Commission and the task force. Due to the close cooperation, the Air Force was able to start working on many of the recommended initiatives before the final report was released.

TRANSFORMING THE TOTAL FORCE TO ONE AIR FORCE

In addition to the Air Force's close cooperation with the Commission, standing up TF2 and its successor TF–C, we have achieved more transparency and cooperation between the components in other ways. For example, we included two state adjutants general in our the fiscal year 2015 budgetary discussions and decision meetings; eliminated the use of non-disclosure agreements in budget discussions in order to be more transparent in Air Force decision making; energized the "3-to-1" initiative which seeks efficiencies by combining the components' separate personnel and pay systems; and over the past 3 years increased associate units by 22 percent, and we have committed to associate every new F–35A and KC–46A unit based in the continental United States.

As we restructure our Air Force to appropriately balance Active component (full-time) and Reserve component (mostly part-time) forces to ensure a symbiotic, mutually beneficial relationship, we must be very careful. If we get the balance wrong, the strength of each component is diminished, so getting that right is essential. There is little margin for error. For example, how do you build a force that best meets both State and national requirements at the least possible cost without losing operational effectiveness? Determining the right balance is not easy, and it is different in every mission area. Although there will not be clear agreement in every case, we are performing thorough analysis to quantify and optimize the Active and Reserve component mix to meet national defense strategy in each of our core mission areas, while also responding to State's title 32 requirements. The key is that we do it openly, transparently, and with all stakeholders in the discussion.

In the future, we will be more reliant than ever before on our Guard and Reserve, because it makes both operational and fiscal sense for us to move in that direction. While we have come a long way, more work must be done to achieve true integration.

CONCLUSION

Tomorrow's Air Force must be a lean, agile, efficient Total Force team that meets national security demands while also being the most capable and credible force we can afford. Moving forward, we are committed to comprehensively transforming the Air Force and the way we do business, but this will not happen in 1 year or even 2. To ensure we can continue to meet combatant commander requirements, we must take deliberate and synchronized actions. With the help of the office of the Secretary of Defense and Congress, we will be able to achieve the transformation to One Air Force, optimized to be the best use of taxpayer dollars and provide unmatched airpower to America.

The U.S. Air Force is the finest in the world and the evolution of the Total Force is a great success story, but much of the story has yet to be written. To remain the finest Air Force in the world, we must rejoin the formation and fly forward together. Only together can we optimize the strengths of each component to provide the global vigilance, global reach, and global power that America expects its airmen to deliver.

Chairman LEVIN. Thank you very much, Secretary James.

General Welsh, welcome and we look forward to your testimony.

STATEMENT OF GEN. MARK A. WELSH III, USAF, CHIEF OF STAFF OF THE U.S. AIR FORCE

General WELSH. Thank you, Mr. Chairman, Ranking Member Inhofe. Sir, thank you for recognizing the fact that my wife Betty does rock. [Laughter.]

It is always an honor to be here with the distinguished members of the committee.

I would like to add my thanks to the Secretary's to the members of the Commission for what I believe is a tremendously useful report.

As Secretary James mentioned, the only recommendation with which we actually do not agree is the disestablishment of the Air Force Reserve Command. Today's reality is that we simply do not have the ability to properly oversee the individual readiness, force management of part-time airmen, personnel development, and

force support issues related to the Air Force Reserve without the structure that that command currently gives us. Clearly, as the Commission suggests, we should be working toward developing the integrating capabilities that will allow us to at least consider such an initiative at some point in the future.

But there are so many other great initiatives in this report that we do support. I believe that cooperation, transparency, and viability of our Total Force construct will have more impact on the combat capability of our Air Force in the future than any other factor except the budget. The Secretary and I, along with Lieutenant General James "JJ" Jackson, Chief of the Air Force Reserve, and Lieutenant General Stanley "Sid" Clarke, Director of the Air National Guard, both of whom join us here today, are all in on ensuring we operate as one Air Force. But the hurdles we face in that effort are not easy. If they were, we would not be sitting here today. At the heart of the challenge is how to balance the cost-effectiveness that taxpayers deserve with the operational capability that the Nation demands.

As the boss mentioned in early 2013, we stood up the TF2 to look at the proper balance of force structure between Active Duty and Reserve components. The intent was to make our Air Force more efficient without losing operational capability or responsiveness in a crisis. We asked the TF2 to look at each of our mission areas, platform-by-platform, and develop a plan to push as much force structure as possible into the Reserve component without going past those operational breaking points that would keep us from being able to accomplish the mission or to manage and sustain the force effectively over time. There is no doubt that Reserve component airmen are more cost effective if used properly.

But we have learned that the optimal component ratio for each mission area and each aircraft in that mission area is different. For example, the mobility mission is perfectly suited for a component mix weighted toward the Reserve component. In fact, 56 percent of our mobility mission is already in the Reserve component. In contrast, the steady, longer-term deployment requirements of our airborne command and control platforms makes them much more difficult for Reserve airmen and their employers to support in a much broader way than they already do today.

We have been working very hard for over a year to better understand the many significant factors that impact this analysis. We have done this side-by-side with the Air National Guard, the Air Force Reserve, the National Guard Bureau, two great State adjutants general, and a team of outstanding research analysts. We agreed on a decision support tool and a common cost model and have looked together at options for the best balance between Active and Reserve Force structure. We expect to have the force mix option for 80 percent of our mission forces, both aircraft and people, complete by the end of 2014, and we will include as many of these solutions as possible in the fiscal year 2016 Program Objective Memorandum (POM). There is nothing simple about this analysis and there are no shortcuts to getting it right.

In their report, the Commission suggests that we should pursue an Active to Reserve aggregate ratio of 58 percent to 42 percent. This number was the output of financial analysis aimed at saving

a set amount of money over time. To be fair, the report calls the 58/42 ratio an estimate, but I am not comfortable with an estimate for something that is this important. The proper force ratio should be an output of detailed financial, operational, and force sustainment analysis. When we have completed the detailed mission area analysis currently in progress, we will be able to present and defend a plan with specific Active/Reserve ratios for each mission and for each aircraft within that mission. By putting those together, we will be able to show you the best overall force mix. To pursue an overall 58/42 ratio today without that analysis risks being penny wise and pound foolish.

What I ask of you today is a little time and trust. Our Total Force has been working this really hard side-by-side for the last year. We have made great strides and will continue to improve. But hasty decisions without thorough analysis could literally break our Air Force, and I do not think you want that any more than we do.

Your Air Force is the finest in the world, and the evolution of our Total Force over the years is a tremendous success story. But there are a lot of chapters yet to be written in that book. We need to be as good at the headquarters level as our airmen are at the operational and tactical levels. Those airmen, who have been fighting side-by-side for years, do not see the difference between an Active Duty member, a guardsman, or a reservist. Those who benefit from American air power really do not care. They just know that without it, you lose.

The boss and I look forward to your questions.

Chairman LEVIN. Thank you both.

Because of the votes coming up at 11 a.m., let us try a 6-minute round here to start off.

Both of you have basically said that you cannot really conclude that a 58/42 mix as a goal for the ratio of Active Duty to Reserves is the right mix. As I understand it, this is a goal which the Commission has set.

Madam Secretary, you have given us some daylight today on some of the assessments, the analysis that you have made. It was not in your written statement, but in your oral statement, you gave us two or three examples. How far along are you in this analysis? Are you within a month, 2 months, 4 months? Where are you?

Ms. JAMES. Mr. Chairman, the plan is to have 80 percent of the Air Force fully analyzed by the end of this year. I will yield to General Welsh to try to give an assessment of how far we have come to date, but some of the things that are high on the list to review in the upcoming months are bombers, civil engineers, space, tankers, fighters. There are additional reviews done but we do project 80 percent of it can be done by the end of this year.

Chairman LEVIN. How much has been done now? What percent would you estimate?

General WELSH. Mr. Chairman, I would estimate 40 to 50 percent is complete, and some of that is reflected in the manpower numbers that the Secretary mentioned in this particular budget as we shift more manpower and cut it from the Active-Duty Force as opposed to the Reserve component.

Chairman LEVIN. Okay. Now, is it fair to say then that most of the analysis will be completed in time for the fiscal year 2016 budget?

Ms. JAMES. Yes.

General WELSH. Mr. Chairman, that has been the intent since we began this effort.

Chairman LEVIN. But some of it is available now, 40 to 50 percent, whatever it is.

Ms. JAMES. Yes, and that has been folded into the fiscal year 2015 plan before you, as well as the out-years of 2016 through 2019.

Chairman LEVIN. We cannot identify as to where your current analysis that you have completed has been folded into the 2015 budget request. So what we will need you to do, for our record and as promptly as you can, is to give us the impact of whatever analysis you have completed on budget so that we can see how it has been folded into the 2015 budget request. All right?

Ms. JAMES. We will do that, Mr. Chairman.

[The information referred to follows:]

Given that the fiscal year 2015 budget cycle was well ahead of our Total Force mix analysis effort, we first proceeded with developing our fiscal year 2015 Total Force Proposal (TFP). After its completion, our Total Force-Continuum office assessed the TFP against their efforts to date to ensure the proposal was consistent. The Chief and I will work to guarantee these two processes are even more integrated as we move into future budget cycles.

Chairman LEVIN. If you can do that within the next few weeks because we are going to be marking up the budget.

There are obviously some recommendations here on weapons systems which are major recommendations, and we do not know whether or not that is a result of a completion of your analysis on this force balance or not. We need to know that. You have made recommendations here on some really critical weapons systems. Is that a result of the analysis or is that a prediction of the analysis or what is it? It is very important to us that we have your analysis in front of us in the next couple weeks. I am not saying finish the 80 percent. If you cannot finish it, you cannot finish it in time, but if it is 40 or 50 percent, we have to see how it directly impacts that budget request.

General WELSH. Mr. Chairman, to be clear, the divestiture recommendations we are making are not due to this analysis. The divestiture recommendations are intended to create the best Air Force we can possibly have 10 years from now based on sequestered funding levels while maintaining capability and readiness in the interim.

Chairman LEVIN. Are they not affected by the analysis?

General WELSH. Sir, the analysis then follows up with how do you best posture that force over time. For example, we know——

Chairman LEVIN. Why would it not affect that analysis, though? Why would the analysis, in terms of the relationship between Active Duty and Guard, not have an effect on some of this budget that is in front of us?

General WELSH. Sir, it does have an effect, but I am saying all the divestitures are not based on our analysis. That is all I am saying.

Chairman LEVIN. Are any of them?

General WELSH. All the divestitures will affect the analysis we are doing, but the divestitures are based on Total Force capability today and 10 years from now. That is what that is intended to address, and now we are looking at how do we best posture the Total Force to provide that. If there are ways that we can identify in the analysis that we complete through December of this year that allow us to do that more efficiently, then we will be able to do that. That is what the Total Force analysis is doing.

Chairman LEVIN. If you are going to be saving billions of dollars, which is what the plan, I think, is from this analysis, you would not need as many, I presume, divestitures. You might not need as many divestitures. Is that not true?

General WELSH. Sir, if we went today to a 58/42 percent mix, as the Commission recommendations, we would save about $2 billion a year. That does not get anywhere near the $20 billion delta between our plan 3 years ago that is currently in our force structure projection and the $20 billion less we have in fiscal year 2015, actually available, to move toward that projection. The corrections are much larger than just the adjustment we can make by moving even 36,000 Active airmen into the Reserve component, as the suggestion to go to 58/42 percent means. Force structure has to go.

Chairman LEVIN. Yes, but it could affect some of the divestitures even if it is only $2 billion out of $20 billion. Would that not be true?

General WELSH. Yes, but if we do not make divestitures now, the problem gets worse each year. That is the difficulty with this.

Chairman LEVIN. Got you. Thank you. My time is up. Thank you very much.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

I do not think anyone is going to argue with the great contributions of the Guard and Reserve in Iraq, Afghanistan, and it has really been great. But a lot of the effectiveness is due partly to the fact that the pilots got their training and experience while serving in the Active component. I assume that this is something that was taken into consideration in this whole mix thing, that you still have to have a source of this training and that has historically come from the Active component. Has that been considered?

Ms. JAMES. Yes, Senator Inhofe, that is very much the case, and any time that we can have well-experienced people who have Active Duty service as part of our Guard and Reserve, that makes all of us better. Yes, that is an important factor, that we have a healthy Active Duty that can feed the Guard and Reserve.

Senator INHOFE. That is true, but there are also external factors, and I have not heard anyone say anything about these. I recall 5 years or so ago I was active in extending the mandatory retirement of airline pilots from 60 to 65. Now that may be coming back to haunt us now because there is going to be a surge of retirements. That means there is going to be a surge of recruitments drawing from the Guard and Reserve and the Active component. Has that been considered? Do you consider that to be a problem?

Ms. JAMES. We are monitoring that closely, and yes, we are projecting. One of the reasons why I was interested in that aviator in-

centive pay in the Guard and Reserve that I referenced was so that even as those aviators that leave Active Duty, that we have an extra incentive to hopefully keep them in the Guard and Reserve to retain the talent.

Senator INHOFE. That is good. That is something that occurred to me. I even commented about that 5 years ago that this was going to happen. I did not know it would happen in the environment that we are in today, but nonetheless, it is there.

On all the missions that I mentioned in my opening statement, I look at these different vehicles that we have, the assets that we have and I can find justification for all of them from the A–10 to AWACS and everything else. I know that the chairman and I have looked to see where can we find funding to retain as much of this as possible. I look at this and I think we really cannot cut a lot of these. However, I am aware of the fact, General Welsh, of the negative impact if Congress does not allow you to retire these assets.

Give us a little of your insight having to do with what happens if you are not able to retire some of the assets that you think you should be able to retire.

General WELSH. Sir, wherever we are not able to take savings from those divestitures, we will have to take reductions somewhere else in areas that we do not think are as significant a capability in terms of what the combatant commanders expect us to provide.

We also have a game plan that allows divestiture of assets and cross-training of people and transition of those people into different roles in our Air Force. That plan would have to be relooked at. We have units that are affected who are scheduled to divest aircraft and transition to new mission areas. If they do not transition, that transition plan will have to be relooked at because we might not have a new mission capability to fill in behind them when they eventually do retire because we will put the capabilities available someplace when it is available.

Senator INHOFE. You always keep in mind the risk that is increasing as these decisions are made.

General WELSH. Yes, sir. We believe the least risk from an operational perspective is clearly with the divestiture plan we put forward, and that is what our operational analysis shows.

Senator INHOFE. A minute ago, you said in your statement what I am asking for is a little more time. I know the chairman mentioned that. Do you feel that is pretty much under control now in terms of the changes that are going to have to be made, that there should be adequate time to do this?

General WELSH. Sir, I firmly believe and have for the last year that by the 2016 budget, we will have the great majority of the long-range plan fully analyzed and discussed with the entire Total Force arena.

Senator INHOFE. Is there anything either one of you wanted to add? Because it was my understanding that one of the recommendations that you did not agree with was the disestablishment of the Air Force Reserve. You covered that. Is there anything in addition to that that you would like to comment on?

Ms. JAMES. I would just underscore that I think the underlying reason why the Commission made that recommendation has to do

with integration. They are trying to, of course, reduce excess infrastructure, and we are all for that, but also to encourage better integration. I just wanted to say we wholeheartedly agree with the thrust of integration, and we are doing a variety of things to get us to that ultimate destination.

I would come back to the point that to do a disestablishment, particularly in fiscal year 2015, an immediate disestablishment, before we are in any way capable of doing that further integration, I think it could do harm to the 70,000 strong Air Force Reserve. That is why, again, we said give us some more time to work on the thrust of integration. I think we are making good progress but do not agree that that can be done in the immediate future.

Senator INHOFE. I appreciate that. I think as difficult as the assignment is, I cannot think of two people I would rather have at the helm making those decisions than the two of you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman. I feel kind of isolated out on a wing. I hope I get out of the penalty box sometime. [Laughter.]

Thank you to the witnesses for your testimony today.

Just a feedback. I have been very impressed in Virginia in my visits to Langley AFB in watching the degree of integration between the Reserve and Active components. The 1st and the 192nd fighter wings are there and they fly and maintain F–22s. As a layperson coming in, it is hard to distinguish between the Active components and the Reserve components, they work so well together. I gather in the Commission report, there is also references to some Langley examples dealing with the intelligence reservists who serve in that function there. I have seen some great work already in progress.

Just a technical question first. Is the fiscal year 2015 budget request already trying to implement some of these Commission recommendations? I gather you agree with most. The 58/42 we understand you are still studying and the issue about the command structure. But does the fiscal year 2015 budget already take into account some of these recommendations, or was that budget prepared before the Commission report was finalized?

Ms. JAMES. Maybe I could start, and then General Welsh could also elaborate.

My answer to that question would be that we have been supporting and working with the Commission all along. We have been sharing ideas all along, even as the fiscal year 2015 budget was being put together. There are, I will say, examples of Commission ideas and so forth which we agreed with and it was maybe call it a mutual idea. I gave a couple of examples in the cyber world, in the ISR world. Just the very fact that we are bringing the Active Duty down more, substantially more, than we are the Guard and Reserve, that reflects the agreement that we need to rely more on our Guard and Reserve in the future.

General WELSH. Sir, there are also some other initiatives that the Commission recommends that we fully support and have been engaged on for a while, some of the service continuum issues that

the Secretary mentioned in her opening comments to allow officers to move more freely between components over time and to develop integrated career planning over time. We have a three-in-one initiative which is basically a way to manage the total Active Duty component and Reserve component airmen through one personnel system and process. We have a ways to go on this, but we are actually beta testing it at three bases today: one Active, one Guard, and one Reserve. We have already integrated senior Reserve component officers onto the air staff in key positions. We will do much more of that. We have put Active Duty officers in as wing commanders in Guard units. We have Reserve component officers as vice commanders in Active Duty units. We need to do more and more of that going forward, which is something the Commission strongly supports, and we began that in this last year.

Senator KAINE. Great.

Secretary James, you testified in your verbal testimony about the cyber and ISR work. There is, obviously, a huge need. In Virginia, we have a lot of cyber and information technology workforce, and many are in the Reserve or National Guard. I am concerned generally about our ability to attract and retain, whether it Guard or Active Duty or Reserve, the right cyber workforce, given the challenges that we have. If you could talk a little bit about how the integration between Guard and Reserve works in the cyber field and how we might use things like the continuum to try to attract and retain that workforce that we will need for the future, that would be great.

Ms. JAMES. Let me make a couple of comments and then yield to General Welsh.

I agree with you, and I too am interested in peeling back the onion in terms of how is it that we will attract and retain not only to the Guard and Reserve but also to our civilian workforce. We have growing cyber needs across the board. I am particularly interested in exploring more what types of incentives that we may need because I am convinced that probably this is a specialized workforce. What may be sorts of promotion opportunities? Do we need to break it out separately. This is something that I would be very interested in and will be exploring more in the months to come.

General WELSH. Senator, I would just tell you that there is a very rich recruiting pool for a cyber workforce that the Guard and Reserve can actually take advantage of much easier than the Active component can take advantage of, especially in some parts of the country. We are trying very hard to figure out with the Air National Guard and the Adjutants General (TAG), where those places are. We have already begun with new units in those areas to do cyber targeting, cyber intelligence, et cetera. We will continue to do that.

Senator KAINE. It is also a recruiting pool, though, that has a lot of other people interested in that talent. It is a very competitive one.

Last thing just quickly on the continuum of service. Your description of it in your written and verbal testimony today is interesting as an approach to manage the careers of those who want to remain active or remain in the mission and potentially move back and

forth between Active Duty, Guard, and Reserve. It is also, done correctly, potentially a cost-saver.

We are spending time talking about things like compensation reductions. If we are trying to save money, one way is to look at benefits, but another way is to look at just the personnel structure itself, less the benefits issues than the structure. Does this continuum of service model offer us some potential ways to deal with our cost issues that are not benefit reduction but a different strategy that might be effective?

General WELSH. Yes, Senator, clearly it does. The most difficult issue probably over time will be the ability of the Reserve component to manage officers to develop them for senior executive positions, if you will, in the Air Force, the Total Force, in a way that is different than they have been able to in the past. This is going to require a huge commitment from the Guard and Reserve. They understand that and they are committing to it, but you cannot take someone at the one-, two-, three-star level, put them into a senior position who is not currently well-qualified and experienced enough to do the work. It is easy to say we should identify positions to fill. The hard part is going to be training people over time who have other jobs, who have families that are stable and do not move routinely to prepare them for those jobs. We can do it. We have the officers capable of it, but we have to commit to this as an institution. That is where we are trying to go.

Senator KAINE. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Kaine.

Senator McCain.

Senator MCCAIN. Thank you.

I thank the witnesses for being here today.

Madam Secretary, in the Commission report, "if, as expected, the Air Force proposes to divest entire fleets such as A–10 and the KC–10 aircraft, such retirements would likely project substantial savings. However, the units that operate those aircraft reflect decades of investment in those men and women who fly and maintain them, as well as in the facilities the Air Force likely will need for emerging missions and a new way of using the Total Force. Because any such divestitures would be subject to congressional approval, the Commission recommends that the Air Force develop and provide Congress a detailed, complete, and comprehensive plan explaining how the Air Force will achieve missions undertaken by such platforms in the future and how it will retain the highly trained personnel from these fleets."

Secretary James, so far this committee has not received anything like a complete and comprehensive or detailed plan while a major capability of the U.S. Air Force, which is the close air support (CAS) role, is being either contemplated or proposed to be eliminated. I would ask for your thoughts as to what would replace the A–10 aircraft in its CAS role.

Ms. JAMES. Senator McCain, we will always strive to do better in terms of the communications. This year, I believe on day one when the budget rolled out, we offered an operational laydown in greater detail for committees, the staffs, and whatnot. We will always endeavor to do better and take the lessons learned from this year.

In terms of the A–10, what is intended to replace the percentage that the A–10 was doing in terms of CAS in the immediate future would be the other aircraft, such as F–16, F–15E, and so forth that are capable——

Senator MCCAIN. What is "so forth"? Tell me again the "so forth" here.

Ms. JAMES. F–15E, F–16, B–1 bombers, some of our unmanned——

Senator MCCAIN. The B–1 bomber will now be used for CAS?

Ms. JAMES. It is my belief that the B–1 bomber has done some CAS in Afghanistan. We would cover it with existing aircraft, and, of course, down the line——

Senator MCCAIN. That is a remarkable statement. That does not comport with any experience I have ever had nor anyone I know has ever had.

See, this is an example. You are throwing in the B–1 bomber as a CAS weapon to replace the A–10. This is the reason why there is such incredible skepticism here in Congress, believe me. Under the present environment, I cannot speak for the committee. I can only speak for myself and several others. You will not pursue the elimination of the finest CAS weapon system in the world with answers like that. I hope you will come up with something that is credible to those of us who have been engaged in this business for a long time.

General WELSH. Senator, may I offer some additional data?

Senator MCCAIN. Sure.

General WELSH. Sir, the B–1 has been executing CAS missions in Afghanistan for some time now, for a number of years——

Senator MCCAIN. It has been able to perform a very extremely limited number of missions of CAS, General. Please do not insult my intelligence.

General WELSH. Sir, may I finish my answer?

Senator MCCAIN. Yes.

General WELSH. The F–16 has flown 40,000 CAS sorties in Afghanistan since 2006, which is about 16,000 more than the A–10 itself has flown. We have flown a number of CAS missions with multiple airplanes, including all the ones the Secretary mentioned, in Afghanistan and performed them successfully.

I think the issue here, though, is that all of our fleets of aircraft represent an incredible investment of resources over time by Congress. But the Nation and the laws that govern us have decided to spend less on Department of Defense (DOD) funding. We are cutting capability and capacity in every single mission area in our U.S. Air Force with the 2015 budget. We will not be able to fully replace that mission capacity in any mission area, and we will not be able to save all the people in those mission areas and still meet the budget.

Senator MCCAIN. I have yet to meet, General, an Army commander with responsibility for troops on the ground that believes that a B–1 or an F–16 replace the capability of the A–10. If you know of someone, I would be glad to meet and talk to them. Those are the ones whose judgment I rely on because they are the ones whose people are in harm's way.

Secretary James, the Evolved Expendable Launch Vehicle (EELV) was consolidated between Boeing and Lockheed Martin. Since that time, with no competition, predictably the EELV cost growth has been the highest of any system in the Air Force, 166 percent. Under Secretary of Defense Frank Kendall directed that the Air Force, "aggressively introduce a competitive procurement environment in the EELV program." Secretary Kendall elaborated the Air Force wanted to obtain the positive effects of competition as quickly as possible. At that time, Secretary Kendall authorized the Air Force to purchase up to 36 rocket cores from United Launch Alliance (ULA) on a sole-source basis and up to 14 through a competitive process.

So you came forward by cutting the 14 EELV down to 7, and one of the reasons given by Major General Robert Murray was, quote, in order to honor the long-term commitment buy that the Air Force has with ULA. ULA has had 166 percent inflation associated with their program.

I have asked for an Inspector General (IG) investigation of this whole process. We need competition. I will not go into what you gave me as a response before. Your responses do not hold water. We do not know what the payload is, and you are saying that because they cannot make the payload.

By the way, the rocket motors are made in Russia. Rocket motors are made in Russia, and we want to continue reliance on a program that the Russians are key elements in providing this capability?

Ms. JAMES. Senator, I will be answering the two letters that you sent me, I promise, by the deadline that you have requested. I welcome the DOD IG investigation that you have requested because getting a new set of eyes and ears on this competition question will be of help to me. Of course, this entire acquisition strategy and contract was put in place before I became secretary. I welcome some advice from the DOD IG as to whether it is anti-competitive or not. I want competition and I am going to be working toward that.

As far as the RD–180, that, of course, is worrying. It is under review, and we expect to have more to say from that review on the way ahead within the next month.

Senator MCCAIN. It seems to me that we should be encouraging the capability to manufacture rocket motors here in the United States of America rather than being dependent upon Vladimir Putin.

I thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator McCain.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

Thank you, witnesses.

What is your overall feeling on the utility of having this independent Commission review and make recommendations on the future structure of the Air Force? Has it been beneficial in making appropriate and solid decisions?

Ms. JAMES. I think so, yes, in my opinion. I was saying earlier I think it is a very fine body of work, and there is a huge amount of symmetry that we have together. There is a little bit more that

we need to explore, as we said, and we feel particularly in these two areas that to go too quickly could actually be harmful. But overall, it has been a good experience.

Of course, we have to go back. The reason why the Commission was put in place in the first place was because there was such dissatisfaction and a fracturing between the components and so forth, and that is not good. Hopefully, we will never go back to that. But the overall body of work, I think, has been excellent.

Senator DONNELLY. General?

General WELSH. Yes, sir. I completely agree. I think it has been tremendous to look at. The first time I read the report, I was struck by the different perspective on the same problem that the report presented to the way we looked at the problem. I think that is always helpful. I think there is information in there, there is analysis in there that will help us be a better Air Force down the road, and that is the whole purpose.

Senator DONNELLY. If this Commission route were to be used for some of our other Services, what are the recommendations you would make to us in the learning curve, in how it was done? What are the things that you have found to be really beneficial and what are some of the bumps in the road that maybe we could avoid if we use this process again for one of the other Services in the future?

Ms. JAMES. First of all, we are certainly not recommending that you do that.

Senator DONNELLY. Oh, no, I understand that.

Ms. JAMES. If you were to do that, certainly the close coordination has been essential. I mentioned the TF2. Having a body within the Air Force, which was the liaison which was supplying certain expertise, which was receiving requests for information, getting it staffed out so that the Commission could get answers to its questions, that sort of association has proven to be excellent.

General WELSH. Senator, there is an addendum to this report. I believe it was authored by Secretary Brownlee and Dr. Davidson that highlights the fact that the Services are different and that the findings of this Commission should not be transferred clearly to another Service.

Senator DONNELLY. There is no guilt by association here. Do not worry.

General WELSH. Oh, no, I do not mean that at all.

What I mean is that the dynamic is completely different in the Services in the way we communicate, the way we integrate, the way the Total Force operates today before the Commission's work. I think that facilitated a lot of the effort that was put into this. We had a lot of Active Duty members who were excited about talking to the Commission. We had all component forces talking to our TF2. We were working in the same direction in parallel channels which, I think, made this better for everyone.

Senator DONNELLY. What I was wondering is, what are the most beneficial parts of this, having another set of eyes looking at the same thing, maybe coming from a different perspective and coming up with some other ideas on these things.

General WELSH. Sir, I believe the operational work that our TF2 has done, the analysis that focuses on operational future is well

supported by the predominance of the work the Commission did, which is looking at force management and development of an integrated force over time. The two working together are very helpful.

Senator DONNELLY. I want to ask you a question that is specific to a fighter wing in Indiana, the 122nd. They are going to be transitioning from A–10s to F–16s in 2019, and we have been working collaboratively with the Air Force on that. Eventually, the F–35 is planned to take the place of the F–16s. As you look at this and as you go into full-rate production on the F–35s, have you begun to look at how you intend to field that aircraft in a balanced way to take advantage of the skills and cost-effectiveness of Guard units as well?

General WELSH. Yes, sir, we have. Our original plan was the same force bed-down approach that we used for both the KC–46 and the F–35. We started with a flying training first and then an Active Duty base and then a Guard base. The intent was to continue to alternate that way over time and mix the Air Force Reserve into the Reserve component bed-down. I think that for a bed-down on all these things, as force structure changes we have to reassess how we are doing bed-down planning. I think as the Total Force integrates, if we move more force structure in the Reserve component, which is completely our intent, then the way that the bed-down proceeds will have to be assessed and evolved over time. But there is clearly an intent to bed down across all three components.

Senator DONNELLY. As we look at the Commission report and as we look forward in changing the Active and Reserve component mixes, what are the training and responsiveness and dwell time issues that you are going to have to take into consideration as the mix may change from like 60-something/30-something to maybe 60/40, 58/42, that kind of thing?

General WELSH. Sir, the one benefit the Air Force has is that for an individual airman, we measure readiness the same way. Our Reserve component units are equally ready to do the mission when they are fully trained as their Active Duty units are, and we try to keep individuals fully trained, all the time. One of the hidden success stories in our Air Force is the ability of the Guard and Reserve to keep those aircrews and the people who support are trained to the same level as the Active-Duty Force. It is not easy. They do phenomenally well at this. It is why for the last 14 years we have been able to support an incredible rotational presence with volunteers and from the Reserve component.

Going forward, we have to make sure we are able to continue to do that. Some of that is based on the fact that we have experienced people in the Reserve component who are grown in the Active component and then migrate to the Reserve component. That strong Active component has to be a focus, as does the transition into the Reserve component planning. All of those are things that the Commission addresses in their report and are areas that we fully agree with.

Senator DONNELLY. Thank you both. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator Wicker.

Senator WICKER. Thank you very much, and thank you both for returning to testify so soon after your previous visit to this committee.

Before we get to the topic of this hearing today, I want to briefly mention that I visited mainland Japan and also Okinawa during the break to review our security posture in Asia. My trip included a visit to the 18th Wing at Kadena Air Base on Okinawa, which is located a few hundred miles from North Korea and from China and Taiwan.

During my visit, I met with our frontline fighter pilots, special operators, combat search and rescue crews, and intelligence professionals. Without a doubt, I can say that air superiority is a vital element of our pivot to Asia, and all Americans should be proud of these troops working in the region.

Now, let me return to a subject that we visited earlier, and it has everything to do with this topic of this hearing, and that is, Keesler AFB. Madam Secretary, you will be visiting Keesler on May 29. Of course, we in Mississippi are proud of Keesler and the fact that they won the 2013 Air Force Installation Excellence Award. We look forward to hosting you in Mississippi and on the Gulf Coast.

I want to restate my belief that the Air Force Total Force plans, proposal to relocate C–130J aircraft from Keesler AFB to Little Rock is shortsighted. This move will adversely impact our intratheater airlift capability at a time when our Services are evolving toward a more rotational deployment model. I believe the Air Force must make force structure decisions based on long-term global force requirements, as well as concrete and defensible data.

I am sticking to my script because I am choosing my words carefully this morning.

I am convinced that the transfer of C–130Js from Keesler will not actually produce promised financial savings since a new airlift group would have to be physically established at Little Rock. It seems to me that establishing a new group at Little Rock would, in fact, cost additional dollars because it would require the costly relocation of military and civilian full-time employees. The numbers just do not add up to savings.

During our Air Force posture hearing on April 10, I asked the Air Force to provide this committee and my office with written answers to specific questions about the proposed Keesler C–130J move. Our committee has not received these answers. So I hope you will commit to getting answers back to me perhaps before the end of the week.

At his nomination hearing on March 11, General Paul J. Selva, USAF, nominated to be the Commander of U.S. Transportation Command, provided an answer to a question for the record to this committee that states, "there is no cost to move 10 C–130Js from Keesler to Little Rock. In fact, there are savings associated with this move, with the largest coming from the merger of real power."

However, following a meeting with Lieutenant General Jackson of the Air Force Reserve, the Air Force Reserve Command provided a written response to Congressman Steven Palazzo of Mississippi. That said: "keeping the 10 C–130Js at Keesler AFB would save 209 positions." I understand that these positions are new overhead positions composed of medical personnel support and group staff.

Who is this committee to believe? Who is Congressman Palazzo's committee to believe? General Selva, who said during his nomination hearing on March 11 that moving the C–130Js to Little Rock would save jobs? The written response from the Air Force Reserve Command saying that keeping the aircraft at Keesler AFB will save 209 jobs?

I hope you can see why Senators would be confused by these conflicting statements. I would also hope you would go back and relook this entire proposal that appears not to be rooted in any financial savings at all.

Finally, I would point out to members of this committee, Mr. Chairman and Mr. Ranking Member, that the Commission's recommendations do not specifically endorse or recommend the transfer of C–130Js based at Keesler. In fact, the C–130Js at Keesler are already part of one of the most successful total force installations in the country, with Active and Reserve component airmen working seamlessly together. All of the efficiencies and synergies the Air Force would hope to obtain at Little Rock are already in place at Keesler. As such, I do not buy the Air Force total force justification for moving the C–130s to Little Rock.

I do not expect to resolve this issue this morning at this hearing, but I strongly suggest, General and Madam Secretary, that it would be prudent for the Air Force to consider keeping these aircraft at Keesler in order to provide the best value to the warfighter and the taxpayers.

In summary, from either a Total Force consideration or the consideration of taxpayers' dollars, this move from Keesler to Little Rock simply does not add up.

I thank the committee for their indulgence in this respect.

Chairman LEVIN. Thank you very much, Senator Wicker.

Senator Manchin.

Senator MANCHIN. Thank you, Mr. Chairman.

I want to thank the witnesses for their testimony before the committee today. Your leadership has demonstrated success in both self-evaluation as a Service to find improvements and in enhancing the partnership between all of your components.

With that, General, if I may, I am very impressed by the Air Force and the Air National Guard partnership that you all have been able to work a little bit better than some of our other branches. I appreciate that very much, both on domestic and international missions.

General Alexander, former head of the U.S. Cyber Command, the Director of the National Intelligence, James Clapper, and the Defense Intelligence Agency Director, General Michael Flynn, have all stated that the Guard could play a huge role in the Nation's cybersecurity mission.

The Commission recommended extensive use of Air Force Reserve airmen for the cyber mission.

I understand the Air Force requested $40 million as part of an unfunded priority list of five Air National Guard cyber protection teams.

How many Air National Guard cyber units are there currently, sir?

General WELSH. Senator, we have six currently, and we are looking at how do we expand that capability over time. I was recently in Washington State. For example, just to highlight the way this can work, a number of the members of the cyber squadron there work at places like Google, and so they bring incredible expertise onto the job every day. That is what we are looking to take advantage of.

Senator MANCHIN. That is what we were looking at, how would these units best be able to participate as part of the front line of the defense in cyber on the Homeland. You are trying to integrate that, I would say, with using the expertise we have in the field.

Also, General, the Army's special operations Guard units in West Virginia have, in the testimony of Admiral McRaven, performed magnificently. I am interested in the special operations units of the Air National Guard and Reserve. One Commission recommendation was to increase Guard and Reserve presence through greater integration. The downsizing of the Army, however, is projected to affect the training and readiness of the National Guard. As the Air Force downsizes, will training and readiness also be affected for units of Air Force special operations?

General WELSH. Yes, sir. The special operations community and the platforms and people inside it are part of the current Total Force analysis that we have ongoing right now to determine would it benefit from a greater shift in the Reserve component or would it not. The problem is we cannot shift everything more and more in the Reserve component. We have to decide where the best places are. That is what our analysis is focused on. But the special operations community has performed superbly in both the Active Duty and the Reserve component, and we are looking right now whether we can move more into the Reserve component.

Senator MANCHIN. This is for either one of you. I keep looking at cost-effectiveness and just as a private citizen, as a business person, looking at it, would the Guard not be the best bang for our buck in support of our regular Air Force and other Services? I am just saying that for some reason the cuts seem to be disproportionate. It does not make any sense if they are more cost-effective.

Ms. JAMES. The National Guard and Reserve, though people might debate the preciseness of it, they are without question less expensive than the Active Duty, provided they are not being used all the time. If they are being used all the time, essentially that equates to two things. We are going to be studying additional areas, and cyber is front and square in that. We are preparing to stand up some new cyber units as an immediate impact in fiscal year 2015, but we are not done yet with cyber. That is an additional area that we think will bear fruit going forward.

I do want to also say that cost is an important element, but it is not the only element, as we look at this total equation. Maybe, General Welsh, you could elaborate on that.

General WELSH. Sir, I think one of the things the Commission's report highlights is that the Active Duty component is not a secondary consideration here. If you are looking at Active versus Reserve component, the idea that a Reserve component squadron of any type is more available, more prepared, more ready to walk out the door to do the Nation's business than an Active squadron, is

simply not true. That is not why they are in the Reserve component. They are extremely capable, but you have to have a model that balances that cost efficiency with the responsiveness that the Nation and the missions we do demand. We can build that. We are just trying to figure out exactly how does that model look.

Senator MANCHIN. My last question would be on private contractors within the Air Force. I have been trying to get answers on how many contractors you have branch-by-branch. Do you know how many private contractors that you have working or have within the Air Force?

Ms. JAMES. I will say I do not know that off the top of my head, but I could come back to you for the record.

[The information referred to follows:]

Although the Air Force contracts with private companies for the performance of commercial activities, the Air Force does not track or maintain the number of contractor employees working within the Air Force. However, the Air Force is improving the ability to track contractor full-time equivalents (FTE) based on previous congressional direction. The Air Force obligated approximately $24.6 billion for service contracts equating to an estimated 136,200 contractor FTEs in our Fiscal Year 2013 Inventory of Contract Services input to the Office of the Secretary of Defense (OSD). Approximately 25 percent of this estimate is based on contractor provided man-hour data into our Contract Manpower Reporting Application with the remaining 75 percent based on the OSD-developed average cost methodology.

Ms. JAMES. I will also say this, though. We, of course, have a challenge from the Secretary of Defense to reduce headquarters by 20 percent in terms of the money over 5 years. What we are doing in the Air Force is not over 5 years. We are going to get it done basically over 1 year. We are going to do better than 20 percent reduction. Contractors will be a piece of that. It will be more than contractors, but we are aggressively going over headquarters reductions to include contractors.

Senator MANCHIN. My concern was that basically men and women in uniform perform the same function, can do it, I think, much more cost-effective and better than anybody else can do it. I have seen a lot of the cutbacks in the military as far as men and women in uniform. Contractors have not been cut back proportionately. In fact, in some areas they have grown. I am very much concerned about that. If you all could, let me know where you stand on that and what your plans are and how it works into your budget. Thank you.

Chairman LEVIN. Thank you very much, Senator Manchin.

Senator Chambliss.

Senator CHAMBLISS. Thanks, Mr. Chairman.

Madam Secretary and General Welsh, thanks for your commitment and your service.

We are going through some very difficult times, obviously. As we talked about during your posture hearing, you have some tough decisions you are having to make while we are trying not to be too much of a problem on this side of the dais. Obviously, it is incumbent on us to ask those tough questions about the tough decisions that you made. I want to comment on what I have heard you say here today because you are so focused on the Reserve component.

I see you have General Jackson with you, General Welsh. He is a great asset to the Air Force, as well as to the Reserve. I had the opportunity to meet with him briefly, a very focused meeting last

week relative to what is going on specifically at Robins, as well as specifically in the Reserve today, and the direction in which he and the two of you together are taking the Reserve.

I also had a chance to meet with our JSTARS folks. We had the TAG, and General Jim Butterworth is obviously very focused on that issue. As I told the folks at JSTARS, we knew that we were buying an old platform when we bought the 707s. I just wish that we had made the decision that you are making today 5 years ago. I know we were being called upon then. The demand on JSTARS was really very strong, but that demand is not going to weaken. Whether it is another conflict we ultimately are engaged in or whether it is the drug wars, there are just so many uses for that weapons system. I think the decision is probably the right decision. I just wish we had made it 5 years ago. That does not help us today.

But the fact of the matter is I remain concerned, General, as I expressed to you during the posture hearing, that as we transition to the business jet platform, I am really concerned that this $73 million that we have in the budget today is not going to be sufficient to move us in the direction which you outlined that we need to go. That is, by 2021 we are back up to the full component of platforms that we have today.

While I am going to be gone by the time we start considering this again, I do know your concern and your belief that this is one of the more important platforms that we have. Obviously, it was one of the top programs in your priority list. I simply say that I urge you to remain focused on that. As we move forward in this budget cycle, I want to make sure we do everything we can to provide you with the right number of resources to get us to that ultimate goal in 2021.

But it is not a part of this, as I said to you before the hearing. I had a great meeting with General Bruce Litchfield. He is doing a terrific job on the depot side. While there was a lot of anxiety at Hill and Robins about the movement of a three-star to Tinker and downgrading, the feeling was the downgrading from a two-star to a one-star—this thing is working like I envisioned it would work. General Litchfield is providing the right kind of leadership at exactly the right time for the three depots. I am confident they are all going to get just stronger over the years. Particularly with the lack of funding to buy new weapons systems, it just means that we are going to have to maintain a lot of old systems for a long time to come. With his leadership, particularly his vision for making sure that our depots do it the right way, we are going to position the Air Force depots for the long term to be the strongest depots across the system. I was very pleased to hear his comments and his vision, Madam Secretary and General Welsh, about the future of the maintenance of Air Force weapons systems.

I am pleased to hear, Madam Secretary, you particularly alluding to the fact of this integration. We have proven with a blended wing of JSTARS that it can work. There was a lot of angst on both sides, the Active Air Force as well as the Guard, when we put that wing together, but it has worked. We have proven through that process, as well as through the activation of reservists in Iraq and Afghanistan, that we do have a blended force today that can carry out any

mission that is given to either the Reserve, the Guard, or the Active Duty folks. The Active Duty now understands that those Guard and Reserve folks can come in and immediately pick up the banner.

What I particularly like about what you said is that you are going to take more advantage of the private sector and particularly in the area of cybersecurity, which is our next battlefield. I think we all agree that that is the most likely, although usually we are wrong about that. But we have to be so focused on cyber now, and there is so much talent in the private sector that if you do take advantage of it and bring them in for what you need, let them go back to the private sector, and continue to have that free flow, that just makes all the sense in the world to me. I am pleased to hear you are thinking that way about the future of the Guard and Reserve and their relationship with the Active Duty.

You covered this, but just to make sure we are on the record, General Jackson and I looked at the military construction project that we are going to have in the next budget. It is going to be a splendid building that we are going to be moving the Reserve to. Just to make sure there is no doubt in the minds of anybody, Madam Secretary, General Welsh, it is my understanding from what you have said publicly and privately that the one portion of the Commission's report you disagree with is basically the disestablishment of the Reserve over any period of time. Maybe reconfiguration. I understand that. But I want to make sure there is no doubt about your clarity on that point. Madam Secretary?

Ms. JAMES. I absolutely do not agree with the disestablishment of the Reserve Command until and unless such time perhaps in the future that we had really totally cracked the integration nut so well that we would no longer need a team of people who currently are at that command who are specialized in taking care of 70,000 reservists. It is a big job and it is something that we have to continue at least for the immediate future. I keep saying in the distance because integration is the name of the game, and if there would be a way to evolve to such a point in the future, we should at least be open to that.

Senator CHAMBLISS. General, any additional comment?

General WELSH. No, sir. I agree with that.

If the question is about the Air Force Reserve at large, I absolutely would not ever support getting rid of the Air Force Reserve.

Senator CHAMBLISS. The other question. Is there any question in the mind of either one of you about the reception of the Active-Duty Force of Guard and Reserves coming in and standing side-by-side with them with the training and the preparation that they now get for the mission that they are being assigned and integrating with the Active-Duty Force?

General WELSH. Senator, I do not think so. I think the training is good. I think one of the things that the Commission recommends in terms of better integration that we wholeheartedly support is the idea that we have to look hard at should we have multiple commissioning sources, for example, our commissioning programs. Should we have different noncomissioned officer professional military education programs, or should we integrate that to create this continuum of service across the components and train and develop

our people in more similar and integrated ways? So that is the way we think we should have it.

Senator CHAMBLISS. Thank you.

Thanks, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Chambliss.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

Let me just say that I appreciate both of your being here. Secretary James, we are very much looking forward to your coming to New Hampshire on Friday. I look forward to joining you there.

I fully agree with the comments that have been made not only by Senator Chambliss but others around the table that we have a great opportunity in the Reserve component when it comes to enhancing our cyber capabilities. If we can harness those resources in the private sector, I think we have an opportunity to really enhance the workforce of the Air Force on this incredibly important issue and certain threat to our Nation that I know all of us want to work toward.

I also wanted to say for both of you and also to the members of the Commission that I thought that this Commission report was very well done. I think that the work that you are both doing and the thoughts you have on implementing the Commission are important. I think it also highlights the coordination and importance of the relationship between the Active Duty, Guard, and Reserve.

Let me just say that we are glad you are not going to eliminate the Air Force Reserve anytime soon. I know that Colonel Graham appreciates that as well.

But in any event, the thing about the report that really struck me is that in the report itself, the work of the Pease Air National Guard 157th Air Refueling Squadron was highlighted, and it was highlighted in a way that I think demonstrates some of the coordination that has been happening between the Active Duty and the Guard and Reserve. In the actual report, there was a farewell speech by a former commander of the active associate unit to the 64th Air Refueling Wing talking about what he had learned from his time at the New Hampshire Air National Guard and how much he—in that experience of being an Active Duty commander who was associated with the Guard unit at the 157th Air Refueling Wing, that he really came to appreciate the importance and the ethic of the Guard and Reserve and the amount of organization and coordination. It was, I thought, very inspiring and also an example of what we can accomplish—not only have accomplished but will continue to accomplish to a greater extent in some of the recommendations that have been made by this Commission.

Secretary James and General Welsh, we are very proud of the work being done by the 157th and looking forward, when you come on Friday, to highlighting what is happening at Pease and also the preparedness that they have put into being named as the Guard unit that will receive the KC–46A. I look forward to seeing you in New Hampshire, and just would ask, is everything on track for the KC–46A?

Ms. JAMES. Yes.

Senator AYOTTE. Fantastic. That was an easy answer.

General WELSH. We will actually start flying in June the first test sortie for the first test aircraft. There are four on the production line now. Everything is on schedule.

Senator AYOTTE. Terrific. Thanks.

Chairman LEVIN. They are entitled to one easy answer at least. [Laughter.]

Senator AYOTTE. Usually I am asking all the easy questions too.

Chairman LEVIN. I do not mean from you. I mean, overall, one.

Senator AYOTTE. It could probably be said so for me too.

But I thank you both. This Commission report is important. I appreciate your testimony today and look forward to seeing you in New Hampshire.

Chairman LEVIN. Thank you very much, Senator Ayotte.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

Do both of you agree that the Commission process has probably been more helpful than harmful?

Ms. JAMES. It is too bad that there was the friction that caused the need to stand up a Commission, but the actual Commission report, the commissioners, the work was very helpful.

General WELSH. Yes, sir.

Senator GRAHAM. General Welsh, I have a parochial interest here since I am in the Air Force. I just really think you have been a good commander for the Air Force. I just want you to know that, that we have had our problems and you have been a very good, "speaking truth to power" Chief of Staff.

Secretary James, I have nothing but high marks for you.

Sequestration. As we talk about how to rearrange the Air Force, regardless of funding problems—I think that is part of what the Commission did. Right? Most of this has nothing to do with money. Is that true? Structural changes. How much of this is driven by money, the lack of money, in terms of the Commission's report?

General WELSH. Sir, the Commission's report, I think, could have been done when we had plenty of money. Those inputs would have been great——

Senator GRAHAM. I want to put that in one bucket, that this is really about structural changes.

I think you get it about the Air Force Reserve. We just put the Chief of the Guard Bureau on the Joint Chiefs of Staff to have a stronger voice for the Guard when it comes to national security matters. I think the idea of trying to take the chain of command and absorb the Air Force Reserve and not have its own structure would probably deny you some information you might need otherwise, or at least some control over the force. But you are on top of that.

Now, let us talk about the Air Force in terms of budgets. I do not want to lose sight of this. Maybe we should have a commission to look at what kind of Air Force we would have if sequestration went into effect, but we do not really need that commission. Tell us, General, if we do not fix sequestration beyond the next 2 years, what kind of Air Force will we have?

General WELSH. Senator, the decisions that we have reached and the recommendations we made in the 2015 budget are intended to prepare the Air Force for returning, as the law directs, to seques-

tered funding levels in 2016. If we cannot make the reductions and divestitures that we talked about in both people and hardware over the next 2 years, we will have an Air Force in fiscal year 2016 that we cannot afford to train or operate. It will look like it did last year with 33 squadrons sitting on the ramp, or worse, for the entire year. We have to balance this Air Force to a size that we can afford to train, operate, and we have to modernize over time or we become basically irrelevant against the threat 10 years from now.

Senator GRAHAM. The 2-year adjustments that you need better prepare you, but if you got everything you wanted in the next 2 years, you would still have a major problem if sequestration kicks back in. Right?

General WELSH. Yes, sir.

Senator GRAHAM. Over time, it would be pretty devastating to the Air Force as we know it today?

General WELSH. Sir, as you can hear from the discussions on every issue, it changes the Air Force.

Senator GRAHAM. There is a parochial nature of Congress which is, I am sure, frustrating for managers, but it is part of democracy. The airframes that we have in our State we tend to know better. We tend to know the people. So we push back. I understand that. That is part of democracy.

But what I want to focus the committee on is if we implemented everything in this recommendation, that is no substitute for fixing sequestration. Is that correct, Secretary James?

Ms. JAMES. That is correct.

Senator GRAHAM. From your point of view, what would we be doing to the Air Force if we kick back in sequestration in 2016?

Ms. JAMES. To sum it up, I fear we would be a far less capable Air Force of meeting the national strategy requirements that we have. I fear that we would be a less ready Air Force to the point where we would still step up to the plate, do our best, but we would put more people's lives at risk, we would put more aircraft at risk, and so forth because we would be less ready and less capable.

Senator GRAHAM. Let us say, General Welsh, if for some reason the negotiations with the Iranians broke down and we had to use military force, no boots-on-the-ground but air power and sea power, to stop the nuclear program in Iran from maturing, if that situation arose 10 years from now, what capability would we lose to deal with an Iran because of sequestration?

General WELSH. Sir, all the things that have been negatively impacted over the last 10 years of our activity in the Middle East, which have basically been the high-end part of the Air Force, the ability to operate against a very capable, more technically-proficient threat, the capability to operate integrated air defense networks against more advanced fighter aircraft to actually drop weapons on a broader scale than a few targets a day, all the things that make an Air Force capable of fighting an air campaign, those are the things we have not been doing.

Senator GRAHAM. We would have less stealth capability over time, not more. Is that correct?

General WELSH. Sir, we would have less capability and capacity in every mission area.

Senator GRAHAM. Do you see a static nature of the enemies of the country over the next 10 years, or do you think they are going to improve their offense and defensive capabilities?

General WELSH. Sir, I believe it is undeniable that they will improve. That is why we must modernize. Not modernizing an air force for a super power is not an option if you want to be successful.

Senator GRAHAM. If you had to sum up the effect of sequestration on the ability of the Air Force to fly, fight, and win, would you agree with me it would be the biggest blow to the Air Force in peacetime in the history of the country?

General WELSH. Sir, it would certainly be the biggest blow in the history of the Air Force. My concern is not that we would still fly, fight, and win, but that it would be more costly, and the costs would come in terms of the men and women who——

Senator GRAHAM. Do we put winning at risk?

General WELSH. Sir, I think winning is at risk now in some scenarios. That is what sequester does to us.

Senator GRAHAM. Secretary James, do you agree with the statement of General Welsh that if we go forward with sequestration, we will be doing the most damage, far beyond what any enemy has been able to do to the U.S. Air Force in terms of capability?

Ms. JAMES. I do.

Senator GRAHAM. Congress will have shot down more planes than any enemy of the Nation. Congress would reduce capability beyond anything that our adversaries possess. Would that be a fair statement?

Ms. JAMES. Sequestration will compromise our national security too much. I hate to put it all on the side of one part of government, but you can hear us. We do not want sequestration.

Senator GRAHAM. I will just close out. In my view, Congress would be doing more damage to the Air Force than any enemy, present or future. Thank you.

Chairman LEVIN. Thank you very much, Senator Graham.

I am going to call on Senator Shaheen. The votes have started, and as soon as she is done, if there is no one else back, she would then excuse the two of you. I just want to add my thanks to you.

Congress has passed a law which makes no sense called sequestration. You have to live with it. That is a different issue in a way for the structural changes that have been recommended by the Commission, but nonetheless, you have addressed them this morning because of questions. You have done the very best job you could with sequestration. You have used your best judgment. We may not agree with all your judgment, but now it is thrown in our lap for the next couple of months to try to pass a bill.

I just want to thank you both for the way in which you have tried to deal with the menu that has been delivered to you by this restaurant.

We will stand adjourned if no one is back as soon as Senator Shaheen is done with her questions. Then at that point, she can excuse the two of you. Thank you both.

Senator Shaheen.

Senator SHAHEEN. Thank you very much, Chairman Levin.

Thank you both, Secretary James and General Welsh, for being here and for all of the good work that you are doing. I have to say I share Senator Levin's comments about the need to address sequestration and hopefully this committee can help lead the way with the Senate and we can roll back those automatic cuts and put in place something that makes more sense.

Chairman LEVIN. Forgive the interruption. Apparently I did not make it clear that we will be getting to the second panel the best we can. I guess I did not make that clear. So thank you.

Senator SHAHEEN. The Commission discusses receiving feedback from a variety of outlets regarding the potential of the Reserve component of the Air Force. Obviously, I know Senator Ayotte has already raised our pride in New Hampshire with the Air Guard and the 157th Air Refueling Wing. This is something that we pay close attention to.

In fact, the report states—and I quote—"these assertions were so unanimous and came from so many disparate sources that the Commission could not discount them."

I wonder, Secretary James, if you could talk a little bit more about the untapped potential of the Air Force's Reserve component and what you might see in the future to better utilize this capacity.

Ms. JAMES. I do in the aggregate still see that there is untapped potential, and by the end of this year in time for the next budget submission, we will have methodically gone through mission-by-mission many more categories and have a more complete plan to tap that potential of the National Guard, the Reserve, but still having a healthy Active Duty. Right? It is always getting that right balance and right mix.

As the Chief said earlier, we have probably reviewed 40 to 50 percent already. A good deal of that or some of that at least is reflected in our fiscal year 2015 plan which is before you, as well as the 2016 to 2019 5-year plan that you also have access to.

There is more to go. We are going to be looking at everything from additional cyber to security police to bombers and fighters. There is a whole panoply of work that is yet ahead, and we have this core team which is called the TF–C. It is a follow-on to that initial tiger team of generals, Active Duty, Guard, and Reserve, that we stood up. We now have a new group of Active Duty, Guard, and Reserve generals who are helping lead the charge and helping us study it and helping us staff the ideas.

I mentioned I am going to be getting together with this group regularly. I have already started, but I want to keep that up. The Chief is going to be doing the same thing. That way we will be continuing to drive the train and bring a sense of urgency to the table.

Senator SHAHEEN. That is great.

Did you have anything to add, General Welsh?

General WELSH. No, ma'am.

One quick thing. The TF–C is just an indication that we are continuing it before we make it permanent. We had to free up some Active Duty one-star positions so that we could legally put people full-time onto the Air Staff as general officers. There are some laws that limit us there in how many general officers we can have working on the Air Staff. We have found those positions. The next group of people in this job will be there on a permanent change of station

type of assignment so we can have a little more continuity over time in those three positions that are driving this train.

Senator SHAHEEN. Thank you.

Secretary James, I know you are going to be in New Hampshire on Friday to see firsthand the 157th Refueling Squadron. But one of the things that I thought was impressive in the Commission's report was how favorably it talks to the value of active associations and the integration that has happened at Pease with respect to the Active Duty and Reserve. I wonder if you can talk a little bit more about that and about the Air Force's plans for moving them forward.

Ms. JAMES. Associations in which we have essentially a squadron's worth of aircraft which is then shared by some combination of Active Duty, Guard, and Reserve has been a great advancement for us in the area of integration. I mentioned earlier that we have gone over time from, I think it is, 102 to 124. So currently we have 124 separate associations of one type or another across the country. We are learning the lessons and tweaking all of the time, studying what we have done, and hoping to do more in the future. Of course, as you mentioned, we have committed, in terms of bedding down new aircraft, the KC–46, the F–35, and so forth. We want to continue this forward in very much a Total Force spirit.

Senator SHAHEEN. Good. Thank you very much.

The report also notes that the Air Force generally does not incorporate Homeland security demands from governors. Sometimes it struggles to meet day-to-day requirements both at home and abroad. I wonder, General Welsh, if you can talk about to what extent the Air Force incorporates Homeland demands into its force structure planning.

General WELSH. Senator, one of the things that General Frank Grass has been trying to do at the National Guard Bureau is help us with the issue of not having a set of defined requirements for title 32 support. If we had those, whether they were by State, regional, whatever they were, we could ensure that the right force structure is available to meet those needs. Right now, we do not have those defined requirements. A lot of work is being done within the Guard Bureau and with the States to produce that, and we are looking forward to seeing it.

Clearly, it is our job to support the governors with Air Force force structure in some component whenever it is necessary. Everyone in the Active component lives in a State somewhere, and I want my family in that State to have great support when the Guard or Reserve are called up to assist the governor as well. This is in all of our best interests.

Senator SHAHEEN. Is this something that you think this committee ought to look at better defining in statute?

General WELSH. Senator, I think you would need to check with General Grass. I do not know the current status of this, but I know that this effort has been underway for a year at least and probably longer than that. But if they can identify those requirements, I think everyone would have a little more clarity into what is actually required to support the governors' needs because they vary, as you well know, by State and by region.

Senator SHAHEEN [presiding]. My time is up, and thank you both very much for your panel.

I think we will recess until the chairman comes back. Then we will take up the second panel. Thank you all. [Recess.]

Chairman LEVIN. We are going to come to order without certainty as to how many of us are going to get back at what point. Many of you are already familiar, for better or worse, with the way in which we sometimes have to operate. I will apologize for it, but I think you all are probably familiar with the way this place operates or does not operate.

I know that Senator Inhofe is on his way back. I believe he wanted us to soldier on here, so we will.

General McCarthy, we are going to call on you as Chair of the Commission to kick this off, and then we will see if other Commission Members want to contribute. Thank you all again for your service. I made some comments about this commitment you made and the recommendations you delivered were very positive. I think the Air Force also, from testimony this morning and from other meetings, has indicated they find that this work is very helpful to them. General, please begin.

STATEMENT OF LT. GEN. DENNIS M. MCCARTHY, USMCR (RET.), CHAIR, NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE; ACCOMPANIED BY HON. ERIN C. CONATON, VICE CHAIR; HON. R.L. 'LES' BROWNLEE, MEMBER; DR. JANINE A. DAVIDSON, MEMBER; DR. MARGARET C. HARRELL, MEMBER; GEN. RAYMOND E. JOHNS, JR., USAF (RET.); AND LTG HARRY M. 'BUD' WYATT III, ANG (RET.)

Mr. MCCARTHY. Thank you, Mr. Chairman. On behalf of all of my colleagues, thanks to you and the members of the committee for allowing us to testify today. I would ask that our written testimony be included in the record.

Chairman LEVIN. It will be.

Mr. MCCARTHY. Mr. Chairman, as you pointed out earlier this morning, the statute that created the Commission set forth six specific issues that we were to consider. We did our utmost to address each of them directly and to provide actionable recommendations.

In summary, our recommendations flow from three main findings.

First, that today's Air Reserve components—and I stress today's Air Reserve components—with the full concurrence of the great Americans who serve in those components comprise an operational reserve, not the strategic reserve of former years.

Second, that the three components of the Air Force all meet a single standard of readiness and capability.

Third, that many of the laws, regulations, and personnel management systems in effect today were designed for the strategic reserve era of a previous century.

These findings led us to 42 separate but, we believe, mutually supporting recommendations that revolve around 2 central themes: integration and rebalancing. Greater integration of the three components will lower risk to the Nation, will give all airmen more flexible opportunities to serve, and we believe will save money. Rebalancing the Air Force or changing the mix of full-time and part-

time personnel will allow more efficient use of the Total Force, will provide a better mix of experience within units, and will create more opportunities to leverage the unique skills and talents that are found in all three Air Force components.

The integration and rebalancing that we recommend will require a number of enabling actions. These enabling actions are needed to change laws, regulations, and policies that worked when members of the Air Force Reserve and Air National Guard met 1 weekend a month and for 2 weeks of summer training. But today's operational reserve, especially as it becomes more integrated with the Active Duty component, needs new regulations and controls. Areas such as duty and pay status rules, higher tenure limits, and unnecessarily rigid barriers between title 10 and title 32 forces all should be reexamined.

Not all the enabling actions will come in law. Air Force regulations must be reexamined and revised where necessary to reflect the one Air Force envisioned by Secretary James and General Welsh.

Mr. Chairman, I am proud of the work done by the Commission and our staff. We are all anxious to respond to your questions and to those of your colleagues. Thank you.

[The prepared statement of the National Commission on the Structure of the Air Force follows:]

PREPARED STATEMENT BY THE NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Chairman Levin, Ranking Member Inhofe, and members of the committee: We have had the honor and privilege of serving as members of the National Committee on the Structure of the Air Force, which you established in the National Defense Authorization Act to address issues that arose during your consideration of our U.S. Air Force's proposed budget for fiscal year 2013.

On behalf of our staff we thank you for the opportunity to serve in this capacity, to testify here today, and to respond to your questions on our report and recommendations.

We have been gratified and reassured by the breadth of positive comment that our work has received since its delivery on January 30, from members of the Senate and the House, leadership of the Air Force, Governors, and other interested citizens, and, most importantly, individual airmen across our Total Force. While it would be unrealistic to expect that any set of meaningful recommendations could achieve unanimous praise, we believe that this reception generally affirms that our deliberations and conclusions are in the mainstream of informed opinion, and we are pleased that Secretary James and General Welsh are giving serious thought to our work and leaning forward towards implementation in a number of ways that are consistent with our themes and recommendations.

It has been very helpful to gain insight from the Secretary and the Chief of Staff on their current thinking with regard to our proposals regarding integration of the total force. They seem ready to move towards a rebalanced force that meets challenging budget realities through a further focus on the cost-effective options inherent in the Air Force Reserve and Air National Guard.

Our findings and the 42 recommendations we presented are a holistic roadmap to improving our national security by making full use of the tremendous depth of talent available in all 3 Air Force components. In implementing the advice that this Commission has provided to Congress, the President, the Department of Defense (DOD), and the Air Force, it is paramount that our report not be viewed as a wish list of ideas. We intended them to form a coherent, cohesive, and achievable whole. As we will explain more fully in this testimony, the recommendations can be clustered into specific areas of force structure improvements that, if allowed to work in tandem, will lead to an end state of total force integration, better force management, and improved national security.

From the outset we recognized that the Commission's primary purpose was to ensure that the United States of America has the strongest and most effective Air

Force possible in these most dangerous times. The statutory charter required us to consider these specific issues:

- the requirements of combatant commanders,
- the balance between Active and Reserve components,
- the capacity for homeland defense and disaster assistance,
- the need for the regular Air Force to provide a base of trained personnel for the Reserve components,
- the force structure sufficient to meet operational tempo goals of 1:2 for the Active component and 1:5 for the Reserve components, and
- the means to balance affordability, efficiency, effectiveness, capability, and readiness.

Over the course of our research and analysis—especially as we expanded our scope beyond the beltway by visiting installations and talking to personnel of all ranks and components—we realized there were two other overarching issues we needed to address: how to make the most of the skills, experience and, most importantly, the resolve of the men and women serving in every component of the Air Force; and how to maximize the taxpayers' investment in those exceptionally trained and dedicated airmen.

Both require a longer perspective on force and resource management than merely slashing end strength, which we realize is a decision no Service likes to make. The ultimate goal of our analysis and subsequent recommendations is to optimize the Total Air Force, preserve capacity, and maintain a strong and broadly capable Air Force. We found pathways to achieving these ends through total force integration, improved force management that allows the Air Force to maintain its current capacity at reduced cost, and better coordination among Federal and State entities in the area of defense support for civil authorities.

While ours is a forward-looking report, we did look at the historical record, from the militia model used at the founding of the Nation all the way through the debates over the 2013 budget that led to the legislation creating this Commission. We looked at the foundations of the Air Force, the Air National Guard, and the Air Force Reserve. We concluded that the Nation and its Air Force are navigating a different strategic and economic environment than existed 40 or 20 years ago, or even within the past decade. We are far beyond the era of the strictly "strategic Reserve"; we are in an era of a total operational Air Force. We are beyond a time of seemingly limitless resources; we are in a time when frugal fiscal management is not just a vital public trust, but a necessity. We are beyond the mindset of war as strictly an overseas enterprise; we must prepare for conflicts and dangers in space, cyberspace, and the Homeland. We are beyond the notion of measuring a nation's defense posture strictly in the number and range of projectiles it can deliver; we are in an era when creative management of the Nation's military talent pool is an effective weapon of war.

One important thing that emerged from our review of history is confirmation that the Air Force has been a forward-looking service. It already has instituted and developed a good model of integrated, multi-component forces: the "associate wings" in which Active and Air Reserve components share missions and equipment. The Air Force also has led the way among the Services in creating a viable total force in that all three components are held to the same standard of operational readiness. Additionally, the Air Expeditionary Force concept provides a model of rotational deployments that can and does rely on contributions from all components.

The Commission determined that not only should the Air Force continue on the path it has already forged toward total force integration, but that it could pick up the pace of integration. Doing so will enhance the cross-component operational capability it already is relying upon in both daily and surge operations.

The Air Force took a significant step even before our Commission formed by chartering a "Total Force Task Force." The Commission met on several occasions with the Task Force leaders and our staffs coordinated continuously. The Air Force has now established a permanent, follow-on organization known as the Total Force Continuum, and we have been encouraged by their apparent commitment to the implementation of many of our recommendations.

IMPLEMENTING COMMISSION RECOMMENDATIONS

Although we did not specify in our report a specific sequence of implementation, it is clear that our recommendations lay out a series of changes in force structure and force management that will lead to a leaner and more streamlined organization comprised of integrated operational units and headquarters staffs. Since we delivered our report on January 30, with further analysis factoring in the work the Air Force is already doing in its Total Force Continuum initiative, the Commission staff

has drafted an implementation strategy we believe could be a basis for a Total Force Continuum implementation plan.

Our 42 recommendations can be clustered into 6 areas. Action on the majority of our recommendations should begin now, capitalizing on work we have been told is already under way. We see much transformational work coming in the first 2 years, and we envision early successes that will set the stage for future progress. Across the six clusters of recommendations, progress can continue simultaneously, but within each there must be some sequencing.

Recommendation Clusters and Sequencing

Cost Metrics: Recommendations 1, 36, and 37

DOD should adopt one universal fully-burdened, life-cycle cost approach for calculating military personnel costs (1), establish a single metric for measuring the personnel tempo (PERSTEMPO) across the Total Force (36), and update the definition of non-deployment PERSTEMPO to account for all situations when an Air Reserve component airman may be unavailable for civilian responsibilities because of military obligations (37). Work on these three recommendations should begin immediately—the Cost Assessment and Program Evaluation (CAPE) office has already begun work on the life-cycle cost calculations—and could be implemented within 12 to 18 months, ahead of fiscal year 2017 budgeting.

Homeland Defense and Defense Support for Civil Authorities (DSCA): Recommendations 22, 31, and 32

The Secretary of Defense should revise its agreement with the Council of Governors to enable Air Force leadership to consult directly with the Council of Governors (22), a task which could be accomplished within this year. The President should direct the Departments of Defense and Homeland Security to develop with the Council of Governors national requirements for Homeland Security and Disaster Assistance (31). This recommendation should be initiated immediately with a validated requirement lists for homeland security and disaster assistance accomplished by the end of fiscal year 2016. With such a list, DOD and the Air Force should treat Homeland Defense and DSCA as real priorities and governors as essential stakeholders in the planning process (32).

Infrastructure: Recommendations 2 and 4

In the National Defense Authorization Act for Fiscal Year 2015 and Defense Appropriations Act, Congress should allow the DOD increased flexibility in applying budget cuts across budget categories (2); such flexibility will be needed to accomplish many of our manpower management recommendations. We believe Congress should also allow the Air Force flexibility in closing or warm basing some installations (4), but this is an end-state recommendation over the course of the next 5 years as total force integration progresses. As our proposed i-Wing concept is adopted and reliance on the Air Reserve components increases, identifying the installations—Active, Reserve, or Guard—best suited for basing certain operations with various multi-component mixes will be clearer. Reduction in command, control, and administrative overhead coupled with horizontal fielding of new equipment will allow a smaller infrastructure footprint and inherently lower cost. Maintaining excess infrastructure would not only fail to take advantage of those cost savings, it would offset the savings we foresee in improved personnel and talent management.

This timeframe also provides the Air Force and Congress an opportunity to examine studies of past base closures and realignments, evaluating which closures achieved cost goals, which did not, and why.

Human Resources and Continuum of Service: Recommendations 15, 16, 17, 18, 19, 35, 38, 39, 40, 41, 42

The Air Force should immediately revise the rules for current Active Duty Service commitments to enable members to meet the commitment in some combination of Active, Reserve, and Guard Service (40). This is the first step toward establishing a Continuum of Service pilot project to commence by October 1 of this year (39). Congress can enable true Continuum of Service by amending restrictive aspects of current statutes that mandate "up-or-out" career management policies to enable the Air Force to retain airmen of all components actively working in career fields where substantial investment in training and career development has been made and where it serves the needs of the Air Force (42). The Air Force can then develop a new service construct allowing for multiple career track options—whereby some airmen could pursue leadership positions at higher ranks while others choose to maintain operational specialties—each with different high-year tenure controls, where such additional tenure serves the needs of the Air Force (41).

To enable both Continuum of Service and true total force integration requires many changes in human resources policies and procedures. Human resources standards have been, and remain, stove-piped among the three components. We recommend that the Air Education and Training Command Commander in coordination with the AF/A1 develop a Total Force competency standard for officers, noncommissioned officers, and enlisted airmen across all specialties and career fields before the end of fiscal year 2016 (18). As part of that recommendation, AETC should conduct a comprehensive curriculum review to support professional and technical military education goals necessary for airman of all components to acquire cross-component skills and knowledge. This review should be completed by fiscal year 2017 and a Total Force competency standard implemented by fiscal year 2018. With this standard in place, the Air Force can establish effective control measures to ensure that both Active and Air Reserve component airmen have adequate paths and opportunities for advancement and career development (15), provide for equality in awards, decorations, and promotions (16), allow equal access to non-resident education to personnel of all components (19), and achieve proportionate representation of the components among faculty and students in professional military education positions (17).

Other human resources issues cannot wait. The Air Force should accelerate the development of the long-awaited Integrated Pay and Personnel System (AF–IPPS.) In our report we urge that this should be concluded not later than 2016, far ahead of the 2018 timeline the Air Force is currently abiding by (35). The Air Force should also include PERSTEMPO accounting in AF–IPPS so that all types of duties are accurately and consistently calculated across the components (38).

Institutional Process: Recommendations 3, 6, 11, 12, 20, 21, 23, 24, 33, and 34

Changes in institutional processes can be subdivided into two areas: those concerning the corporate process and budgeting, and those governing personnel management. Action on all of these recommendations, which pave the way for smoother integration of components into an optimized Total Air Force, should begin immediately.

In the corporate process, the Secretary of the Air Force should discontinue use of non-disclosure agreements (23) and should continue current practices that advance engagement with the Adjutants General in development of the Air Force Program (24).

As the Air Force acquires new equipment, force integration plans should adhere to the principle of proportional and concurrent fielding across the components (11). There is no more significant element to an integrated total force than a fully integrated fielding plan for all equipment, especially aircraft.

The Air Force should plan, program, and budget for increased reliance on the Reserve components by about 15,000 man years annually (3) while increasing Air Reserve capacity to provide recurring operational support for the Air Force's steady state and rotational requirements (20). The Air Force should also include in all future budget submissions a specific funding line for "operational support by the Air Reserve component" to clearly identify and program those funds intended to permit routine, periodic employment of the Air Reserve components (21). These initiatives can begin with the current budget cycle, especially as it serves as a reversible alternative to the Air Force's current plans to cut end strength across the components.

Congress can significantly clear the way for both Continuum of Service and total force integration by addressing the matter of legal duty statuses. Currently, more than 30 duty statuses govern Reserve component airmen; Congress should reduce that number to no more than 6 (33). The Quadrennial Review of Military Compensation and the Reserve Forces Policy Board both have previously made this recommendation, as did the 2008 report of the Commission on the National Guard and Reserve. We do not believe any further study of this issue is necessary. Reducing the number of duty status categories will make it easier for Air Reserve component airmen to serve in an operational capacity, and will simplify the task of implementing an integrated pay and personnel system.

There are several other institutional barriers that need to be removed before total force integration can be realized, and we believe these policy changes should commence immediately.

- The Air Force should modify AFI 90–1001 "Responsibilities for Total Force Integration" to establish selection and assignment criteria, the minimum proportion of leadership positions that must be filled by the associating components, and the methods to ensure compliance (12). AF/A1 should then reassign airmen in disestablished Air Force Reserve units to integrated title 10 units.

- The Air Force should unify personnel management for all three components under a single integrated organization, A1, in the Headquarters Air Staff (34).
- The Air Force should integrate the existing staffs of the Headquarters Air Force, the Air Force Reserve, and the Air National Guard (6).

Integration and Rebalancing: Recommendations 5, 7, 8, 9, 10, 13, 14, 25, 26, 27, 28, 29, 30.

Recommendation 6 above is also an immediate first step toward total force integration. Although final completion of this process will likely be 4 or 5 years down the road, the Commission believes that the bulk of its integration and rebalancing recommendations must proceed immediately.

The Air Force already is looking closely at all mission areas to determine the possibilities in rebalancing forces to draw on more Air Reserve component personnel and assets. In our report we singled out a few of these that seemed to hold the most opportunity for significant rebalancing:

- Cyberspace (25)
- Space (26)
- Global Integrated Intelligence, Surveillance and Reconnaissance (27)
- Special Operations (28), and
- Intercontinental Ballistic Missiles (ICBM) (29).

In the ICBM mission area, the Air Force should expand its current pilot program of providing Air Reserve component security forces for ICBM wings by the end of fiscal year 2016, and then expand the concept into missile maintenance functions and the missile field helicopter mission between fiscal year 2017 and 2019.

Additionally, we recommend that the Air Force should replace some of the 1,800 Active component instructor pilots with prior-service volunteers from the Air Reserve components who would not then rotate back to operational squadrons (30).

All of these recommendations go toward our report's overall theme of rebalancing the force in order to rely more heavily on the Air Reserve component for steady state and operational missions rather than cutting end strength. The combination of full-time and part-time positions should be determined for each unit depending on weapon system requirements, deployment, and rotation schedule based on optimum matching of the needs of the Air Force, families, and employers (8). Exactly how much rebalancing requires thorough, open-minded study. In our models, we looked at the rebalancing needed to save the same amount of money the Air Force sought to save in cutting 27,000 airmen from the Total Force. We arrived at a transfer of 36,000 positions from the Active component to the Air Reserve components with the corresponding funding of 15,000 additional man years per year, as described above. The advantages of such a strategy is that the Air Force creates opportunities for the trained, dedicated airmen in the Total Force instead of irreversibly losing them, and it maintains both steady state capacity and the ability to surge.

In the report we offered an example of such a force mix, setting the overall balance at 58 percent in the Active component and 42 percent in the Air Reserve component. Subsequent response to the report has latched on to this 58/42 figure as the standard we proposed. We want to stress here that this 58/42 mix is not one of the Commission's 42 recommendations; rather, it is an illustrative example, something the Air Force could do to meet budget goals. That said, we do believe that it is an achievable goal and would be a standard the Air Force could set out to attain as it continues its thorough mission-by-mission study of force mix. While we agree with the Air Force that it needs to do a bottom-up review, we also feel the Service needs to establish a concrete goal, one that would achieve the most savings in personnel costs while maintaining the greatest return on taxpayer investment in personnel training and experience. Without such a goal, the bottom-up study might never achieve its maximum potential.

The Air Force can reach maximum efficiency, maximum readiness, and maximum cost savings with a totally integrated structure while still maintaining the three components: the Active, Reserve, and Guard. We envision expanding the Air Force's current associate wing structure into what we call the i-Wing concept, a fully integrated operational wing with integrated groups, squadrons, and flights. To start, the Air Force should discontinue the practice of separate designated operational capability (DOC) documents for Active and Reserve units of the same type and place the i-Units under a single DOC statement (13). The Air Force should use an existing associate wing with an established record of success as an initial i-Wing pilot program. Meantime, the Air Force should ensure that integrated units are filled competitively by qualified airmen irrespective of component; however, key deputy positions should always be filled by an opposite component member: if a wing com-

mander is active, the vice wing commander should be from a Reserve component, and vice versa; if a squadron commander is a reservist or Guardsman, the deputy should be active, and vice versa (14). In anticipation of total integration of units by all three components, the Chief of Staff of the Air Force in coordination with the Director of the Air National Guard should change the Air Guard's wing-level organizations to groups where airmen population and associated equipment are more realistically sized at the group level (10).

In the second phase of the i-Wing construct, the Chief of Staff of the Air Force should direct the phased integration of Air Force Reserve associations of flights, squadrons, groups, and wings into corresponding Active component organizations in order to eliminate the current redundant organizational overhead of classic associations (7). Ultimately, Air Force flights, squadrons, groups, and wings in active associations also should be integrated into corresponding Air National Guard organizations in order to eliminate the association's redundant organizational overhead (9). We recognize that title 32/title 10 considerations make this consolidation more complex, so we recommended that the unit level integration process begin with the "classic" associations.

Eventually, with full integration at every level of operations, from flights to squadrons to groups to wings to Numbered Air Forces to MAJCOMS, a command and control headquarters specifically for the Air Force Reserve becomes unnecessary. However, the role of the Chief of the Air Force Reserve becomes more vital than ever as an advisor to the Chief of the Air Force on matters pertaining to the Reserves and as an advocate for the full integration of Reserve airmen in all aspects of their Air Force careers. Consequently, we recommend that, when integration of Air Force Reserve units is sufficiently advanced, Congress should amend 10 U.S.C. § 10174 to retain the statutory rank, roles, responsibilities, and functions of the Director, Air National Guard, and Chief of the Air Force Reserve but disestablish the Air Force Reserve Command (5). Though the Air Force will be inactivating the Reserve Numbered Air Forces, wings and squadrons, the Headquarters Air Force, MAJCOMS, and their Numbered Air Forces and subordinate units will all see increased representation by Air Reserve component airmen.

One of the rewarding aspects of our Service on this Commission was meeting the skilled, devoted men and women serving in the active Air Force, the Air Force Reserve, and the Air National Guard. We were also impressed with the Service's leadership at all levels, from senior NCOs to Secretary James and General Welsh. We have heard the argument that reservists need their own command in order to grow their careers. We are convinced that Air Force leadership can accomplish the goal of total force integration as we have laid out in our report. We are also convinced that the culture of a truly integrated total force will allow the talented airmen of every component equitable opportunities to advance their careers and attain assignments based on their skills and leadership qualities and not simply on the basis of serving in one component or another.

Changes, from corporate process to component culture, is never easy; however, the alternative, clinging to the status quo, could leave the Air Force slipping down the dangerous slope toward a hollow force. If Congress, the DOD, and the Air Force keep focused on the end vision—a true, multicomponent Total Force, managed with new human capital policies that reduce administrative overhead and capitalize upon the unique strengths of the three components—the Air Force will thrive and the Nation will be safer and more secure. We feel that Congress should work closely with the DOD and the Air Force to ensure that the Commission's recommendations come to fruition through periodic reports and feedback.

BEYOND THE AIR FORCE

In the months since our report was delivered, we have fielded numerous questions about how our report might apply to the other Services. Although some of the principles of force management and the concept of continuum of service we discuss in our report are not specific to any Service—and the changes in law we recommend regarding duty status and other personnel policies would extend to the other Services—issues pertaining to force structure are singular to each Service. We must stress, we studied the Air Force and only the Air Force, which is unique among the Services in the size of its deployable units and the cross-component readiness standards it maintains, among other matters.

That said, we would like to reiterate the point we made in our Additional View on the Impact of DOD Implementation of the Federal Advisory Committee Act (FACA) which is published as Appendix D in our report. Our charter legislation made no mention that the Commission should be governed by FACA, but our sponsor agency, the DOD's Director of Administration and Management, advised us that

because of that lack of mention, the Commission would be governed by FACA and a designated Federal officer assigned to monitor compliance. As the Commission proceeded with its work, it became increasingly clear that the DOD interpretation of FACA's purpose would have a significant negative impact on the Commission's operation. We did everything in our power to comply with FACA, and we delivered our report on time and under budget, but we strongly advise that, in any future legislation chartering a Commission such as ours, Congress should clearly state its intent of permitting such Commissions to enter into deliberative dialogue in the same manner as the legislative and executive branches do when they discharge their public trust.

In summary, our Air Force and its components have done, and are doing, great things to move towards realization as a true Total Force. For reasons of effectiveness, culture, capability, and money, the conditions are right to advance to new levels—beyond association and interchangeability to true integration at every level and up and down the chain of command. Integration and rebalancing can reduce personnel costs while preserving end strength, capability, and readiness; consequential savings in personnel costs will permit recapitalization and modernization. Air Force missions at home and away, airmen, and the Nation will be better served by all of this.

Thank you for inviting us to appear before you this morning to discuss the important work you allowed us to do.

Chairman LEVIN. Thank you very much, General.

Do any other members of the Commission want to add a comment before I start off with some questions? [No response.]

Thank you again, all, for your service here.

We have how many missing commissioners who are not here this morning?

Mr. MCCARTHY. We have two who were not able to be here today.

Chairman LEVIN. If you would pass along our thanks to them, we would appreciate it.

Mr. MCCARTHY. I will do that, sir.

Chairman LEVIN. I think almost all or all of your recommendations were unanimous. For instance, you agreed that the Air Force Reserve Command should be disestablished. Why has that generated such a negative reaction from our Air Force leaders?

Mr. MCCARTHY. I would say that that is the recommendation that has produced the greatest amount of pushback. I think that speaking for myself—and I will allow my colleagues to join in, but part of the pushback has come from not fully understanding the recommendation. We never intended—and as I told Secretary James and General Welsh just a couple of months ago, it was not intended that the disestablishment of the Air Force Reserve Command would be a current-year action. It is intended as the finish line after this process of integration has moved Air Force Reserve units into a position where an Air Force Reserve Command is no longer necessary. We also stressed that the role of a three-star Chief of the Air Force Reserve would probably be more important going forward. Although we did not mention it, I think we have all come to understand that perhaps some of the things that are done today in the staff of the Air Force Reserve Command might need to transfer to the staff of the Chief of the Air Force Reserve. There is nothing in our recommendation that changes that.

I know General Johns has some views on this. I would ask him to add them.

Mr. JOHNS. Mr. Chairman, if I could start at the lowest level, the unit. Let's take a C–17 unit right now that has a mix at Charleston AFB of Active Duty and Reserve. Right now, the mix of aircrews is more Active Duty than it is Reserve. As the war draws down,

we may not need that many people who are Active Duty crews. We can change the mix from being a preponderance of Active Duty to Reserve. Say we go to three Reserve and just two Active Duty units, switching it around. That is great. Now as we talk about continuum of service, let us let those airmen who are at Charleston stay there for their families, let them use their GI Bill, and let them become reservists, full-time or part-time, based on the needs of the Air Force and the needs of those individual families.

Now let us look at the squadrons. Do we really need to have a separate Active Duty squadron and Reserve squadron or can we actually let them combine to have one squadron? We reduce two chains of command, flight commanders, operations officers, squadron commanders. Then the command should be open to Reserve or Active Duty in this case. We reduce the opportunity for both Active and Reserve components by getting rid of two squadrons and making one that is combined.

One of the synergies is the Active Duty is much more aware of what it means to be a reservist and have to have that traditional role. The reservist also, maybe the commander, is very aware of the Active Duty. We want to grow the synergy at the unit level. From that squadron level, you move up to the operations group or to the wing. Do you need two wing commanders, or can the wings be combined and be open to Reserve, Guard, or Active Duty? You reduce opportunities on both sides—but again, the need allows us to do that. Then eventually, if that is all working and you have these pilot programs, you could move it up to the higher, to the numbered Air Force. Do you need a separate Reserve numbered Air Force or Active Duty? Can they be combined?

The 18th Air Force, for example, at Scott AFB, is the numbered Air Force for Mobility Command, yet some of the forces come from the Reserve and the Guard. Why could the 18th Air Force not be a reservist or a guardsman, he or she best qualified, and open that up?

If this eventually allows to have the integration at the unit level among our airmen who work together so very well, over time it could actually allow further integration up the chain, up to the Air Staff where those people who have those independent chains of command can come together, and we can allow those airmen to go from administrative and developmental and mentoring roles back to functional roles.

It has to be evolutionary. I think that is where we are trying to go, that it is not about tomorrow. It is about a future opportunity, as the Secretary of the Air Force said, a possibility.

Chairman LEVIN. How long would that evolution take? A reasonable estimate.

Mr. JOHNS. Sir, I think to put a time——

Chairman LEVIN. Or a range. Can you even tell us a range?

Mr. JOHNS. Years. I would say 10 years. Maybe look where the Air Force has come with the integration of the Total Force units over the 102 that we have. Probably since about 2006 or so we started. That has been 8 years of doing that now, and some have worked better than others. I think it is into the future.

Chairman LEVIN. Anyone else want to comment on that question? [No response.]

We had some discussion with the first panel about this current ratio of 65 to 35 and the recommendation that it make a significant change in that.

We had some real question as to how far along in their analysis they have gone and what the effect of that analysis might be on the current budget. General Welsh basically said that we have—I think he talked about a $20 billion challenge and that this is a $2 billion perhaps savings in the recommendations, if my memory is correct. But the $10 billion—it is $2 billion per year. $2 billion a year would be $10 billion over the Future Years Defense Program (FYDP). The $20 billion that he mentioned was also over the FYDP. Rather than being 10 percent of the financial or budget challenge $2 billion of $20 billion, it is really $10 billion of $20 billion, as I understand the report and the numbers.

Any of you want to comment on that conversation? I think you were all here to hear it. General, do you want to kick off or anybody else on that particular question, whether or not implementing your recommendations would solve a significant part of the budget problem, at least more than 10 percent of it?

Mr. MCCARTHY. We were obviously limited, Senator, in both the amount of time and the ability to analyze intricate budget details, but we had some good people on our staff. We started with what the Air Force had originally proposed at the time we were thinking about this and working on it. We attempted to demonstrate that as a matter of principle we thought it was better that if you reduced the size of the Active component end strength and proportionally increased the size of the Reserve component end strength, you could maintain the overall capability of the Air Force, at least the overall end strength of the Air Force, and save money. Since the Air Force had put a bogie in their plan of $2 billion, we demonstrated that a 36,000-person shift of the type I have described would save the same $2 billion.

First of all, that is not one of our recommendations. But second, we did not think of it as a first-year or an initial-year action but rather that the principle of preserving talent by increasing the Reserve component end strength as you decrease the Active component end strength was a principle that the Air Force should follow.

My other commissioners may have some thoughts.

Mr. BROWNLEE. Mr. Chairman, if I understand your question and if I can recall what General Welsh said, I think he referred to a $20 billion——

Chairman LEVIN. Divestiture.

Mr. BROWNLEE.—amount that would come as a result of divestiture. I thought he said over 10 years. Did he say 5?

Chairman LEVIN. No. I think he said over—apparently he did not specify.

Mr. BROWNLEE. I am sorry?

Chairman LEVIN. Apparently he did not specify.

Mr. BROWNLEE. Okay. The $2 billion—whether the transition would occur over 1 year or 2 years or 3 years to finally transition 36,000 from the Active to the Reserve component, the $2 billion that would be saved would be saved $2 billion per year for each year thereafter. I do not know how the divestiture——

Chairman LEVIN. Let us assume the divestiture is divided by 10 instead of by 5. Either way, a few billions is a big chunk.

Mr. BROWNLEE. Sure. Eventually the transition of the force structure would catch up with the divestiture——

Chairman LEVIN. Right, but even in the first year, if it was $2 billion savings even in——

Mr. BROWNLEE. I do not think they are going to divest of all these airplanes in 1 year, nor would we propose to transition everything in 1 year.

Chairman LEVIN. Right. How long a transition is it?

Mr. BROWNLEE. How long should the transition be?

Chairman LEVIN. What do you estimate the length of the transition?

Mr. BROWNLEE. My personal view is, sir, it would take probably several years. You cannot simply move the force structure and the people with it. The people are people in the Active components. Some might be lost through attrition or other ways, or you can eventually board people out.

The Air Force insisted that the Reserve component flying units had the same levels of readiness as the Active component. Given that and given that part-time forces generally cost less than full-time forces, we suggested that the Air Force should study the missions that the Active component is performing and transition all those missions it can over time to the Reserve component and, therefore, as the Chairman indicated, save money because you can perform those missions with forces that cost you less. That was the rationale behind what we recommended.

We did not really address whether that should happen in 1 year or 2 years. Some of those missions we believe could probably be transitioned faster than others, but over time, that kind of underlying principle should yield savings over time, and it would yield a larger Reserve component than Active Duty component.

Chairman LEVIN. Right, and the savings, when they are fully achieved, could be $2 billion a year, but it takes a number of years to get to that point.

Mr. BROWNLEE. The savings are there every year after that.

Chairman LEVIN. Right, and continue after that. We do not know what divestiture could be avoided this year, for instance, because we do not know what part of the $2 billion would be available this year.

Mr. BROWNLEE. Yes, sir.

If I can make one other point from the Air Force point of view. It is that anything they do in this budget year—of course, if Congress says do not do what you proposed, do what the Commission proposed—they probably have a money issue right now. They have to go find money from somewhere else because their budget is up here. They have to stick with the President's budget, unless they send up a budget amendment and change it. They would have a shortfall. I can understand why they stick with that, and so anything that the committee might do that changes their budget is going to have to take into account where they make up the shortfall from what they have proposed.

Chairman LEVIN. I think we follow that.

I missed that vote. I am going to try to catch the beginning of the next vote. I will make sure that we check with others to see if they are coming back.

General Welsh said that command and control units are not particularly well-suited for the Reserve components. First of all, do you agree with that assessment? I will ask it directly or do you have a comment about that?

Mr. MCCARTHY. I would say first and foremost that we recognize that when you talk about a mix between Active and Reserve components, that it will be different in each of the mission areas and that clearly some areas are probably much better suited for a preponderance in the Active component or a preponderance in the Reserve component.

As to command and control, I recall some testimony that we received that there was a very successful Reserve component command and control augmentation force. Ray [Raymond Johns] or Bud [Harry Wyatt], perhaps you could comment on that.

Mr. WYATT. If I could. Maybe in my mind, the way I like to look at it is to draw a distinction between readiness and responsiveness. It is one of the findings of the Commission. I think the Chief and the Secretary agree that one of the strengths of the Air Force is that as far as readiness is concerned, all of the components are trained to the same level of readiness.

When you talk about command and control, the issue of responsiveness, how quick can you be ready to go, and especially in the command and control function, two issues. One is the responsiveness, and the other is the volume of the work that needs to be done in a particular command and control environment. While I agree with the Chief and the Secretary that maybe initially for those instantaneous responses in command and control, that might weight more heavily toward the Active component—for example, if a Libya pops up and you need some additional command and control experience, the readiness levels of the Guard and Reserve then are very appropriate to kick in and augment the Active component.

I think that there is room for participation in this core function by all three components. That may be one of those core functions and mission areas that would be weighted more heavily toward that Active component when we talk about that 58/42 percent ratio. The airlift is already more heavily comprised by the Reserve component percentage-wise, but that may be one of the core functions. I think that is where the Chief was going, was that maybe it should be more heavily weighted toward the Active component. But it is a core function that all the components can and should participate in.

Chairman LEVIN. Anyone else want to comment on that question? [No response.]

Okay. I hate to inconvenience you, but if you do not mind, I would like to go over and vote, check with colleagues that I can collar on the floor to see if they are coming back. Then I will come back in any event, if for no other reason than to adjourn the hearing. But there may be others that want to come back, so I am going to try to check that out while I vote.

We will recess for 10 or 15 minutes. Thank you for your understanding. [Recess.]

Thank you again. The committee will come back to order.

I just have one additional question, and then we will adjourn.

In your prepared testimony, General McCarthy, I believe that you directed Commission staff to draft an implementation strategy that could be the basis for the Air Force to execute a TF–C implementation plan. I wonder whether you could provide the committee with a copy of that implementation plan for our record.

Mr. MCCARTHY. Certainly, Mr. Chairman, we can provide everything that we have.

I would say that one of the things that we did in writing the report was, as you note, we first listed the recommendations in the order in which they appeared in the report, and then we grouped them by the agency or department who we thought would be responsible for implementation. What we probably should have done and what we have done since then is to provide another grouping of the recommendations that tend to relate directly to one another, and we think there are about six of those groupings. That became the basis of the staff thinking about the implementation. We were asked a lot about that. I would say that the Commission itself has taken no action on an implementation plan, but there is certainly some staff work that might be useful to the committee staff, and we would be happy to provide that.

I would ask my colleagues if they want to comment on that further.

[The information referred to follows:]

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April 30, 2014

Mr. Creighton Greene
U.S. Senate Committee on Armed Services
Russell Senate Building, Room 228
Washington, D.C. 20510-6050

Dear Mr. Greene,

Attached is a copy of the proposed framework for a plan to implement the Commission's recommendations as developed by Commission staff, and requested by Senator Levin.

Follow on questions should be directed to Dr. Shirley Ross (shirleymross@gmail.com), Mr. Eric Jorgensen (eric.jorgensen.sr@gmail.com), and Mr. Bill Nieusma (William@heliongroupllc.com).

Respectfully submitted,

Gregory A. Schumacher
Executive Director
National Commission on the Structure of the Air Force

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U.S. Senate Committee on Armed Services
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NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans for Recommended Changes to Optimize the Total Force

29 April 2014

Dr. Shirley Ross, Eric Jorgenson, Bill Nieusma

Staff Draft 1

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans for Recommendations

- This work is intended to answer the questions:
  - How do we implement the Report's recommendations?
  - Where would we start? What comes first?
  - Who has what responsibility?
  - On whom will the greatest share of work fall?
  - How much can we do simultaneously?
  - How long will all of this take?
  - How will we know we've been successful?

Staff Draft

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans Overview

- Methodology
- Clusters and Sequences
- Major Stakeholders
- Timelines for Implementation
- Critical Subset
- Measures of Success and End States

Staff Draft 3

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans Methodology

- Method:
  - Clustered Recommendations through staff consensus
  - Sought expert guidance on ownership and timelines
  - Graphed projected timelines by Recommendation, by cluster, and by owner or function, which clearly pointed the way toward implementation
  - Identified potential Measures of Success and End States for each Recommendation

Staff Draft 4

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

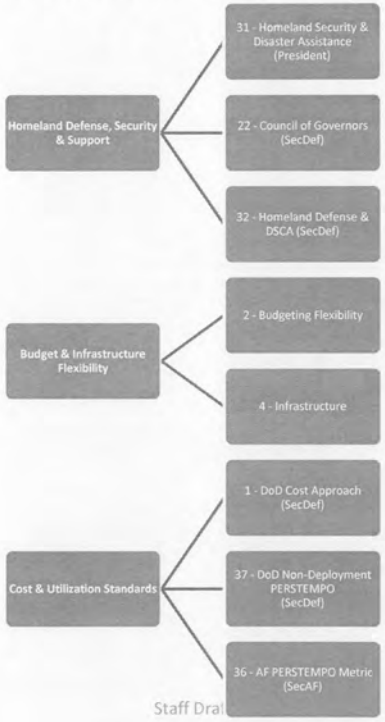
Implementation Plans
Cluster Compositions

Cost and Utilization Standards	Homeland Defense and Security	Infrastructure Flexibility	Institutional Processes	HRM and HRD	Integration and Rebalancing
•**Rec 1**—Cost Approach	•**Rec 31**—Homeland Security & Disaster Assistance	•**Rec 2**—Budgeting Flexibility (Installations)	•**Rec 12**—Policy Revisions	•**Rec 35**—Integrated Pay & Personnel System	•**Rec 25**—Cyberspace Airmen
•**Rec 37**—Non-Deployment PERSTEMPO	•**Rec 22**—Council of Governors	•**Rec 4**—Infrastructure	•**Rec 34**—Integrated Personnel Management	•**Rec 39**—Continuum of Service	•**Rec 26**—Space Domain
•**Rec 36**—PERSTEMPO Metric	•**Rec 32**—Homeland Defense & DSCA		•**Rec 33**—Duty Status	•**Rec 40**—Active Duty Service Commitments	•**Rec 27**—GIISR Billets
			•**Rec 23**—Non Disclosure Agreements	•**Rec 15**—Effective Control Measures	•**Rec 28**—Special Ops
			•**Rec 24**—State Adjutants General	•**Rec 16**—Awards, Decs & Promotions	•**Rec 29**—ICBM Mission
			•**Rec 11**—Concurrent Fielding of Equipment	•**Rec 18**—Total Force Competency Standard	•**Rec 30**—Instructor Pilots
			•**Rec 3**—Resourcing Reserve Component	•**Rec 38**—PERSTEMPO & AFIPPS	•**Rec 8**—FT/PT mix
			•**Rec 20**—Increase ARC Capacity	•**Rec 42**—"Up or Out"	•**Rec 14**—Key Leadership Positions
			•**Rec 21**—Operational ARC Funding	•**Rec 41**—Multiple Career Track Options	•**Rec 13**—DOC Statements
			•**Rec 6**—Staff Integration	•**Rec 19**—Access to Non-Resident Education	•**Rec 7**—AFR Unit Integration
				•**Rec 17**—PME Positions	•**Rec 9**—ANG Unit Integration
					•**Rec 10**—ANG Unit Size
					•**Rec 5**—AFRC

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

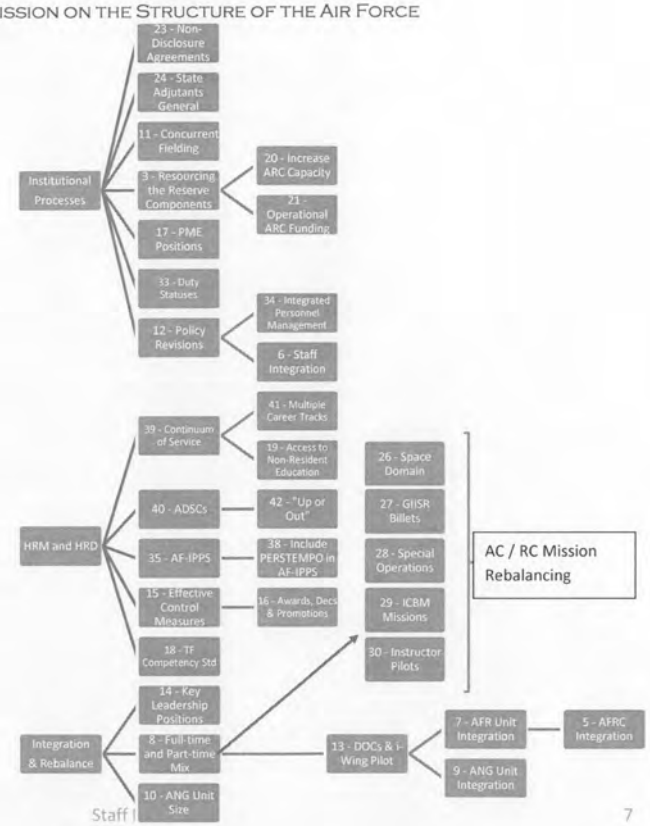
Sequences of Recommendations

National Security Enterprise Sequence



NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Sequences of Recommendations - Total Force



NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans Stakeholder Chart

From Stakeholder chart, can see:

- RE and ANG involved in all 42 Recommendations
  - Will require additional manpower up front to work changes
- Other primary owners throughout implementation are SAF/MR, A1, A3/5 and A8
- Others rotate on and off as needed (e.g., FM, AETC)
- This transformation will require a multi-year coalition across functions, commands, and components
- Important criteria for coalition members include
  - select abilities
  - sufficient TOS and career length remaining to ensure continuity

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans: Stakeholder Chart

Stakeholder Chart

		Office of Responsibility																					
Rec #	Recommendation	Congress	OSD	USECAF	SAF MR	SAF/IE	CVA	A1	A2	A3/5	A4/7	A5	CIO/A6	A8	A9	A10	FM	AETC	AFSPC	AFSOC	ACC	RE	ANG
1	Cost Approach							■							■		■					■	■
2	Budgeting Flexibility							■		■				■			■					■	■
3	Resourcing Reserve Component				■			■			■			■								■	■
4	Infrastructure					■																■	■
5	AFRC				■			■		■				■								■	■
6	Staff Integration							■														■	■
7	AFR Unit Integration				■					■				■								■	■
8	Fulltime_Part Time Mix				■					■				■								■	■
9	ANG Unit Integration				■					■				■									■
10	ANG Unit Size				■					■				■									■
11	Concurrent Fielding of Equipment									■	■	■	■	■								■	■
12	Policy Revisions				■			■														■	■
13	DOC Statements									■												■	■
14	Key Leadership Positions				■			■														■	■
15	Effective Control Measures				■			■														■	■
16	Awards Decs & Promotions				■			■										■				■	■
17	PME Positions							■														■	■
18	Total Force Competency Standard				■			■										■				■	■
19	Access to Nonresident Education																	■				■	■
20	Increase ARC Capacity							■		■												■	■
21	Operational ARC Funding				■									■			■					■	■
22	Council of Governors			■																		■	■
23	Non Disclosure Agreements													■								■	■
24	State Adjutants General						■							■								■	■
25	Cyberspace Airmen									■			■			■						■	■
26	Space Domain													■					■			■	■
27	GISR Billets							■	■												■	■	■
28	Special Ops									■										■		■	■
29	ICBM Mission									■	■					■						■	■
30	Instructor Pilots									■								■				■	■
31	Homeland Security & Disaster Assistance									■				■								■	■
32	Homeland Defense & DSCA									■				■								■	■
33	Duty Status							■														■	■
34	Integrated Personnel Management				■			■														■	■
35	Integrated Pay & Personnel System							■						■			■					■	■
36	PERSTEMPO Metric							■		■												■	■
37	Non Deployment PERSTEMPO							■		■												■	■
38	PERSTEMPO & AFIPPS							■														■	■
39	Continuum of Service				■			■						■								■	■
40	Active Duty Service Commitments							■														■	■
41	Multiple Career Track Options							■						■								■	■
42	Up or Out	■			■			■														■	■

Items bordered in red show which agencies have bulk of work

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans
Gantt Chart by Recommendation Number

Gantt Chart by Recommendation demonstrates:

- Timeline projections clearly show bulk of work within first two years*

But also:

- Change management must be added to blueprint for transformation *prior* to Day Zero
- A Thorough Communications Plan as part of change management *must precede* any work on Recommendations

* Implementation start dates assume work is approved and ready to begin

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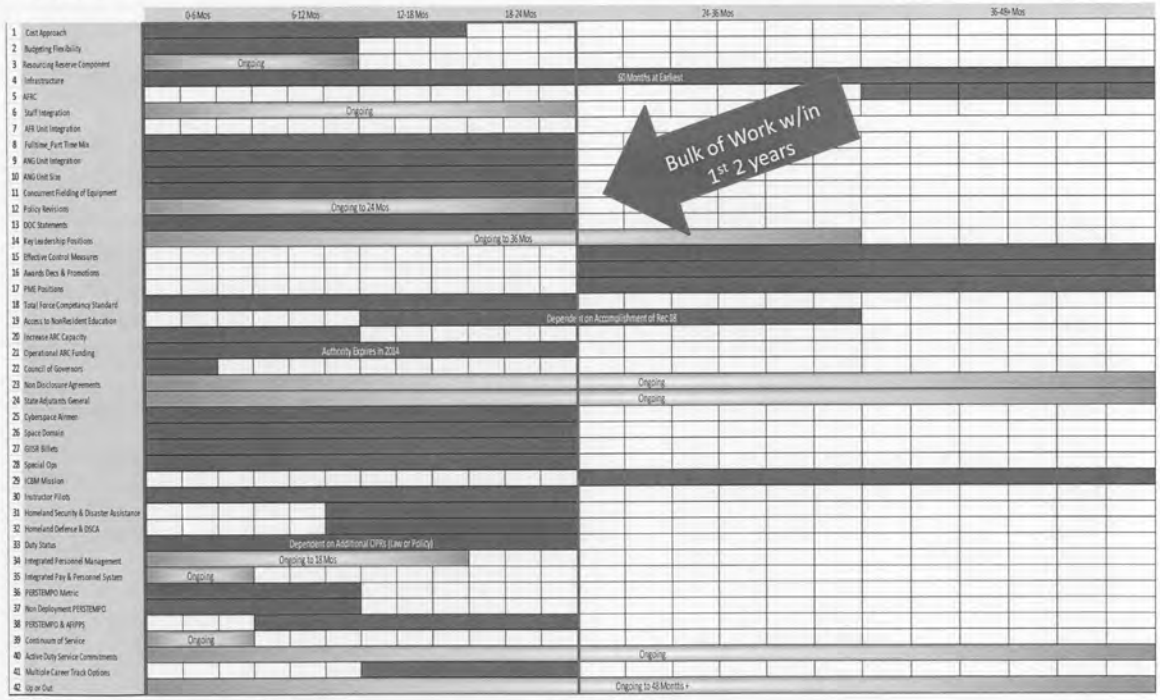
Gantt by Recommendation



NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans
Gantt Chart by Cluster

Referring to Gantt Chart by Cluster may be most useful and demonstrates:

- Work in cost and utilization standards starts immediately
- Resourcing RE (#3) and Increasing ANG Capacity (#20) must be complete in first 12 months
- Homeland Defense and Security are worked in the second year

and……

Staff Draft

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans
Gantt Chart by Cluster

- Institutional Process changes are concentrated in first two years
  - 10 of 11 either ongoing or should start immediately
- Fundamental changes in personnel and manpower are addressed in Institutional Process changes
  - Duty statuses and integrated personnel mgmt
- Residual HRD and HRM changes are more variable
  - But two should be accomplished in first 6 months
    - #35: Integrated Pay and Personnel
    - #39: Continuum of Service

and…….

Staff Draft

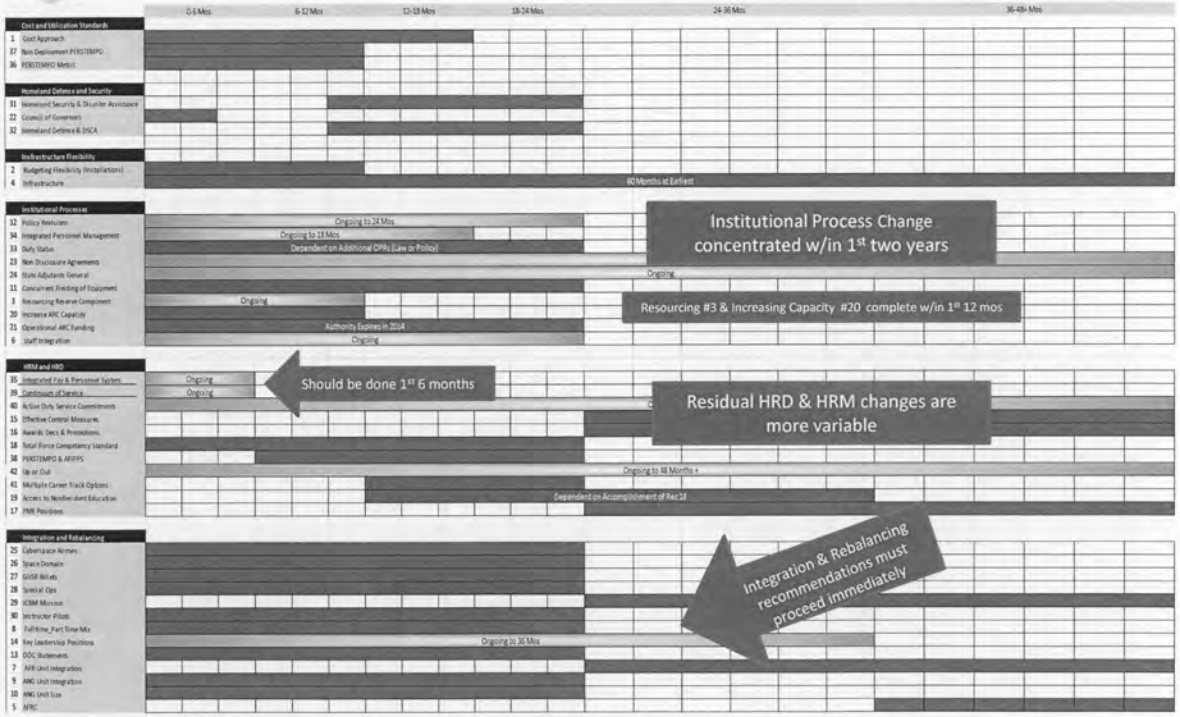
NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans
Gantt Chart by Cluster

- Integration and Rebalancing recommendations must proceed immediately
- Resourcing Reserve Component capacities will not yet be funded
- But groundwork for integration/rebalancing of AFSCs and missions should proceed in first year
  - Studies
  - Modeling
  - Plans

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Gantt Chart by Cluster



NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans
Cross-Referencing Clusters, Owners and Timelines

Cluster	Timeframe	Owners
Cost/Util	0-12/18 mos	**A1**, A9, FM
Budget Flex/	0-12 mos	A8, FM
Infrastructure	0-5+ years	SAF/IE, A4/7
Instit Processes	0-24 mos	**A1**, **A8**, SAF/MR, A3/5
Integ/Rebal	0-24 mos	**A3/5**, SAF/MR, A1, A8
Homeland Def/Sec	12-24 mos	**A8**, A3/5, UnderSec
HRD and HRM	12-24 mos	**A1**, SAF/MR, FM, AETC, A8
Throughout	0 – 5+ years	**RE** and **ANG**

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Recommendations by Criticality and Sequence
The Critical Subset

Cost & Utilization Standards	Homeland Defense & Security	Infrastructure Flexibility	Institutional Processes	HRM & HRD	Integration & Rebalancing
•Rec 1—Cost Approach	•Rec 31—Homeland Security & Disaster Assistance	•Rec 2—Budgeting Flexibility (Installations)	•Rec 12—Policy Revisions	•Rec 35—Integrated Pay & Personnel System	•Rec 25—Cyberspace Airmen
•Rec 37—Non-Deployment PERSTEMPO	•Rec 22—Council of Governors	•Rec 4—Infrastructure	•Rec 34—Integrated Personnel Management	•Rec 39—Continuum of Service	•Rec 26—Space Domain
•Rec 36—PERSTEMPO Metric	•Rec 32—Homeland Defense & DSCA		•Rec 33—Duty Status	•Rec 40—Active Duty Service Commitments	•Rec 27—GIISR Billets
			•Rec 20—Increase ARC Capacity	•Rec 15—Effective Control Measures	•Rec 28—Special Ops
			•Rec 21—Operational ARC Funding	•Rec 16—Awards, Decs & Promotions	•Rec 29—ICBM Mission
			•Rec 23—Non Disclosure Agreements	•Rec 18—Total Force Competency Standard	•Rec 30—Instructor Pilots
			•Rec 24—State Adjutants General	•Rec 38—PERSTEMPO & AFIPPS	•Rec 8—FT/PT mix
			•Rec 11—Concurrent Fielding of Equipment	•Rec 42—"Up or Out"	•Rec 14—Key Leadership Positions
			•Rec 3—Resourcing Reserve Component	•Rec 41—Multiple Career Track Options	•Rec 13—DOC Statements
			•Rec 6—Staff Integration	•Rec 19—Access to Non-Resident Education	•Rec 7—AFR Unit Integration
				•Rec 17—PME Positions	•Rec 9—ANG Unit Integration
					•Rec 10—ANG Unit Size
					•Rec 5—AFRC

Blue indicates the critical subset of recommendations that enables the rest and has the highest change leverage

Not all Recommendations have equal leverage

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

Implementation Plans
Measures of Success and Endstates

- Have looked at potential answers to who, what, when, and in what order
- But how will we know we have been successful in planning and implementation?
- Handout suggests Measures of Success and End States, by Cluster

Staff Draft

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

High Level Summary

- The clusters appear to be reasonable
- Ownership and timelines may be one way to frame a high level implementation plan
- RE and ANG are integral throughout, but are not organized for this amount of transformational work
- Other primary players are A1, SAF/MR, A3/5 and A8
- A long-term coalition will be necessary to achieve this complex and far-reaching transformation

Staff Draft

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

High Level Summary

- The bulk of the transformational work is in the first two years
- Change management and a vast communications plan would need to precede the force structure changes
- Anticipating where the work is concentrated in each phase of the transformation appears to be fairly straightforward
- Not all recommendations have equal leverage; some are foundational and more critical to success

Staff Draft

NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

First Tactical Steps

- Halt end strength cuts of 22,000; find offsets
- Use the next 5 months to solidify budget and planning that will enable Implementation
- Draft ULB changes now for FY18 execution (HYT, end strength revision)
- With personnel laws changed, reflect new end strength changes in the NDAA

Staff Draft

Chairman LEVIN. That would be helpful because even though we understand the limitation, it will not have had a formal Commission approval. Nonetheless, it would be very helpful to us and we would appreciate that, if you can do that.

Anyone want to add a comment before we adjourn? [No response.]

Thank you again for your tremendous work.

Mr. BROWNLEE. Mr. Chairman, I might want to say one thing because of what Chairman McCarthy said. I think we had excellent leadership on this Commission from Chairman McCarthy. I tell you, he was focused on that due date like a laser and made sure that we all met that. We also benefited greatly from a very capable staff.

Chairman LEVIN. We thank you all. We thank your staff.

We will stand adjourned.

[Whereupon, at 2:24 p.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

GUARD AND RESERVE OPERATIONAL READINESS

1. Senator AYOTTE. Secretary James, the National Commission on the Structure of the Air Force (the Commission) report concluded that "past and current Air Force leaders have committed the resources and effort needed to allow the Reserve components to maintain the same standards of skill and operational readiness as the Active component." Do you agree that the Reserve components have maintained the same standards of skill and operational readiness as the Active component?

Ms. JAMES. Yes, the Reserve components have maintained the same standards of skill and operational readiness as the Active component. Congress and the Nation's leadership have improved the Reserve component's organizational structure, resulting in increased operational readiness levels of both our citizen airmen and equipment, such that today's Reserve component is a mission-effective force for our Nation.

The surge capacity of the Reserve component is derived from its readiness, training, and integration with the Active Duty. The Reserve component is a Tier-1 ready force, capable of responding within 72 hours. This is critical as speed is a decisive factor when crises erupt. By maintaining daily operational readiness, and by training and being inspected to the same standard as the Active Duty, the Reserve component can quickly respond to combatant commanders' requirements.

2. Senator AYOTTE. Secretary James, the Commission also suggested that shifting approximately 36,600 personnel to the Reserve component could yield savings of perhaps $2.0 billion per year in manpower costs with no reduction in Total Force end strength. Do you agree with that suggestion? Why or why not?

Ms. JAMES. The Chief of Staff directed the Total Force Continuum (TF–C) to study moving as many personnel to the Reserve component as possible, while maintaining capability and minimizing risk to capacity. The TF–C is currently utilizing the High Velocity Analysis (HVA) to evaluate force mix against wartime demand on all mission areas with 80 percent of mission areas to be completed by December 2014. The results of the HVA will provide decision-quality options to influence force mix decisions going into the next budget development cycle.

Rigorous analysis is mandatory to ensure we shift the correct personnel into the correct mission areas in order to meet national strategic objectives and to appropriately support the joint team. Analysis provides us with the operational bookends to balance the components without breaking the force. Moving personnel without fully understanding the impacts would be counterproductive, possibly damaging both readiness and combat capability.

3. Senator AYOTTE. Secretary James, when could this savings be achieved?

Ms. JAMES. Manpower shifts will require upfront investments with significant savings not accruing for several years, but we believe we will see some savings beginning in fiscal year 2016 and likely through the Future Years Defense Program (FYDP) based on early indications from the HVA. We expect to map out implemen-

tation phasing and we expect to achieve quick wins where work is already underway as well as areas where greater Reserve component capacity may need to be deployed. The HVA provides a roadmap across all Air Force mission areas which can be time-phased across the FYDP and beyond. HVA is also repeatable, so as strategy changes, the HVAs can be rapidly re-accomplished using the latest assumptions, such as changes in costing, demand signal, policy, and/or statute.

4. Senator AYOTTE. Secretary James, how specifically would this be accomplished?

Ms. JAMES. The results of the HVA will inform the Air Force strategy, planning, and programming process after major command and headquarters-level senior leader review and approval.

CYBER BILLETS

5. Senator AYOTTE. Secretary James, how can we create greater collaboration and synergy between the cutting-edge commercial sector and the Air Force to improve the Air Force's computer network defense capabilities?

Ms. JAMES. The Air Force is actively engaged with the Department of Defense (DOD) Chief Information Office, the Defense Information Systems Agency, other Services, and defense industrial base partners to shape enterprise computer network defense capabilities based on Federal and DOD policy, government and industry best-practices and standards, and best-of-breed commercial solutions. Continuing participation in industry exchange, growth of our workforce through industry technical certifications, and hosting cyber defense tool pilots allow the Air Force to stay abreast of the latest trends. Specifically, the Air Force addresses automated cybersecurity solutions across the five lines for Air Force information network cybersecurity: (1) vulnerability scanning; (2) vulnerability remediation; (3) host-based security system; (4) server/host data-at-rest; and (5) comply-to-connect. Following ongoing gap analysis and requirements validation, the Air Force expects to draft a cybersecurity information system integrated capabilities document which is the foundation for future defensive capability acquisition. This will lead to a request for proposal to provide a holistic industry solution to address gaps across the five lines of effort.

6. Senator AYOTTE. Secretary James, what percentage of Air Force cyber billets are currently filled by members of the Reserve component?

Ms. JAMES. The Air Force has 46,000 airmen in today's cyberspace workforce. This 46,000 includes officer, enlisted, and civilian personnel in a variety of Air Force specialty codes and civilian occupational series. The Air National Guard has 12,400 airmen or 27 percent of the cyberspace workforce and the Air Force Reserve has 2,800 or 6 percent.

7. Senator AYOTTE. Secretary James, can we increase the number of cyber billets that are filled by members of the Reserve component?

Ms. JAMES. Air Force Space Command (AFSPC) is identifying opportunities where Reserve and Guard forces could be used to meet an operational need in cyberspace. The Air Force is exploring options now through AFSPC's force composition analysis in conjunction with the TF–C office to evaluate costs, opportunities, training pipeline impacts, suitability requirements, et cetera. We are researching the pros and cons of both unit-equipped and associate unit constructs, which enable shared equipment and facilities.

8. Senator AYOTTE. Secretary James, what is Air Force's plan going forward to increase the number of cyber billets in the Reserve component?

Ms. JAMES. The Air Force is investigating the ability of our Air National Guard and Air Force Reserve units to support cyber mission force steady-state requirements and surge capabilities. The cyber mission analysis is being done in two stages. The first stage will be complete December 2014. The second stage of analysis will be complete April 2015. After both stages of analysis are done, force mix options will be considered.

AIR FORCE ADJUDICATION OF COMMISSION RECOMMENDATIONS

9. Senator AYOTTE. Secretary James, where is the Air Force at in implementing those Commission recommendations you agreed with?

Ms. JAMES. Nine of the Commission recommendations are currently being worked:

- #1 Cost Approach: Air Force currently follows DOD guidance to use 87.5 percent of the fully burdened cost, the full cost to the Federal Government,

to determine military manpower costs. The Air Force continues to work with DOD to develop and evaluate analytical tools to better calculate fully burdened as well as life-cycle costs of manpower.

• #3 Resourcing Reserve Component: After the TF–C HVA and the results of force mix options for each mission set are realized, the appropriate resourcing for appropriate employment of the Air Reserve component will be submitted for approval.

• #6 Staff Integration: Integration plans are ongoing throughout the Air Staff. The reorganization incorporates and provides Reserve component opportunity across headquarters Air Force positions.

• #17 Professional Military Education Positions: TF–C is working with the Air Force Learning Council to complete a review of student and instructor positions. The Air Force continues to provide a general officer Total Force briefing to each Air University Wing Commander course.

• #18 Total Force Competency Standard: The TF–C, working with the Air Force Learning Council, will complete a review of the Total Force curriculum in current education programs.

• #21 Operational Air Reserve Component Funding: The fiscal year 2014 Program Objective Memorandum includes 12304b funding in Operational Contingency Operations funds and the fiscal year 2015 budget. In addition, Air Force Instruction 36–2619 includes a requirement to mandate major command inclusion of operations and maintenance funding with military personnel man-day requests.

• #24 State Adjutants General: Through the Deputy Director of the Air National Guard, selected Adjutants General provide representation of the Air National Guard's State Adjutants General in the Air Force corporate process.

• #34 Integrated Personnel Management: AF/A1 is implementing integration plans.

• #36 Personnel Tempo Metric: Personnel tempo is an existing requirement for the Air Force Integrated Pay and Personnel System and is being worked to come on line.

Four recommendations (#25 Cyberspace Airmen; #27 Global Integrated Intelligence, Surveillance, and Reconnaissance; #29 Intercontinental Ballistic Missile Mission; and #28 Special Operations) are being evaluated or are scheduled to be evaluated using the HVA tool. Additionally, the establishment of the Total Force Integration Executive Committee, chaired by the Air Force Assistant Vice Chief of Staff, will champion working groups and task appropriately.

10. Senator AYOTTE. Secretary James, which of those recommendations you agreed with will require congressional assistance?

Ms. JAMES. Based on an initial review, there are four recommendations that will require congressional assistance:

• #2 Budgeting Flexibility: Request relief and allow increased flexibility in applying budget cuts across budget categories, including installations.

• #4 Infrastructure: Congressional approval on Base Realignment and Closure and/or warm basing options.

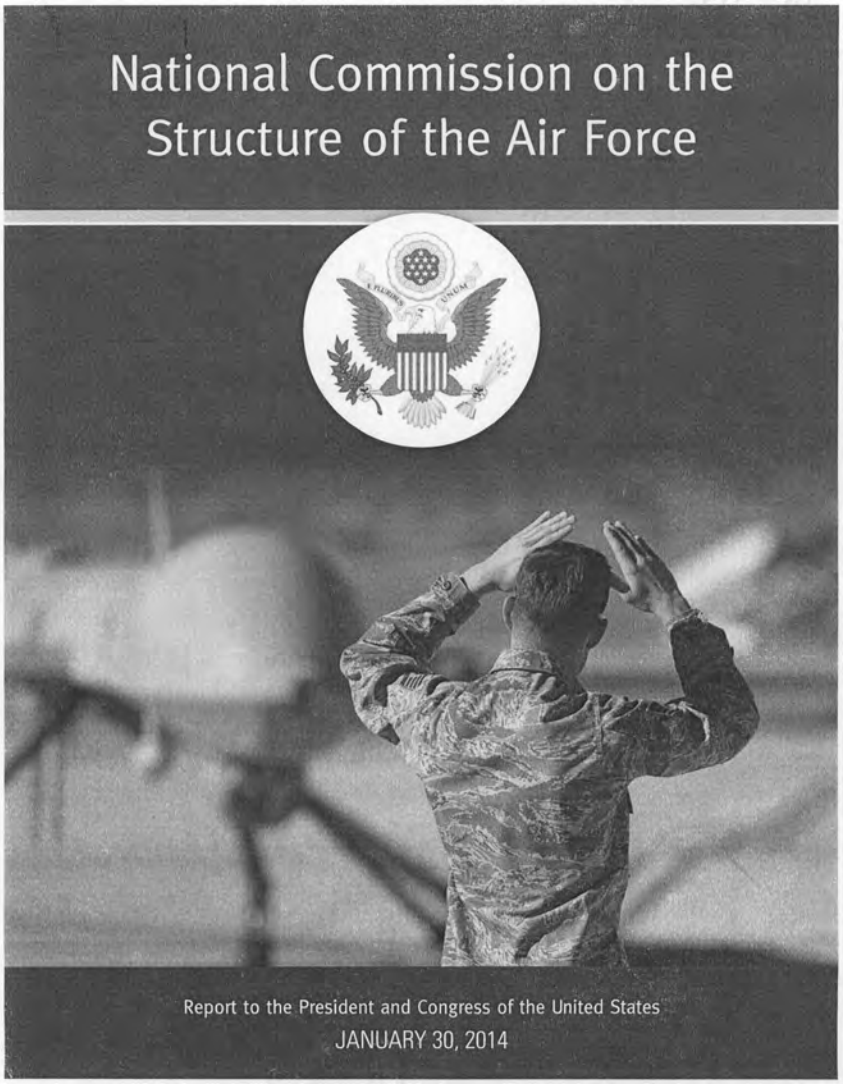
• #33 Duty Status: After the Office of the Secretary of Defense's results from the review of existing authorities, assistance with approval of recommended changes through the Unified Legislative and Budgeting process.

• #42 Up or Out: After further analysis of the impacts of this initiative, legislative relief of current statutes would be required, if approved.

In addition, more than half of the Commission's recommendations will require legislative revisions in order to be realized.

ANNEX A

[The report of the National Commission on the Structure of the Air Force follows:]



NATIONAL COMMISSION ON THE **STRUCTURE** OF THE **AIR FORCE**
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BUD WYATT

January 30, 2014

President Barack Obama
The White House
1600 Pennsylvania Ave, NW
Washington, DC 22002

The Honorable Carl Levin
Chairman, Committee
on Armed Services
United States Senate
Washington, DC 20510

The Honorable James Inhofe
Ranking Member, Committee
on Armed Services
United States Senate
Washington, DC 20510

The Honorable Howard McKeon
Chairman, Committee
on Armed Services
United States House of
Representatives
Washington, DC 20515

The Honorable Adam Smith
Ranking Member, Committee
on Armed Services
United States House of
Representatives
Washington, DC 20515

Dear Mr. President, Chairmen and Ranking Members:

The National Commission on the Structure of the Air Force is pleased to submit its report of findings, conclusions, and recommendations for the legislative and administrative actions we believe will enable the Air Force to best fulfill current and anticipated mission requirements in the challenging years ahead.

In conducting the work that led to our report, the Commission held numerous open hearings in Washington and at Air Force installations and cities throughout the nation. We heard formal and informal testimony from Air Force leaders of many ranks; from the men and women serving in the ranks of all three components of the Air Force; from Governors, Senators, Representatives, and local officials; and from Air Force retirees and private citizens. We received and read hundreds of documents submitted for our consideration. This open and inclusive process gives us a high degree of confidence in our conclusions and recommendations.

Some of our recommendations represent fundamentally different approaches to the ways in which the Air Force has employed and managed its Total Force in the past. We recommend a greater reliance on the Air National Guard and Air Force Reserve; creating opportunities and incentives for longer service in uniform to minimize military personnel and family turmoil; and increasing opportunities for movement by Airmen within the components of the Air Force. These recommendations will lower overall military personnel costs, and they will produce a more ready and capable force by preserving funds for operations, maintenance, procurement, and recapitalization. The personnel-related actions we recommend make better use of the Air Force's deep reservoir of talent and will also have the effect of maintaining the readiness of the Air Reserve Component that would otherwise be diminished by disuse. Accordingly, we conclude that these recommendations should be followed even if budget constraints did not exist.

We also make recommendations in two areas that are addressed specifically because of the pressures imposed by declining budgets. Past Air Force efforts to reduce its overall inventory of equipment and installations have been driven primarily by the need to preserve capital for people and operations. We learned much about those pressures and the sometimes painful choices they require. We offer recommendations relating to aircraft inventory and to installations that we believe can mitigate the negative consequences associated with those choices.

We chose our cover photo with care. It reflects the fact that emerging mission areas such as the use of remotely piloted aircraft will become increasingly important in the future, and that such changes present both challenges and opportunities. The Airman's component is neither apparent nor important. In the Total Air Force we envision, the seamlessness of Airmen, their skills and expertise is critical.

We learned much about the role the Air Force can and should play in support of the nation's governors when they are faced with recovering from natural or man-made catastrophes. We recommend actions that both the Department of Defense and the Air Force should take to improve their ability to provide defense support to civil authorities.

A capable and highly professional staff supported the Commissioners throughout our work and we are deeply grateful to them. They were drawn from various DoD offices, from multiple Air Force components and commands, from other services, and from the civilian world. In short order, they came together under the able leadership of our Executive Director, Dr. James Blackwell. The work of the Commission could not have been accomplished without Jim and his team. We depart slightly from Air Force tradition to say "Bravo Zulu" to them all.

Finally and most importantly, the Commissioners respectfully acknowledge our ultimate "customers," the dedicated and spirited men and women of the U. S. Air Force and the families who support and enable their service. The Air Force of the future cannot look exactly like today's force, and any significant change is inherently disruptive. We believe that the changes we recommend will serve those "customers" well, and that the force we envision will provide better and fuller opportunities for the men and women of the Air Force to thrive in the service of their nation.

Respectfully submitted,

Dennis McCarthy, Chair

Erin C. Conaton, Vice Chair

Les Brownlee

Janine Davidson

Margaret C. Harrell

Raymond E. Johns Jr.

F. Whitten Peters

Harry M. (Bud) Wyatt, III

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NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

THE HONORABLE DENNIS M. MCCARTHY, CHAIR

Principal, Military Experts LLC

Assistant Secretary of Defense for Reserve Affairs, 2009-2011

Executive Director of the Reserve Officers Association, 2005-2009

Lieutenant General, USMC (Ret)

THE HONORABLE ERIN C. CONATON, VICE CHAIR

Under Secretary of Defense for Personnel and Readiness, 2012

Under Secretary of the Air Force, 2010-2012

Staff Director of the House Armed Services Committee, 2001-2005

Research Staff Director for the U.S. Commission on National Security/21st Century, also known as the Hart-Rudman Commission, 1998-2001

THE HONORABLE F. WHITTEN PETERS

Partner, Williams & Connolly LLP

Secretary of the Air Force, 1999-2001, and Under Secretary and Acting Secretary of the Air Force, 1997-1999

Principal Deputy General Counsel at the Department of Defense, 1995 - 1997

U.S. Navy Reserve officer, 1969-1972

THE HONORABLE R.L. (LES) BROWNLEE

Acting Secretary of the Army, 2003-2004

Under Secretary of the Army, 2001-2004

Staff Director of the Senate Armed Services Committee, 1996-2001

Retired Army colonel who served two tours in Vietnam, earning a Silver Star with oak leaf cluster, a Bronze Star with two oak leaf clusters, and a Purple Heart.

GENERAL (RET) RAYMOND E. JOHNS JR.

Senior Vice President, Flight Safety International

Commander, Air Mobility Command, 2009-2013

Deputy Chief of Staff for Strategic Plans and Policy, U.S. Air Force, 2006-2009

White House Fellow, Office of National Service and National Security Council, 1991-1992

Retired Air Force General, a 1977 Air Force Academy graduate flying C-17, C-141, KC-10, and N/K/C-135V, and was chief test pilot and test program manager for the VC-25 Air Force One.

LIEUTENANT GENERAL (RET) HARRY M. "BUD" WYATT III

Director, Air National Guard, 2009-2013

Oklahoma Adjutant General, 2003-2009

Associate District Judge for the State of Oklahoma, 1998-2003

Retired Lieutenant General, entering the Air Force in 1971 and as a command pilot logged more than 3,000 hours in the A-7, C-26, F-16, F-100, F-106, T-33, T-37 and T-38 aircraft

DR. JANINE DAVIDSON

Senior Fellow at the Council on Foreign Relations

Deputy Assistant Secretary of Defense for Plans, 2009-2012

Director in the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, 2006-2008

Air Force pilot who flew C-130 and C-17 in combat support and humanitarian air mobility missions in Asia, Europe, and the Middle East and was an instructor pilot at the U.S. Air Force Academy

DR. MARGARET C. HARRELL

Director of the Army Health Program and senior social scientist at RAND Corporation, for whom she's worked more than 20 years

Senior Fellow and Director of the Military Veterans and Society Program at the Center for a New American Security, 2011-12

Author of several books on women in the military and Rand Publications on Guard and Reserve families

Ph.D. in cultural anthropology from the University of Virginia

For additional detail refer to:

Appendix P: Full biographies of the members

Appendix Q: Commission staff and Executive Director biography.

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EXECUTIVE SUMMARY

The Air Force faces many challenges in meeting its national security mission within the resources currently envisioned. Doing so will not be easy or without risk, nor will it permit the application of traditional methods of allocating missions, equipment, and resources among the Air Force's three components. After conducting 19 days of hearings involving 154 witnesses and oral public comments, and listening to currently serving Airmen of almost all ranks from the three components at 13 installations throughout the country, the Commission is convinced that the Air Force must change the way it organizes, aligns, and employs the great Americans who choose to serve in its ranks.

Congress directed the Commission to "...undertake a comprehensive study of the structure of the Air Force to determine whether, and how, the structure should be modified to best fulfill current and anticipated mission requirements for the Air Force in a manner consistent with available resources." The statute that created this Commission also specified that it address six considerations in its report to Congress and the President. The Commission fulfilled this mission in the time allotted.

Based on the record before it, the Commission arrived at a set of foundational conclusions that became its analytical starting point. Elements of that foundation are as follows.

- Past and current Air Force leaders have committed the resources and effort needed to allow the Reserve Components (RC) to maintain the same standards of skill and operational readiness as the Active Component (AC).
- "Part-time" force structure—that capability delivered by traditional Reservists and Guardsmen who do not serve continuously on active duty—costs less than the force structure provided by "full-time" personnel.
- Recognizing that some missions must be performed by the Active Component, the Air Force can, and should, entrust as many missions as possible to its Reserve Component forces.
- Transitioning missions from the Active Component to the Reserve Components will allow the Air Force to perform these missions with less expensive part-time Reservists while reducing the

Active Component end strength, thus saving money in the military personnel accounts that can be put to use in readiness, modernization, and recapitalization accounts. In this way, all components of the force will remain more ready and mission capable, and the Air Force will retain the capacity to surge its forces when needed.

- There is an irreducible minimum below which the Air Force cannot prudently cut Active Component end strength without jeopardizing war-fighting capability, institutional health, and the ability to generate future forces.
- Although Reserve Component force structure, especially traditional Reservists, costs less than that of the Active Component, conducting operations with Reserve Component forces is not always less expensive than doing so with Active Component forces.

The Commission determined the following principles of force structure and force management that will allow the Air Force to meet present and future mission requirements within the limit of resources the Commission believes will be available.

Principles of Force Structure

- Both the Active and Reserve Components provide unique value to the Nation. The Total Air Force cannot succeed without three strong components. Prudent reductions in the Active Component will produce meaningful cost-savings, mainly in the military personnel accounts, and can reduce the need for cuts to readiness, modernization, and recapitalization.
- The Air Force can maintain operational capacity and capability and reduce stress on the Active Component by maintaining or increasing the end strength of the Reserve Components, particularly in traditional part-time Reservists and Guardsmen, while increasing regular, periodic, and predictable use of the Air Force Reserve and the Air National Guard.
- Greater reliance on a larger Air Reserve Component provides a quick, *reversible* way to generate manpower cost savings (see Chapter 4). It provides an ability to surge, when needed, and additional return on investment in the high-cost, high-value training of Active Component Airmen. Shifting more capability to the Reserve Components also maintains a link to communities and states throughout the nation in our unique form of federalism.
- In order to gain maximum benefit from the Reserve Components, the Air Force must program sufficient operational support funding to permit utilization of individuals and units through volunteerism or under the authority of 10 U.S.C. §12304b.
- Increasing integration of Reserve, Guard, and Active Component Airmen at headquarters and units, and increasing the number of integrated or multi-component ("associate") units will lead directly to improved processes as well as more effective and efficient employment of the Total Air Force. Further integration of the Air National Guard and the Active Component (as described in

Chapter 3) is a desirable goal but will require modifications to Titles 10 and 32 of the U.S. Code before the full value of such integration can be achieved.

Strategies of Force Management

- Removal of numerous barriers to a "Continuum of Service," in which Airmen have greater flexibility to leave and re-enter Active and Reserve Components throughout their careers, will enable more effective and efficient utilization of an integrated Total Force. Some of those barriers are contained in law, but others reside solely in service policy, tradition, and culture.
- In addition to removing barriers to transitioning between components, Congress and the Department of Defense should modify laws and regulations that unnecessarily limit or restrict the length of service by qualified Airmen in certain career fields with high training costs. Doing so will allow the Air Force to more fully capitalize on the cost of training those Airmen.

Specific Considerations

This summary will briefly address each of the specific considerations set forth by Congress. Congress directed the Commission to conduct a study that covers six specific considerations in evaluating the structure of the Air Force.

In the report that follows, future force structure and force management issues will be addressed and actionable recommendations proposed. The Commission believes that increasing force integration and fully tapping the individual and organizational potential of all Airmen is not optional. Accordingly, the Commission has made specific recommendations for Presidential, Congressional, Department of Defense, and Air Force action to move these issues into a "must do" category.

A. Current and Anticipated Requirements of Combatant Commanders

The Commission formulated its force structure recommendations in relation to the forces called for in existing war plans and to what the Commission has learned are the daily demands for Air Force capability. Those day-to-day demands come from both the Combatant Commanders and from the Air Force's own institutional requirements. The Commission concluded that the Air Force can field sufficient capability and capacity to meet both daily needs and surge-level requirements only if it effectively utilizes the full capacity of its Active and Reserve Components.

One specific conclusion in this area drove the Commission's force structure recommendations: There are finite limits to the amount of air, space, and cyber power that the country can afford and that our Airmen can provide. The Commission found that the current force management system, in which Combatant Commanders generate day-to-day requirements, has proven so unconstrained as to be unsupportable. Accordingly, Combatant Commanders must be required to consider the budget and personnel impacts of their day-to-day planning to stay within the reasonable limits of manpower and budget authority that is available. In short, they must differentiate between needs and wants.

B. Achieve an Appropriate Balance Between the Active and Reserve Components

In hearings and visits to Air Force installations around the country, the Commission learned about the strengths and capabilities resident in all components of the Air Force. Past policies of the Air Force have ensured that all units and individuals of the Active Air Force, the Air National Guard, and the Air Force Reserve train

to the same level of excellence and are thus equally ready to *fight tonight*.

Every Reserve Component Airman that Commissioners spoke to—ranging from the most senior to the most junior—told of untapped potential in both Reserve Components. These Airmen asserted that over the past decades those components had provided what they were asked to provide rather than the full limit of what they could provide. Commissioners tested these statements every way possible, recognizing that such high self-confidence cannot always be accepted at face value. But these assertions were so unanimous and came from so many disparate sources that the Commission cannot discount them.

The Commission also heard that, to take full advantage of untapped potential in the Reserve Components, the Air Force must change the way it employs the Air National Guard and the Air Force Reserve. These components are complementary to the Active Component, not precise mirror images. The Air Force must sometimes employ and manage the Reserve Components in ways that are distinct from how the Active Component is employed; and commanders will require greater knowledge about these distinctions. Accomplishing these goals will require integrating headquarters, eliminating redundant command chains and staffs, increasing opportunity for service in various

components throughout an Airman's career, increasing unit associations, and reducing administrative barriers between components.

1. Ensure Sufficient Capacity for Homeland Defense and Disaster Assistance

The Air Force, particularly the Reserve Components, plays a significant role in both homeland defense and support of civil authorities. It can, and should, continue to do so; and, given the strategic environment and enhanced coordination with the Department of Homeland Security, the Air Force will have opportunities in the future to increase its contribution to these missions. Communication between state leaders and the Department of Defense can, and must, improve, particularly in the area of disaster assistance.

Although the Air Force should make no force structure decisions exclusively based on disaster assistance requirements, the use of the armed forces to address emergencies at home is a core mission of all military branches, including the Air Force. While the Commission does not propose the addition of force structure specifically for those missions, it recommends treating Homeland Defense and Defense Support to Civil Authorities as real priorities, and Governors as essential stakeholders in planning processes. Doing so will enhance the Air Force's ability to contribute to the country's well-being without sacrificing the ability to deliver the air power needed and expected in the "away game."

2. Ensure the Regular Air Force Continues to Serve as a Base of Trained Personnel for the Reserve Components

It is essential to maintain a strong Active Component that, among other contributions, provides a base of trained personnel who can either transfer to the Reserve Components when their active duty service is completed or serve for a period in a Reserve Component before returning to active duty. Thus, there is a limit to how small the Active Component can be. Additionally, the cost-effectiveness of the Reserve Components depends on an optimally sized Active Component. While no element of Air Force capability should reside exclusively in any one component, the Active Component generally is expected to perform certain core functions, such as procurement and RDT&E (research, development, test, and evaluation), that support all components of the Air Force. Given current capabilities, the Active Component force structure should comprise no less than approximately 55 percent of the Total Air Force end strength. While individual percentages will vary by mission and platform, a Total Force mix should be spread across every Air Force core function and Air Force Specialty Code (AFSC).

3. Maintain Sufficient Force Structure to Meet Operational Tempo Goals of 1:4 for the Active Components and 1:5 for the Reserve Components

The deploy-to-dwell ratios specified in this Congressional consideration are less useful to the Air Force, which deploys in units smaller than wings or squadrons down to small groups of individual Airmen compared to land and naval forces that tend to deploy as regularly organized units (such as companies and ships). Because of the mismatch between the unit concept embedded in these ratios and Air Force deployment practices, different Air Force commands have chosen different methods for computing these ratios. Thus, the Air Force inconsistently applies these ratios across the force. As a result, attempts to use these ratios provide inconsistent and sometimes misleading information about the use rate of the Air Force's components and individuals.

The Air Force should utilize a single metric for measuring the personnel tempo and stress on its forces, both Active and Reserve. The Commission also recommends that the Air Force utilize this "PERSTEMPO, stress on the force" metric (described in Chapter 5 of this report) to determine goals for sustainable levels of employment for both the Active and Reserve Components and for specific elements of its force structure.

Such an approach will provide a more holistic picture of the actual stress on, or under-utilization of, Airmen and allow the Air Force to employ the Total Force more efficiently.

Over the past several years, many missions have shifted toward the Reserve Components. The Commission proposes additional shifts to the Reserve Components in certain missions, particularly focusing on mission areas where the Air Force can effectively utilize a part-time force that deploys on a rotational basis. A force structure more reliant on a larger proportion of the Reserve Components will not look exactly like the force the Air Force has successfully employed in recent decades. Changing that force is not a criticism of the preceding force structure; it is recognition that the current and future budgetary and security environments present challenges that require new solutions. Sacrificing readiness to preserve force structure would create a hollow force. Instead, the Air Force can preserve readiness by shifting force structure missions from the Active to the Reserve Components.

If, as expected, the Air Force proposes to divest entire fleets, such as the A-10 and KC-10 aircraft, such retirements would likely project substantial cost savings. However, the units that operate those aircraft reflect decades of investments in those men and women who fly and maintain them, as well as in the facilities that the Air Force likely will need for emerging missions and new ways of using the Total Force. Because any such divestitures would be subject to Congressional approval, the Commission recommends that the Air Force develop and provide Congress a detailed, complete, and comprehensive plan explaining how the Air Force will achieve missions undertaken by such platforms in the future and how it will retain the highly trained personnel from these fleets.

Shifting to a Total Force more reliant on Reserve Component part-time forces, combined with potential divestiture of complete aircraft fleets, will have significant implications for installations. Moreover, increasing the number of associate units could allow consolidation of support infrastructure, which would create added efficiencies. Air Force leaders repeatedly have pointed out that the Service already has significant excess of infrastructure. The trends described in this report likely will exacerbate that condition. The Commission recommends that the Congressional defense committees and the Air Force should consider, and the Congress should allow, the closing or "warm basing" of some installations. Attempting to operate all current bases at the same level of effort will require the Air Force to reallocate present and future funding and reduce some of the benefits that would otherwise be gained by the Commission's force structure recommendations.

Many of the Commission's recommendations have been considered before. Now, however, a new defense strategy focuses more on high-end warfare and fighting in denied environments while mission areas such as cyber, space, intelligence, surveillance, and reconnaissance (including the use of remotely piloted aircraft for these and other missions) continue to grow. With these trends and the need for fiscal discipline, the Commission believes that the Air Force can take additional risk by replacing some legacy capabilities with upgrades and new force structure investments that will increase the capability and lethality of the force that remains.

Other solutions to emerging challenges involve employing the Air National Guard and Air Force Reserve in some mission areas to a greater extent than previously thought possible. The last few decades have shown the nation and the Air Force what its Reserve Components can do when they are employed skillfully. Despite decades of combat deployments, the Reserve Components have additional capacity to serve the nation's needs. The Air Force should integrate the components more completely, giving Reserve Component Airmen more opportunities to serve, reducing both statutory and regulatory barriers among the components, and more broadly inculcating and institutionalizing an awareness of the value of the Total Force throughout the Air Force. A true "Continuum of Service" approach should be available to all Airmen. These actions will enable the reduction of military personnel costs while maintaining realistic levels of operational capability or readiness.

Although many have discussed increased integration of the components for several years, today's Air Force is ideally positioned to make further advances in this area. In testimony before the Commission, Air Force leaders have demonstrated a forward-thinking approach to greater operational integration. This increased confidence reflects their professional experience in an increasingly integrated Total Force that has, over the past two decades, proven it can deliver during peace and war. The Air Force has been a pioneer among the Armed Services in integrating its components and in operating as a Total Force. Now is the time to institutionalize these best practices across the Air Force and to capitalize on them.

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"In the last 10 years we have gotten closer to the Total Force than ever because we shed blood together; so let's not undo that. How we do it is as important as what we do. PB 13 was the first whiff of grapeshot; let's get past that."

General Charles H. Jacoby Jr., Commander United States Northern Command and North American Aerospace Defense Command, in testimony before the National Commission on the Structure of the Air Force, Sept. 26, 2013.

CHAPTER 1

INTRODUCTION

Congress created the National Commission on the Structure of the Air Force to conduct a "comprehensive study of the structure of the Air Force" and to make recommendations the Commission considered necessary. Congress also laid out six specific factors for the Commission to consider.

Given the relatively short time available, the Commission concluded that proposing a specific allocation of forces in each of the Air Force's 13 "core functions" or attempting a detailed laydown of the number and location of each weapons system within the Air Force would be impractical, though this report does present sample approaches to illustrate the Commission's findings and recommendations. Rather, the Commission focused on principles that, if applied, would enable the Air Force to shape the details of its force structure to meet the national security challenges ahead.

The Commission therefore adopted for itself the following implied mission: *The Commission will address the considerations established by Congress and recommend principles of force structure and force management that will allow the Air Force to meet present and future mission requirements within the limit of resources reasonably expected to be available.*

The Commission conducted its work with several basic tenets in mind.

DEFINITIONS (as used in this report)

FORCE STRUCTURE

The military service's interconnected framework—Active, Reserve and Guard components, equipment, personnel, and real estate—that exists to accomplish specific missions in support of the President and the Secretary of Defense.

TOTAL FORCE

All U.S. Air Force organizations, units, and individuals—Active, Reserve, Guard, and civilian—that provide the capabilities to support the Department of Defense in implementing the national security strategy.

Those were to be open and receptive to as wide a range of input as possible; to meet with and consider the opinions of the men and women currently serving in the Air Force; and to visit Air Force installations around the country. The Commission held 19 days of public hearings, heard from 154 individual witnesses, received written comments from 256 individuals, received and reviewed thousands of pages of documents submitted for our consideration, and, when necessary, met in closed sessions to consider classified material. A classified annex supplement to this report is available, however the Commission offered no classified recommendations. Witnesses ranged from the Secretary and the Chief of Staff of the Air Force to the most junior of Airmen. Commissioners heard from officers of almost every grade, from senior enlisted leaders, from federal and state elected officials, from retired service members, from business leaders, and from concerned citizens, all with a vital interest in their Air Force.

The Commission devised and conducted a seminar war game that enabled Commissioners to examine broadly divergent mixtures of force structure in light of existing war plans and defense planning scenarios. The alternative structures the Commission studied in this way were not intended to represent a "right answer" or alternatives to one another. Rather, they were nominal structures that Commissioners found useful in illuminating selected issues from radically different perspectives. The Commission was supported in this effort by the Center for Strategic and Budgetary Assessments and benefited from a review of its methodology by a representative from DoD's Office of Net Assessment. Although constrained by the available time, Commissioners gained insight into both fiscal impact and potential unintended consequences

DEFINITIONS

ACTIVE COMPONENT (AC)
The unrestricted, continuously available personnel, units, and equipment of the Air Force. Section 8075 of Title 10 of the U.S. Code calls this component the Regular Air Force, but generally the services use the term *Active*.

AIR RESERVE COMPONENT (ARC)
The forces of the Air National Guard and Air Force Reserve.

"FULL-TIME" FORCES
A member of the Active Component, an Active Guard and Reserve member, or a Dual Status Military Technician. (See also "Part-Time" Forces.)

"PART-TIME" FORCES
Forces comprised primarily of traditional Reservists or drill status Guardsmen. The Commission recognizes that most, if not all, traditional Guardsmen and Reservists in the Air Force dedicate themselves fully to their service's core principles and ideals. This report uses this term only to differentiate the pay status of those not on full-time active duty.

SURGE
A rapid or concerted increase in the commitment of forces to fend off an attack, meet a sudden demand, or accomplish a strategic military objective.

of various adjustments to force mix.

The war game was designed as a table-top seminar for Commissioners, supported by staff analysts, to develop insight into the issues involved in the strategic choices for the structure of the Air Force. This was not aimed at the usual objectives of war games, such as campaign outcomes, institutional transformation, portfolio rebalancing, capabilities assessment, or war-fighting concepts. One part of the game was a planning exercise in which three staff teams each developed a resource-constrained future Air Force structure given a particular assigned Active/Reserve mix as an analytic starting point. This event drew from authoritative current forecasts to provide constraining assumptions to the teams on future resources, fiscal guidance, force sizing, basing, and end strength. In the second event, the staff teams were required to play the role of the Air Force as force provider, employing the force structure they had developed in the planning exercise, during several phases of a hypothetical future crisis and conflict. This event adapted the scenario used in the Chairman of the Joint Chiefs of Staff Strategic Seminars. Throughout the exercise, Commissioners considered alternative force structures from the perspective of the Air Force as well as that of the Combatant Commanders, Department of Defense Senior Leaders, and Governors confronting the challenge of allocating force structure assets to competing demands from multiple near-simultaneous crises and conflict. Commissioners found this exercise helpful in sharpening their focus on the key issues, applying credible analytic tools, and exploring the range of the art of the feasible in considering force structure options.

The Commission reached several broad conclusions that formed the basis for its detailed findings and recommendations. Some of those foundational conclusions might seem self-evident to some, but the Commission did not start with any preconceived notions. The following foundational conclusions, which might also be called "assumptions," became ingrained in the Commission's analysis gradually over the course of its work:

- Past and present Air Force leaders have committed the resources and effort needed to allow the Reserve Components to maintain the same standards of skill and operational readiness as the Active Component.
- The Air Force successfully has built capacity in its Reserve Components over time by adhering to, and funding, a single standard of operational readiness throughout all components. In other words, the Air National Guard and the Air Force Reserve are held to the same standards of operational readiness as is the Active Component.
- Part-time force structure—that capability delivered by traditional Reservists and Guardsmen who do not serve continuously on active duty—costs less than the force structure provided by full-time personnel.
- The Air Force can, and should, entrust as many missions as possible to its part-time force.
- Transitioning missions from the Active Component to the Reserve Components would allow the Air Force to perform these missions with less expensive part-time Reservists while reducing the end strength of its Active Component, saving money in the military personnel accounts that it can put to use in readiness, modernization, and recapitalization accounts. In this way, all components of the force will remain more ready and mission capable, and the Air Force will retain the capacity to surge its forces when needed.
- There is an irreducible minimum below which the Air Force cannot prudently cut Active Duty end strength without jeopardizing war-fighting capability, institutional health, and the ability to generate future forces.
- While Reserve Component force structure costs less than that of the Active Component, conducting operations with Reserve Component forces is not always less expensive than doing so with Active Component forces.

These foundational conclusions will

COMMENT

I became a part of Total Force Integration in May 2007 when the 192nd Fighter Wing of the Virginia Air National Guard was integrated with the First Fighter Wing at Langley Air Force Base. At that time I was serving as the E-7 Chief Host Aviation Resource Manager. Before our move to Langley, we felt confident in our abilities. It did not take long before our Guardsmen were considered experts and often viewed as the "go-to" people. Citizen Airmen bring unique and invaluable skill sets that are shared with our Active Duty counterparts.

Guardsmen have consistently been great trainers who present significant knowledge bases for their Active Duty counterparts. Since Guardsmen do not PCS, they seem to be the new stability, "holding down the fort" as well as participating in deployments and other wartime efforts.

MSgt (Ret) Mary I. Meyer, Virginia Air National Guard

receive amplification in other parts of this report.

The Strategic Environment

Although the future security environment is unpredictable, the Commission assumes it will remain at least as complex and dangerous as it is today. The United States must prepare for an array of overlapping challenges from state and non-state actors, including transnational criminals, terrorists, and other violent actors. As emerging powers refine their capabilities and leverage new technologies, the permissive air and space environment the Air Force has enjoyed during the wars in Iraq and Afghanistan may not persist.

The Air Force also must be prepared to respond in the context of other destabilizing global trends, such as urbanization, demographic shifts, competition for resources, insecurity in cyberspace and outer space, and natural disasters. Because adversaries have learned to engage us asymmetrically to avoid challenging us conventionally, the Air Force must be prepared to deal with enemies armed with weapons of mass destruction and those who will leverage anti-access, area-denial capabilities that increasingly challenge the nation's traditional power projection strategies. Further, the Air Force must adapt to operate alongside traditional and new allies who may possess varying levels of military capability.

Meanwhile, the Commission assumes that even after the redeployment of most combat forces from Afghanistan, the steady-state demand on the Air Force—particularly air mobility capabilities, cyber forces, and intelligence, surveillance, and reconnaissance (ISR) assets—will continue to be high. Unforeseen crises and natural disasters, as well as regular military engagement and partnership missions called for in the President's strategy, will drive this demand. Although the Air Force will see periods of crises and "surge," there will exist no bright-line distinction between peace and war. The high demand for airpower will be continuous. The Air Force must retain the ability to surge high-end war-fighting capabilities with little or no advance notice while also sustaining capabilities across the spectrum, from humanitarian assistance and peace-keeping operations to its part in the nation's nuclear deterrence and assurance mission. Additionally,

AWACS COMMANDER

Lt Col Keven "Hitch" Coyle, Commander of the 960th Airborne Air Control Squadron at Tinker AFB, Okla., recently returned from his 12th deployment to Southwest Asia. He has deployed in five different weapon systems and three different mission sets: Airborne Warning and Control System (AWACS), the Control and Reporting Center (CRC), and Special Operations. He has been serving on active duty for 14 years and has worked and deployed with Guard and Reserve colleagues.

Lt Col Coyle has seen both sides of the 1:2 deployment target. AWACS is a high-demand, low-density asset. In order to meet the needs of the Combatant Commander (CCDR), his squadron's current deploy-to-dwell is 1:1 with his crews serving 180-day deployments. He is fully aware that the CCDR's needs drive the mission, but, as a squadron commander, he must balance that need with the needs of his people. He believes shorter deployment durations would provide a more balanced approach in meeting both needs. A 120-day deployment with a 1:2 deploy-to-dwell rotation would still satisfy CCMD mission requirements while enabling him to expand the pool of qualified aviators to deploy. This would keep his force fresh and build the unit's experience, too.

While deployed, his crewmembers flew approximately three times per week, but operations officer duties kept Lt Col Coyle on the ground more than he would like. "Flying often when deployed is a good thing," he said. "Time flies when you are busy. It is during the down times when you really miss your family and deployments seem to drag on." His 275 enlisted members and officers continually impress him with their willingness to sacrifice for the good of the nation. This dedication does not come without a cost, and Lt Col Coyle admits his family—a wife of 16 years and three children—bears the greatest cost of his service. He has missed many birthdays, baptisms, anniversaries, and holidays due to deployments.

"Team Tinker" includes units in all three Air Force components, and Lt Col Coyle sees cultural differences between the two Reserve Components and the Active Component resulting from operational tempo and laws. When working beside their Reserve and Guard colleagues, Active Component members see firsthand an opportunity to serve that offers relief from their deployment schedule and frequent moves. Lt Col Coyle said he has met many individuals who did not excel during their active duty time yet had fantastic Reserve careers. Conversely, he has met traditional Reservists who returned to active duty and continued to excel. The Active, Guard, and Reserve "complement each other very well," he said.

man-made and naturally occurring threats to Americans' well-being at home will demand that the Air Force provide traditional air defense as well as contribute military support to both the nation's Governors and non-DoD federal agencies.

The Air Force's structure must be adaptable to this broad range of missions and unforeseen challenges. Given these strategic realities, the Air Force cannot organize force structure along traditional AC-RC lines. The Reserve Components cannot be a traditional strategic reserve. Accordingly, Air Force men and women must be capable of meeting shifting, diverse demands in near real time. Doing so will require a scalable blend of full-time and part-time Airmen who all maintain appropriately high degrees of readiness. The nation will require these changes in force management irrespective of budget limitations.

The Force Structure Puzzle

Pentagon force managers repeatedly testified to the Commission about the difficulty they have in meeting day-to-day Combatant Commander (CCDR) "demand" for air power within the given supply. This phenomenon also is reflected in the Air Force's struggle to meet the 1:2 deploy-to-dwell requirement in the Active Component. Yet, force planners from the Office of the Secretary of Defense, the Joint Staff, and the Air Force consistently testified to the Commission that, by their calculations, there exists excess capacity in the Air Force. This apparent gap between planned requirements and actual day-to-day "demand" seems to stem from a discontinuity between force planning and force management processes and expectations.

In the Pentagon's force-planning process, force structure is designed based on predicted surge requirements for large-scale warfare scenarios, which can be envisioned up to 20 years in the future. This process is meant to ensure that the services are structured to meet the most stressful future war-fighting cases. Day-to-day operations, however, generate independent demands for capabilities such as Intelligence, Surveillance, and Reconnaissance (ISR), airlift, and partner engagement, as do unforeseen crises from each Combatant Commander that are simultaneous, nearly continuous, and unrelated to the scenarios on which the force structure originally was planned. These unconstrained CCDR demands often exceed available capabilities. The day-to-day stress is exacerbated further if crises in the homeland generate demands from Governors for military support to civil authorities, which are also not well captured in the force planning process—or, if considered at all, assumed to be "lesser-included" cases. These phenomena create stress on the force that could be mitigated with more realistic force structure planning regarding steady-state peacetime missions including those at home, better management of CCDR demand, and more efficient balance and utilization of the Active and Reserve Components.

The current force-planning process, coupled with the high cost of some systems, has caused a decades-long shortage of high-demand, low-density assets, such as U-2 and J-STARS. For such assets and several other mission areas, the steady state has been more stressful than the wartime requirement. It would take tectonic shifts in the DoD planning process to account more realistically for manpower and systems required to meet steady-state requirements. Accordingly, the Commission has taken the force planning process as it is, but recognizes that the steady-state world is demanding of force structure. The best available cost-effective solution is to increase Reserve Component capacity to meet peacetime surges and to relieve the demands on the Active Component. A rotational force structure that includes significant use of the Reserve Components would help meet these requirements.

The Commission determined the following principles of force structure and force management that will allow the Air Force to meet present and future mission requirements within the limit of resources the Commission believes will be available.

Principles of Force Structure

- Both the Active and Reserve Components provide unique value to the nation. The Total Air Force cannot succeed without three strong components. Prudent reductions in the Active Component will produce meaningful cost-savings, mainly in the military personnel accounts, and can reduce the need for cuts to readiness, modernization, and recapitalization.
- The Air Force can maintain operational capacity and capability and reduce stress on the Active Component by maintaining or increasing the end strength of the Reserve Components, particularly in part-time Reservists and Guardsmen, and increasing the regular, periodic, and predictable use of those forces.
- Greater reliance on a larger Air Reserve Component provides a quickly reversible way to take manpower cost savings, maintain the ability to surge combat capability when needed, and gain additional return on investment of high-cost, high-value training received by Active Component Airmen. It also maintains a link to communities and states throughout the nation in our unique form of federalism.
- In order to gain maximum benefit from the Reserve Components, the Air Force must program sufficient operational support funding to

NOBLE EAGLE

Traditional Guardsman Lt Col Tim Duffy and Maj Dan Nash, a full-time Guardsman, were ordered to scramble their F-15 Eagles at Otis ANG Base, Mass., at 8:46 a.m. on Sept. 11, 2001. Five minutes earlier, having heard of a potential hijacking, they suited up and already were heading for their jets when the klaxon sounded. Lt Col Duffy actually had real-world experience, having intercepted a hijacked Lufthansa flight in 1993.

When they took off less than a minute later, what would become Operation Noble Eagle began. In the ensuing six months, Guard, Reserve and Active fighter pilots flew more than 19,000 sorties compared with 147 sorties in the previous year. Through April 2013, Noble Eagle logged 64,000 total sorties, 65 percent flown by Air Reserve Component pilots.

However, the air defense mission, which numbered about 1,200 interceptors in 1960, was nearly eliminated in the mid-1990s when the need for homeland air defense seemed unnecessary in the post-Cold War years. On Sept. 11, 2001, the responsibility for immediately defending continental U.S. airspace was in the hands of 14 aircraft standing alert at seven sites. Two sites were in the Northeast Air Defense Sector, at Otis and at Langley AFB, Va., each with two aircraft.

Though Lt Col Duffy and Maj Nash had been ordered to scramble and others would soon receive similar orders, some 60,000 Guardsmen followed their militia principles, put their civilian obligations aside, and reported for duty that day. National Guard Airmen would fly 179 missions that day.

Among them was Col George Degnon, Director of Staff for the National Commission on the Structure of the Air Force. Then a major in the 121st Fighter Squadron, 113th Wing, District of Columbia Air National Guard, he flew F-16s out of Andrews AFB. His civilian job was as a first officer with United Airlines, but on Sept. 11, 2001, he had the day off. He heard of the attack on the World Trade Center as he and his wife were returning home from dropping their two children off for their first day of school. "I saw F-16's flying up the Potomac on TV and realized it was time to call the squadron." He was put on crew rest— "I tried to nap, but that was useless"—before heading to Andrews at 5 p.m.

"I wound up flying two times that first night, the first a 3½ hour sortie on night vision goggles and the second a two-hour sortie during dawn." The first sortie he was sent to check on an "unknown rider," which turned out to be a state trooper helicopter landing at Manassas. For a week Col Degnon pulled the graveyard shift. "On the late nights it was some eerie flying. We were capping (combat air patrol) over Washington and Camp David. I was able to see water flowing into the burning Pentagon and see all of the devastation as I capped overhead."

permit utilization of individuals and units through volunteerism or under the authority of 10 U.S.C. § 12304b.

- Increasing Active-Reserve integration of headquarters and units as well as increasing the number of integrated or multi-component ("associate") units will lead directly to improved processes and more effective and efficient employment of the Total Air Force.

- Removing numerous barriers to a "Continuum of Service," in which Airmen have greater flexibility to leave and re-enter Active and Reserve service throughout their careers, will enable more effective and efficient utilization of an integrated Total Air Force. Some of those barriers are contained in law, but others reside solely in service policy, tradition, and culture.
- In addition to removing barriers to transitioning between components, Congress and the Department of Defense should modify laws and regulations that unnecessarily limit or restrict the length of service by qualified Airmen. Doing so will allow the Air Force to capitalize more fully on the cost of training those Airmen.

The Commission also learned that even large military personnel and force structure reductions cannot completely close the budget gap created by anticipated funding levels, especially for an Air Force that is transitioning to modern, multi-role aircraft and still in possession of an installation infrastructure that was built for a much larger force than exists today or should, in the Commission's view, exist in the future. Instead, personnel and force structure cuts lead to inefficiencies as dwindling forces are spread in too small numbers across multiple bases.

Accordingly, the Commission addressed three issues that some have described as "third rails" of force structure. The Commission felt it would not be true to its charge from Congress if it did not do so.

- To provide more coherence between force structure as planned and day-to-day force management, and to mitigate stress on the force, the Commission recommends that Combatant Commanders not be permitted to take an unconstrained view as they plan for the employment of air power for contingencies or steady-state operations in their theaters. There is, and will be, only a finite amount of air, space, and cyber power the Air Force and its people can provide. Force planning "demand" must take into account the reasonable "supply" of capability available.
- The Commission recommends that both the Air Force and Congress consider ways to reduce the infrastructure footprint that the Air Force must maintain, giving due consideration to the importance of community presence and the vital role played by the National Guard in carrying out missions for Governors, the other commanders in chief in our federal system.
- If the Air Force determines that the elimination of entire aircraft fleets or other missions is required, the Commission recommends the development of a comprehensive plan that specifically addresses the locations and capabilities involved, the plan for the future utilization of the Airmen affected, and the means by which the mission capabilities that are lost will be replaced, if they will be replaced, and when that replacement will occur to ensure no gap in war-fighting capabilities.

In the chapters that follow, this report will address specific findings and recommendations regarding resources, force structure, and force management.

For additional detail refer to:

Appendix A: The statute forming the National Commission on the Structure of the Air Force

Appendix B: The full list of the Commission's recommendations

Appendix C: The officials responsible for implementing the Commission's recommendations

Appendix F: The full list of Commission hearings, site visits, and staff visits

Appendix G: Individuals who testified and provided oral comments to the Commission

Appendix H: Glossary of terms and acronyms

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> "Today we face the danger that our current budget crisis and the steep, abrupt, and deep cuts imposed by sequestration will cause an unnecessary, strategically unsound, and dangerous degradation in military readiness and capability."
>
> *Secretary of Defense Chuck Hagel in a speech delivered to the CSIS Global Security Forum, Nov. 5, 2013*

CHAPTER 2

RESOURCES

The Department of Defense, like the rest of the federal government, experiences budget reductions, especially in times of austerity and following periods of war when hostilities are winding down. Nonetheless, a decade of war has taken a heavy toll on weapon systems, equipment, and personnel. DoD must recapitalize and, in most cases, modernize old and battle-worn equipment for future threats. Because the Commission anticipates that over the next ten years funding levels are not likely to rise much above those specified by the Budget Control Act (BCA) and Sequestration, the Air Force must find innovative ways to manage its resources.

In order to make responsible changes to resource management, the Air Force must have accurate and consistent ways to measure costs. The Air Force must also be allowed the flexibility to manage its various accounts in ways that optimize effectiveness and maximize efficiency. Heretofore, Congress has constrained the military from taking a holistic and strategic approach to managing this necessary down-sizing by prohibiting cuts in accounts such as installations. These constraints drive greater cuts to modernization and readiness than a more flexible approach would and thus increase operational and strategic risk.

Operational Support

Elsewhere, this report explains why the Commission believes that greater operational use of the Air National Guard and Air Force Reserve (together referred to as the Air Reserve Component or ARC) can mitigate the risk and potential stress caused by reducing Active Component end strength. The Commission repeatedly has heard formal and informal testimony, supported by written reports from Air Reserve Component leaders, that the ARC can do more if sufficient funding is provided. The Commission also has received testimony that "man-day" or "man-year" funding, originally in the base budget to fund Air Reserve Component support for active duty missions, sometimes has become unavailable to operational commands because it is transferred to meet other priorities.

If the Air Force Reserve and Air National Guard are to contribute in the manner the Commission recommends, it is important that budgetary plans

are made for that use and that controls exist to ensure that the funds are executed as planned. Utilizing the part-time or traditional members of the Reserve Components on a rotational basis of approximately 1:5 (one period of active duty followed by five times that duration on traditional Reserve duty) would provide the Air Force with more than 18,000 additional man-years of service annually. In the integrated Total Air Force model the Commission recommends, such service could be provided both by individuals and units and would be in addition to the service already provided by Airmen who serve as Active Guard and Reserve (AGR), Air Reserve Technicians, and Federal Technicians.

The Commission has learned through testimony and research about various methodologies for computing cost of personnel and operations beyond annual appropriations and outlays (for example, Military Personnel TOA seen in Figure 1). The Commission concluded that no one model incorporates all significant factors and satisfies all the measurements needed to make force structure decisions. The Commission also concluded that continuing to experiment on ways to modify various cost modeling tools in search of a perfect model is not productive.

The Reserve Forces Policy Board (RFPB) conducted a study that sought to capture the "fully burdened cost" of Active Component and Air Reserve Component personnel. Its basic premise was that all elements of personnel costs—for example, salary, child care subsidies, commissaries, DoD schools, retirement pay accrual, health care, installation costs, and contributions by other government agencies such as the Veterans Administration—should be considered when trying to determine the actual cost of utilizing a component. The RFPB Chairman testified that its approach to this question was driven by what it considered the inadequate and misleading approaches to personnel costs currently used.

Both the RFPB's Chairman and its Military Executive testified and conceded that the question of which specific elements should be included in calculating the fully burdened cost was not settled. Their main recommendations were that DoD adopt a fully burdened cost approach to calculating the true cost of personnel, and that the Department should publish a specific methodology for use in calculating that cost. In responses to Commission requests for information, the Department of Defense Director for Cost Assessment and Program Evaluation (CAPE) indicated agreement with the principle of accepting a fully burdened cost approach, but disagreed with the RFPB as to what particular elements of cost should be included in such a calculation.

In the Commission's own examination of cost methodologies, it also found that most approaches to measuring cost do not connect expenditures with common measures of military outputs, further complicating the application of differing cost approaches. In other words, each

DEFINITIONS

RECAPITALIZATION
Replacing an existing weapon system with another weapon system. Frequently, the new weapon system is more modern than the existing weapon system.

MODERNIZATION
Updating an existing system to improve operational capability or technical performance.

MAN-DAY
Military funding paid to Reservists to perform duty over and above their minimum number of days for inactive duty training and annual tour. Each Man-Day pays the member one day's base pay, housing allowance, subsistence allowance, and other appropriate military pay entitlements.

LIFE-CYCLE COSTS
(1) The total cost of a piece of equipment from its development, fielding, and sustainment through retirement. (2) The total cost of an Airman in service to the nation, from entry into service through death, including the costs of training, service, and benefits.

HOLLOW FORCE
A military force that appears mission-ready but, upon examination, suffers from personnel, equipment, and maintenance shortages or from deficiencies in training.

WARM BASE
An installation or part of an installation without permanent operational forces; such installations are maintained at a level that will allow rapid re-occupation by operational forces.

approach to measuring cost does some things and does not do some things, and, in large part, the differences are related to differing assumptions and output metrics.

The Commission concluded that simply measuring the payroll cost of an individual service member is inadequate. "Life-cycle" or "fully burdened" cost that includes benefits and retirement for personnel must be considered. Moreover, how the nation intends to employ Active Component and full- and part-time Air Reserve Component personnel as a Total Force will affect the comparative cost of a given force mix. In addition, the Air Force must perform certain core functions, such as procurement and RDT&E (Research, Development, Test, and Evaluation), that support all components of the Air Force. Those costs must be accounted for but are not easily allocated to any one component.

The Air Force has taken significant steps to adopt a fully burdened cost approach with its Individual Cost Assessment Model (ICAM), initially developed by the Air Force Reserve as an effort to provide a tool to estimate burdened life-cycle and annual manpower cost for the three-component Air Force. ICAM is a simulation that models individual Airmen over time along the myriad possible career paths beginning with accession and ending at separation from the Air Force (prior to earning retirement benefits) or death.

Notwithstanding differences in recent efforts to compare the cost of the Active Component against the Reserve Components, the Commission concluded that there is a consensus that a part-time force used on an individual or rotational basis should be significantly less expensive on a fully burdened basis than an Active force of equal size. Beyond the obvious point that part-time Airmen get paid only when they are in training or supporting real-world missions, there are several other considerations.

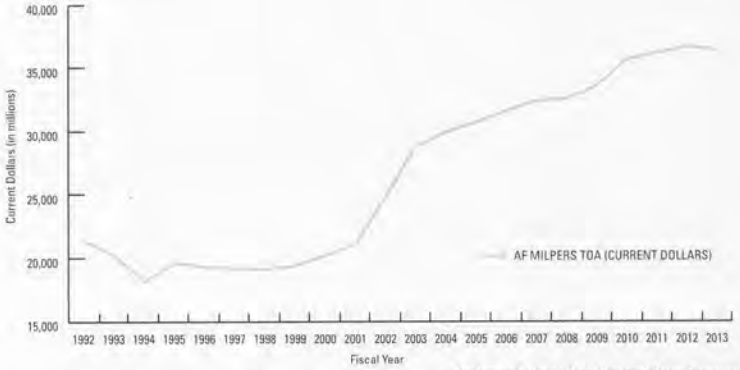
First, Air Reserve Component forces are required to train fewer Airmen "from the ground up"; instead, the Reserve Components benefit from being able to acquire seasoned Airmen from the Active Component.

Second, seasoned Airmen require less periodic training to retain wartime skills. In particular, Reserve Component flying squadrons can maintain proficiency with fewer flying hours per month than an Active unit, which amounts to tens of millions of dollars in savings each year.

Third, Reserve Airmen sometimes have civilian occupations in fields closely aligned to their Air Force jobs, which also reduces costs associated with maintaining military skills. This is the case in areas as diverse as medicine and cyber defense.

Fourth, Reserve Airmen cannot receive retirement pay until age 60 and are generally not supported by Air Force–supplied housing, child

FIGURE 1: **Air Force Military Personnel TOA**



Data from the Air Force's FY 2014 President's Budget Submission (http://www.saffm.hq.af.mil/budget/).

care, schools, health care, and Morale, Welfare, and Recreation facilities.

There are, of course, some offsetting costs, such as the full-time pay of AGRs and Technicians who support Reserve units administratively and for training, in addition to the higher pay levels generally associated with more experienced forces. Compared to the Army, the Air Force has a greater proportion of its Air Reserve Component personnel on full-time duty. This level of full-time manning merits further analysis for the potential of additional cost savings.

Based on the record before the Commission, and subject to all the caveats set out above, the Commission determined that the cost of a traditional Reservist, who is not performing active duty missions during a year, is approximately 1/6th the cost of a full-time Active Component Airman. Much more work can, and should, be done by DoD to arrive at an accepted measure of cost. Equally important, the costs of both Active and Reserve forces are essentially the same when each is providing full-time service. Therefore, the significant cost savings attributed to Reserve forces are only possible when those forces can be used on less than full-time basis until mobilized for a national emergency.

Pay and Benefits

As the DoD's Comptroller, Robert Hale, testified to Congress in 2012, "The cost of pay and benefits has risen more than 87 percent since 2001." Figure 1 on Page 23 illustrates the increasing Military Personnel costs for the Air Force over the past two decades. Such increases compete with modernization and readiness and necessitate more cost-effective utilization of the Total Force, including reductions in personnel spending.

Thus, the Commission supports the recent establishment of the Military Compensation and Retirement Modernization Commission and anticipates that its conclusions will find savings by leveraging best business practices for retirement and benefits while still keeping faith with our Airmen and their families. The Commission's recommendation to rebalance the Active Component and the full- and part-time Reserve Components should also create efficiencies in personnel accounts. These efficiencies should provide some relief to the resource pressure on readiness, modernization, and recapitalization imposed by the perfect storm of increasing personnel costs and declining Defense budgets.

Infrastructure and Installations

Shifting to a Total Force that is more reliant on the Reserve Components and characterized by more integrated associate units will have implications for installations. For example, associating an Active unit with a Reserve unit (or vice versa) will allow collocation of personnel and consolidation of support infrastructure. Greater utilization of Air National Guard bases is inherently less expensive because those bases tend to have fewer non-operational facilities than Active Component installations do.

The Commission recognizes that movement of Active Component force structure to more austere bases at which assigned personnel and their families utilize community-based support services could have implications for retention. The Commission did not receive specific data on that question, but acknowledges it as one of many considerations involved in the review of infrastructure adjustments.

Likewise, the proposed divestitures of complete aircraft fleets will have obvious implications for the bases where those aircraft are located. Ignoring personnel shifts and reductions and attempting to operate the same number of bases at the same level of effort will require cuts to readiness funding accounts. Warm-basing may, in some cases, be a better,

more cost-effective option than closing bases as it can save in conversion costs while also leaving infrastructure available for future contingencies. However, without authorization from Congress to warm base or close installations, the Air Force would lose the financial advantages gained by the force structure reductions this Commission recommends.

Air Force leaders repeatedly have pointed out that the Service already has significant excess infrastructure. The trends described in this report, combined with any divestitures of complete aircraft fleets, likely will increase that imbalance. Moreover, increasing the number of associate units will allow consolidation of support infrastructure, which would create added efficiencies.

Additional mitigation of the stress on a smaller Active Component force could be achieved by reducing the total amount of infrastructure at some selected CONUS bases. In the near term, the Commission believes that can be done within authorities currently available to the Air Force by moving some force structure from Active Component installations to neighboring Air National Guard installations that have sufficient existing capacity to absorb additional force structure.

Many Air Reserve Component bases have the infrastructure in place to absorb more aircraft, equipment, and the attendant manpower. The Air Force built these bases in such a way that they could handle a squadron the size of an Active Component squadron. Typically, Air Reserve Component mobility squadrons have eight aircraft compared to Active Component squadrons of 12, while Air Reserve Component combat squadrons have 18 aircraft compared to Active

THE GROUNDING

First Lieutenant Paul M. Baker arrived at Hill AFB, Utah, in February 2013 with about 80 flying hours at the F-16 Basic Course and was assigned to the 4th Fighter Squadron of the 388th/419th Total Force Integration (TFI) Fighter Wing. Less than two months later he was grounded. The reason: Sequestration.

The automatic budget cuts that went into effect last April under the Budget Control Act prompted the Air Force to stand down 17 Combat Air Force squadrons. Air Combat Command (ACC) chose to ground units furthest from being tasked by Combat Commanders, and because the 4th FS had just completed a PACOM Theater Security Package deployment, it made the list.

The stand-down lasted 3½ months, during which time the squadron's 24 assigned pilots and aircraft were unavailable for any missions. Though they continued classroom and simulator training, pilots could not maintain their readiness levels without actually flying. Thus, the grounding's impact lasted long after July 15 when ACC authorized the 4th to return to the skies. To be considered combat mission ready (CMR), an inexperienced F-16 pilot must fly 10 sorties per month or have flown 30 sorties in the past 90 days; an experienced pilot must fly eight sorties per month or have flown 24 sorties in the past 90 days. The basic mission capable (BMC) rate is five sorties per month for experienced pilots and six sorties per month for inexperienced pilots. The sortie total is termed "look back," and each month the squadron commander assesses each pilot's 30-day look back; if the pilot has not met the 30-day look back, they can still meet the 90-day look back minimum to be considered CMR.

With the help of the attached 388th FW instructor pilots and the Reserve instructor pilots in the 419th Fighter Wing (AFRC), the 4th began its three-ride reconstitution spin-up program on July 16. It took until the end of August for 21 pilots to achieve CMR. That number fell to 18 in September when the end of the Fiscal Year 2013 Flying Hour Program limited the number of sorties available. "Since there was only one half of a month of flying in July, no 4th FS pilot had the 90-day look back to make them CMR when they did not meet the 30-day look back requirement," said 4th FS Commander Lt Col Todd "T-Bone" Robbins.

The 4th FS stood down again on Oct. 1 for eight days because of the government shutdown. "With the loss of eight operations and maintenance days, again only 18 pilots of 23 achieved CMR status," Lt Col Robbins said. "Consequently, the 4th FS could not be considered CMR as a whole by all readiness standards."

That the 4th even achieved the readiness level it did in August was due to the performance of the 4th Aircraft Maintenance Unit, "who surpassed expectations in terms of sortie production," Lt Col Robbins said. "However, since the initial return to fly, the 4th FS CMR status has been very tenuous because the squadron does not have the long-term readiness levels to fall back on when additional training disruptions occur, such as the eight-day stand-down in October."

The stand-down's impact on individual pilots such as 1st Lt Baker could be far reaching. During the time he was grounded due to sequester, his peers at other F-16 squadrons accomplished 60 to 80 flying hours of training. That means Lt Baker is 30 percent to 50 percent less experienced in the F-16 cockpit compared to his peers. "This individual effect has a disproportionate impact on inexperienced pilots' ability to survive in a combat environment because they lack a broad experience base," Lt Col Robbins said.

Component squadrons of 24. This presents an opportunity to realize efficiencies by shutting down or warm basing an Active Component base and increasing the footprint at nearby Reserve Component bases.

For example, Mountain Home AFB, Idaho, has shrunk to only two Active Component F-15E squadrons with a total of 45 aircraft. Nearby Boise ANGB currently has one squadron of 18 A-10s. A divestiture of the A-10s would present an opportunity to move up to 24 F-15Es to the Boise ANGB base in an integrated wing construct. The remaining F-15Es at Mountain Home could be moved to another location.

■ RECOMMENDATIONS

1. Cost Approach: DoD should formally adopt the "fully burdened cost" approach to calculating military personnel costs, and it should apply analytic methods that focus on appropriate outputs along with life-cycle costs. The Department should then modify DoD Instruction 7041.04 to establish a common list of the various elements of pay, benefits, and other costs that contribute to the "fully burdened" or "life-cycle" cost that all services would then use in calculating the cost of personnel. This will enable the Air Force to accurately assess force structure issues and choices in terms of fully burdened, total life-cycle costs of human capital, as well as operating costs of units and aircraft.

2. Budgeting Flexibility: In the Fiscal Year (FY) 2015 National Defense Authorization Act and Defense Appropriations Act, Congress should allow DoD increased flexibility in applying budget cuts across budget categories, including installations.

3. Resourcing the Reserve Components: To ensure the Air Force leverages full capacity of all components of the force, in its FY 2016 Program Objective Memorandum, the Air Force should plan, program, and budget for increased reliance on the Reserve Components. The Commission recommends: (1) the Air Force should include in all future budget submissions a specific funding line for "operational support by the Air Reserve Component" to clearly identify those funds programmed for routine periodic employment of the ARC either as volunteers or under the authority of 10 U.S.C. §12304b; (2) in its future budget submissions the Air Force should program for approximately 15,000 man years of operational support annually by the Air Reserve Component; (3) in succeeding years, the Air Force should monitor the execution of this program element to ensure it is utilizing the Air Reserve Component to its fullest extent.

4. Infrastructure: The Air Force should consider, and Congress should allow, the closing or warm basing of some installations.

For additional detail refer to:
Appendix I: Charts on war and post-war spending cycles and Air Force end strength over time.

"You can't surge trust."

Lieutenant General Bradley A. Heithold, Vice Commander, U.S. Special Operations Command, in an interview with National Commission on the Structure of the Air Force staff, Oct. 29, 2013

CHAPTER 3

REBALANCING THE COMPONENTS

Since the end of World War II, the nation has maintained separate identities for the National Guard and Reserves despite several attempts at merger. Notable among them were the Gray Board of 1947 that recommended abolition of the National Guard, and Secretary of Defense Robert McNamara's attempt in 1964 to merge both Reserve Components of the Army under the National Guard. Defense Secretary James Schlesinger's introduction of the Total Force Policy in 1973 created momentum to integrate Reserve forces with Active Component forces, increasingly blurring the distinctions among the components. Each reform attempt has triggered strong opposition from some individual, organization, or faction.

In contrast, ever since the first large mobilization of the Reserve and National Guard in 1990, the Air Force steadily has embraced the evolution and, ultimately, total transformation of its Reserve Components from a ready, but essentially strategic, reserve force to today's operationally capable and readily available force. Nevertheless, the Commission is convinced that the Air Force must change the way it organizes, functionally integrates, aligns, and employs the great Americans who volunteer to serve in its ranks.

Within each component, the Commission observed an increase in headquarters structure and staff. The growing size and number of these headquarters increases tail, and the stovepipe nature of each component further insulates them from greater and healthier integration. Increasing integration of headquarters and units and the number of associate units will lead directly to improved processes and more effective and efficient employment of the Total Air Force.

Successful integration will demand steadily increasing trust among Airmen at all levels of all components. The bonds of confidence that Airmen have built over more than a decade of service in war make it reasonable to believe that the necessary levels of trust among the components can be achieved and maintained.

Component Associations

As early as 1968, the Air Force broke new ground by "associating" an Air Force Reserve unit with an Active Component unit. The two units flew and maintained the same aircraft.

FIGURE 2: **i-Wing Integrated Leadership**

achieving efficiencies by increasing the crew ratio and thus the ability to utilize those aircraft. But they remained separate, collocated units. The Air Force now has 120 current or planned associate units.

Most of these units follow the original "classic association" model in which Air Force Reserve units collocate with Active Component units. A relatively small number involve "active" associations in which detachments of Active Component pilots and maintainers jointly operate aircraft on an Air National Guard base. Sometimes the Active Component personnel are permanently based at the Air Guard installation; in other cases, the Active Airmen commute from a nearby Active installation for duty at the Air Guard base. A few other active associations involve additional permutations of this mix of Active and Guard talent. In another type of association called the Air Reserve Component or ARC Associate unit, Air National Guard and Air Force Reserve units are collocated and share equipment that is owned by one or the other unit.

Commissioners visited associate units of each type and found them to be generally successful. However, the Commission concluded that opportunities remain for continued growth and improvement of the associate unit concept.

ARC associates generally have been the least successful model. Where they operated the same aircraft, the two Reserve Component units competed for the same geographic pool of potential recruits. Such associations also create potential problems of access to Title 32 personnel and equipment during state emergencies.

Classic and Active associate units have not achieved their full potential because they continue to maintain dual chains of command. This unnecessarily increases overhead and creates, at least, the potential for divided loyalties that hold back the development of trust that should characterize a well-led and tightly bonded unit. The Commission also noted that fewer active associate units exist despite the fact that the Air National Guard maintains more units than the Air Force Reserve.

The i-Wing

The Commission concluded that two major changes should occur. The first is an increase in the overall number of associate units. The Commission believes that a "default position" should be that a unit of the Active Component or the Air National Guard should have an associate relationship with an element from another component, unless a substantial reason exists that prevents the formation of a classic or active association.

Secondly, the Commission believes that associate units should have a single, integrated chain of command. For the purposes of this discussion, this report calls these integrated units "i-Wings" (Figure 2).

Increasing use of integrated units, coupled with the changes in Active and Air Reserve Component end strengths, as recommended elsewhere in this report, will enhance the ability of the Air Force to scale its available forces to meet constantly changing demands. i-Wings with significant Air Reserve Component members can be adjusted to meet current demand by adjusting the man-year funding and the opportunities offered to RC Airmen to serve on active duty. Doing so allows easy adjustment to the number of crews, maintainers, or other operators

so that the i-Wing's capability can be scaled to meet demand.

i-Squadrons could be structured with Reserve flights and Active Component flights or could just as easily be fully integrated. A squadron would be manned with Active, full-time Reservists, and traditional Reservists, the composition determined by the Major Command (MAJCOM) and based on the projected wartime and peacetime operating tempo of that unit. For example, the C-17 active-to-ARC crew mix is currently 3.0 active to 2.0 ARC. As the nation reduces its presence in Afghanistan, and with it the probable reduction in peacetime airlift, the need for the high number of Active crews should go down, and the crew ratio could shift more heavily toward the ARC. So, the C-17 squadron could change its composition to a greater percentage of traditional Reservists for the foreseeable future, reducing costs while still able to meet peacetime needs. It also would retain the capability to be recalled for major military responses.

The additional benefit is to the Airmen, who can stay with their weapon system and location to a greater extent by being allowed to move freely among Active, full-time Reservist, and traditional Reservist statuses based on the needs of the Air Force. This open passage will significantly aid retention of our Airmen and reduce stress on the families.

Because legal issues (Titles 10 and 32) as well as administrative control and operational or tactical control issues still need to be resolved, the Commission believes a number of i-Wing pilot programs should be conducted before moving the entire force in this direction.

The Commission recommends that in the i-Wing, unit leadership positions, both officer and enlisted, be filled by personnel of both components that make up the associate unit, and the unit operate as a single entity rather than two, side-by-side commands. The Commission recognizes that while this organizational structure creates a leaner and more efficient structure, it also reduces the number of command and leadership opportunities. Air Force leadership must carefully manage the implementation of this concept to ensure the fair allocation of opportunities. Failing to do so will destroy the trust relationship potential of the i-Wing.

Notwithstanding these risks, the i-Wing is a logical extension of the forward-thinking approach first instituted by associate units. Truly integrated units can create new opportunities for Air Reserve

DEFINITIONS

STRATEGIC RESERVE
A Reserve force intended for use during later stages of a protracted or large-scale operation but not on a day-to-day basis.

OPERATIONAL RESERVE
A term used to describe the current situation in which the Air Force holds Reserve Component forces to the same standards of readiness as the Active Component, and regularly rotates these forces onto active duty service, whether in times of war or in peacetime. Joint Publication (JP) 5-0 defines Operational Reserve as an "emergency reserve of men and/or materiel established for the support of a specific operation."

CLASSIC ASSOCIATION
An integration model that combines Active and Reserve elements, with the Active Component retaining principal responsibility for a weapon system and sharing the equipment with one or more Reserve Component units. Today, the Active and Reserve units retain separate organizational structures and chains of command.

ACTIVE ASSOCIATION
An integration model that combines Active and Reserve elements, with the Reserve Component retaining principal responsibility for a weapon system and sharing the equipment with one or more Active Component units. Today, the Active and Reserve units retain separate organizational structures and chains of command.

AIR RESERVE COMPONENT (ARC) ASSOCIATION
An integration model that combines two Reserve Component elements, with one retaining principal responsibility for a weapon system and sharing the equipment with one or more of the other component's units. Today, the units retain separate organizational structures and chains of command.

TRADITIONAL RESERVIST
A member of the Air Force Reserve who drills one weekend per month and two weeks per year. A traditional Reservist may be activated for contingency operations or extended assignments.

Component leaders and increased opportunities for Active Component Airmen to gain knowledge and confidence in the capabilities of the Reserve Components. With appropriate revisions of some restrictive statutes and policies (see Appendix J), such units will increase the opportunity for mentorship and collaboration among Airmen of differing experience levels. I-Wing units create additional opportunities for Air Reserve Component personnel to deploy on a regular and recurring basis, making better use of their capabilities, keeping those capabilities sharp, and reducing somewhat the frequency and duration of deployments by Active Component personnel.

Increased unit associations also will aid in proportionally and concurrently fielding new equipment. Instead of a "trickle down" approach in which older equipment is assigned to Air Reserve Component units as it is replaced by modern equipment in the Active Component, the Commission believes that new equipment should be "horizontally" fielded across all components annually. Current fielding plans for the KC-46A appear to follow a somewhat similar approach, while the current plans for the F-35 fall considerably short of this recommendation.

The Commission received testimony from the leaders of the Air Force's Total Force Task Force regarding a concept of individual integration of personnel from all three components at headquarters staffs. The Commission supports those initiatives, but with some revision. The Commission sees no reason why key leadership and decision-making positions on those staffs should not be nominative. Again, the Commission believes that integration needs to be carefully managed to ensure that choosing the "best and fully qualified" does not become a route to exclude Airmen of any one component.

If the Air Force manages this process well, it will make full use of the talent available to it, and the process will produce more well-rounded, experienced leaders of all components for future assignments. Also, high-level decision making for the Total Air Force will be better informed by Air Reserve

INTELLIGENCE, SURVEILLANCE, AND RECONNAISSANCE

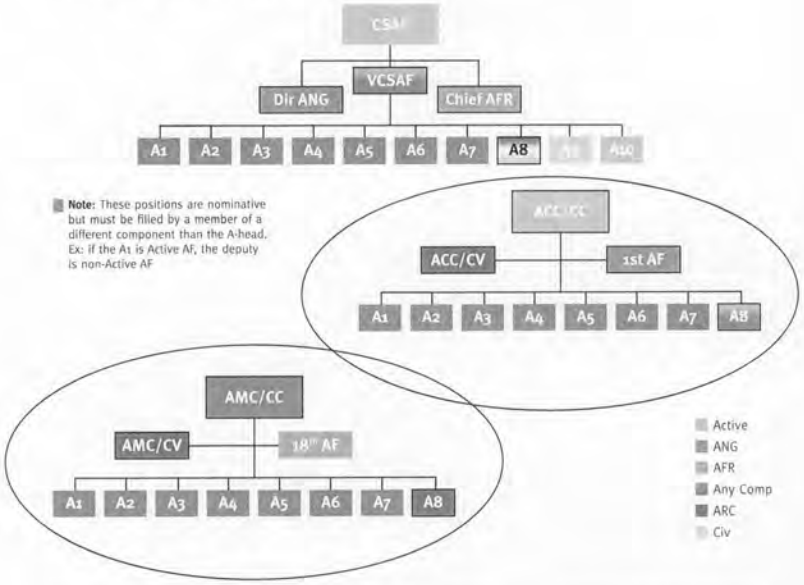
The Air Force rapidly expanded its manned and unmanned Intelligence, Surveillance, and Reconnaissance (ISR) capabilities and capacity over the past decade of war. It increased the number of Predator orbits in theater, improved the aircraft's capabilities, fielded the Global Hawk and MC-12 Liberty aircraft, revived the U-2 program, and expanded the Distributed Ground System (DGS) footprint. The Air Force no longer views ISR as combat support; it is one of the five core mission. ISR manning mirrors that of the Total Air Force with 64 percent in the Active Component, 30 percent in the Guard, and 6 percent in the Air Force Reserve.

Much of the ISR progress has been focused on sensors and collection to meet an insatiable demand for intelligence at all levels, from strategic planners to the platoon patrolling a city block. While both quantity and quality of sensors and collection has expanded, advances in the processing, exploitation, and dissemination (PED) of the data being collected—turning it into actionable information to be distributed to the ultimate users—has lagged. The sheer volume of collected data is driving a demand beyond the capacity of the Active force and requires augmentation that can be provided, full- or part-time, by the Reserve Components.

Reserve Component augmentation can be adjusted like a rheostat; increased when demand is high and decreased as demand drops. To that end, the Air Force in December 2013 activated two Air Force Reserve intelligence squadrons at JB Langley-Eustis, Va. The 63rd IS, reporting to the 480th ISR Wing and the 497th ISR Group, is responsible for operating the DGS-One, allowing it to exploit near real-time data from the U-2, RQ-4 Global Hawk, MC-12 Liberty, MQ-9 Reaper, and the MQ-1 Predator. The 42nd IS supports current operations and contingency planning by providing products to the 36th Intelligence Squadron and the Air Force Targeting Center at JB Langley-Eustis.

Because the intelligence community is globally connected, PED is a suitable mission for the Reserve Components, which can deploy in place and conduct operations with minimal disturbance to home life and employers.

FIGURE 3: **Integration at the Corporate Level**



Component perspectives.

However, as the Air Force progresses toward fuller integration at the unit level, the need for an Air Force Reserve Command as a "force providing" headquarters declines, as does the need for its subordinate Numbered Air Forces. Commanders of operational major commands (Air Combat, Mobility, Space, etc.) and their Numbered Air Forces can make decisions regarding the employment of integrated Air Force capabilities. The Commission believes the current mission of the Air Force Reserve Command and its Numbered Air Forces can be disestablished. However, the requirement for knowledgeable policy-making and advice regarding the Air Force Reserve and Air National Guard will remain (Figure 3).

Accordingly, the Commission recommends the retention of the positions of Chief of the Air Force Reserve and Director, Air National Guard as three-star officers with direct access to the Chief of Staff and with small but sufficient staffs to allow them to properly advise Air Force leadership on policies necessary to recruit, retain, and sustain talented and motivated Airmen in both the Air Force Reserve and Air National Guard.

The Commission believes that an enterprise approach to total Air Force integration can yield significant savings. Adopting the i-Wing construct could conservatively save more than 5,000 Active Component positions. That could result in savings of as much as $2.8 billion over the Future Years Defense Program (FYDP). Integrating Mobility Air Force (MAF) wings offers the earliest and potentially greatest savings, though substantial savings

can be achieved with a like measure in the Combat Air Forces (CAF), Air Education and Training, and Cyber.

According to December 2013 Air Force Reserve data (www.afrc.af.mil), the Air Force Reserve has real estate interests at 66 locations: five Air Reserve bases; four Air Reserve stations; as tenant at 42 Air Force locations, one ANG installation, four Army locations, and three Navy; four ranges; and three miscellaneous locations. The Air Force Reserve operates 33 flying wings, 12 flying groups, and one space wing; most are on Air Force bases.

Exploratory manpower analysis yields the following potential savings of fully integrating Air Force associated units, such as Travis AFB, California (MAF), or Hill AFB, Utah (CAF):

- MAF i-Wing FT manning savings are about 200–300 FT billets;
- CAF i-Wing FT manning savings are about 100-200 FT billets.

Adopting the i-Wing construct could conservatively save 5,800 Active Component positions [5000 (25 tenant wings x 200) + (9 host wings x 30 = 270) + (28 other locations x 20 = 560)]. This is a savings of about $560 million per year or $2.8 billion over FYDP; i.e. 2 percent of AC manpower or approximately 2 percent of the total AC MILPERS account, which is $28 billion in the Air Force's FY 2014 President's Budget Submission (http://www.saffm.hq.af.mil/budget/). For additional information, see figure 4, Page 36.

RECOMMENDATIONS

5. Air Force Reserve Command: Congress should amend 10 U.S.C. §10174 to retain the statutory rank, roles, responsibilities, and functions of the Director, Air National Guard, and Chief of the Air Force Reserve but disestablish the Air Force Reserve Command. The Air Force should inactivate the Reserve Numbered Air Forces, wings, and squadrons. The roles, responsibilities, and functions of disestablished organizations should be assumed by the Secretary of the Air Force, Headquarters Air Force, and MAJCOMS, all of which will have increased representation by Air Reserve

REMOTELY PILOTED AIRCRAFT IN WILDFIRES

"We all remember the tragedy on June 30th in Arizona that claimed the lives of 19 young firefighters. Given the RPA's extraordinary victory in the Rim Fire this summer and the Air Force's success in having Air National Guard Reconnaissance Wings fly RPAs overseas in contingency operations, RPA force structure in the ANG must not only be continued, it is a moral imperative."

Statement for the Record:
Major General David Baldwin, The Adjutant General, California

California's 163rd Air National Guard Reconnaissance Wing flew into history last fall when it deployed its MQ-1 Predator to support firefighters battling the Rim Fire burning around Yosemite National Park. This was the first time a Guard RPA was employed for a Defense Support to Civil Authorities mission. The 163rd Predator launched on Aug. 28 from the Southern California Logistics Airport in Victorville. Capable of flying for up to 22 hours in a single sortie, the Predator captured real-time information that enabled officials on the ground to map the fire's location and progress and identify safe routes of retreat for firefighters battling the 160,000-acre wildfire. This time-sensitive data on the fire's behavior directly streamed to the incident commander on the ground and considerably improved firefighters' ability to contain the fire several days earlier than originally anticipated.

The number of wildfires in the United States over the past 12 years have ranged between 67,000 and 92,000 per year. In the past year alone, wildfires burned more than 9.2 million acres. Civil authorities have been using satellites to provide imagery and assistance to firefighters, but satellite time is expensive and in high demand, and obtaining data can be cumbersome. With the right authorities and permissions, RPAs can provide continuous, near-real-time data in almost any area at a fraction of the cost of satellites.

Other benefits:

- RPAs can provide greater loiter time because they are not subject to manned pilot fatigue.
- From altitudes above 40,000 feet, RPAs are well away from the hazards of smoke and terrain that other aerial fire surveillance aircraft encounter.
- Forest Service regulations prohibit manned aircraft from flying during darkness, so firefighters are forced to fight fires blind after dark. RPAs can fly 24 hours per day, their sensors gathering and feeding data to firefighters around the clock. In fact, thermo sensors on RPAs can actually map fire lines with greater accuracy at night due to the earth's surface cooling.
- The large volume of data RPAs collect can help fire management experts better understand the science of giant fires.

In 2006, NASA operators flew the Ikhana, a civil variant of the General Atomics Aeronautical Systems Predator B in support of the Western States Fire Missions. Throughout the year, the Ikhana's operators used its thermal infrared sensors to map wildfires in six states on missions of up to 20 hours in duration. From an altitude of 40,000 feet, Ikhana's sensors were able to produce imagery that mapped the exact boundaries of the fire. Teams supporting the wildfire missions utilized on-board sensors to identify hotspots and collect other information that was then

Component Airmen, as determined by the Secretary of the Air Force.

6. Staff Integration: The Air Force should integrate the existing staffs of the Headquarters Air Force, the Air Force Reserve, and Air National Guard, similar to the principles recommended by the Total Force Task Force.

7. AFR Unit Integration: The Chief of Staff of the Air Force should direct the integration of Air Force Reserve associations of flights, squadrons, groups, and wings into corresponding Active Component organizations in order to eliminate the current redundant organizational overhead found in classic associations.

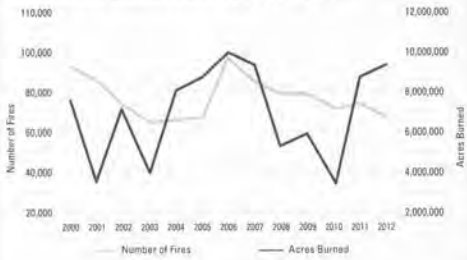
8. Full-Time and Part-Time Mix: The combination of full-time and part-time positions should be determined for each unit depending on weapon system requirements, deployment, and rotation schedule based on optimum matching of the needs of the Air Force, family, and employers. The unit should determine this composition in accordance with the mission assigned and in line with the full-time and part-time ratios represented by the current, independent, Active Air Force and Air Force Reserve units currently sharing missions.

9. ANG Unit Integration: The Chief of Staff of the Air Force should direct the integration of Air Force flights, squadrons, groups, and wings into corresponding Air National Guard organizations in order to eliminate the current redundant organizational overhead found in active associations.

10. ANG Unit Size: The Chief of Staff of the Air Force, in coordination with the Director of the Air National Guard, should change wing-level organizations to group organizations where the Airmen population and associated equipment are more realistically sized at the group level. The unnecessary recent growth of ANG wings from groups created excessive overhead positions that detract from availability to directly support training, peacetime, and wartime missions.

REMOTELY PILOTED AIRCRAFT IN WILDFIRES

U.S. Annual Wildfire Activity (2000–2012)



provided fire commanders on the ground using Google Earth maps. With this integrated data, firefighters were able to map a complex strategy for fighting the fire.

Despite these benefits, significant challenges hinder RPA use in the United States. The FAA requires RPAs to follow the same guidelines as those of manned aircraft, including the ability to "see and avoid," which conventional pilots can do using peripheral vision; RPA pilots do not have that capability. RPAs similar to the Ikhana are testing automated collision avoidance technology to see if such systems can avoid contact with other vehicles in the air as well as on the ground.

In the meantime, RPAs are required to have a Certificate of Waiver or Authorization, commonly known as a COA, in order to operate in the national airspace. These COAs contain information regarding the platform's mission and emergency procedures if the pilot in command happens to lose contact with the aircraft. Natural disasters do not permit authorities the time to build and approve these waivers, so, in high-threat fire locations, COAs are processed for approval in advance.

A large percentage of RPA assets remain overseas. In Remote Split Operations, Air National Guard units perform the Mission Control Element (MCE) function at CONUS bases while the Launch and Recovery Element (LRE) serves close to the assigned mission area.

Civil and military authorities already coordinate through the Modular Airborne Fire-Fighting System (MAFFS) established in 1974. Operated by the Department of Defense, the Air National Guard, and the National Forest Service, a DoD-owned C-130 is configured to carry a Forest Service-owned 3,000-gallon aerial fluid dispersal system. RPAs could either mirror the MAFFS program or be folded into it, allowing the Guard to start operations more quickly. Alternately, the Forest Service could own RPA assets similar to MAFFS while the Air National Guard provides the MCE.

11. Concurrent Fielding of Equipment: As the Air Force acquires new equipment, force integration plans should adhere to the principle of proportional and concurrent fielding across the components. This means that, in advance of full integration, new equipment will arrive at Air Reserve Component units simultaneously with its arrival at Active Component units in the proportional share of each component. As the Air Force Reserve and Active Component become fully integrated, the Air Force should ensure that the Air National Guard receives new technology concurrent with the integrated units. The Air Force should no longer recapitalize by cascading equipment from the Active Component to the Reserve Components.

12. Policy Revisions: Integrating units will require manpower and personnel policy revisions. The Air Force should modify AFI 90-1001 "Responsibilities for Total Force Integration" to establish selection and assignment criteria, the minimum proportion of leadership positions that must be filled by the associating components, and the methods to ensure compliance. The AF/A1 and Air Force Personnel Center should then reassign Airmen in disestablished Air Force Reserve units to integrated Title 10 units composed of Active Air Force, Reserve, full-time and part-time Airmen.

13. DOC Statements: The Air Force should discontinue the practice of separate designated operational capability (DOC) documents for Active and Reserve units of the same type and place the i-Units under single DOC statements. An initial i-Wing pilot program should be conducted at an associate wing that has already established a record of success.

14. Key Leadership Positions: The Air Force should ensure that integrated units are filled competitively by qualified Airmen irrespective of component, but key deputy positions (such as vice, deputy, subordinate echelon commander) should always be filled by an "opposite" component member.

15. Effective Control Measures: The Air Force must establish effective control measures to ensure that both Active and Air Reserve Component Airmen have adequate paths and opportunities for advancement and career development.

16. Awards, Decorations, and Promotions: The integrated chain of command must take special care in managing personnel issues such as awards and decorations, promotions, and assignment opportunities, both for those who seek to compete for increasingly higher levels of responsibility and for those who opt to sustain longevity in exercising and developing a particular skill set.

17. Professional Military Education Positions: Commander, Air University should develop a new baseline for its student and instructor positions to achieve a proportionate representation of the components on faculty and in the annual student body by FY 2018.

18. Total Force Competency Standard: Commander, Air Education and Training Command (AETC) in coordination with the Assistant Secretary of the Air Force for Manpower and Reserve Affairs and AF/A1, should develop a Total Force competency standard for officers, non-commissioned officers, and enlisted Airmen across all specialties and career fields before the end of FY 2016. The AETC Commander should conduct a comprehensive curriculum review, similar to the one it completed for the Nuclear Enterprise in 2008–2009, to support professional and technical military education goals necessary for Airmen of all components to acquire cross-component skills, knowledge, comprehension, and analytic capability. The review should be completed by FY 2017, and the Chief of Staff of the Air Force should ensure a Total Force competency standard is implemented by FY 2018, such that it is available and resourced for all Airmen.

19. Access to Non-Resident Education: Commander, AETC should ensure that revised curriculum and competency standards are achievable by appropriately structured non-resident education programs equally accessible to personnel of all components. This must include special attention to the numerous ancillary training requirements that impose extraordinary burdens on traditional Air Reserve Component Airmen who must complete much of their training via distance learning but lack time and access to required information technologies to complete those training requirements in a timely manner while on drill status. A goal should be set to reduce unnecessary training requirements and to add flexibility to acceptable methods of completing those requirements that remain.

For additional detail refer to:

Appendix J: Selected Statutes and Policies

"We have just won a war with a lot of heroes flying around in planes. The next war may be fought by airplanes with no men in them at all. It certainly will be fought with planes so far superior to those we have now that there will be no basis for comparison. Take everything you've learned about aviation in war, throw it out of the window, and let's go to work on tomorrow's aviation. It will be different from anything the world has ever seen."

Quote attributed to General Hap Arnold, U.S. Army Air Forces (USAAF), on VJ Day, 1945, in U.S. Air Force Global Vigilance, Global Reach, Global Power for America.

CHAPTER 4

SIZING AND SHAPING THE FORCE

During hearings and visits to Air Force installations around the country, the Commission learned about the strengths and capabilities resident in all components of the Air Force. Air Force policies have ensured that all units and individuals of the Active Air Force, the Air National Guard, and the Air Force Reserve train to the same level of excellence and are thus equally ready to "fight tonight."

Because all components are held to the same standard of readiness, the Air Force can maintain capacity and capability and reduce stress on the Active Component by maintaining or increasing the end strength of the Reserve Components and increasing regular, periodic, and predictable use of those forces. Prudent reductions in the Active Component will produce meaningful cost-savings, mainly in military personnel accounts, and can reduce the need for cuts to readiness, modernization, and recapitalization.

Greater reliance on a larger Air Reserve Component provides a quickly "reversible" way to take manpower cost savings. ("Reversibility" is called for in the President's 2012 "Priorities for 21st Century Defense," where it is described as "the ability to regenerate capabilities that might be needed to meet future, unforeseen demands.") It provides the ability to surge combat capability when needed. It provides additional return on investment of high-cost and high-value training received by Active Component Airmen. It maintains a link to states and communities throughout the nation in our unique form of federalism.

A force structure more reliant on a larger Air Reserve Component will not look exactly like the force the Air Force has successfully employed in recent decades. The Commission's recommendation to make changes to that force is not a criticism of the preceding force structure; it is recognition that the future budgetary and security environments present new challenges that require new solutions. Sacrificing readiness to preserve force structure would create a hollow force. Instead, the Air Force can preserve readiness by shifting force structure from the Active to the Reserve Components.

Every Air Reserve Component Airman that Commissioners spoke

with—from the most senior to the most junior—told of untapped potential in the Reserve Components. They conveyed that, over the past decades, the Reserve Components had provided only what they were asked to provide rather than the full limit of what they could provide. Commissioners tested these statements every way possible, recognizing that high self-confidence cannot always be accepted at face value. But this assertion was so unanimous and came from so many disparate sources that it could not be discounted.

The Commission estimated that it is feasible to shift the Air Force component mix from the current 69 percent Active and 31 percent Reserve to 58 percent Active and 42 percent Reserve. This would result in the shift of approximately 36,600 personnel and yield savings of perhaps $2 billion per year in manpower costs with no reduction in Total Force end strength. If this shift were proportionally allocated to the Air National Guard and the Air Force Reserve, the resultant increases would amount to 14,100 Airmen in the AFR and 22,500 in the ANG; nearly all would be part time.

To continue to meet the steady state mission requirement, this shift would require increased routine, periodic use of a portion of the Reserve Components serving on temporary active duty, either as volunteers or under the authority of 10 U.S.C. §12304b. This practice will be more cost effective than cuts limited to Active Component end strength because it allows for some reduction in the Active Component while also reducing stress on remaining Active Component forces, many of which have been operating at less than a 1:2 deploy-to-dwell ratio under the current force structure. Finally, such regular use of the Reserve Components will help sustain its readiness and increase familiarity in the Active Component with Air Reserve Component operations, making Reserve and Guard units more useful when called to active duty in times of emergency.

Mission Mission

Other solutions to emerging challenges involve employing the Air National Guard and Air Force Reserve in other mission areas to a greater extent than might once have been thought possible.

Cyber

In the Cyberspace Superiority core function, the Reserve Components provide about 11,000 Airmen representing 43 percent of total manpower for this mission—among the most integrated of the core functions. The Air Force has ambitious plans to expand its role in cyber operations and to increase the number

FIGURE 4: **Alternative Force Mix Calculation**

AFR	ANG	ARC			Active Duty Total		Total Force Total	
$1,758,639.00	$3,177,961.00	$4,936,600.00			$28,519,877.00		$33,456,477.00	Military manpower cost of FY14 force mix (before additional cuts due to BCA/Sequestration)
70,494	105,400	175,894			332,056		507,950	Hypothetical additional end strength cuts due to further BCA/Sequestration reductions
		35%			65%			
		$28.07	$/Position		$85.89	$/Position		Military manpower cost after hypothetical cuts
3100	1700	4800	$134,715.68		23000	$1,975,441.40		Alternate force mix to achieve same savings shift end strength from Active to Reserve Component)
			135M Cut		309,056	$1.98B Cut		
			27800	Positions Cut	$2,110,157.09			
			(27,800)	New "Proportional" Air Force			$31,346,319.91	Remaining Personel $$$
						AD	332,056	295,563 (36,493) 58%
212,387	$5,960,815.06	ARC				ARC	175,894	212,387 36,493 42%
295,563	$25,385,504.86	AD						
	$31,346,319.91							

of Airmen in career fields associated with this emerging domain of war. Much of that increase should be met by the Reserve Components, which are well situated to recruit and retain from the specialized talent available in the commercial cyber labor market. The Air Force could apply to the cyber warfare domain its successful experience in the rated force, where the use of Reserve Component officers who are airline pilots creates a synergistic and positive effect. The commercial cyber world is at the leading edge of technology, and the Reserve Components would be able to recruit from that world, allowing the Air Force to benefit from a similar synergistic effect.

Research reported in May 2013 by the Institute for Defense Analyses (IDA Paper P-4986) found that the Air Force could perform this mission with higher value by using an integrated blend of Active and Air Reserve Component personnel and could lower total personnel costs by encouraging Reservists and Guardsmen to volunteer for service beyond the required 39 days. These findings were corroborated by testimony provided to the Commission by senior military and civilian officials from U.S. Cyber Command.

Space and GIISR

Similar opportunities are available for expanded employment of Reserve Components in other growing mission areas, including Space and Global Integrated Intelligence, Surveillance, and Reconnaissance (GIISR.) The Air Force should build more Reserve Component opportunities in the space domain, especially in predictable continuity of operations missions and round-the-clock shift work. The Air Force should also build more Reserve Component opportunities in GIISR. In the high-deployment parts of Global ISR—such as RPA: MQ-1 Predator and MQ-9 Reaper launch and recovery teams—an increased Air Reserve Component presence will mitigate some Active Component deployment stress. Likewise, and consistent with the Commission's recommendations in Chapter 3, these new units should be integrated with the Active Component, but the preponderance of new billets should be for Reservists and Guardsmen.

Special Operations

Increased Reserve Component presence across the spectrum of Special Operations missions is also feasible and appropriate. The Commission found several unique opportunities already being filled by the Reserve Components, not only in some MC-130 flying squadrons, but also in the Building Partnerships core function. The Air Force should increase Reserve Component presence in Special Operations through greater integration. This will mitigate some Active Component PERSTEMPO stress in the Special Operations community and foster an environment that retains skilled Airmen.

Nuclear Deterrence Operations

Even Nuclear Deterrence Operations, where the Active Component dominates, has room for increased Reserve Component involvement. The 219th North Dakota Air National Guard Security Forces Squadron, in a classic association, already provides missile field security for the 91st Missile Wing at Minot Air Force Base, N.D., and serves as

CYBER RANGE

The state of Michigan wants to stay on top of cyber security as a public welfare issue and a jobs-building core competency for the state, using cyber training and development in order to prepare future cyber leaders and warriors to serve the state and nation. The Michigan National Guard is integral to this effort.

One element of this strategy is the Cyber Range. Much like a traditional firing range, the Cyber Range is available for individuals and organizations to test their cyber security skills and take classes to improve them. The state established its first Cyber Range at Eastern Michigan University in Ypsilanti and plans to expand to Ferris State University in Big Rapids and the Michigan National Guard's 110th Airlift Wing in Battle Creek. The Range is connecting with Selfridge ANG Base and National Guard installations at Camp Grayling and Fort Custer.

Operating on the Merit Fiber Network out of Ann Arbor, Michigan's Cyber Range is available to students, researchers, businesses, institutions, and governments. Users can bring their cyber security systems to the Range where expert teams test them for vulnerabilities. Classes are available at three experience levels and include certifications for various levels of security expertise, disaster recovery, computer forensics, and incident management.

Michigan Governor Rick Snyder is the co-chair for the National Governors Association Cyber Committee and actively supports the National Guard Bureau Cyber Steering Committee. Michigan recently began holding an annual Cyber Summit, and The Adjutant General, MG Gregory J. Vadnais, was featured at the latest summit in October.

The 110th Communications Flight at Battle Creek is one of five cyber mission flights across the nation, along with a combat communications squadron, created in 2009 to undertake the new Guard Global Information Grid Net Assessment coverage for every Federal Emergency Management Agency region. The Guard units work with state governments and the defense industrial base to evaluate vulnerabilities of critical infrastructure and key resources.

an exemplar. The 219th is effective at maintaining nuclear certification and Personnel Reliability Program compliance. As a pilot program, the Air Force should expand Reserve Components' contributions to the ICBM mission by duplicating the 219th Security Forces Squadron model across all three ICBM wings. This should be done by the end of FY 2016. As lessons are learned, the Air Force should expand the SFS model to missile maintenance and helicopter functions between FY 2017 and FY 2019.

Training

Considerable opportunity exists for cost-avoidance in the Training and Education core function by shifting effort to the Reserve Components. We commissioned a cost analysis by the Institute for Defense Analysis (IDA) which reported that increased reliance on the Reserve Components to provide permanently assigned part-time instructor pilots offers a significant opportunity for cost-avoidance.

IDA found that most initial pilot training is currently provided by Active Component instructors. Active pilots assigned to instructor positions must be replaced in the operational force. Their replacements must (over the long run) be recruited, trained, and compensated. In addition, after a three-year instructor tour, these pilots must go through a retraining program to allow them to return to operational billets. Some of the 1,800 Active instructor pilots could be replaced with prior-service volunteers from the Reserve Components who would not rotate back to operational squadrons, thus avoiding retraining costs. The result of IDA's analysis is that such an Active-to-Reserve force structure shift could potentially save $1.3 million per instructor billet in the short run, as instructors are replaced over a three- to five-year period, and $2.8 million per instructor billet in the long run as unneeded facilities are closed.

A New Active-Reserve Component Mix

The Commission found multiple paths to redistributing Active and Reserve Component personnel across core functions and Air Force specialties. For example, Space, GISR, Special Operations, Nuclear Deterrence Operations, and Training mission areas could readily accommodate such shifts because the associated core functions are predominantly manned by the Active Component. Moreover, several other Air Force core functions, including Global Precision Attack, Rapid Global Mobility, and Agile Combat Support, already are accustomed to rotational operations into which Reserve Component units and individuals play a significant role. An example of such an alternative mix compared to the current mix for each core function is illustrated in Appendix K.

Homeland Defense and DSCA

Homeland Defense and Defense Support to Civil Authorities (DSCA) are important missions for the Department of Defense. State Governors and other federal agencies rely on the Air Force to provide capabilities when natural and man-made disasters overwhelm local responders. The President's Strategic Guidance to

DEFINITIONS

CAPABILITY
The ability to maintain the necessary level and duration of operational activity to achieve military objectives. Entails force structure, modernization, readiness, and sustainability.

CAPACITY
The force structure required to meet a single or multiple military objectives.

HOMELAND DEFENSE
The protection of U.S. sovereignty, territory, domestic population, and critical infrastructure against external threats or aggression or other threats as identified by the President.

HOMELAND SECURITY
A concerted national effort to prevent terrorist attacks within the United States; reduce America's vulnerability to terrorism, major disasters, and other emergencies; and minimize the damage and recover from attacks, major disasters, and other emergencies that occur.

DEFENSE SUPPORT TO CIVIL AUTHORITIES (DSCA)
Support provided by the Department of Defense, including the National Guard and other U.S. federal military forces, in response to requests from civil authorities for assistance with domestic emergencies, law enforcement support, and other domestic activities, or from qualifying entities for special events. National Guard forces may be utilized when the Secretary of Defense in coordination with the Governors of the affected states, elects and requests to use those forces under Title 32 of the U.S. Code.

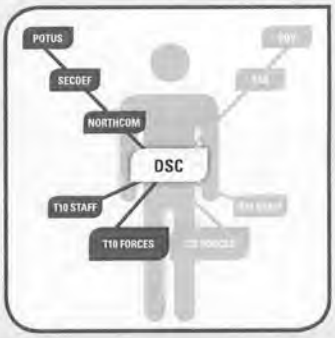
the Department of Defense specifies this mission as one of the 10 primary missions of the Armed Forces. For the DSCA mission, Governors need to know that when disasters occur, sufficient federal capacity and capabilities will be available to support their needs.

Although both DoD and the Department of Homeland Security (DHS) have processes to assess requirements for their respective responsibilities in addressing homeland contingencies, neither has fully developed, prioritized

DUAL STATUS COMMANDER

"DSC is a force multiplier to the Incident Command when clarity of unity of command is established early in the operation."

Brig Gen Peter Byrne, Director, Joint Staff and Joint Task Force—Centennial Commander, Colorado Air National Guard, in correspondence to the National Commission on the Structure of the Air Force, Dec. 16, 2013.



Brig Gen Peter Byrne of the Colorado Air National Guard does not wear two hats; he wears a dual hat. As a dual status commander (DSC), he can be activated under Title 10—under the command of the President, Secretary of Defense, and NORTHCOM—but still remain in Title 32 status under the command of his Governor and The Adjutant General. This gives him legal authority to coordinate and command both Title 10 and Title 32 forces responding to an emergency in Colorado even though the lines of command above him and the forces below him remain separate.

Such dual status authority has been in existence since 1916, allowing Title 10 military personnel to occupy the role. However, it had never been used for a response to a no-notice event. After 9/11, political leaders recalibrated the doctrines of homeland defense, homeland security, and first response to allow better coordination among federal, state, and local authorities. With states concerned about ceding too much command and control authority to the federal government and the Posse Comitatus Act of 1878 prohibiting the federal military's involvement in law enforcement, Congress amended Title 32 with the National Defense Authorization Act of Fiscal Year 2004 to give designated National Guard officers legal authority to serve as dual status commanders. A National Guard officer may now remain on state status while serving on active duty with the authorization and consent of the President and Governor.

With this new authority, dual status commanders were first used at national security special events, such as summit meetings, national political party conventions, and National Boy Scout Jamborees. In 2005 a dual status commander was used for the three-month northern border security operation, Winter Freeze. In the past few years, dual status commanders have been tapped to handle no-notice and consequence management responses such as the wildfires in California, Hurricane Irene (one each for five states), Hurricane Isaac (two), and Hurricane Sandy (six). The Fiscal Year 2012 NDAA also requires dual status commanders to be used as the "usual and customary" command arrangement when federal and National Guard forces are simultaneously employed. This command construct could also be used in associated air wings combining Guard and Reserve or Active units.

The dual status commander is the single point of contact between the two chains of command. With two independent staffs, one Guard and one federal, the dual status commander must maintain completely separate commands of forces. Title 10 forces may only be used for Title 10 missions, and Title 32 may only be used for Title 32 missions. The only time their chains of command meet is in the dual status commander. But these chains do not cross, even with the dual status commander: the purpose of the position is not to consolidate commands but to foster coordination and promote unity of effort.

Brig Gen Byrne served as dual status commander for Colorado's two major wildfires in 2012 and 2013 and for the 2013 flood. He said his biggest challenges were anticipating unmet needs while supporting the incident command and maintaining situational awareness on decisions made by other organizations supporting the incident command. Another challenge was the "effective command transition of DoD forces responding under Immediate Response Authority (DoDD 3025.18) into a joint task force . . . all the while maintaining effectiveness in the disaster area."

Airmen of both federal and state components are eager to engage. The dual status commander's mission is to help them engage more efficiently as separate but collaborative forces.

requirements set in place for foreseeable homeland missions or an agreed-upon process for working with states to assure homeland requirements are systematically generated and addressed. Without a better mechanism to capture the Governors' needs and other DSCA requirements, the Air Force and DoD risk building a force structure that does not adequately account for the DSCA mission.

Two initiatives are meant to address this shortfall. First, the National Guard Bureau has drafted, but not yet adopted, Chief of the National Guard Bureau instructions regarding a Joint Capability Assessment and Development Process. This process is designed to provide DoD a better picture of the capabilities required by the states for the federalized and non-federalized Homeland Defense and DSCA missions. If fully integrated into the Department's planning processes, this effort could prove valuable.

Second, Executive Order 13528, issued Jan. 11, 2010, established a Council of Governors. The Council includes officials of other executive departments and agencies to provide consultation and advice on matters involving the National Guard of the various states; homeland defense; civil support; synchronization and integration of state and federal military activities in the United States; and other matters of mutual interest pertaining to National Guard, Homeland Defense, and civil support activities. Although the Secretary of Defense designated the Assistant Secretary of Defense for Homeland Defense and America's Security Affairs (ASD HD/ASA) as the executive agent for the joint consultative process,

HURRICANE SANDY

DEFINITION

COMPLEX CATASTROPHE

The Department of Defense defines a complex catastrophe as a natural or man-made incident, including cyberspace attack, power grid failure, and terrorism, which results in cascading failures of multiple interdependent, critical, life-sustaining infrastructure sectors and causes extraordinary levels of mass casualties, damage, or disruption, severely affecting the population, environment, economy, public health, national morale, response efforts, or government functions.

> "Sandy was not a complex catastrophe, but you could 'see' a complex catastrophe from Sandy."
>
> General Charles H. Jacoby Jr., Commander, North American Aerospace Defense Command and U.S. Northern Command, in DoD Sandy After-Action Report

When the Department of Defense practiced responding to a "complex catastrophe" in 2011, its scenario was a large earthquake that caused widespread property damage, critical infrastructure degradation across eight states, and "numerous casualties." On Oct. 29, 2012, Hurricane Sandy hit the mid-Atlantic and Northeast United States. The storm affected 29 states, left 8.5 million people without power, and knocked out 2,500 gas stations. Maryland saw 15.3 inches of rain; New York saw a 14-foot storm surge. At least 162 people were killed. Yet, Sandy did not qualify as a "complex catastrophe."

It was, nevertheless, historic, not only in its intensity and breadth but also in military annals as the first natural disaster in which the Fiscal Year 2012 National Defense Authorization Act Section 515 was applied: "When a Governor requests Federal assistance in responding to a major disaster or emergency ... the Secretary of Defense may, without consent of the member affected, order any unit, and any member not assigned to a unit, organized to serve as a unit, of the Army Reserve, Navy Reserve, Marine Corps Reserve, and Air Force Reserve to active duty for a continuous period of not more than 120 days to respond to the Governor's request."

The first time testing such authority is likely to have hiccups, but confusion at the command and control (C2) level prompted the Government Accountability Office (GAO) to issue a September 2013 study descriptively titled *Civil Support: Actions are Needed to Improve DoD's Planning for a Complex Catastrophe*. DoD concurred with the GAO's findings. Said a DoD and Department of Homeland Security Senior Steering Group after-action brief: "Effective senior leadership helped overcome these gaps, but in a true complex catastrophe, this will not be enough."

The federal military response to Sandy compared favorably to that of Hurricane Katrina in 2005. Newly legislated authorities governing dual status commanders and use of Title 10 forces in Title 32 missions removed many legal barriers that had hindered federal military forces participating in Katrina recovery as well as other major disasters. For Sandy, a total of 86 Air Force aircraft flew 284 sorties moving 640 personnel and 3,400 tons of cargo. Airlift conducted about 80 percent of missions, with 39 percent of sorties conducted by the Air Guard, 38 percent by Active, and 23 percent Reserve. One of the key missions was airlifting 241 public utility vehicles from western air bases to Joint Base McGuire-Dix-Lakehurst and John F. Kennedy International Airport.

Helpful as the military assistance was, operations were plagued by C2 issues. Tellingly, the AF/A9-Lessons Learned report says, "The Total Force response was largely a success because of Airmen's ingenuity, innovation, experience, and ability to modify or circumvent formal processes to over-

testimony to Commissioners indicated that progress in identifying and codifying holistic DSCA requirements has been slow.

The Air Force, particularly the Air National Guard and the Air Force Reserve, plays a significant role in both Homeland Defense and support of civil authorities. It can, and should, continue to do so; and, given the strategic environment and enhanced coordination with DHS, the Air Force will have opportunities in the future to increase its contribution to these missions. Communication between state leaders and DoD can, and must, be improved, particularly in the area of disaster assistance.

Although no force structure decisions should be made exclusively based on disaster assistance requirements, the use of the Armed Forces to address emergencies at home is a core mission of all military branches, including the Air Force. Re-structuring to a Total Force more reliant on part-time mission support forces in the Reserve Components would provide more available capacity for DSCA and disaster assistance. This especially would be the case in the instance of Agile Combat Support units that have dual-use opportunity, such as Civil Engineering, Security Forces, and Communications units, that have great value to their communities for disaster assistance.

The Commission recommends DoD and the Air Force treat Homeland Defense and DSCA as real priorities and Governors as essential stakeholders in planning processes. Doing so will enhance the Air Force's ability to contribute to the country's well-being without sacrificing the ability to deliver

HURRICANE SANDY

come remaining organizational and doctrinal shortfalls." The primary entities involved were Army North (ARNORTH) as the joint force land component commander, and the dual status commanders (DSC) appointed by the Secretary of Defense for each heavily impacted state: Maryland, New Hampshire, New York, New Jersey, Massachusetts, and Rhode Island. Seeing a need for a C2 element between these dual status commanders and Northern Command, NORTHCOM created a joint coordinating element (JCE) in the days after Hurricane Sandy made landfall.

After-action reports mentioned the following C2 problems:

- The JCE's role, which was not based on doctrine, was neither well-defined nor well-communicated, thus contributing to the confusion.
- Title 10 personnel did not clearly understand the C2 structure for DSCs, the JCE, or high headquarters. They did not know which commander they were accountable to.
- DSC staff, reporting to two headquarters, had to de-conflict mixed guidance.
- On requests for DoD support, First Air Force (AFNORTH) senior leadership communicated directly with commercial entities and local government representatives rather than follow basic National Response Framework doctrine.

- Barriers to formal information sharing often compelled decision-makers to rely on personal relationships.

Matters of funding were also an issue. President Obama signed emergency declarations for Connecticut, the District of Columbia, Maryland, Massachusetts, New Jersey, and New York on the day before Sandy made landfall, and for Delaware, Pennsylvania, Rhode Island, Virginia, and West Virginia on the day of landfall. These triggered Stafford Disaster and Emergency Assistance Act authorities. The president afterward declared major disasters for Connecticut, New Jersey, and New York. In testimony before this Commission, Todd M. Rosenblum, Principal Deputy Performing the Duties of the Assistant Secretary of Defense, said that the Secretary of Defense disapproved a request for Title 32, 502(f) resourcing forwarded him from the National Guard Bureau "because all support needs were already being met, and to have approved the request would have circumvented the Stafford Act process." Under the Stafford Act, FEMA pays 75 percent of response costs, localities pay 25 percent. Under Title 32 utilization, the Department of Defense would have covered 100 percent of the National Guard costs.

the air, space, and cyber power needed and expected in the "away game."

The Commission's recommendations to rebalance the Active and Reserve Components will accomplish a number of desirable goals:

- Enable significant monetary savings in Military Personnel Accounts without unreasonably increasing operational risk;
- Preserve funds for operational readiness and investment;
- Increase operational integration among components;
- Increase the number of opportunities for Airmen of all components to develop appreciation of each other's capabilities by serving in integrated units;
- Increase the readiness of Air Reserve Component units and personnel by enabling them to utilize their military skills on a routine basis;
- Reduce installation maintenance burdens to better match the size of the current and projected Air Force;
- Enhance Air Force presence within American communities by preserving Air Reserve Component installations and basing more personnel at those locations. This action will result in more Airmen and their families living in those communities.

■ ARC COMMENDATIONS

20. Increase ARC Capacity: The Air Force should increase its utilization of the Air Reserve Component by increasing the routine employment of ARC units and individuals to meet recurring rotational requirements. The measure of success in this increased use of the ARC should be the execution of at least 15,000 man years annually.

21. Operational ARC Funding: The Air Force should include in all future budget submissions a specific funding line for "operational support by the Air Reserve Component" to clearly identify and program those funds intended to permit routine, periodic employment of the ARC either as volunteers or under the authority of 10 U.S.C. §12304b.

22. Council of Governors: The Secretary of Defense should revise its agreement with the Council of Governors to enable Air Force leadership to consult directly with the Council of Governors when requested, including discussion of pre-decisional information.

23. Non-Disclosure Agreements: The Secretary of the Air Force should discontinue use of Non-Disclosure Agreements in the corporate process.

24. State Adjutants General: The Secretary of the Air Force should continue to advance current informal practice and mechanisms for engaging with The Adjutants General in development of the Air Force Program.

25. Cyberspace Airmen: As it increases the number of Airmen in career fields associated with Cyberspace, the Air Force should fill much of that demand with the Reserve Components, which are well situated to recruit and retain from the specialized talent available in the commercial cyber labor market.

26. Space Domain: The Air Force should build more Air Reserve Component opportunities in the space domain, especially in predictable continuity of operations missions and round-the-clock shift work.

27. GIISR Billets: The Air Force should integrate all of its new Global Integrated Intelligence, Surveillance, and Reconnaissance units, and the preponderance of new billets should be for Reservists and Guardsmen.

28. Special Operations: The Air Force should increase Air Reserve Component presence in Special Operations through greater integration.

29. ICBM Mission: As a pilot program, the Air Force should, by the end of FY 2016, expand Air Reserve Component contributions to the ICBM mission by replicating the 219th Security Forces Squadron model across all three ICBM wings. As lessons are learned, the Air Force should expand the Security Forces model to Missile Maintenance functions between FY 2017 and FY 2019. The Air Force should also shift the Missile Field Helicopter mission to the Reserve Components.

30. Instructor Pilots: The Air Force should replace some of the 1,800 Active instructor pilots with prior-service volunteers from the Air Reserve Component who would not rotate back to operational squadrons.

31. Homeland Security and Disaster Assistance: The President should

direct the Departments of Defense and Homeland Security to develop, in full coordination with the Council of Governors, national requirements for Homeland Security and Disaster Assistance, both foreign and domestic.

32. Homeland Defense and DSCA: DoD and the Air Force should treat Homeland Defense and DSCA as real priorities and Governors as essential stakeholders in planning processes.

For additional detail refer to:

Appendix J: Selected statutes and policies

Appendix K: Core function balance

Appendix O: Distinctions among homeland operations

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> "So here we find ourselves now at the end of another extended period of combat operations, a new military strategy. I think it's time for us to take a hard look."
>
> *General (Ret.) Ronald R. Fogleman, former Chief of Staff, U.S. Air Force, in testimony before the National Commission on the Structure of the Air Force, July 23, 2013.*

CHAPTER 5

MANAGING THE FORCE

Innovation in force management processes to make better use of carefully selected and expensively trained Airmen is critical for the Air Force to sustain a high-quality work force in the midst of shrinking budgets and an increasingly competitive labor market. Effective force management policies enable quality recruitment, training, retaining, and utilization of the force. The Commission identified the following counterproductive human capital policies that currently undermine optimal employment of the Total Force.

Duty Statuses and Data Conversion

More than 30 different duty statuses govern activation and employment of Airmen. Because of the specific legal restrictions governing the allowable

DEFINITIONS

DEPLOY-TO-DWELL

Ratio of time Active Component military organizations spend deployed compared to the amount of time they spend not deployed. Thus, 1:2 means that for the period deployed the organization would spend two periods at home. (For Reserve Component forces, see Mobilization-to-Dwell.)

MOBILIZATION-TO-DWELL

Ratio of time Reserve Component organizations or individuals spend mobilized for active duty compared to the amount of time they spend in a ready reserve state. Thus, 1:5 means that for each period mobilized the organization or individual would spend five periods at home.

PERSONNEL TEMPO (PERSTEMPO)

The time an individual spends away from home station, whether for deployment, unit training events, special operations and exercises, or mission support temporary duty.

"WHAT'S WITH THESE GUARD GUYS?"

The following is an excerpt of a farewell address Lt Col Ryan Samuelson published prior to relinquishing command of the 64th Air Refueling Squadron at Pease ANG Base, N.H. The squadron is part of the 157th Air Refueling Wing, a Total Force Enterprise Active Associate Unit. Lt Col Samuelson is Active Air Force. The full address is part of a written comment submitted to the National Commission on the Structure of the Air Force by Major General William N. Reddel III, The Adjutant General of New Hampshire.

"What's with these Guard guys?!" This was a saying I heard many years ago in a land filled with sand: a time when I had never served side-by-side with someone from the Air National Guard; a time when the Total Force was beginning to serve overseas together more and more. The tone was derogatory, the question stated with antipathy. Maybe it was said in frustration or resentment; likely it was said out of ignorance born of unawareness and inexperience. At the time, I didn't ponder it much, but here is what I wish I could have conveyed as a response: "Well, let me tell you what I have learned about 'these Guard guys'—let me rephrase that: 'Guard professional Airmen.'"

I have learned the Guard is about working in a collaborative environment, where ideas from all are shared both up and down the chain of command.

I have learned the Guard is about managing personnel who operate in a multitude of statuses while supporting more mission sets, both federal and state, than many Active units do. A single ANG aircrew compliment could be comprised of four personnel who all are governed by Title 10 rules overseas but each may operate under different statuses and management rules back home. I still haven't figured out how they do it.

I have learned the Guard, through its development of the ANG Strategic Plan and Domestic Operations Equipment Requirements process, fully supports and greatly enhances the capabilities of the Total Force—not simply ANG efforts, and not simply a subset of Active Component plans.

I have learned the Guard is a learning organization, capable of achieving any task it is given. In standing up the Active Associate squadron here, the ANG, in partnership with the Active Component, solved complex issues—often with little clear written guidance from higher headquarters. In the absence of an approved Integration Plan, which was held up in staffing, the ANG established Memos of Understanding, internal policies, and previously untested processes. In the numerous instances where existing Air Force instructions used different criteria for Active Duty and ANG personnel, this wing found integrated answers to codify into a local operating instruction or process. In light of the fact we often operate in the "?" realm, our daily focus has always been to ensure we were meeting Chief of Staff of the Air Force's direction to fully integrate Active personnel into the structure of our host wing in order to best serve the Combatant Commanders' needs.

I have learned the Guard provides roughly 33 percent of the Air Force's capability at 7 percent of the budget with a force that is 70 percent traditional. The ANG is structured, budgeted, and funded as a strategic reserve yet operates as a fully viable operational force—and a busy one at that.

I have learned the Guard is proud of its culture—and should be. It is a culture where people blend friendship and camaraderie perfectly with a burning desire to rapidly respond to any mission, state or federal.

I have learned the Guard is about taking care of the people who make up the organization, the families, the communities, and the country.

I do hope the education and understanding of both Active Duty and ANG patriots continue as we serve together in the coming years of fiscal challenges. The Guard has taught me so much. It is an organization I have come to know and immensely respect. I'm glad we're on the same team.

duties within a specific status, each status has its own data categories and collection processes. This unnecessary and costly bureaucracy is a source of frustration among Airmen and stands in the way of recruiting, accession, and retention for the Reserve Components.

For example, aircrew members from different components flying a strategic airlift mission together will each log operational and training hours, but they will log them differently. Regulations might allow the Active Component Airmen to log both operational and training hours while the Reserve Component Airmen may only log training hours. When management later aggregates the data, the Reserve Component Airmen does not have the operational contribution credited to his or her service records, and the Air Force has an inaccurate picture of what type of mission each aircrew member flew.

The Under Secretary of Defense for Personnel and Readiness (USD(P&R)) has recently revised deploy-to-dwell and mobilization-to-dwell policy to characterize and manage the employment of the Total Force in order to preclude the overexposure of personnel to combat and operational deployments. The guidance affirms the deploy-to-dwell ratio for the Active Component is set at 1:2 or greater, and the mobilization-to-dwell ratio for the Reserve Components is 1:5 or greater. The Commission learned much regarding the workload and Personnel Tempo (PERSTEMPO) associated with alert missions, employed-in-place missions (such as Space and ICBM), high-demand missions, airlift, and combat search and rescue, and traditional rotations such as bomber and tanker presence on overseas bases.

The Air Force strives for compliance with USD(P&R) guidance, but the ratios specified in this guidance are less useful to the Air Force, which

has different deployment processes compared to those of land and naval forces. The Air Force often deploys not only in classical units like wings or squadrons, but also in portions of such units, down to the deployment of one or two Airmen. Some elements of the unit may have deployed while others have not, and other elements may have "deployed" by increasing time spent at home station facilities that directly support forward-deployed units. Thus, the deployment-to-dwell ratio of a unit is both difficult to measure and difficult to associate with how hard a unit or Airman is working, how much stress has been placed on the unit's families, or what contribution the unit or Airman has made to the war fight.

The Air Force currently does not have a method of applying these ratios across the force; attempts to use these ratios provide inconsistent and sometimes misleading information about the rate at which the components and their members deploy. The Commission found that MAJCOMs use greatly varied processes for accounting deploy-to-dwell. In some cases, the accounting skewed the numbers to support an end state not supported by the facts. In other cases, the methodology did not adequately measure the two primary forms of stress on the force and families: the length of time an Airman is deployed in a period of time and the unpredictability of assigned missions, whatever their length.

Clearly, whenever an Airman is tasked to support a Combatant Commander—from alerts and high-velocity special operations and mobility missions to what has become traditional 180-day deployments and Theater Security Packages—the Airman is engaged in a mission, even if it is not a mission that takes the Airman away from home. A single metric, such as PERSTEMPO, is necessary to measure accurately and uniformly the contribution and sacrifice across all mission types and components. However, in the DoD Instruction 1336.07, *Reporting of Personnel Tempo (PERSTEMPO) Events*, the guidelines for a non-deployed PERSTEMPO event for the Reserve Components limit the definition of active duty to those events that render the activated Reservist or Guardsman unable "to spend off-duty time in the housing in that (sic) they reside." This limitation fails to account for the disruption to an Air Reserve Component member's civilian job or attending school.

The Air Force needs a common approach across all components that measures stress on the force and that will respectfully measure and account for every Airman's contributions. It is critical to serving Airmen that the Air Force values their service; this validation is just as critical to the family members, and, for members of the Reserve Components, their employers. If, as the Commission recommends, the Air Force would routinely and periodically employ the Reserve Components as an integrated part of an operational force, then the Air Force must develop metrics that accurately measure the impact of their military service.

Capturing the data necessary to understand the important human capital issues is challenging. In large part, the lack of data derives from the multiplicity of duty statuses and authoritative metrics. This lack of data does not reflect an unwillingness of agencies to share the data; rather, the existing data is incomplete, incorrect, or nonexistent. Moreover, the personnel systems and associated information technologies are not up to the complexities of force management under these conditions.

Stove-piped Personnel Systems

Additional inefficiencies stem from the three separate personnel systems, each with its own information technology and administrative bureaucracy. Disparate personnel policies and pay systems make communication among the components difficult and result in significant inaccuracies in crediting Air Reserve Component Airmen for their service. These errors undermine Air Force decision-making by presenting leadership with inaccurate information when they are crafting policy changes that subsequently drive time-consuming and expensive corrections. Improved data integration technologies will mitigate part of this problem, but

DEFINITIONS

ACTIVE DUTY

Full-time duty in the active military service, including members of the Reserve Component serving on active duty or full-time training duty (but not including full-time National Guard duty serving the state).

CONTINUUM OF SERVICE

A concept that removes or mitigates legal, procedural, and cultural barriers for personnel to transition among different components over the course of a career without derailing their professional advancement while also maximizing the service's investment in that individual.

to truly integrate the Total Force, the Air Force must manage the personnel systems holistically as one Total Force system.

The Commission commends the Air Force for recognizing this shortfall and for its ambitious "3 to 1" Initiative. However, "3 to 1" Total Force Human Resources Management, though designated as the "new normal" way of doing business, lacks a definitive implementation date. Also, it stops short of integrating human capital management across the components. Illustratively, the first Air Force Instruction for Total Force Human Resources Management consists of different volumes for each component instead of one Air Force-wide instruction.

The Air Force has identified some of these problems and proposed a new enabling system. It should improve tracking of different statuses in accordance with the different purposes of law as well as support proposals to reduce the number of legal statutes and authorities. Unfortunately, the Air Force does not expect the Air Force Integrated Personnel and Pay System (AF-IPPPS) to become operational until FY 2018. Airmen cannot wait that long.

Continuum of Service is an important enabler of many of the Commission's recommendations regarding increased integration and holistic management of the Air Force's components. Continuum of Service presumes the ability of an Airman to transition more seamlessly among the three components. Historically, the characterization of transition from the Active Component to the Reserve Components has been "separation." In public forums, Commissioners heard of Airmen who transfered from the Active Component to the Reserve Components being called "quitters," even if they stepped back into uniform the next day and continued to support the overall mission of the Total Force.

While service in the Air Reserve Component is increasingly extolled by Air Force senior leaders who state RC members are equal to their Active counterparts in training, readiness, and performance, there is room for improvement throughout the Air Force culture. The Air Force must embrace the idea that service in the Reserve

TANKER AIRLIFT CONTROL CENTER

Kurt Peterson was managing a Harley Davidson Dealership in Jonesboro, Ark., on Sept. 11, 2001, when one of his salesmen said something was happening on the TV. "After seeing that an airplane had hit the Towers, I said 'I have to leave' and drove to Scott Air Force Base," Col (Ret.) Peterson said. "I immediately started working the tanker desk, supporting Air Force missions." Col Peterson served at the Tanker Airlift Control Center (TACC) from its activation in 1992 until he retired from the Air Force Reserve in 2009 as the Reserve Advisor to the TACC Commander.

Every three minutes, somewhere around the globe, an Air Force cargo hauler (C-5 Galaxy, C-17 Globemaster III, or C-130 Hercules) or aerial refueler (KC-10 Extender or KC-135 Stratotanker) is scheduled to take off on a sortie. The scheduling and direction of this fleet of 1,300 aircraft is the responsibility of the 618th Air and Space Operations Center, also known as the TACC.

TACC manages an average of 470 point-to-point flights every day in support of Air Mobility Command (AMC) operations, including airlift, air refueling, aeromedical evacuation, and combat airdrops. Many of those missions support Operation Enduring Freedom, delivering food, equipment, and other supplies to U.S. and coalition troops. TACC also provides command and control oversight for humanitarian missions overseas and at home.

And on occasion, TACC must juggle three surges in three different theaters of operations at one time, as occurred in March 2011 in what Air

Force officials called "March Madness": a 9.0 earthquake and tsunami in Japan, air strikes against Libya, and a Presidential airlift for President Barack Obama's trip to South America, all on top of ongoing operations that included a surge of forces in Afghanistan and a drawdown—and transportation home—of troops in Iraq.

Within the first 24 hours of the disaster in Japan, three C-17 missions launched in support of Operation Tomodachi ("friend") as the United States started shipping 2 million gallons of water, 189 tons of food, 11,960 gallons of fuel, and 100 tons of relief supplies. Because of the significant damage from the tsunami, U.S. forces coordinated support in and out of Japan through a hub-and-spoke concept, with the TACC flowing major cargo movements into U.S. installations and outlying areas of Japan and Okinawa and then transporting supplies to the

Components does not constitute "separation" or "getting out of the Air Force," but rather is a way for Airmen to continue to serve and for the nation to maintain capability and preserve its investment in highly trained and dedicated people.

The first step toward Continuum of Service is to make affiliation to the Reserve Components not just attractive, but an expected norm for Airmen who choose to leave full-time active duty. Current practices regarding pilot retention bonuses are illustrative. The Air Force offers Active Component pilots retention bonuses of hundreds of thousands of dollars to remain in the Active Component for an additional term of years. That same pilot is offered no affiliation bonus to transfer to the Reserve Components, and no pilot bonus is available for traditional Reservists who extend their service. Only Active Component and Active Guard and Reserve (AGR) pilots are eligible for the bonus, despite the well-recognized and acknowledged equity in training and readiness among all members of the Total Force. Given the multi-million-dollar investment to train each pilot, a substantial incentive to affiliate with the Reserve Components is a wise investment. Such an incentive should include the availability of a proportional bonus for traditional Reserve members based on the days they actually serve. A similar approach needs to be taken for other career fields (e.g., cryptology or cyber), where extensive, expensive training is required to build a fully mature Airman.

Another important purpose of Continuum of Service is to offer Airmen more on- and off-ramps for life events, such as pregnancy, spouse career opportunity, enduring family medical issues, and education. This concept is not new: but in the past the continuum has flowed only toward the Reserve Components because a combination of law and tradition has made it exceptionally difficult for Airmen to return to Active Component service. A proper Continuum of Service approach would allow members to transition to a part-time Reserve Component position with the potential to return to the Active Component when circumstances change. This concept also applies to moving freely between the Air Force Reserve and the Air National Guard to accommodate Air

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disaster-affected areas with helicopters and smaller fixed-wing aircraft. Additionally, the U.S. government evacuated nearly 5,000 U.S. citizens, primarily using partner programs with civilian air carriers. All told, AMC aircraft flew 127 sorties, carried 6,213 passengers, and transported 818 tons of cargo in support of Operation Tomodachi.

Seven days after the crippling Japanese earthquake, Operation Odyssey Dawn began with President Obama's announcement that the U.S. military would support NATO and Arab League allies enforcing the United Nations Security Council Resolution 1973 establishing the no-fly zone in Libya. In a matter of hours, the 171st Air Refueling Wing, Pennsylvania Air National Guard, mobilized and deployed to Moron Air Base in Spain. In less than 24 hours, the 171st ARW sent 40 tons of cargo and more than 160 personnel to support Operation Odyssey Dawn. Over the next 48 hours, KC-135 and KC-10 tankers from 10 Air National Guard and Air Force Reserve Command air refueling wings would be sitting on the ramp in Moron. Eventually 20 different bases would provide tankers and personnel in support of Odyssey Dawn and the subsequent Operation Unified Protector.

For both Libya operations, TACC managed missions flying from Moron AB and NAS Rota in Spain, RAF Akrotiri in Cyprus, NAS Sigonella in Italy, and NAS Souda Bay in Greece. In the 13 days of Operation Odyssey Dawn, the United States flew 876 of the Coalition's 2,132 aircraft sorties, tallying approximately 9,418 of the total 13,930 hours flown. U.S. tanker aircraft flew 311 missions offloading more than 17.3 million pounds of fuel. U.S. airlift aircraft flew 151 missions transporting 3,177 passengers and 2,372 short tons of cargo.

TACC's pace indicates the impact simultaneous requirements for Operation Enduring Freedom, Operation New Dawn, Operation Unified Protector, and Operation Tomodachi had on AMC. From January to March 2011, TACC managed a 60 percent increase in C-5 utilization and a 26 percent increase for C-17s. AMC also maximized its KC-10 and KC-135 fleet, which flew 1,706 missions and offloaded 57.8 million pounds of fuel.

Even at a normal steady-state pace, the amount of global movement requires TACC staff to operate 24 hours a day and emphasizes the need for experience. Approximately 20 percent of the center's 700 personnel are members of the Air National Guard and Air Force Reserve, including Individual Mobilization Augementees assigned to TACC and personnel on Military Appropriation Orders assigned to other commands.

Prior to September 2001, a limited number of Reserve Component members worked in the 618th; their presence and role have increased dramatically since. "The experience that Guardsmen and Reservists bring to the table is invaluable," Col Peterson said. They create continuity for the organization, he said, and often the Guard and Reserve personnel demonstrate practices or procedures to Active Component members new to TACC.

Reserve Component members who move to a different geographic area.

A further personnel change that would facilitate Continuum of Service is lengthening the officer career trajectory. Lengthening of that trajectory for selected Airmen would benefit the Air Force by allowing it to retain its highly skilled workforce for a longer time. Current law and policy, including Defense Officer Personnel Management Act and Reserve Officer Personnel Management Act provisions that mandate high-year tenure and an "up-or-out" personnel policy, cause the Air Force to apply a one-size-fits-all method of career development. Providing additional flexibility to selected Airmen in both the Reserve Components and the Active Component in terms of their career goals and the length of their service would result in less churn and greater time in service for highly trained Airmen. This will, in turn, allow the service to realize substantial savings in recruiting, training, and development costs. The "up-or-out pyramid" that arbitrarily eliminates highly qualified people while the Air Force still needs them and before they are ready to stop serving is a poor approach to talent management.

■ RECOMMENDATIONS

33. Duty Statuses: Congress should reduce the number of separate duty statuses from more than 30 to no more than six, as has been recommended by the Quadrennial Review of Military Compensation and, more recently, by the Reserve Forces Policy Board. Reducing the number of duty status categories will make it easier for Air Reserve Component Airmen to serve in an operational capacity. The Air Force can implement this change in a way that does not diminish the overall compensation of Air Reserve Component members. Numerous provisions in current law that may require change are identified in Appendix J.

34. Integrated Personnel Management: The Air Force should unify personnel management for all three components under a single integrated organization (A1) in the Headquarters Air Staff. This is a different concept than an office that would oversee and integrate the activities of three separate component A1s. The Air Force should aggressively implement the "3 to 1" process but widen and amplify the effort to include integration of the three components' personnel management processes for such matter as recruiting, assignments, force development, and force management. A unified personnel management organization could best manage the portfolio of Air Force Specialty Codes and achieve the most favorable utilization rates, retention rates, and human capital cost controls.

35. Integrated Pay and Personnel System: The Air Force should accelerate the development of an Integrated Pay and Personnel System

(AF-IPPS). The goal should be completion not later than 2016. The Air Force should ensure that this single system is capable of properly producing orders as well as accounting for and paying Airmen from all three components with a focus on providing a clear, simple structure under which the Air Force calls Air Reserve Component members to serve. This will result in an increased ability to plan, program for, and gain access to Air Reserve Component Airmen for any training and operational purposes. It will provide the means to capture the legal purpose and method of reimbursement of the Reserve Components for tracking and analyzing data.

36. PERSTEMPO Metric: The Air Force should use a single metric for measuring the personnel tempo and stress on its forces, both Active and Reserve. The Commission also recommends that the Air Force utilize this "PERSTEMPO, stress on the force" metric to determine sustainable levels of employment for the Active Component, and for the Reserve Components when partial mobilization authority is not used.

37. Non-Deployment PERSTEMPO: USD(P&R) should update the definition of a non-deployment PERSTEMPO event for the Reserve Components to include those situations where placement on active duty orders under either Title 10 or Title 32 causes the Air Reserve Component member to be away from his or her civilian job or attendance at school.

38. PERSTEMPO and AF-IPPS: The Air Force should include PERSTEMPO accounting in AF-IPPS.

39. Continuum of Service: The Total Force Continuum should develop and supervise implementation of a pilot project for the implementation of Continuum of Service to commence by Oct. 1, 2014.

40. Active Duty Service Commitments: The Air Force should revise the rules for current Active Duty Service Commitments to enable members to meet the commitment in some combination of Active, Reserve, and Guard service.

41. Multiple Career Track Options: The Air Force should develop a new service construct consisting of multiple career track options, each with different high-year tenure controls, where such additional tenure serves the needs of the Air Force. At a minimum, the following career tracks require study: tactical or technical excellence and enterprise leadership.

42. "Up or Out": Congress should amend restrictive aspects of current statutes that mandate "up-or-out" career management policies to enable the Air Force to retain Airmen of all components actively working in career fields where substantial investment in training and career development has been made and where it serves the needs of the Air Force.

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APPENDIX A
ESTABLISHMENT OF COMMISSION

National Defense Authorization Act for Fiscal Year 2013 (Public Law 112–239, —Jan. 2, 2013),

Subtitle G—National Commission on the Structure of the Air Force

SEC. 361. SHORT TITLE.

This subtitle may be cited as the "National Commission on the Structure of the Air Force Act of 2012."

SEC. 362. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established the National Commission on the Structure of the Air Force (in this subtitle referred to as the "Commission").

(b) MEMBERSHIP–

(1) COMPOSITION.—The Commission shall be composed of eight members, of whom—

(A) four shall be appointed by the President;

(B) one shall be appointed by the Chairman of the Committee on Armed Services of the Senate;

(C) one shall be appointed by the Ranking Member of the Committee on Armed Services of the Senate;

(D) one shall be appointed by the Chairman of the Committee on Armed Services of the House of Representatives; and

(E) one shall be appointed by the Ranking Member of the Committee on Armed Services of the House of Representatives.

(2) APPOINTMENT DATE.—The appointments of the members of the Commission shall be made not later than 90 days after the date of the enactment of this Act.

(3) EFFECT OF LACK OF APPOINTMENT BY APPOINTMENT DATE.—If one or more appointments under subparagraph (A) of paragraph (1) is not made by the appointment date specified in paragraph (2), the authority to make such appointment or appointments shall expire, and the number of members of the Commission shall be reduced by the number equal to the number of appointments so not made. If an appointment under subparagraph (B), (C), (D), or (E) of paragraph (1) is not made by the appointment date specified in paragraph (2), the authority to make an appointment under such subparagraph shall expire, and the number of members of the Commission shall be reduced by the number equal to the number otherwise appointable under such subparagraph.

(4) EXPERTISE.—In making appointments under this subsection, consideration should be given to individuals with expertise in reserve forces policy.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(e) MEETINGS.—The Commission shall meet at the call of the Chair.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIR AND VICE CHAIRMAN.—The Commission shall select a Chair and Vice Chair from among its members.

SEC. 363. DUTIES OF THE COMMISSION.

(a) STUDY.—

(1) In General.—The Commission shall undertake a comprehensive study of the structure of the Air Force to determine whether, and how, the structure should be modified to best fulfill current and anticipated mission requirements for the Air Force in a manner consistent with available resources.

(2) CONSIDERATIONS.—In considering the structure of the Air Force, the Commission shall give particular consideration to evaluating a structure that—

(A) meets current and anticipated requirements of the combatant commands;

(B) achieves an appropriate balance between the regular and reserve components of the Air Force, taking advantage of the unique strengths and capabilities of each;

(C) ensures that the regular and reserve components of the Air Force have the capacity needed to support current and anticipated homeland defense and disaster assistance missions in the United States;

(D) provides for sufficient numbers of regular members of the Air Force to provide a base of trained personnel from which the personnel of the reserve components of the Air Force could be recruited;

(E) maintains a peacetime rotation force to support operational tempo goals of 1:2 for regular members of the Air Forces and 1:5 for members of the reserve components of the Air Force; and

(F) maximizes and appropriately balances affordability, efficiency, effectiveness, capability, and readiness.

(b) REPORT.—Not later than February 1, 2014, the Commission shall submit to the President and the congressional defense committees a report which shall contain a detailed statement of the findings and conclusions of the Commission as a result of the study required by subsection (a), together with its recommendations for such legislation and administrative actions it may consider appropriate in light of the results of the study.

SEC. 364. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out this subtitle.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out this subtitle. Upon request of the Chair of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 365. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF—

(1) IN GENERAL.—The Chair of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chair of the Commission may fix the compensation of the executive director and other personnel without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chair of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 366. TERMINATION OF THE COMMISSION.

The Commission shall terminate 90 days after the date on which the Commission submits its report under section 363.

SEC. 367. FUNDING.

Amounts authorized to be appropriated for fiscal year 2013 and available for operation and maintenance for the Air Force as specified in the funding table in section 4301 may be available for the activities of the Commission under this subtitle.

Source: Government Printing Office, www.gpo.gov/fdsys/pkg/PLAW-112publ239/pdf/PLAW-112publ239.pdf.

APPENDIX B
RECOMMENDATIONS

1—Cost Approach: DoD should formally adopt the "fully burdened cost" approach to calculating military personnel costs, and it should apply analytic methods that focus on appropriate outputs along with life-cycle costs. The Department should then modify DoD Instruction 7041.04 to establish a common list of the various elements of pay, benefits, and other costs that contribute to the "fully burdened" or "life cycle" cost that all services would then use in calculating the cost of personnel. This will enable the Air Force to assess accurately force structure issues and choices in terms of fully burdened, total life-cycle costs of human capital, as well as operating costs of units and aircraft. [Chapter 2]

2—Budgeting Flexibility: In the Fiscal Year (FY) 2015 National Defense Authorization Act and Defense Appropriations Act, Congress should allow DoD increased flexibility in applying budget cuts across budget categories, including installations. [Chapter 2]

3—Resourcing the Reserve Components: To ensure the Air Force leverages full capacity of all components of the force, in its FY 2016 Program Objective Memorandum, the Air Force should plan, program, and budget for increased reliance on the Reserve Components. The Commission recommends: (1) the Air Force should include in all future budget submissions a specific funding line for "operational support by the Air Reserve Component" to clearly identify those funds programmed for routine periodic employment of the ARC either as volunteers or under the authority of 10 U.S.C. §12304b; (2) in its future budget submissions the Air Force should program for approximately 15,000 man years of operational support annually by the Air Reserve Component; (3) in succeeding years, the Air Force should monitor the execution of this program element to ensure it is utilizing the Air Reserve Component to its fullest extent. [Chapter 2]

4—Infrastructure: The Air Force should consider, and Congress should allow, the closing or warm basing of some installations. [Chapter 2]

5—Air Force Reserve Command: Congress should amend 10 U.S.C. §10174 to retain the statutory rank, roles, responsibilities, and functions of the Director, Air National Guard, and Chief of the Air Force Reserve but disestablish the Air Force Reserve Command. The Air Force should inactivate the Reserve Numbered Air Forces, wings, and squadrons. The roles, responsibilities, and functions of disestablished organizations should be assumed by the Secretary of the Air Force, Headquarters Air Force, and MAJCOMS, all of which will have increased representation by Air Reserve Component Airmen, as determined by the Secretary of the Air Force. [Chapter 3]

6—Staff Integration: The Air Force should integrate the existing staffs of the Headquarters Air Force, the Air Force Reserve, and Air National Guard, similar to the principles recommended by the Total Force Task Force. [Chapter 3]

7—AFR Unit Integration: The Chief of Staff of the Air Force should direct the integration of Air Force Reserve associations of flights, squadrons, groups, and wings into corresponding Active Component organizations in order to eliminate the current redundant organizational overhead found in classic associations. [Chapter 3]

8—Full-Time and Part-Time Mix: The combination of full-time and part-time positions should be determined for each unit depending on weapon system requirements, deployment, and rotation schedule based on optimum matching of the needs of the Air Force, family, and employers. The unit should determine this composition in accordance with the mission assigned and in line with the full-time and part-time ratios represented by the current, independent, Active Air Force and Air Force Reserve units currently sharing missions. [Chapter 3]

9—ANG Unit Integration: The Chief of Staff of the Air Force should direct the integration of Air Force flights, squadrons, groups, and wings into corresponding Air National Guard organizations in order to eliminate the current redundant organizational overhead found in active associations. [Chapter 3]

10—ANG Unit Size: The Chief of Staff of the Air Force, in coordination with the Director of the Air National Guard, should change wing-level organizations to

group organizations where the Airmen population and associated equipment are more realistically sized at the group level. The unnecessary recent growth of ANG wings from groups created excessive overhead positions that detract from availability to directly support training, peacetime, and wartime missions. [Chapter 3]

11—Concurrent Fielding of Equipment: As the Air Force acquires new equipment, force integration plans should adhere to the principle of proportional and concurrent fielding across the components. This means that, in advance of full integration, new equipment will arrive at Air Reserve Component units simultaneously with its arrival at Active Component units in the proportional share of each component. As the Air Force Reserve and Active Component become fully integrated, the Air Force should ensure that the Air National Guard receives new technology concurrent with the integrated units. The Air Force should no longer recapitalize by cascading equipment from the Active Component to the Reserve Components. [Chapter 3]

12—Policy Revisions: Integrating units will require manpower and personnel policy revisions. The Air Force should modify AFI 90-1001 "Responsibilities for Total Force Integration" to establish selection and assignment criteria, the minimum proportion of leadership positions that must be filled by the associating components, and the methods to ensure compliance. The AF/A1 and Air Force Personnel Center should then reassign Airmen in disestablished Air Force Reserve units to integrated Title 10 units composed of Active Air Force, Reserve, full-time and part-time Airmen. [Chapter 3]

13—DOC Statements: The Air Force should discontinue the practice of separate designated operational capability (DOC) documents for Active and Reserve units of the same type and place the i-Units under single DOC statements. An initial i-Wing pilot program should be conducted at an associate wing that has already established a record of success. [Chapter 3]

14—Key Leadership Positions: The Air Force should ensure that integrated units are filled competitively by qualified Airmen irrespective of component, but key deputy positions (such as vice, deputy, subordinate echelon commander) should always be filled by an "opposite" component member. [Chapter 3]

15—Effective Control Measures: The Air Force must establish effective control measures to ensure that both Active and Air Reserve Component Airmen have adequate paths and opportunities for advancement and career development. [Chapter 3]

16—Awards, Decorations, and Promotions: The integrated chain of command must take special care in managing personnel issues such as awards and decorations, promotions, and assignment opportunities, both for those who seek to compete for increasingly higher levels of responsibility and for those who opt to sustain longevity in exercising and developing a particular skill set. [Chapter 3]

17—Professional Military Education Positions: Commander, Air University should develop a new baseline for its student and instructor positions to achieve a proportionate representation of the components on faculty and in the annual student body by FY 2018. [Chapter 3]

18—Total Force Competency Standard: Commander, Air Education and Training Command (AETC) in coordination with the Assistant Secretary of the Air Force for Manpower and Reserve Affairs and AF/A1, should develop a Total Force competency standard for officers, non-commissioned officers, and enlisted Airmen across all specialties and career fields before the end of FY 2016. Commander AETC should conduct a comprehensive curriculum review, similar to the one it completed for the Nuclear Enterprise in 2008–2009, to support professional and technical military education goals necessary for Airmen of all components to acquire cross-component skills, knowledge, comprehension, and analytic capability. The review should be completed by FY 2017, and the Chief of Staff of the Air Force should ensure a Total Force competency standard is implemented by FY 2018, such that it is available and resourced for all Airmen. [Chapter 3]

19—Access to Non-Resident Education: Commander, AETC should ensure that revised curriculum and competency standards are achievable by appropriately structured non-resident education programs equally accessible to personnel of all components. This must include special attention to the numerous ancillary training requirements that impose extraordinary burdens on traditional Air Reserve Component Airmen who must complete much of their training via distance learning but lack time and access to required information technologies to complete those training requirements in a timely manner while on drill status. A goal should be set to reduce unnecessary training requirements and to add flexibility to acceptable methods of completing those requirements that remain. [Chapter 3]

20—Increase ARC Capacity: The Air Force should increase its utilization of the Air Reserve Component by increasing the routine employment of ARC units and individuals to meet recurring rotational requirements. The measure of success in this increased use of the ARC should be the execution of at least 15,000 man years annually. [Chapter 4]

21—Operational ARC Funding: The Air Force should include in all future budget submissions a specific funding line for "operational support by the Air Reserve Component" to clearly identify and program those funds intended to permit routine, periodic employment of the ARC either as volunteers or under the authority of 10 U.S.C. §12304b. [Chapter 4]

22—Council of Governors: The Secretary of Defense should revise its agreement with the Council of Governors to enable Air Force leadership to consult directly with the Council of Governors when requested, including discussion of pre-decisional information. [Chapter 4]

23—Non-Disclosure Agreements: The Secretary of the Air Force should discontinue use of Non-Disclosure Agreements in the corporate process. [Chapter 4]

24—State Adjutants General: The Secretary of the Air Force should continue to advance current informal practice and mechanisms for engaging with The Adjutants General in development of the Air Force Program. [Chapter 4]

25—Cyberspace Airmen: As it increases the number of Airmen in career fields associated with Cyberspace, the Air Force should fill much of that demand with the Reserve Components, which are well situated to recruit and retain from the specialized talent available in the commercial cyber labor market. [Chapter 4]

26—Space Domain: The Air Force should build more Air Reserve Component opportunities in the space domain, especially in predictable continuity of operations missions and round-the-clock shift work. [Chapter 4]

27—GIISR Billets: The Air Force should integrate all of its new Global Integrated Intelligence, Surveillance, and Reconnaissance units, and the preponderance of new billets should be for Reservists and Guardsmen. [Chapter 4]

28—Special Operations: The Air Force should increase Air Reserve Component presence in Special Operations through greater integration. [Chapter 4]

29—ICBM Mission: As a pilot program, the Air Force should, by the end of FY 2016, expand Air Reserve Component contributions to the ICBM mission by replicating the 219th Security Forces Squadron model across all three ICBM wings. As lessons are learned, the Air Force should expand the Security Forces model to Missile Maintenance functions between FY 2017 and FY 2019. The Air Force should also shift the Missile Field Helicopter mission to the Reserve Components. [Chapter 4]

30—Instructor Pilots: The Air Force should replace some of the 1,800 Active instructor pilots with prior-service volunteers from the Air Reserve Component who would not rotate back to operational squadrons. [Chapter 4]

31—Homeland Security and Disaster Assistance: The President should direct the Departments of Defense and Homeland Security to develop, in full coordination with the Council of Governors, national requirements for Homeland Security and Disaster Assistance, both foreign and domestic. [Chapter 4]

32—Homeland Defense and DSCA: DoD and the Air Force should treat Homeland Defense and DSCA as real priorities and Governors as essential stakeholders in planning processes. [Chapter 4]

33—Duty Statuses: Congress should reduce the number of separate duty statuses from more than 30 to no more than six, as has been recommended by the Quadrennial Review of Military Compensation and, more recently, by the Reserve Forces Policy Board. Reducing the number of duty status categories will make it easier for Air Reserve Component Airmen to serve in an operational capacity. The Air Force can implement this change in a way that does not diminish the overall compensation of Air Reserve Component members. Numerous provisions in current law that may require change are identified in Appendix J. [Chapter 5]

34—Integrated Personnel Management: The Air Force should unify personnel management for all three components under a single integrated organization (A1) in the Headquarters Air Staff. This is a different concept than an office that would oversee and integrate the activities of three separate component A1s. The Air Force should aggressively implement the "3 to 1" process but widen and amplify the effort to include integration of the three components' personnel management processes for such matter as recruiting, assignments, force development, and

force management. A unified personnel management organization could best manage the portfolio of Air Force Specialty Codes and achieve the most favorable utilization rates, retention rates, and human capital cost controls. [Chapter 5]

35—**Integrated Pay and Personnel System:** The Air Force should accelerate the development of an Integrated Pay and Personnel System (AF-IPPS). The goal should be completion not later than 2016. The Air Force should ensure that this single system is capable of properly producing orders as well as accounting for and paying Airmen from all three components with a focus on providing a clear, simple structure under which the Air Force calls Air Reserve Component members to serve. This will result in an increased ability to plan, program for, and gain access to Air Reserve Component Airmen for any training and operational purposes. It will provide the means to capture the legal purpose and method of reimbursement of the Reserve Components for tracking and analyzing data. [Chapter 5]

36—**PERSTEMPO Metric:** The Air Force should use a single metric for measuring the personnel tempo and stress on its forces, both Active and Reserve. The Commission also recommends that the Air Force utilize this "PERSTEMPO, stress on the force" metric to determine sustainable levels of employment for the Active Component, and for the Reserve Components when partial mobilization authority is not used. [Chapter 5]

37—**Non-Deployment PERSTEMPO:** USD(P&R) should update the definition of a non-deployment PERSTEMPO event for the Reserve Components to include those situations where placement on active duty orders under either Title 10 or Title 32 causes the Air Reserve Component member to be away from his or her civilian job or attendance at school. [Chapter 5]

38—**PERSTEMPO and AF-IPPS:** The Air Force should include PERSTEMPO accounting in AF-IPPS. [Chapter 5]

39—**Continuum of Service:** The Total Force Continuum should develop and supervise implementation of a pilot project for the implementation of Continuum of Service to commence by Oct. 1, 2014. [Chapter 5]

40—**Active Duty Service Commitments:** The Air Force should revise the rules for current Active Duty Service Commitments to enable members to meet the commitment in some combination of Active, Reserve, and Guard service. [Chapter 5]

41—**Multiple Career Track Options:** The Air Force should develop a new service construct consisting of multiple career track options, each with different high-year tenure controls, where such additional tenure serves the needs of the Air Force. At a minimum, the following career tracks require study: tactical or technical excellence and enterprise leadership. [Chapter 5]

42—**"Up or Out":** Congress should amend restrictive aspects of current statutes that mandate "up-or-out" career management policies to enable the Air Force to retain Airmen of all components actively working in career fields where substantial investment in training and career development has been made and where it serves the needs of the Air Force. [Chapter 5]

APPENDIX C
RECOMMENDATIONS: RESPONSIBLE OFFICIAL

31—Homeland Security and Disaster Assistance: The President should direct the Departments of Defense and Homeland Security to develop, in full coordination with the Council of Governors, national requirements for Homeland Security and Disaster Assistance, both foreign and domestic. [Chapter 4]

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36—PERSTEMPO Metric: The Air Force should use a single metric for measuring the personnel tempo and stress on its forces, both Active and Reserve. The Commission also recommends that the Air Force utilize this "PERSTEMPO, stress on the force" metric to determine sustainable levels of employment for the Active Component, and for the Reserve Components when partial mobilization authority is not used. [Chapter 5]

38—PERSTEMPO and AF-IPPS: The Air Force should include PERSTEMPO accounting in AF-IPPS. [Chapter 5]

39—Continuum of Service: The Total Force Continuum should develop and supervise implementation of a pilot project for the implementation of Continuum of Service to commence by Oct. 1, 2014. [Chapter 5]

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APPENDIX D
ADDITIONAL VIEW ON IMPACT OF DOD IMPLEMENTATION OF THE FEDERAL ADVISORY COMMITTEE ACT

In addition to, and separately from, the views of the National Commission on the Structure of the Air Force that are expressed in this report, the undersigned add the following statement in the hope that it will be useful to Congress and the President in the conduct of future efforts of this type.

Congress created the National Commission on the Structure of the Air Force in the National Defense Authorization Act. It set forth the organization and appointment of commission members, provided specific provisions for calling and holding meetings, establishment of a quorum, selection of a Chair and Vice Chair, and specified certain personnel provisions. Air Force funds were provided, and the Commission was directed to report to the President and the congressional defense committees by February 1, 2014, exactly nine months from the date of the first Commission meeting.

At that first meeting, the Department of Defense's Director of Administration and Management advised that his office was the "sponsor" of the Commission, that the Federal Advisory Committee Act (FACA) would govern the work of the Committee, and that a "Designated Federal Officer" (DFO) was assigned to the Commission with the responsibility of monitoring compliance with FACA. As the Commission proceeded with its work, it became increasingly clear that the DoD interpretation of FACA's purpose would have a significant, and frequently negative, impact on the Commission's work.

All Commissioners have consistently made strong and sincere efforts to comply with the FACA restrictions announced by the DFO. The Commissioners determined in their first meeting their desire to actively solicit the views of government leaders and the military and to provide members of the public a full opportunity to be heard and to be aware of the Commission's progress. The Commission also committed itself to the maintenance of a full and comprehensive record of its work and a publicly available archive of the papers it generated and collected.

When one looks to the U. S. Supreme Court's analysis of what Congress intended from FACA, the following quotation seems both clear and illustrative:

> *"However, since FACA was enacted to cure specific ills—particularly the wasteful expenditure of public funds for worthless committee meetings and biased proposals by special interest groups—it is unlikely that Congress intended the statute to cover every formal and informal consultation between the President or an Executive agency and a group rendering advice."* Public Citizen, et al. v. Dept. of Justice, 491 U.S. 440 (1989)

There has been no indication that the Department of Defense was concerned that the Commission was wastefully expending public funds, nor that it would be subject to biased proposals by special interest groups, but the Department's FACA interpretations severely constrained Commissioners when it came to scheduling hearings and writing our report. Two interpretations caused the most problems.

- Any discussion among a quorum of commissioners was deemed to be a "deliberation" that required these deliberations to be held as public hearings, with announcements in the Federal Register and monitoring by the DFO. Since more than 30-day lead times were involved to complete those requirements, Commissioners were unable to respond to some emerging issues as they arose.

- "Deliberations" were also said to include any discussion involving two or more commissioners, even if the discussion was whether to use "happy" or "glad" in describing in the report a recommendation we had already agreed upon. DoD interpreted FACA to prevent Commissioners from exchanging drafts of the report among themselves. DoD counsel directed the Commissioners to establish a "choke point" (the Executive Director) to whom they could communicate individually and who could then send their drafts and comments to the other Commissioners for comment back to him. How this cumbersome process served the public interest is not clear.

Since nothing in the statute that created the Commission made its work subject to FACA, and since many of the specific provisions in the statute are contrary to the processes contained in FACA, it is reasonable to question whether FACA should have ever been invoked. But the Department of Defense position has consistently been "if the statute doesn't exempt you from FACA, you are covered by FACA." We recommend that Congress be aware of this interpretation when it considers the creation of future commissions to work on Defense-related issues.

The restrictive interpretations applied by DoD have not derailed the work of the Commission. Fortunately, the men and women appointed to the Commission remained steadfast and refused to allow those restrictive interpretations to deter them from completing their task and delivering well researched and reasoned recommendations to the President and the Congress within the allotted time. However, future deliberative and collaborative efforts of this type would be aided by clearly stated Congressional intent permitting the Commissioners to enter into deliberative dialogue in the same manner as the legislative and executive branches do when they discharge their public trust.

Respectfully submitted,

Dennis McCarthy, Chair

Erin C. Conaton, Vice Chair

Les Brownlee

Janine Davidson

Margaret C. Harrell

Raymond E. Johns Jr.

F. Whitten Peters

Harry M. (Bud) Wyatt, III

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ADDITIONAL VIEWS OF COMMISSIONERS R.L. (LES) BROWNLEE AND MARGARET C. HARRELL ON THE REPORT OF THE NATIONAL COMMISSION ON THE STRUCTURE OF THE AIR FORCE

In addition to, and separately from, the views of the National Commission on the Structure of the Air Force that are expressed in this report, the undersigned adds the following statement to clarify that the report of the National Commission on the Structure of the Air Force applies only to the U.S. Air Force, and that the recommendations of the Commission are not directly applicable to the other military services, including their Active and Reserve Components.

These views are provided, not to voice a disagreement with any particular issue, finding, or recommendation in the Commission's report, but to emphasize and make clear that the findings and recommendations provided in this report were based on and are intended to be applied solely to the U.S. Air Force, including both its Active and Reserve Components.

While the U.S. Army faces a similarly restrictive budgetary environment and difficult reductions in personnel end strength, it is clear that Congress, in creating the National Commission on the Structure of the Air Force, intended the Commission to focus its attention solely on the U.S. Air Force. The recommendations within the Commission's report should not be reflexively extrapolated from this report with the intent of applying these recommendations to any other U.S. military service or any of their Active or Reserve Components.

The differences among the military services and the characteristics of their Reserve Components are significant. Only the Army and the Air Force have Reserve Components that include both a Reserve element as well as a National Guard element. The Navy and the Marine Corps only have relatively small Reserve forces. A likely misapplication, therefore, might be to attempt to apply to the Army some of the report's recommendations that are intended only for the Air Force.

The primary difference between the Army and the Air Force underlying the foundational conclusions cited in this report is the level of readiness and responsiveness the Air Force accords to its Reserve Component units. The Reserve Component of the Air Force, because it is able to maintain the same high standards of readiness as its Active Component, may be called upon for immediate combat deployments and high-priority missions. Army Reserve Component units, on the other hand, are generally unable to attain the same high levels of readiness as Army Active Component units. Collective training requirements for Army units (not generally required for Air Force flying units) and the limited number of training days available to Army Reserve Component units make it extremely difficult for them to reach and maintain the high levels of readiness required for Army Active Component units. Thus, before Army Reserve Component formations can be committed to high-priority missions or deployed to combat areas, they must undergo periods of supplemental combat training—primarily, collective training—in order to meet required levels of combat readiness.

Respectfully submitted,

Les Brownlee Margaret C. Harrell

APPENDIX E
CLASSIFIED ANNEX CONTENTS

The classified annex is a compendium of the major classified source documents, testimony notes, briefings and staff products that served the following purposes:

- Described the strategic environment within which the Air Force will operate;
- Delineated the planning guidance and fiscal constraints that bounded Commissioner deliberations and eventual recommendations;
- Presented analysis to Commissioners providing alternative solutions to achieve mandated resource targets, accomplished by generating different assumptions, modifying tools, and developing comparative, computational assessments;
- Provided the framework for Commissioner and staff team preparation and participation in the war game.

TABLE OF CONTENTS FOR CLASSIFIED FILE

Report: Chapter 1 – Introduction
Core Function Integration Guides
FY 2014 Defense Planning Guidance
War Game Volume
Advanced Decision Support Tool (ADST) with examples
National Defense Strategy
National Security Strategy
Integrated Priority Lists
Integrated Security Construct (ISC, Warfare Scenarios)
Strategic Framework
Testimony notes from Major General Anthony J. Rock (USAF), Vice Director, Strategic Plans and Policy (J-5), The Joint Chiefs of Staff
Testimony notes from Mr. David Ochmanek, Deputy Assistant Secretary of Defense for Force Development, Office of the Secretary of Defense

Report: Chapter 2 – Resources
FY 2015 Alt-POM/POM, Assistant Secretary of Defense for Reserve Affairs (ASD-RA)
Testimony notes from Cost Assessment and Program Evaluation (CAPE)

Report: Chapter 3 – Rebalancing
Advanced Decision Support Tool (ADST)
Cost of an Airman
Air Force Units Installations and Priorities Document
Testimony notes from General Charles H. Jacoby Jr., Commander, U.S. NORTHCOM
Testimony notes from Air Force Total Force Task Force general officers
ICBM/Western Air Defense Secto staff study
Commission staff briefing on Space
Mobility Capability Assessment briefing—CAPE

Report: Chapter 4 – Sizing and Shaping
Core Function Integration Guides
FY 2015 Alt-POM/POM ASD-RA
Advanced Decision Support Tool (ADST)
1st Helo Squadron example
Nuclear Deterrence Option (NDO) Helo Support
NCSAF Cyber Brief
24th Air Force Cyber Briefing
Notes from CYBERCOM Reserve Component Advisors

Report: Chapter 5 – Managing
Testimony notes from MG Schweizer on GFM Process

APPENDIX F
COMMISSION ACTIVITIES

COMMISSIONER SITE VISITS

Greenville, S.C., June 17, 2013, public hearing
Joint Base McGuire-Dix-Lakehurst, N.J., July 16, 2013, with public hearing in Toms River
Wright-Patterson AFB, Ohio, July 29, 2013
Springfield ANGB, Ohio, July 29, 2013
Rickenbacker ANGB, Ohio, July, 30, 2013
Columbus, Ohio, July 30, 2013, public hearing
Mansfield-Lahm Airport ANGB, Ohio, July 31, 2013
Joint Base Langley-Eustis AFB, Va., August 5, 2013
Tinker AFB, Okla., August 20, 2013, with public hearing in Oklahoma City
Alpena CRTC, Mich., September 13, 2013
Selfridge ANGB, Mich., September 14, 2013, with public hearing min Chesterfield Township
Joint Base Pearl Harbor-Hickam, Hawaii, September 22-23, 2013
Hurlburt Field, Fla., September 30, 2013

COMMISSIONER CAPITOL REGION HEARINGS

Arlington, Va., June 3, 2013 (closed)
Rayburn House Office Building, June 4, 2013
Arlington, Va., June 25, 2013 (closed)
Arlington, Va., June 26, 2013
Arlington, Va., July 22, 2013 (closed)
Arlington, Va., July 23, 2013
Arlington, Va., August 27, 2013
Arlington, Va., October 14, 2013
Arlington, Va., October 24, 2013 (partially closed)
Arlington, Va., October 25, 2013
Arlington, Va., November 5, 2013 (closed)
Arlington, Va., November 12, 2013 (closed)
Arlington, Va. November 18-19, 2013 (closed)
Arlington, Va. December 3-5, 2013 (closed)
Arlington, Va., December 10, 2013 (closed)
Arlington, Va., December 17, 2013 (closed)
Arlington, Va., January 8, 2014 (closed)
Arlington, Va., January 9, 2014

STAFF-ONLY SITE VISITS

USNORTHCOM, Peterson AFB, Colo., September 9–11, 2013
Maxwell AFB, Ala., September 25–27, 2013: School of Advanced Air and Space Studies, Air War College, Air Force Research Institute
USTRANSCOM/AMC, Scott AFB, Ill., October 21, 2013
Joint Base San Antonio-Randolf, Texas, November 12–13, 2013
Joint Base San Antonio-Lackland, Texas, November 12–13, 2013
Hanscom AFB, Mass., November 21, 2013:

STAFF-ONLY MEETINGS

Air Staff (A5XW, A3CX, A6CX), August 22, October 17, November 26, 2013
National Governors Association, August 29, 2013
Council of Governors, August 29, 2013
National Guard Association of the United States, September 15, 2013
Gov. Rick Snyder's staff, September 20, 2013
Michigan Chief Information Officer, September 26, 2013
Deputy Assistant Secretaries of Defense for Homeland Defense Integration and DSCA and for Homeland Defense Strategy and Force Planning, September 26, 2013
Ohio National Guard leaders (cyber issues), October 22, 2013
Maryland National Guard leaders (cyber issues), October 29, 2013
USSOCOM (at Pentagon), October 29, 2013
Director, Civil Support, Assistant Secretary of Defense for Homeland Defense, November 11, 2013
USCYBERCOM, November 13, 2013
USSOUTHCOM (at Pentagon), December 3, 2013

PUBLIC COMMENTS

The Commission received 256 public comments from the following sources:

Congressional	17
State and local officials	18
Current military	15
U.S. Air Force	*10*
Adjutants General	*5*
General Public	206
Industry	*82*
(identifying themselves with their business interest or as Chamber of Commerce)	
Academia	*4*
Former military	*21*
All other	*94*
Not Germane	*5*
(unrelated to Commission's mission)	

APPENDIX G
TESTIMONY AND ORAL PUBLIC COMMENTS TO THE COMMISSION

TESTIMONY AND PUBLIC ORAL COMMENTS BEFORE THE COMMISSION AT OPEN MEETINGS

Rayburn House Office Building, Washington D.C., June 4, 2013

Major General William D. Wofford (ARNG), The Adjutant General of Arkansas and President, Adjutants General Association of the United States

General (Ret.) Craig R. McKinley (ANG), President, Air Force Association

Mr. Peter Duffy, Director of Legislation, National Guard Association of the United States

Colonel (Ret.) Walker M. Williams, III (USAF), National President, Reserve Officers Association of the United States

Major General Emmett R. "Buddy" Titshaw Jr. (ANG), The Adjutant General of Florida

Lieutenant General (Ret.) Dick Newton (USAF), Executive Vice President, Air Force Association

Captain (Ret.) Marshall Hanson (USNR), Legislative Director, Reserve Officers Association of the United States

Major General (Ret.) Jim Bankers (USAF), President, Department of Georgia, Reserve Officers Association

Ms. Mary Catherine Ott, Legislative Manager, Air Programs and Cyber Security, National Guard Association of the United States

Major General Howard M. "Mike" Edwards (ANG), The Adjutant General of Colorado

Major General (Ret.) Paul Weaver (ANG), former Director of the Air National Guard

Drury Inn Ballroom - Greenville, South Carolina, June 17, 2013

Major General Robert E. Livingston Jr. (ARNG), The Adjutant General of South Carolina

Major General Timothy Orr (ARNG), The Adjutant General of Iowa, representative to the Council of Governors

General Don Dunbar (ANG), The Adjutant General of Wisconsin, Chairman for Homeland Security and Emergency Response Committee

General William Reddel (ANG), The Adjutant General of New Hampshire

General David Sprynczynatyk (ARNG), The Adjutant General of North Dakota and Director of Emergency Services for North Dakota

Major General Edward Tonini (ANG), The Adjutant General of Kentucky

Major General Emmett R. Titshaw Jr. (ANG), The Adjutant General of Florida, Chair of the TAG's Committee on Air National Guard Force Structure and Modernization

General Bill Burks (ANG), The Adjutant General of Nevada

General James Campbell (ARNG), The Adjutant General of Maine

Major General (Ret.) Philip Killey (ANG), former Adjutant General of South Dakota and Director of the Air National Guard

Arlington, Virginia, June 26, 2013

Major General (Ret.) Arnold Punaro (USMC), Chairman of the Reserve Force's Policy Board but testifying in individual capacity as a long serving military officer, congressional staff leader, and a member of a number of boards and commissions that have had an impact on the Department of Defense.

Major General James N. Stewart (USAF), Director, Reserve Forces Policy Board (Major General Stewart testified before the Commission on August 27, 2013, presenting his personal views; on this day, he testified as a representative of the Reserve Forces Policy Board.)

Colonel Robert Preiss (ARNG), Chief of Staff and Senior Policy Advisor, Army National Guard

Mr. Michael Dominguez, Director of Strategy, Forces, and Resources Division, Institute for Defense Analyses

Dr. Stanley Horowitz, Assistant Division Director, Institute for Defense Analyses

Dr. Colin Doyle, Research Staff Member, Institute for Defense Analyses

Dr. Albert Robbert, Senior Policy Researcher, RAND, former active duty Air Force

Ms. Heather Hogsett, Director, National Governors' Association Health and Homeland Security Committee

Major General Timothy Orr (ARNG), The Adjutant General of Iowa, representative to the Council of Governors

Toms River, New Jersey; Joint Base McGuire-Dix-Lakehurst, July 16, 2013

Congressman Jon Runyan, 3rd Congressional District, New Jersey

Brigadier General Robert C. Bolton (ANG), Commander, New Jersey Air National Guard

Mr. David Stapelkamp, Staff Assistant, U.S. Senator Robert Menendez

Mr. Michael Francis, Staff Assistant, U.S. Congressman Frank LoBiondo, 2nd Congressional District, New Jersey

Lieutenant Colonel Mike Cruff (USAF), Commander, 78th Air Refueling Squadron, 514th Air Mobility Wing, JB McGuire-Dix-Lakehurst, New Jersey

Lieutenant Colonel Joseph Wenckus (USAF), Commander, 21st Air Mobility Operations Squadron, 621st Contingency Response Wing, JB McGuire-Dix-Lakehurst, New Jersey

Lieutenant Colonel Stephen Henske (ANG), Commander, 108th Force Support Squadron, JB McGuire-Dix-Lakehurst, New Jersey

Major Mark Szatkowski (USAF), Commander, 305th Maintenance Squadron, 305th Air Mobility Wing, JB McGuire-Dix-Lakehurst, New Jersey

Chief Master Sergeant Lisa Menser (USAF), Air Reserve Technician, Chief Enlisted Manager, 514th Maintenance Group, JB McGuire-Dix-Lakehurst, New Jersey

Chief Master Sergeant Matt Sanders (USAF), 87th Civil Engineers Squadron, 87th Air Base Wing, JB McGuire-Dix-Lakehurst, New Jersey

Chief Master Sergeant Stephen Zinner (ANG), Superintendent, 204th Intelligence Squadron, New Jersey ANG, JB McGuire-Dix-Lakehurst, New Jersey

Senior Master Sergeant Joey Bailey (USAF), Superintendent, 605th Aircraft Maintenance Squadron, JB McGuire-Dix-Lakehurst, New Jersey

Mr. Joseph Donnelly, Director, Burlington County Board of Chosen Freeholders

Mr. Gerry P. Little, Director, Ocean County Board of Chosen Freeholders

Mr. Lewis Nagy, Executive Director, Defense Enhancement Coalition

Mr. David McKeon, Planning Director, Ocean County, New Jersey

Ms. Nino DePasquale, President, The Armed Forces Heritage House Museum

Arlington, Virginia, July 23, 2013

General (Ret.) Ronald R. Fogleman (USAF), former Chief of Staff, U.S. Air Force
Senator Lisa Murkowski, Alaska
Lieutenant General Michael R. Moeller (USAF), Air Force Deputy Chief of Staff for Strategic Plans and Programs (A8), Headquarters U.S. Air Force
Major General Joseph G. Balskus (USAF), Military Assistant to the Deputy Chief of Staff for Strategic Plans and Programs (A8), Headquarters U.S. Air Force
Mr. Russell Rumbaugh, Director for Budgeting for Foreign Affairs and Defense, Senior Associate at the Stimson Center
Mr. Mark Gunzinger, Senior Fellow, Center for Strategic and Budgetary Assessments
Congressman Steve Palazzo, 4th Congressional District, Mississippi
Mr. Al Garver, Executive Director, Enlisted Association of the National Guard

Columbus, Ohio: Wright-Patterson AFB, Mansfield ANG, Springfield ANG, Rickenbacker ANG, July 30, 2013

The Honorable Mary Taylor, Lieutenant Governor of the State of Ohio
Major General Deborah Ashenhurst (ARNG), The Adjutant General of Ohio
Ms. Nancy Dragani, Director, Ohio Emergency Management Agency
Brigadier General Mark Stephens (ANG), Director of Joint Staff, Ohio National Guard
State Senator Chris Widener, Senate District 10, Ohio
State Representative Rick Perales, House District 73, Ohio
Colonel (Ret.) Robert Decker (ARNG), Chairman, Toledo Military Affairs Commission
State Senator Frank LaRose, Senate District 27, Ohio
Lieutenant Colonel Michael Hrynciw (ANG), Operations Flight Commander, 200th Red Horse Squadron, Mansfield Lahm ANGB, Ohio
Major General Joe Logan (ANG), Commander, 200th Red Horse Squadron, Detachment 1, Mansfield Lahm ANGB, Ohio
Master Sergeant Mike Schaefer (ANG), Recruiting Office Supervisor, 179th Airlift Wing, Mansfield Lahm ANGB, Ohio
Major Robert Cunningham (ANG), Commander, 179th Maintenance Squadron, Mansfield Lahm ANGB, Ohio
Major Philip Townsend (USAF), 757th Airlift Squadron, Youngstown ARS, Ohio
Chief Master Sergeant Troy Rhoades (USAF), Command Chief Master Sergeant, 910th Airlift Wing, Youngstown ARS, Ohio
Lieutenant Colonel Daniel Sarachene (USAF), Commander, 757th Airlift Squadron, 910th Air Wing, Youngstown ARS, Ohio
Lieutenant Colonel John Boccieri (USAF), Commander 773rd Air Squadron Assistance Squadron, 910th Airlift Wing, Youngstown ARS, Ohio
Lieutenant Brady Minich (ANG), Maintenance Operation Officer, 121st Air Refueling Wing, Rickenbacker ANGB, Ohio
Lieutenant Colonel Rob Mitrix (USAF), Commander, 89th Airlift Squadron, 445th Air Wing, Wright-Patterson AFB, Ohio
Chief Master Sergeant Peri Rogawski (USAF), Command Chief, 444th Airlift Wing, Wright-Patterson AFB, Ohio
Lieutenant Colonel Eric Kaufman (ANG), 121st Air Refueling Wing, Rickenbacker ANGB, Ohio
Chief Master Sergeant John Mazza (USAF), 88th Air Base Wing, Wright-Patterson AFB, Ohio
Lieutenant Colonel Kevin Buddelmeyer (USAF), Chief of Safety, 88th Air Base Wing, Wright-Patterson AFB, Ohio
Chief Master Sergeant Mark Poole (ANG), Operations Chief, 251st Alderson Reporting Company, Cyber Engineering Installation Group, Springfield ANGB, Ohio
Master Sergeant Paul Wong (ANG), 125th Intelligence Squadron, 178th Fighter Wing, Springfield ANGB, Ohio
Master Sergeant Steven Rybitski (USAF), Superintendent of Plans and Programs, 88th Security Forces Squadron, Wright-Patterson AFB, Ohio
Lieutenant Colonel Mitchell Richardson (USAF), Commander, 89th Airlift Squadron, Wright-Patterson AFB, Ohio

Mr. Michael Dalby, President and CEO of the Columbus Chamber of Commerce, former Air Force
Lieutenant Colonel (Ret.) John McCance (USAF), Air Reserve Technician, Wright-Patterson AFB, Ohio
Mr. Jeffrey Hoagland, President and CEO, Dayton Development Coalition
State Representative Mike Sheehy, House District 46, Ohio, former U.S. Army, Retired Adjutant General
Colonel (Ret.) Joseph E. Zeis Jr. (USAF), Executive Vice President of the Dayton Development Coalition, Chair of the Ohio Air, Space, and Aviation Council

Oklahoma City: Tinker AFB, August 20, 2013

Major Scott C. Czuba (USAF), Commander, 552nd Maintenance Squadron, 552nd Air Control Wing, Tinker AFB, Oklahoma
Chief Master Sergeant Patrick Wilson (USAF), Superintendent, 552 Air Control Group, 552nd Air Control Wing, Tinker AFB, Oklahoma
Major Carl V. Jones III (USAF), Commander, 552nd Aircraft Maintenance Squadron, Tinker AFB, Oklahoma
Senior Master Sergeant Taunya Latrice Avery (USAF), Production Supervisor, 507th Aircraft Maintenance Squadron, Tinker AFB, Oklahoma
Lieutenant Colonel Alan L. Priest (USAF), Director of Maintenance, 513th Air Control Group, Tinker AFB, Oklahoma
Lieutenant Colonel Steven England (USAF), Director of Operations, 970th Airborne Air Control Squadron, Tinker AFB, Oklahoma
Major Christopher J. Davis (ANG), Commander, 137th Logistics Readiness Squadron, Will Rogers ANGB, Oklahoma
Chief Master Sergeant Jeffrey Glenn Elders (ANG), Superintendent for Flight Line, 137th Air Refueling Wing, Will Rogers ANGB, Oklahoma
The Honorable Mary Fallin, Governor of Oklahoma
Major General Myles Deering (ARNG), The Adjutant General of Oklahoma
Brigadier General Gregory L. Ferguson (ANG), Assistant Adjutant General of Oklahoma
Senator James Inhofe, Oklahoma
Major General (Ret.) Rita Aragon (ANG), Secretary of the Veterans Administration of Oklahoma, Secretary of the Military, former Commander of the Oklahoma Air Guard
Mayor Jack Fry, Mayor, Midwest City, Oklahoma
Mr. Kurt Foreman, Executive Vice President of Economic Development, Greater Oklahoma City Chamber of Commerce

Arlington, Virginia, August 27, 2013

Major General (Ret.) Tommy Dyches (USAF), Assistant to the Chairman of the Joint Chiefs of Staff for Reserve Matters
Major General (Ret.) H.H. "Bugs" Forsythe (USAF), Mobilization Assistant to the Commander, 9th Air Force, Shaw AFB, South Carolina
Major General (Ret.) Andy Love (ANG), former Assistant to the Commander of U.S. Northern Command for National Guard Matters
Major General (Ret.) Richard A. "Dick" Platt (ANG), former Assistant to the Director of the Air National Guard
Major General (Ret.) Frank Scoggins (ANG), former Assistant Adjutant General of the Washington National Guard
Major General (Ret.) Andrew Davis (USMC), Executive Director, Reserve Officers Association of the United States
Major General James N. Stewart (USAF), (Major General Stewart testified before the Commission on June 26, 2013, as a representative of the Reserve Forces Policy Board; on this day, he presented his personal views.)
Dr. Scott Comes, Deputy Director for Program Evaluation, Cost Assessment and Program Evaluation, Office of the Secretary of Defense

Lieutenant General James F. "J.J." Jackson (USAF), Chief, Air Force Reserve
Mr. Matthew Schaffer, Deputy Director, Analysis & Integration, Cost Assessment and Program Evaluation, Office of the Secretary of Defense

Selfridge, Michigan, September 14, 2013

Major General Gregory J. Vadnais (ARNG), The Adjutant General for Michigan
Brigadier General Leonard Isabelle (ANG), Commander, Michigan Air National Guard
Colonel Michael T. Thomas (ANG), Commander, 127th Wing, Selfridge ANGB, Michigan
Colonel Ronald W. Wilson (ANG), Commander, 110th Airlift Wing, W.K. Kellogg ANGB, Michigan
Colonel Bryan Teff (ANG), Commander, Alpena Combat Readiness Training Center, Michigan
Colonel Sean Southworth (ANG), Commander, 217th Air Operations Group, W.K. Kellogg ANGB, Michigan
Lieutenant Colonel Matt Trumble (ANG), Director of Operations, Grayling Air Gunnery Range, Alpena Combat Readiness Training Center, Michigan
Lieutenant Colonel Constantine Leon (ANG), Commander, 127th Comptroller Flight, Selfridge ANGB, Michigan
Chief Master Sergeant Raymond Carroll (ANG), 127th Civil Engineer Squadron, Selfridge ANGB, Michigan
Dr. Joe Schwarz, Battle Creek Unlimited, former Member of Congress
The Honorable Matt Waligora, Mayor of Alpena, Michigan
Brigadier General (Ret.) Mike Peplinski (ANG), former Commander, Selfridge ANGB, Michigan, on behalf of employers of the National Guard
Colonel (Ret.) Rodger Seidel (ANG), former Commander, W.K. Kellogg ANGB, Michigan
Ms. Jan Frantz, Executive Director, BC CAL KAL Inland Port Development Corporation
Mr. Philip Handelman, Historian, Selfridge Base Community Council
Mr. Bill Servial, Chairman, Economic Development Corporation of Harrison Township
Mr. Alan Parks, Garrison Manager, U.S. Army Garrison, Detroit Arsenal, was unable to attend but submitted a statement to the meeting.
Captain Chris Kelenske, Deputy Director, Michigan State Police, was unable to attend but later submitted his statement as a public comment.

Arlington, Virginia, October 24–25, 2013

Lieutenant General James F. "J.J." Jackson (USAF), Chief, Air Force Reserve
Lieutenant General Stanley E. Clarke III (USAF), Director, Air National Guard
Chief Master Sergeant James A. Cody (USAF), Chief Master Sergeant of the Air Force
Mr. Richard O. Wightman, Principal Deputy Assistant Secretary of Defense for Reserve Affairs
Mr. Paul Patrick, Deputy Assistant Secretary of Defense for Reserve Affairs (Readiness, Training, and Mobilization)
Mr. Ronald G. Young, Director (Family and Employer Programs and Policy), Office of the Assistant Secretary of Defense for Reserve Affairs
Mr. Trey Carson, Principal Director (Resources), Office of the Assistant Secretary of Defense for Reserve Affairs
Mr. Todd Rosenblum, Acting Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs
Mr. Thomas LaCrosse, Director of Defense Support of Civil Authorities, Office of the Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs
Chief Master Sergeant Cameron B. Kirksey (USAF), Command Chief Master Sergeant, Air Force Reserve
Chief Master Sergeant James W. Hotaling (ANG), Command Chief Master Sergeant, Air National Guard

Arlington, Virginia, January 9, 2014

The Honorable Deborah Lee James, Secretary of the Air Force
Colonel Ralph J. Waite IV, USAF, Analyst, Tactical Air Forces Division, Cost Assessment and Program Evaluation, Office of the Secretary of Defense
Dr. F. Matthew Woodward, Analyst, Cost Assessment and Program Evaluation, Office of the Secretary of Defense
Ms. Elaine Simmons, Director, Land Forces Division, Cost Assessment and Program Evaluation, Office of the Secretary of Defense
Peter DeFluri, Director, Projection Forces Division, Cost Assessment and Program Evaluation, Office of the Secretary of Defense
Dr. Scott Comes, Acting Director, Cost Assessment and Program Evaluation, Office of the Secretary of Defense

TESTIMONY BEFORE THE COMMISSION AT CLOSED MEETINGS

Arlington, Virginia, June 3, 2013

Lieutenant General James F. "J.J." Jackson (USAF), Chief, Air Force Reserve
Lieutenant General Stanley E. Clarke III (USAF), Director, Air National Guard
The Honorable Michael B. Donley, Secretary of the Air Force
General Mark A. Welsh III (USAF), Chief of Staff of the U.S. Air Force
Major General Anthony Rock (USAF), Vice Director, Strategic Plans and Policy (J-5), The Joint Chiefs of Staff
Ms. Lisa Disbrow, Vice Director, Force Structure, Resources, and Assessment (J-8), The Joint Chiefs of Staff
Mr. Michael Altomare, Chief, Force Division (J-8), The Joint Chiefs of Staff

Arlington, Virginia, June 25, 2013

Ms. Christine Fox, Director, Cost Assessment and Program Evaluation
General Frank J. Grass (USA), Chief, National Guard Bureau
Major General Brian Meenan (USAF), Total Force Task Force (TF2)
Major General John Posner (USAF), Total Force Task Force (TF2)
Major General Joseph G. Balskus (USAF), Total Force Task Force (TF2)

Arlington, Virginia, July 22, 2013

Mr. David Ochmanek, Deputy Assistant Secretary of Defense for Force Development, Office of the Secretary of Defense
Major General Timothy Ray (USAF), Director, Operational Planning, Policy and Strategy
Major General James McLaughlin (USAF), Commander, 24th Air Force and Commander, Air Forces Cyber, JB San Antonio–Lackland, Texas

Arlington, Virginia, October 24, 2013

Major General Brian Meenan (USAF), Mobilization Assistant to the Commander, Air Mobility Command, Scott AFB, Illinois and member of the Total Force Task Force (TF2)

Major General John Posner (USAF), Director of Global Power Programs, Office of the Assistant Secretary of the Air Force, Acquisition, Headquarters U.S. Air Force, and member of the Total Force Task Force (TF2)

Major General Mark Bartman (ANG), Assistant Adjutant General–Air, Ohio National Guard, and member of the Total Force Task Force (TF2)

Arlington, Virginia, November 18–19, 2013

The Honorable Eric Fanning, Acting Secretary of the U.S. Air Force

General Mark A. Welsh III (USAF), Chief of Staff of the U.S. Air Force.

TESTIMONY BEFORE THE COMMISSION (ALPHABETICAL)

Mr. Michael Altomare, Chief, Force Division (J-8), The Joint Chiefs of Staff

Major General (Ret.) Rita Aragon (ANG), Secretary of the Veterans Administration of Oklahoma, Secretary of the Military, former Commander of the Oklahoma Air Guard

Major General Deborah Ashenhurst (ARNG), The Adjutant General of Ohio

Senior Master Sergeant Taunya Latrice Avery (USAF), Production Supervisor, 507th Aircraft Maintenance Squadron, Tinker AFB, Oklahoma

Senior Master Sergeant Joey Bailey (USAF), Superintendent, 605th Aircraft Maintenance Squadron, JB McGuire-Dix-Lakehurst, New Jersey

Major General Joseph G. Balskus, Military Assistant to the Deputy Chief of Staff for Strategic Plans and Programs (A8), Headquarters U.S. Air Force, Total Force Task Force (TF2) (twice)

Major General (Ret.) Jim Bankers (USAF), President, Department of Georgia, Reserve Officers Association

Major General Mark Bartman (ANG), Assistant Adjutant General–Air, Ohio National Guard, and member of the Total Force Task Force (TF2)

Lieutenant Colonel John Boccieri (USAF), Commander 773rd Air Squadron Assistance Squadron, 910th Airlift Wing, Youngstown ARS, Ohio

Brigadier General Robert C. Bolton (ANG), Commander, New Jersey Air National Guard

Lieutenant Colonel Kevin Buddelmeyer (USAF), Chief of Safety, 88th Air Base Wing, Wright-Patterson AFB, Ohio

General Bill Burks (ANG), The Adjutant General of Nevada

General James Campbell (ARNG), The Adjutant General of Maine

Chief Master Sergeant Raymond Carroll (ANG), 127th Civil Engineer Squadron, Selfridge ANGB, Michigan

Mr. Trey Carson, Principal Director (Resources), Office of the Assistant Secretary of Defense for Reserve Affairs

Lieutenant General Stanley E. Clarke III, Director, Air National Guard (twice)

Chief Master Sergeant James A. Cody (USAF), Chief Master Sergeant of the Air Force

Dr. Scott Comes, Acting Director, Cost Assessment and Program Evaluation (CAPE), Office of the Secretary of Defense (twice, first time as Deputy Director for Program Evaluation for CAPE)

Lieutenant Colonel Mike Cruff (USAF), Commander, 78th Air Refueling Squadron, 514th Air Mobility Wing, JB McGuire-Dix-Lakehurst, New Jersey

Major Robert Cunningham (ANG), Commander, 179th Maintenance Squadron, Mansfield Lahm ANGB, Ohio

Major Scott C. Czuba (USAF), Commander, 552nd Maintenance Squadron, 552nd Air Control Wing, Tinker AFB, Oklahoma

Mr. Michael Dalby, President and CEO of the Columbus Chamber of Commerce, former Air Force

Major General (Ret.) Andrew Davis (USMC), Executive Director, Reserve Officers Association of the United States

Major Christopher J. Davis (ANG), Commander, 137th Logistics Readiness Squadron, Will Rogers ANGB, Oklahoma

Colonel (Ret.) Robert Decker (ARNG), Chairman, Toledo Military Affairs Commission

Major General Myles Deering (ARNG), The Adjutant General of Oklahoma

Peter DeFluri, Director, Projection Forces Division, Cost Assessment and Program Evaluation, Office of the Secretary of Defense Ms. Nino DePasquale, President, The Armed Forces Heritage House Museum

Ms. Lisa Disbrow, Vice Director, Force Structure, Resources, and Assessment (J-8), The Joint Chiefs of Staff

Mr. Michael Dominguez, Director of Strategy, Forces, and Resources Division, Institute for Defense Analyses

The Honorable Michael B. Donley, Secretary of the Air Force

Mr. Joseph Donnelly, Director, Burlington County Board of Chosen Freeholders

Dr. Colin Doyle, Research Staff Member, Institute for Defense Analyses

Ms. Nancy Dragani, Director, Ohio Emergency Management Agency

Mr. Peter Duffy, Director of Legislation, National Guard Association of the United States
General Don Dunbar (ANG), The Adjutant General of Wisconsin, Chairman for Homeland Security and Emergency Response Committee
Major General (Ret.) Tommy Dyches (USAF), Assistant to the Chairman of the Joint Chiefs of Staff for Reserve Matters
Major General Howard M. "Mike" Edwards (ANG), The Adjutant General of Colorado
Chief Master Sergeant Jeffrey Glenn Elders (ANG), Superintendent for Flight Line, 137th Air Refueling Wing, Will Rogers ANGB, Oklahoma
Lieutenant Colonel Steven England (USAF), Director of Operations, 970th Airborne Air Control Squadron, Tinker AFB, Oklahoma
The Honorable Mary Fallin, Governor of Oklahoma
The Honorable Eric Fanning, Acting Secretary of the U.S. Air Force
Brigadier General Gregory L. Ferguson (ANG), Assistant Adjutant General of Oklahoma
General (Ret.) Ronald R. Fogleman (USAF), former Chief of Staff, U.S. Air Force
Mr. Kurt Foreman, Executive Vice President of Economic Development, Greater Oklahoma City Chamber of Commerce
Major General (Ret.) H.H. "Bugs" Forsythe (USAF), Mobilization Assistant to the Commander, 9th Air Force, Shaw AFB, South Carolina
Ms. Christine Fox, Director, Cost Assessment and Program Evaluation
Mr. Michael Francis, Staff Assistant, U.S. Congressman Frank LoBiondo of the 2nd Congressional District of New Jersey
Ms. Jan Frantz, Executive Director, BC CAL KAL Inland Port Development Corporation
Mayor Jack Fry, Mayor, Midwest City, Oklahoma
Mr. Al Garver, Executive Director, Enlisted Association of the National Guard
General Frank J. Grass (USA), Chief, National Guard Bureau
Mr. Mark Gunzinger, Senior Fellow, Center for Strategic and Budgetary Assessments
Mr. Philip Handelman, Historian, Selfridge Base Community Council
Captain (Ret.) Marshall Hanson (USNR), Legislative Director, Reserve Officers Association of the United States
Lieutenant Colonel Stephen Henske (ANG), Commander, 108th Force Support Squadron, JB McGuire-Dix-Lakehurst, New Jersey
Mr. Jeffrey Hoagland, President and CEO, Dayton Development Coalition
Ms. Heather Hogsett, Director, National Governors' Association Health and Homeland Security Committee
Dr. Stanley Horowitz, Assistant Division Director, Institute for Defense Analyses
Chief Master Sergeant James W. Hotaling (ANG), Command Chief Master Sergeant, Air National Guard
Lieutenant Colonel Michael Hrynciw (ANG), Operations Flight Commander, 200th Red Horse Squadron, Mansfield Lahm ANGB, Ohio
Senator James Inhofe, Oklahoma
Brigadier General Leonard Isabelle (ANG), Commander, Michigan Air National Guard
Lieutenant General James F. "J.J." Jackson (USAF), Chief, Air Force Reserve (three times)
General Charles H. Jacoby Jr., Commander, North American Aerospace Defense Command and U.S. Northern Command (via secure video teleconference)
The Honorable Deborah Lee James, Secretary of the Air Force
Major Carl V. Jones III (USAF), Commander, 552nd Aircraft Maintenance Squadron, Tinker AFB, Oklahoma
Lieutenant Colonel Eric Kaufman (ANG), 121st Air Refueling Wing, Rickenbacker ANGB, Ohio
Captain Chris Kelenske, Deputy Director, Michigan State Police, was unable to attend but later submitted his statement as a public comment
Major General (Ret.) Philip Killey (ANG), former Adjutant General of South Dakota and Director of the Air National Guard
Chief Master Sergeant Cameron B. Kirksey (USAF), Command Chief Master Sergeant, Air Force Reserve

Mr. Thomas LaCrosse, Director of Defense Support of Civil Authorities, Office of the Assistant Secretary of Defense for Homeland Defense and America's Security Affairs

State Senator Frank LaRose, Senate District 27, Ohio

Lieutenant Colonel Constantine Leon (ANG), Commander, 127th Comptroller Flight, Selfridge ANGB, Michigan

Mr. Gerry P. Little, Director, Ocean County Board of Chosen Freeholders

Major General Robert E. Livingston, Jr. (ARNG), The Adjutant General of South Carolina

Major General Joe Logan (ANG), Commander, 200th Red Horse Squadron, Detachment 1, Mansfield Lahm ANGB, Ohio

Major General (Ret.) Andy Love (ANG), former Assistant to the Commander of USNORTHCOM for National Guard Matters

Chief Master Sergeant John Mazza (USAF), 88th Air Base Wing, Wright-Patterson AFB, Ohio

Lieutenant Colonel (Ret.) John McCance (USAF), Air Reserve Technician, Wright-Patterson AFB, Ohio

Mr. David McKeon, Planning Director, Ocean County, New Jersey

General (Ret.) Craig R. McKinley (ANG), President, Air Force Association

Major General James McLaughlin (USAF), Commander, 24th Air Force and Commander, Air Forces Cyber, JB San Antonio–Lackland, Texas

Major General Brian Meenan, Mobilization Assistant to the Commander, Air Mobility Command, Scott Air Force Base, Ill., and member of the Total Force Task Force (TF2) (twice)

Chief Master Sergeant Lisa Menser (USAF), Air Reserve Technician, Chief Enlisted Manager, 514th Maintenance Group, JB McGuire-Dix-Lakehurst, New Jersey

Lieutenant Brady Minich (ANG), Maintenance Operation Officer, 121st Air Refueling Wing, Rickenbacker ANGB, Ohio

Lieutenant Colonel Rob Mitrix (USAF), Commander, 89th Airlift Squadron, 445th Air Wing, Wright-Patterson AFB, Ohio

Lieutenant General Michael R. Moeller (USAF), Air Force Deputy Chief of Staff for Strategic Plans and Programs (A8), Headquarters U.S. Air Force

Senator Lisa Murkowski, Alaska

Mr. Lewis Nagy, Executive Director, Defense Enhancement Coalition

Lieutenant General (Ret.) Dick Newton (USAF), Executive Vice President, Air Force Association

Mr. David Ochmanek, Deputy Assistant Secretary of Defense for Force Development, Office of the Secretary of Defense

Major General Timothy Orr (ARNG), The Adjutant General of Iowa, representative to the Council of Governors (twice)

Ms. Mary Catherine Ott, Legislative Manager, Air Programs and Cyber Security, National Guard Association of the United States

Congressman Steve Palazzo, 4th Congressional District, Mississippi

Mr. Alan Parks, Garrison Manager, U.S. Army Garrison, Detroit Arsenal, was unable to attend but submitted a statement to the meeting

Mr. Paul Patrick, Deputy Assistant Secretary of Defense for Reserve Affairs (Readiness, Training, and Mobilization)

Brigadier General (Ret.) Mike Peplinski (ANG), former Commander, Selfridge ANGB, Michigan, on behalf of employers of the National Guard

State Representative Rick Perales, House District 73, Ohio

Major General (Ret.) Richard A. "Dick" Platt (ANG), former Assistant to the Director of the Air National Guard

Chief Master Sergeant Mark Poole (ANG), Operations Chief, 251st Alderson Reporting Company, Cyber Engineering Installation Group, Springfield ANGB, Ohio

Major General John Posner, Director of Global Power Programs, Office of the Assistant Secretary of the Air Force, Acquisition, Headquarters U.S. Air Force, and member of the Total Force Task Force (TF2) (twice)

Colonel Robert Preiss (ARNG), Chief of Staff and Senior Policy Advisor, Army National Guard

Lieutenant Colonel Alan L. Priest (USAF), Director of Maintenance, 513th Air Control Group, Tinker AFB, Oklahoma

Major General (Ret.) Arnold Punaro (USMC), Chairman of the Reserve Force's Policy Board but testifying in individual

capacity as a long serving military officer, congressional staff leader, and a member of a number of boards and commissions that have had an impact on the Department of Defense.

Major General Timothy Ray (USAF), Director, Operational Planning, Policy and Strategy

General William Reddel (ANG), The Adjutant General of New Hampshire

Chief Master Sergeant Troy Rhoades (USAF), Command Chief Master Sergeant, 910th Airlift Wing, Youngstown ARS, Ohio

Lieutenant Colonel Mitchell Richardson (USAF), Commander, 89th Airlift Squadron, Wright-Patterson AFB, Ohio

Dr. Albert Robbert, RAND, Senior Policy Researcher, former active duty Air Force

Major General Anthony J. Rock (USAF), Vice Director, Strategic Plans and Policy (J-5), The Joint Chiefs of Staff

Chief Master Sergeant Peri Rogawski (USAF), Command Chief, 444th Airlift Wing, Wright-Patterson AFB, Ohio

Mr. Todd Rosenblum, Acting Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs

Mr. Russell Rumbaugh, Director for Budgeting for Foreign Affairs and Defense, Senior Associate at the Stimson Center

Congressman Jon Runyan, 3rd Congressional District, New Jersey

Master Sergeant Steven Rybitski (USAF), Superintendent of Plans and Programs, 88th Security Forces Squadron, Wright-Patterson AFB, Ohio

Chief Master Sergeant Matt Sanders (USAF), 87th Civil Engineers Squadron, 87th Air Base Wing, JB McGuire-Dix-Lakehurst, New Jersey

Lieutenant Colonel Daniel Sarachene (USAF), Commander, 757th Airlift Squadron, 910th Air Wing, Youngstown ARS, Ohio

Master Sergeant Mike Schaefer (ANG), Recruiting Office Supervisor, 179th Airlift Wing, Mansfield Lahm ANGB, Ohio

Mr. Matthew Schaffer, Deputy Director, Analysis & Integration, Cost Assessment and Program Evaluation, Office of the Secretary of Defense

Dr. Joe Schwarz, Battle Creek Unlimited, former Member of Congress

Major General (Ret.) Frank Scoggins (ANG), former Assistant Adjutant General of the Washington National Guard

Colonel (Ret.) Rodger Seidel (ANG), former Commander, W.K. Kellogg ANGB, Michigan

Mr. Bill Servial, Chairman, Economic Development Corporation of Harrison Township

State Representative Mike Sheehy, House District 46, Ohio, former U.S. Army, Retired Adjutant General

Ms. Elain Simmons, Director, Land Forces Division, Cost Assessment and Program Evaluation, Office of the Secretary of Defense Colonel Sean Southworth (ANG), Commander, 217th Air Operations Group, W.K. Kellogg ANGB, Michigan

General David Sprynczynatyk (ARNG), The Adjutant General of North Dakota and Director of Emergency Services for North Dakota

Mr. David Stapelkamp, Staff Assistant, U.S. Senator Robert Menendez

Brigadier General Mark Stephens (ANG), Director of Joint Staff, Ohio National Guard

Major General James N. Stewart (USAF), Director, Reserve Forces Policy Board (twice, second time presenting his personal views)

Major Mark Szatkowski (USAF), Commander, 305th Maintenance Squadron, 305th Air Mobility Wing, JB McGuire-Dix-Lakehurst, New Jersey

The Honorable Mary Taylor, Lieutenant Governor of the State of Ohio

Colonel Bryan Teff (ANG), Commander, Alpena Combat Readiness Training Center, Michigan

Colonel Michael T. Thomas (ANG), Commander, 127th Wing, Selfridge ANGB, Michigan

Major General Emmett R. "Buddy" Titshaw Jr. (ANG), The Adjutant General of Florida, Chair of the TAG's Committee on Air National Guard Force Structure and Modernization (twice)

Major General Edward Tonini (ANG), The Adjutant General of Kentucky

Major Philip Townsend (USAF), 757th Airlift Squadron, Youngstown ARS, Ohio

Lieutenant Colonel Matt Trumble (ANG), Director of Operations, Grayling Air Gunnery Range, Alpena Combat Readiness Training Center, Michigan

Major General Gregory J. Vadnais (ARNG), The Adjutant General for Michigan

Colonel Ralph J. Waite IV, USAF, Analyst, Tactical Air Forces Division, Cost Assessment and Program Evaluation, Office of the Secretary of Defense

The Honorable Matt Waligora, Mayor of Alpena, Michigan

Major General (Ret.) Paul Weaver (ANG), former Director of the Air National Guard

General Mark A. Welsh III (USAF), Chief of Staff of the U.S. Air Force (twice)

Lieutenant Colonel Joseph Wenckus (USAF), Commander, 21st Air Mobility Operations Squadron, 621st Contingency Response Wing, JB McGuire-Dix-Lakehurst, New Jersey

State Senator Chris Widener, Senate District 10, Ohio

Mr. Richard O. Wightman, Principal Deputy Assistant Secretary of Defense for Reserve Affairs

Colonel (Ret.) Walker M. Williams, III (USAF), National President, Reserve Officers Association of the United States

Chief Master Sergeant Patrick Wilson (USAF), Superintendent, 552 Air Control Group, 552nd Air Control Wing, Tinker AFB, Oklahoma

Colonel Ronald W. Wilson (ANG), Commander, 110th Airlift Wing, W.K. Kellogg ANGB, Michigan

Major General William D. Wofford (ARNG), The Adjutant General of Arkansas and President, Adjutants General Association of the United States

Master Sergeant Paul Wong (ANG), 125th Intelligence Squadron, 178th Fighter Wing, Springfield ANGB, Ohio

Dr. F. Matthew Woodward, Analyst, Cost Assessment and Program Evaluation, Office of the Secretary of Defense

Mr. Ronald G. Young, Director (Family and Employer Programs and Policy), Office of the Assistant Secretary of Defense for Reserve Affairs

Colonel (Ret.) Joseph E. Zeis Jr. (USAF), Executive Vice President of the Dayton Development Coalition, Chair of the Ohio Air, Space, and Aviation Council

Chief Master Sergeant Stephen Zinner, Superintendent, 204th Intelligence Squadron, New Jersey Air National Guard

APPENDIX H

GLOSSARY OF TERMS AND ACRONYMS

Glossary of Terms

ACTIVE ASSOCIATION
An integration model that combines Active and Reserve elements, with the Reserve Component retaining principal responsibility for a weapon system and sharing the equipment with one or more Active Component units. Today, the Active and Reserve units retain separate organizational structures and chains of command.

ACTIVE COMPONENT (AC)
The unrestricted, continuously available personnel, units, and equipment of the Air Force. 10 U.S.C. §8075 calls this component the Regular Air Force, but generally the services use the term *Active*.

ACTIVE DUTY
Full-time duty in the active military service, including members of the Reserve Component serving on active duty or full-time training duty (but not including full-time National Guard duty serving the state).

ACTIVE GUARD AND RESERVE (AGR)
National Guard and Reserve members who are on active duty providing full-time support to National Guard, Reserve, and Active Component organizations for the purpose of organizing, administering, recruiting, instructing, or training the Reserve Component.

AIR RESERVE COMPONENT (ARC)
The forces of the Air National Guard and Air Force Reserve.

AIR RESERVE COMPONENT (ARC) ASSOCIATION
An integration model that combines two Reserve Component elements, with one retaining principal responsibility for a weapon system and sharing the equipment with one or more of the other component's units. Today, the units retain separate organizational structures and chains of command.

CAPABILITY
The ability to maintain the necessary level and duration of operational activity to achieve military objectives. Entails force structure, modernization, readiness, and sustainability.

CAPACITY
The force structure required to meet a single or multiple military objectives.

CLASSIC ASSOCIATION
An integration model that combines Active and Reserve elements, with the Active Component retaining principal responsibility for a weapon system and sharing the equipment with one or more Reserve Component units. Today, the Active and Reserve units retain separate organizational structures and chains of command.

COMPLEX CATASTROPHE
The Department of Defense defines a complex catastrophe as a natural or man-made incident, including cyberspace attack, power grid failure, and terrorism, which results in cascading failures of multiple interdependent, critical, life-sustaining infrastructure sectors and causes extraordinary levels of mass casualties, damage, or disruption severely affecting the population, environment, economy, public health, national morale, response efforts, or government functions.

CONTINUUM OF SERVICE
A concept that removes or mitigates legal, procedural, and cultural barriers for personnel to transition among different components over the course of a career without derailing their professional advancement while also maximizing the service's investment in that individual.

DEFENSE PLANNING SCENARIOS (DPS)
Secretary of Defense-approved depictions of threats to international security, corresponding missions for U.S. military forces, and strategic-level concepts of operation for carrying out these missions. Services use DPS as a starting point for analyses supporting planning, programming, and acquisition efforts.

DEFENSE SUPPORT OF CIVIL AUTHORITIES (DSCA)
Support provided by the Department of Defense, including the National Guard and other U.S. federal military forces, in response to requests from civil authorities for assistance with domestic emergencies, law enforcement support, and other domestic activities, or from qualifying entities for special events. National Guard forces may be utilized when the Secretary of Defense

in coordination with the Governors of the affected states, elects and requests to use those forces under Title 32.

DEPLOY-TO-DWELL
Ratio of time Active Component military organizations spend deployed compared to the amount of time they spend not deployed. Thus, 1:2 means that for the period deployed the organization would spend two periods at home. (For Reserve Component forces, see Mobilization-to-Dwell.)

DESIGNED OPERATIONAL CAPABILITY (DOC)
The mission for which a measured unit has been equipped, organized, or designed. A measured unit is an Active, Reserve, or Air Guard unit with a descriptor code indicating combat, combat support, or combat service support.

DRILL STATUS GUARDSMAN
A member of the National Guard who drills one weekend per month and 15 days per year. A drill status Guardsman may be called upon by the Governor in the event of a natural or manmade disaster (under state active duty or, if approved by the Secretary of Defense, under U.S. Code Title 32), and may be activated by the President for federal duty (under U.S. Code Title 10).

DUAL STATUS COMMANDER (DSC)
A commander who may, by law, serve in two statuses, federal and state, simultaneously. In state status, the DSC is a member of the state chain of command, subject to the orders of the Governor and Adjutant General of the DSC's state, and, on their behalf, exercises command of assigned state National Guard forces. At the same time, the DSC exercises command of assigned federal forces on behalf of the President through a chain of command established by a combatant commander. Both the President and Governor must consent to the dual status.

DUAL STATUS MILITARY TECHNICIAN
A Reserve Component member who serves in a position as both a full-time federal civil service employee and as a traditional Reservist. Generally, during the week, the technician receives civilian compensation, but during drill periods and annual training receives military compensation. Such full-time employees serve in organizing, administering, instructing, or training of the Selected Reserve or in the maintenance and repair of supplies and equipment. The Air Force Reserve Command refers to these personnel as Air Reserve Technicians or ARTs.

DWELL
For the Active Component, dwell is the period between mandatory deployments. For the Reserve Component, dwell is the period between the release from involuntary active duty and the reporting date for a subsequent tour of involuntary active duty. For the Reserve Component, dwell includes any voluntary active duty performed between the two periods of involuntary active duty, and may include any Individual Skill Training Required for Deployment and Post-Mobilization Leave that has been excluded by the Secretary of Defense from counting against the 12-month mobilization period.

END STRENGTH
The number of personnel authorized by legislation for a given fiscal year.

FORCE STRUCTURE
The military service's interconnected framework—Active, Reserve and Guard components, equipment, personnel, and real estate—that exists to accomplish specific missions in support of the President and the Secretary of Defense.

"FULL-TIME" FORCES
A member of the Active Component, an Active Guard and Reserve member, or a Dual Status Military Technician. (See also "Part-Time" Forces.)

HIGH-DEMAND, LOW-DENSITY ASSET
A combat, combat support, or service support capability, unit, system, or occupational specialty that the Secretary of Defense determines has funding, equipment, or personnel levels that are substantially below the levels required to fully meet or sustain actual or expected operational requirements set by regional commanders

HOLLOW FORCE
Military forces that appear mission-ready but, upon examination, suffer from shortages of personnel, equipment, and maintenance or from deficiencies in training.

HOMELAND DEFENSE
The protection of U.S. sovereignty, territory, domestic population, and critical infrastructure against external threats or aggression or other threats as identified by the President.

HOMELAND SECURITY
A concerted national effort to prevent terrorist attacks within the United States; reduce America's vulnerability to terrorism, major disasters, and other emergencies; and minimize the damage and recover from attacks, major disasters, and other emergencies that occur.

INDIVIDUAL MOBILIZATION AUGMENTEE (IMA)
Traditional members of the Air Force Reserve assigned to an Active Component, Selective Service System, or Federal Emergency Management Agency organization's billet. IMAs drill and deploy with that Active unit. An individual Reservist attending drills who receives training and is

pre-assigned to an Active Component organization, a Selective Service System, or a Federal Emergency Management Agency billet that must be filled on, or shortly after, mobilization. IMAs train on a part-time basis with these organizations to prepare for mobilization. Inactive duty training for IMAs is decided by component policy and can vary from zero to 48 drills a year.

INDIVIDUAL READY RESERVE (IRR)
A manpower pool consisting of individuals who have had some training or who have served previously in the Active Component or in the Selected Reserve and may have some period of their military service obligation remaining. Members may voluntarily participate in training for retirement points and promotion with or without pay.

INTEGRATED WING (I-WING)
An integration model that combines Active and Reserve elements within one organizational structure and chain of command, with members of all components contributing to a common unit mission.

LIFE-CYCLE COSTS
(1) The total cost of a piece of equipment from its development, fielding, and sustainment through retirement. (2) The total cost of an Airman in service to the nation, from entry into service through death, including the costs of training, service, and benefits.

MAN-DAY
Military funding paid to Reservists to perform duty over and above their minimum number of days for inactive duty training and annual tour. Each Man-Day pays the member one day's base pay, housing allowance, subsistence allowance, and other appropriate military pay entitlements.

MILITARY PERSONNEL APPROPRIATION (MPA)
Active Component military funding paid to Reservists to support the short-term needs of the Active force. Each Man-Day pays the member one day's base pay, housing allowance, subsistence allowance, and other appropriate military pay entitlements.

MOBILIZATION-TO-DWELL
Ratio of time Reserve Component organizations or individuals spend mobilized for active duty compared to the amount of time they spend in a ready reserve state. Thus, 1:5 means that for each period mobilized the organization or individual would spend five periods at home.

MODERNIZATION
Updating an existing system to improve operational capability or technical performance.

NATIONAL MILITARY STRATEGY (NMS)
A document approved by the Chairman of the Joint Chiefs of Staff for distributing and applying military power to attain national security strategy and national defense strategy objectives.

NATIONAL SECURITY STRATEGY (NSS)
A document approved by the President of the United States for developing, applying, and coordinating the instruments of national power to achieve objectives that contribute to national security.

OPERATING TEMPO (OPTEMPO)
A measure of the pace of an operation or operations in terms of equipment usage. For example, the Air Force measures aircraft flying hours to gauge OPTEMPO.

OPERATIONAL RESERVE
A term used to describe the current situation in which the Air Force holds Reserve Component forces to the same standards of readiness as the Active Component, and regularly rotates these forces onto active duty service, whether in times of war or in peacetime. Joint Publication (JP) 5-0 defines Operational Reserve as an "emergency reserve of men and/or materiel established for the support of a specific operation."

"PART-TIME" FORCES
Forces comprised primarily of traditional Reservists or drill status Guardsmen. The Commission recognizes that most, if not all, traditional Guardsmen and Reservists in the Air Force dedicate themselves fully to their service's core principles and ideals. This report uses this term only to differentiate the pay status of those not on full-time active duty.

PERSONNEL TEMPO (PERSTEMPO)
The time an individual spends away from home station, whether for deployment, unit training events, special operations and exercises, or mission support temporary duty.

RAINBOWING
When personnel and aircraft from more than one unit combine to form one designated unit in order to meet the requirements of an Air Expeditionary Force.

READINESS
The ability of a military unit to respond to and meet the demands of missions assigned in its Designed Operational Capability statement.

READY RESERVE
Individuals and units liable for active duty. This includes the Selected Reserve, Individual Ready Reserve, and inactive National Guard.

RECAPITALIZATION
Replacing an existing weapon system with another weapon system. Frequently, the new weapon system is more modern than the existing weapon system.

RESERVE PERSONNEL APPROPRIATION (RPA)
That portion of the Military Personnel Appropriation designated to pay Reserve and Guard members, including drill and training pay and allowances.

SELECTED RESERVE
Those units and individuals within the Ready Reserve designated by their respective Services and approved by the Joint Chiefs of Staff as so essential to initial wartime missions that they have priority over all other Reserves. Selected Reservists actively participate in a Reserve Component training program. The Selected Reserve also includes persons performing initial active duty for training.

STRATEGIC RESERVE
A Reserve force intended for use during later stages of a protracted or large-scale operation but not on a day-to-day basis.

SURGE
A rapid or concerted increase in the commitment of forces to fend off an attack, meet a sudden demand, or accomplish a strategic military objective.

TOTAL FORCE
All U.S. Air Force organizations, units, and individuals—Active, Reserve, Guard, and civilian—that provide the capabilities to support the Department of Defense in implementing the national security strategy.

TRADITIONAL RESERVIST
A member of the Air Force Reserve who drills one weekend per month and two weeks per year. A traditional Reservist may be activated for contingency operations or extended assignments.

WARM BASE
An installation or part of an installation without permanent operational forces; such installations are maintained at a level that will allow rapid re-occupation by operational forces.

Glossary of Acronyms

1st Lt First Lieutenant

2nd Lt Second Lieutenant

A-10 Fairchild Republic A-10 Thunderbolt II, a twin-engine close-air support attack jet aircraft

A1C Airman First Class

ABU Airman Battle Uniform

AC Active Component

ACC Air Combat Command

ACO Airspace Control Order

ACS Agile Combat Support

ACSC Air Command and Staff College

ADAG Aircraft Design and Aeroflight Dynamics Group

ADCON Administrative Control

A SUPT DSW Active Duty for Special Work

AEF Air Expeditionary Force

AETC Air Education and Training Command (formerly ATC)

AFA Air Force Association

AFB Air Force Base

AFGSC Air Force Global Strike Command

AFIPPS Air Force Integrated Personnel and Pay System

AFRC Air Force Reserve Command

AFSC Air Force Specialty Codes

AFSPC Air Force Space Command

AFFOR Air Force forces

AFMC Air Force Materiel Command

AFTOC Air Force Total Ownership Cost

AGR Active Guard and Reserve

ALS Airman Leadership School

AMC Air Mobility Command

AMDS Aerospace Medicine Squadron

Amn Airman

ANG Air National Guard

ANGB Air National Guard Base

ANGS Air National Guard Station

AOC Air Operations Center

AOG Air Operations Group

AOR Area of Responsibility

APS Aerial Port Squadron

AR Air Refueling

ARB Air Reserve Base

ARC Air Reserve Component

ARS Air Reserve Station; Air Refueling Squadron

ART Air Reserve Technician

ARW Air Refueling Wing

AS Airlift Squadron

ASD Assistant Secretary of Defense

ASD HD/ASA Assistant Secretary of Defense for Homeland Defense and America's Security Affairs

ASOC Air Support Operations Center

AT Antiterrorism

ATC Air Traffic Control

ATO Air Tasking Order

ATP Air Transport Pilot Rating (an FAA term)

AW Airlift Wing

AWACS Airborne Warning and Control System

B-1 Rockwell B-1 Lancer, a four-engine jet supersonic variable-sweep wing bomber

B-2 Northrop Grumman B-2 Spirit, a wing-shaped stealth bomber

B-52 Boeing B-52 Stratofortress, an eight-engine jet bomber aircraft

BAH Basic Allowance for Housing

BAS Basic Allowance for Subsistence

BOG Boots on the Ground—number of days at deployment location

BOS Base Operations Support

BRAC Base Realignment and Closure

Brig Gen Brigadier General

BS Bomb Squadron

BW Bomb Wing

BX Base Exchange

C2 Command and Control

C4ISR Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance

C-5 Lockheed C-5 Galaxy, a large four-engine jet military transport aircraft

C-17 Boeing C-17 Globemaster III, a four-engine jet military transport aircraft

C-23 Short C-23 Sherpa, a small two-engine propeller transport aircraft

C-26	Fairchild C-26 Metroliner, a twin-turboprop electronic surveillance aircraft
C-27	Alenia C-27 Spartan, a twin-engine turboprop military transport aircraft
C-130	Lockheed C-130 Hercules, a four-engine turboprop military transport aircraft
C2P	Command and Control Protection
CAF	Combat Air Forces
CAPE	Cost Assessment and Program Evaluation
Capt	Captain
CAS	Close Air Support
CBCS	Combat Communications Squadron
CBRNE	Chemical, Biological, Radiological, Nuclear, and High-Yield Explosives
CBT	Computer-Based Training
CC	Commander
CCDR	Combatant Commander
CE	Civil Engineer
CES	Civil Engineer Squadron
CFACC	Combined Forces Air Component Commander
CMAS	Command Military Allocation System
CMSAF	Chief Master Sergeant of the Air Force
CMSgt	Chief Master Sergeant
C-NAF	Component Numbered Air Force
Col	Colonel
CONUS	Continental United States
CRTC	Combat Readiness Training Center
CS	Communications Squadron
CSAF	Chief of Staff of the Air Force
CSAR	Combat Search and Rescue
CV	Vice Commander
CVT	Criticality-Vulnerability-Threat
DCA	Defense Communications Agency; Defense Cooperation Agreements; defensive counterair; dual-capable aircraft
DCAPES	Deliberate and Crisis Action Planning and Execution Segments
DeCA	Defense Commissary Agency
DEERS	Defense Enrollment Eligibility Reporting System.
DFO	Designated Federal Officer
DMAG	Deputy's Management Advisory Group
DMDC	Defense Manpower Data Center
DOC	Designed Operational Capability
DoD	Department of Defense
DPS	Defense Planning Scenarios
DSCA	Defense Support to Civil Authorities
DSN	Defense Switched Network
DTAC	Defensive Tactics
EADS	Eastern Air Defense Sector
ECM	Electronic Counter Measure
EMAC	Emergency Management Assistance Compact
EOD	Explosive Ordnance Disposal
ESGR	Employer Support Group for the Guard and Reserve
EW	Electronic Warfare
F-4	McDonnell Douglas F-4 Phantom II, a two-seat, twin-engine jet fighter
F-15	McDonnell Douglas F-15 Eagle, a twin-engine jet fighter
F-16	General Dynamics F-16 Fighting Falcon, a single-engine jet fighter
F-22	Lockheed Martin F-22 Raptor, a twin-engine jet multirole fighter
F-35	Lockheed Martin F-35 Lightning II, a single-engine jet multirole fighter
FAA	Federal Aviation Administration
FACA	Federal Advisory Committee Act
FCOM	Flight Crew Operations Manual
FEMA	Federal Emergency Management Agency
FFRDC	Federally Funded Research and Development Center
FGC	Flight Guidance Computer
FS	Fighter Squadron
FSS	Force Support Squadron
FTU	Formal Training Unit
FW	Fighter Wing
FY	Fiscal Year (October 1 to September 30 for the U.S. Government)
FYDP	Future Years Defense Program
Gen	General
GIISR	Global Integrated Intelligence, Surveillance, and Reconnaissance
GMD	Group Manning Document
HAF	Headquarters Air Force
HUMINT	Human Intelligence
ICAM	Individual Cost Assessment Model
ICBM	Intercontinental Ballistic Missile

IDA Institute for Defense Analyses

IDT Inactive Duty Training; Individual Drill Training

IG Inspector General

IMA Individual Mobilization Augmentee

IO Information Operations

IP Instructor Pilot

IS Intelligence Squadron

ISR Intelligence, Surveillance, and Reconnaissance

JB MDL Joint Base McGuire-Dix-Lakehurst

JFACC Joint Forces Air Component Commander

JMD Joint Manning Document

JOA Joint Operations Area

JP Joint Publication

JROC Joint Requirements Oversight Council

J-STARS Joint Surveillance Target Attack Radar System

JTAC Joint Terminal Air Controller

KC-10 McDonnell Douglas K-10 Extender, a three-engine jet military transport and aerial refueling aircraft

KC-46 Boeing KC-46, a military aerial refueling and transport jet aircraft based on the 767 jet airliner

KC-135 Boeing K-135 Stratotanker; four-engine jet military aerial refueling aircraft

LIMFAC limiting factor

LOX Liquid Oxygen

LRS Logistics Readiness Squadron

Lt Col Lieutenant Colonel

Lt Gen Lieutenant General

MAF Mobility Air Forces

Maj Major

Maj Gen Major General

MAJCOM Major Command

MAP Military Assistance Program

MC-12 Medium to low altitude twin-turboprop ISR aircraft

MEOC Mobile Emergency Operation Center

MILCON Military Construction

MLR Management Level Review

MOB Mobilization

MOS Maintenance Operations Squadron

MPA Military Personnel Appropriation

MPF Military Personnel Flight

MQ-1 General Atomics MQ-1 Predator, a remotely piloted aircraft

MQ-9 General Atomics MQ-9 Reaper, a remotely piloted aircraft

MSG Mission Support Group

MSgt Master Sergeant

MSS Mission Suppor Squadront

MWR Morale, Welfare, and Recreation

MXG Maintenance Group

NAF Numbered Air Force

NCSAF National Commission on the Structure of the Air Force

NCO Non-Commissioned Officer

NCOA Non-Commissioned Officer Academy

NDO Nuclear Deterrence Operations

NGAUS National Guard Association of the United States

NGB National Guard Bureau

NMS National Military Strategy

NORAD North American Aerospace Defense Command

NSS National Security Strategy

O&M Operations and Maintenance

OCO Overseas Contingency Operations

OCONUS Outside the Continental United States

OEF Operation Enduring Freedom

OG Operations Group

OIF Operation Iraqi Freedom

OMLT Operational Mentor and Liaison Team

OPCON Operational Control

OPR Office of Primary Responsibility; Officer Performance Report

OPSEC Operations Security

OPTEMP Operating Tempo

OSD Office of the Secretary of Defense

OSS Operations Support Squadron

OT&E Operational Test and Evaluation; Organize, Train, and Equip

OTS Officer Training School

PAA Primary Assigned Aircraft

PACAF Pacific Air Force

PCS Permanent Change of Station

PERSTEMPO Personnel Tempo

PJ Pararescue

PMAI Primary Mission Aircraft Inventory

PME Professional Military Education

POL Petroleum, Oil, and Lubricants

POM Program Objectives Memorandum

POTUS President of the United States

PPBE Planning, Programming, Budgeting, and Execution

PRP Personnel Reliability Program

QRMC Quadrennial Review of Military Compensation

RC Reserve Component

RDT&E Research, Development, Test & Evaluation

REA Reserve Enlisted Association

RED HORSE Rapid Engineer Deployable Heavy Operational Repair Squadron Engineers

RFF Request for Forces

RFPB Reserve Forces Policy Board

RIF Reduction in Force

ROA Reserve Officers Association

ROTC Reserve Officers' Training Corps

RPA Remotely Piloted Aircraft

RQ-4 Northrop Grumman RQ-4 Global Hawk, a remotely piloted aircraft

RQ-170 Lockheed Martin RQ-170 Sentinel, a remotely piloted aircraft

RQS Rescue Squadron

RQW Rescue Wing

SAD State Active Duty

SAM Surface to Air Missile

SAR Search and Rescue

SCMR Strategic Choices and Management Review

SDP Strategic Distribution Platform

SECAF Secretary of the Air Force

SFS Security Forces Squadron

SLEP Service Life Extension Program

SMSgt Senior Master Sergeant

SOCOM Special Operations Command

SOPS Space Operations Squadron

SOS Squadron Officer School

SOW Special Operations Wing

SPO Specialty Program Office

SrA Senior Airman

SSgt Staff Sergeant

STS Special Tactics Squadron

STU Secure Telephone Unit

SUPT Specialized Undergraduate Pilot Training

SVTC Secure Video Telephone Conference

SW Space Wing

T-38 Northrop T-38 Talon, two-seat, twin-engine jet trainer

TACAIR Tactical Air

TACON Tactical Control

TAG The Adjutant General

TDY Temporary Duty

TFI Total Force Integration

TO Technical Order

TOA Total Obligational Authority

TR Traditional Reservist

TRW Training Wing

TSgt Technical Sergeant

TTHS Trainees, Transients, Holdees, and Students

TTP Tactics, Techniques, and Procedures

T-X Designation for a two-seat fast jet trainer under development

U-2 Lockheed U-2 Dragon Lady, a single-engine, high-flying reconnaissance aircraft

UCI Unit Compliance Inspection

UPT Undergraduate Pilot Training

USAF United States Air Force

USAFA U.S. Air Force Academy

USAFE U.S. Air Forces Europe

USAFRICOM U.S. Africa Command

USCENTCOM U.S. Central Command

USD(P&R) Under Secretary of Defense for Personnel and Readiness

USERRA Uniformed Services Employment and Reemployment Rights Act

USEUCOM U.S. European Command

USNORTCHOM U.S. Northern Command

USPACOM U.S. Pacific Command

USSOUTHCOM U.S. Southern Command

USSOCOM U.S. Special Operations Command

USTRATCOM U.S. Strategic Command

USTRANSCOM U.S. Transportation Command

UTA Unit Training Assembly

UTC Unit Type Code

vPCGR Virtual Personnel Center Guard Reserve

WADS Western Air Defense Sector

WG Wing

APPENDIX I: RESOURCE CHAPTER CHARTS

FIGURE 5: **Spending Cycle**

AF Outlays in Millions of Constant 2014 Dollars

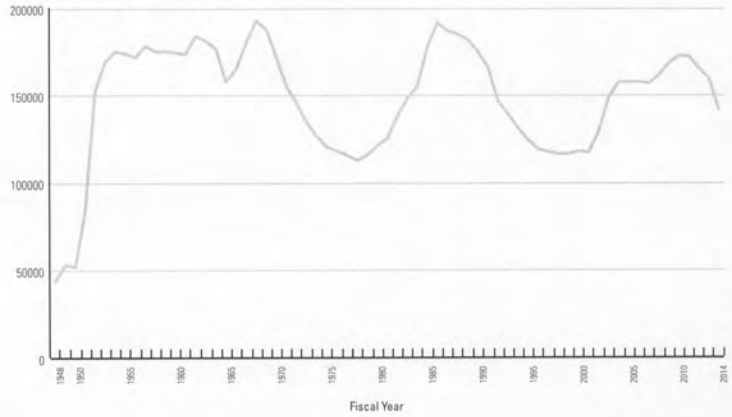
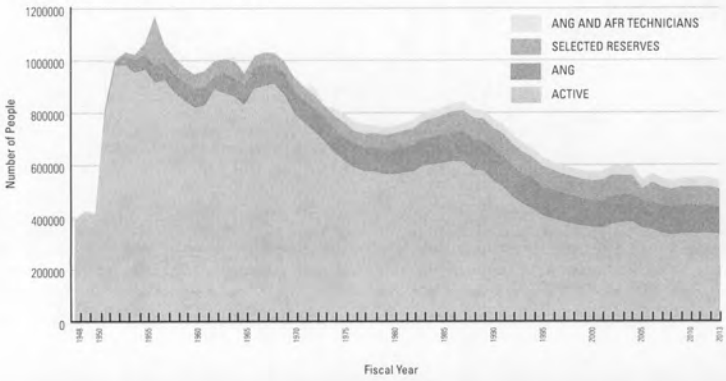


FIGURE 6: **Air Force End Strength**



APPENDIX J
SELECTED STATUTES AND POLICIES

Command Structure and Headquarters

10 U.S.C. §175—Reserve Forces Policy Board.

- Establishes the Reserve Forces Policy Board.
- See also 10 U.S.C. §10301 for functions, membership, and organization of the Reserve Forces Policy Board.

10 U.S.C. §10174—Air Force Reserve Command (AFRC).

- Subsection (a) establishes the AFRC as a separate command of the Air Force.
- Subsection (b) establishes the Chief of Air Force Reserve as also holding the position of Commander of the AFRC.
- Subsection (c)(1) requires Secretary of the Air Force to assign to the AFRC all Air Force Reserve forces stationed in CONUS except those assigned to the Combatant Commanders for special operations forces.

10 U.S.C. §10201—Assistant Secretary of Defense for Reserve Affairs.

- In accordance with 10 U.S.C. § 138(b)(2), the Assistant Secretary of Defense for Reserve Affairs is the DoD official with responsibility for the supervision of Reserve Component affairs.

10 U.S.C. §10203—Reserve affairs: designation of general or flag officer of each armed force.

- Permits Secretary of the Air Force to designate an Air Force general officer to be directly responsible for reserve affairs to the Chief of Staff of the Air Force.

10 U.S.C. §8038—Office of the Air Force Reserve: appointment of Chief.

- Subsection (a) establishes an Office of the Air Force Reserve within the Department of the Air Force. Subsection (a) also establishes that Office of Air Force Reserve is headed by a chief who is the adviser to the Chief of Staff on Air Force Reserve matters.
- Subsection (b) requires the President to appoint, with advice and consent of the Senate, the Chief of Air Force Reserve from AFR general officers with at least 10 years of commissioned service in the Air Force.
- Subsection (c)(1) permits the Chief of the Air Force Reserve to be appointed for a period of four years with a potential reappointment for an additional four-year period.
- Subsection (c)(2) permits the Chief of the Air Force Reserve to hold the grade of lieutenant general.
- 10 U.S.C. §10211—Policies and regulations: participation of Reserve officers in preparation and administration.
- Each armed force shall have officers of its Reserve Components on active duty (except for training) at the seat of government and at headquarters responsible for Reserve affairs. The statutory purpose is to participate in preparing and administering the policies and regulations affecting the Reserve Component.

10 U.S.C. §10301—Reserve Forces Policy Board.

- Establishes the Reserve Forces Policy Board within the Office of the Secretary of Defense.
- Sets forth membership and organization requirements as well as matters within the Board's purview.

10 U.S.C. §10305—Air Force Reserve Forces Policy Committee.

- Establishes the Air Reserve Forces Policy Committee within the Office of the Secretary of the Air Force.
- Sets forth organization of the Committee and general matters within its purview.

10 U.S.C. §10501—National Guard Bureau.

- Establishes the National Guard Bureau within the Department of Defense.
- Sets forth the purposes of the National Guard Bureau.

10 U.S.C. §10502—Chief of the National Guard Bureau: appointment; adviser on National Guard matters; grade; succession.

- Establishes appointment process and requirements for the Chief of the National Guard Bureau.
- Also establishes duties of the Chief of the National Guard Bureau.

10 U.S.C. §10503—Functions of National Guard Bureau: charter.

- Requires the creation of the National Guard Bureau charter to set forth the full scope of the duties and activities of the Bureau.
- Delineates matters within the scope of the duties and activities of the Bureau.

10 U.S.C. §10507—National Guard Bureau: assignment of officers of Active or Reserve Components.

- Permits the President of the United States to assign to duty in the Bureau as many Active or Reserve officers of the Army or Air Force as considered necessary.

AFI 10-205—Availability of key headquarters Air Force personnel and Major Command Commanders. September 27, 2010.

- Requires Headquarters, U.S. Air Force (HQ USAF) key personnel and major command (MAJCOM) commanders to keep HQ USAF informed of their location and identify any designated alternates when leaving his or her permanent duty station.
- Contains tables of Key Headquarters Personnel and MAJCOM Commanders.

DoDD 5015.77—National Guard Bureau. May 21, 2008.

- Establishes DoD policy for and defines the organization, management, responsibilities and functions, relationships and authorities of the Chief of the National Guard Bureau.

Council of Governors

Ex. Ord. 13528 of January 11, 2010 (Published at 75 FR 2053)— Establishment of Council of Governors.

- Establishes the Council of Governors and sets forth its organization.
- Sets forth participants in Council meetings and issues that are within the Council's purview.
- Department of Defense Directives

DoD Memorandum—State-Federal consultative process for programming and budgetary proposals affecting the National Guard. February 25, 2013.

- Sets forth DoD policy that DoD and the states, territories, and the District of Columbia, represented through the Council of Governors, will engage in a sustained process to exchange views, information, and advice on programming and budgetary proposals affecting the National Guard.
- Establishes objectives and implementation to consultations and dialogue between the DoD and states (through Council of Governors).

Defense Support for Civil Authorities (DSCA)

10 U.S.C. §372—Use of military equipment and facilities.

- Permits The Secretary of Defense to make available any DoD equipment, base facility or research facility to any Federal, State, or local civilian law enforcement official for law enforcement purposes.

10 U.S.C. §373—Training and advising civilian law enforcement officials.

- Permits the Secretary of Defense to make available DoD personnel to (1) train federal, state, and local civilian law enforcement officials in the operation and maintenance of equipment and (2) provide "expert advice" to law enforcement officials.

10 U.S.C. §374—Maintenance and operation of equipment.

- Sets forth the purposes for which the Secretary of Defense can make DoD personnel available to operate DoD equipment for DSCA purposes.

10 U.S.C. §375—Restriction on direct participation by military personnel.

- Requires the Secretary of Defense to prescribe necessary regulations to ensure that any activity, provision of equipment or facility, or assignment of personnel does not include or permit direct participation of the Army, Navy, Air Force, or Marine Corps in a search, seizure, arrest, or similar activity unless otherwise authorized by law.

10 U.S.C. §376—Support is not to adversely affect military preparedness.

- DSCA support, activities, provision of equipment or facilities, or assignment of personnel is prohibited if provision of that DSCA support will adversely affect the military preparedness of the United States.

10 U.S.C. §377—Reimbursement.

- A civilian law enforcement agency to which DSCA support is provided is required to reimburse DoD for the costs of that support.
- Contains language on credits for support by National Guard and waiver of reimbursement for support under 32 U.S.C. §502(f).

10 U.S.C. §380—Enhancement of cooperation with civilian law enforcement officials.

- Requires the Secretary of Defense to conduct an annual briefing of law enforcement personnel of each state regarding information, training, technical support, and equipment and facilities available to civilian law enforcement personnel from DoD.
- Also contains information required to be included in the Secretary of Defense's annual briefing.

10 U.S.C. §381—Procurement of equipment by State and local governments through the Department of Defense: equipment for counter-drug, homeland security, and emergency response activities.

- Requires the Secretary of Defense to establish procedures under which states and units of local governments may purchase equipment through DoD suitable for counter-drug, homeland security, and emergency response activities.
- Includes requirements for purchasing procedures and requests.

10 U.S.C. §382—Emergency situations involving weapons of mass destruction.

- The Secretary of Defense may authorize DoD resources to be used to provide assistance in support of U.S. Department of Justice activities related to an emergency situation involving a weapon of mass destruction.
- Defines "emergency situation involving a weapon of mass destruction" and forms of assistance permitted under this section.

Duty Statuses and Definitions

STATUTES

10 USC §101—Definitions.

- Defines various duty statuses for military personnel.
- Defines "full-time National Guard duty." (See also 32 U.S.C. § 101(19) for corresponding National Guard section.)
- Defines "active Guard and Reserve duty," but does not include support of Active Component units assigned to train with or be trained by Reserve Component personnel.

10 U.S.C. §10216—Military technicians (dual status).

- Defines dual-status military technician and their duties and management.
- Does not contain language for support of Active Component units assigned to train with or be trained by Reserve Component personnel.

10 U.S.C. §10217—Non-dual status technicians.

- Defines non-dual status technicians and their employment opportunities and personnel caps by component.

10 U.S.C. §12310—Reserves: for organizing, administering, Reserve Components.

- Does not contain language for support of Active Component units assigned to train with or be trained by Reserve Component personnel.

10 U.S.C. §12314—Reserves: any kind of duty.

- A member of a Reserve Component who is on active duty other than for training may, under regulations prescribed by the Secretary concerned, be detailed or assigned to any duty authorized by law for members of the Active Component for the Air Force.

10 U.S.C. §12318—Reserves on active duty: duties; funding.

- Establishes Reserve Component duties while on active duty as those contained within the applicable mobilization authority.
- Establishes authorities under which funding will be available for the pay and allowances of Reserves.

32 U.S.C. §101—Definitions.

- Defines active duty for National Guard.
- Defines "full-time National Guard duty" (See 10 U.S.C. § 101(d)(5) for corresponding section.)

32 U.S.C. §328—Active Guard and Reserve duty: Governor's authority.

- Does not contain language including support of Active Component units assigned to train with or be trained by Reserve Component personnel.

32 U.S.C. §502—Required drills and field exercises.

- Contains language permitting a member of the National Guard to be ordered to perform training or other duty in addition to what is set forth in subsection (a) of the statute.
- Contains examples of training or other duties permitted to be performed by the National Guard under this section.

32 U.S.C. §709—Technicians: employment, use, status.

- Does not contain language including support of Active Component units assigned to train with or be trained by Reserve Component personnel.

AIR FORCE INSTRUCTIONS

AFI 36-2132V2—Active Guard/Reserve (AGR) Program.

- Section 2.9. Deployment of AGRs. Does not include in the AGR duties language permitting support of Active Component units who train or deploy with Reserve Component units or personnel.

End Strength

STATUTES

Note: End Strength levels also contained within National Defense Authorization Act for each fiscal year.

10 U.S.C. §12001—Authorized strengths: Reserve Components.

10 U.S.C. §12002—Authorized strengths: Army and Air Force Reserve Components, exclusive of members on active duty.

10 U.S.C. §12003—Authorized strengths: commissioned officers in an active status.

10 U.S.C. §12004—Strength in grade: Reserve general and flag officers in an active status.

10 U.S.C. §12005—Strength in grade: commissioned officers in grades below brigadier general or rear admiral (lower half) in an active status.

10 U.S.C. §12006—Strength limitations: authority to waive in time of war or national emergency.

10 U.S.C. §12008—Army Reserve and Air Force Reserve: warrant officers.

10 U.S.C. §12009—Army and Air Force Reserve Components: temporary increases.

10 U.S.C. §12011—Authorized strengths: Reserve officers on active duty or on full-time National Guard duty for administration of the Reserves or the National Guard.

10 U.S.C. §12012—Authorized strengths: senior enlisted members on active duty or on full-time National Guard duty for administration of the Reserves or the National Guard.

Funding and Procurement

STATUTES

10 U.S.C. §231a—Budgeting for life-cycle cost of aircraft for the Navy, Army, and Air Force: annual plan and certification.

- Sets forth requirements for procurement plans for aircraft and itemizes aircraft covered by these procurement plans.

10 U.S.C. §235—Procurement of contract services: specification of amounts requested in budget.

- Sets forth requirement for the Secretary of Defense to include in his or her annual budget request the numbers of projected full-time contractor employees and amount requested for procurement of these services.

10 U.S.C. §377—Reimbursement.

- See also DSCA section, above.

10 U.S.C. §381—Procurement of equipment by state and local governments through the Department of Defense: equipment for counter-drug, homeland security, and emergency response activities.

- See also DSCA section above

DoDD 7045.14—The Planning, Programming, Budgeting, and Execution (PPBE) process. January 25, 2013.

- Updates established policy and assigned responsibilities for the PPBE process.
- Provides PPBE process descriptions and data release restrictions.
- This directive applies to the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within DoD.

DoD Memorandum—State-federal consultative process for programming and budgetary proposals affecting the National Guard. February 25, 2013.

- See also Council of Governors section above.

Human Capital

Continuum of Service

10 U.S.C. §10213—Reserve Components: dual membership prohibited.

- Prohibits any individual from being part of more than one Reserve Component at the same time.

10 U.S.C. §12103—Reserve Components: terms.

- Sets forth terms under which enlisted members of the Reserve Components serve.
- Includes time required on active duty and the Ready Reserve.

10 U.S.C. §12014—Reserve Components: transfers.

- Sets forth ability for a member of the armed forces to transfer into the Reserve Component of that armed force.
- Limits ability for a member of the armed forces to transfer into the Reserve Component of another military branch in lieu of the transferring between components of the same armed force.

10 U.S.C. §12105—Army Reserve and Air Force Reserve: transfer from Guard Components.

- Permits the Secretary of the Air Force to prescribe regulations governing transfer of an enlisted member of the Air National Guard of the United States (federal) into the Air Force Reserve.
- Requires consent of governor or other appropriate state authority for the transfer.

10 U.S.C. §12106—Army and Air Force Reserve: transfer to Reserve upon withdrawal as member of National Guard.

- An enlisted member of the Air National Guard who ceases to become a Guardsman automatically becomes a member of the Air Force Reserve unless also discharged from that component.
- Upon becoming a member of the Air Force Reserve, the enlisted member no longer is a member of the Air National Guard of the United States.

10 U.S.C. §12108—Enlisted members: discharge or retirement for years of service or for age.

- Each Reserve enlisted member of the Air Force who is in active status and has reached either maximum age or maximum years of service shall be transferred to the Retired Reserve, if qualified.

10 U.S.C. §12214—Officers: Air Force Reserve: transfer from Air National Guard of the United States.

- An officer of the Air National Guard of the United States may be transferred in grade to the Air Force Reserve. This requires consent of the governor and other appropriate authorities of the state concerned.
- Upon becoming an officer of the Air Force Reserve, the officer ceases to be a member of the Air National Guard of the United States.

Promotion Boards

10 U.S.C. §14101—Convening of selection boards.

- Selection boards are convened only for promotion or selective early separation.

Promotion, Failure of Selection

STATUTES

10 U.S.C. §627—Failure of selection for promotion.

10 U.S.C. §14501—Failure of selection for promotion.

- Addresses failure of selection for promotion for Reserve officers below the grade of colonel or those twice failed of selection.

10 U.S.C. §14503—Discharge of officers with less than six years of commissioned service or found not qualified for promotion to first lieutenant or lieutenant (junior grade).

10 U.S.C. §14504—Effect of failure of selection for promotion: Reserve first lieutenants of the Army, Air Force, and Marine Corps and Reserve lieutenants (junior grade) of the Navy.

10 U.S.C. §14505—Effect of failure of selection for promotion: Reserve captains of the Army, Air Force, and Marine Corps and Reserve lieutenants of the Navy.

10 U.S.C. §14506—Effect of failure of selection for promotion: Reserve majors of the Army, Air Force, and Marine Corps and Reserve lieutenant commanders of the Navy.

10 U.S.C. §14513—Failure of selection for promotion: transfer, retirement, or discharge.

Promotion Timing, Zones, and Opportunity

STATUTES

10 U.S.C. §14301—Eligibility for consideration for promotion: general rules.

10 U.S.C. §14311—Delay of promotion, involuntary.

10 U.S.C. §14312—Delay of promotion: voluntary.

10 U.S.C. §14315: Position vacancy promotions: Army and Air Force Officers.

Retirement for Age and Years Of Service

STATUTES

10 U.S.C. §633—Retirement for years of service: Active lieutenant colonels and commanders.

- Contains language requiring Air Force lieutenant colonels not on the promotion list to be retired upon completion of 28 years of Active commissioned service.

10 U.S.C. §8911—Twenty years or more; Active or Reserve commissioned officers.

- Corresponding statutes for other armed forces are 10 U.S.C. §3911 (Army) and 10 U.S.C. §6323 (Navy and Marine Corps).
- Permits retirement of an Active or Reserve commissioned officer with at least 20 years of service, 10 of which must have been as an Active commissioned officer.

10 U.S.C. §10218—Army and Air Force Reserve technicians: conditions for retention: mandatory retirement under civil service laws.

- Sets forth requirements for when an Air Force Reserve technician loses dual status due to age.
- Sets forth requirements for when a non-dual status Air Force Reserve technician is retired.

10 U.S.C. §12108—Enlisted members: discharge or retirement for years of service or for age.

- Requires a Reserve enlisted member on active status who has reached maximum years of service or age to be transferred to the Retired Reserve or discharged.

10 U.S.C. §12108—Enlisted members: discharge or retirement for years of service or for age.

- Requires a Reserve enlisted member on active status who has reached maximum years of service or age to be transferred to the Retired Reserve or discharged.

10 U.S.C. §12646—Commissioned Officers: retention of after completing 18 or more, but less than 20, years of service.

10 U.S.C. §14509—Separation at age 62: Reserve officers in grades below brigadier general or rear admiral (lower half).

10 U.S.C. §14510—Separation at age 62: brigadier generals and rear admirals (lower half).

10 U.S.C. §14511—Separation at age 64: officers in grade of major general or rear admiral and above.

10 U.S.C. §14512—Separation at age 66: officers holding certain offices.

10 U.S.C. §14513—Failure of selection for promotion: transfer, retirement, or discharge.

10 U.S.C. §14514—Discharge or retirement for years of service or after selection for early removal.

10 U.S.C. §14515—Discharge or retirement for age.

Selective Continuation and Retention

10 U.S.C. §637—Selection of regular officers for continuation on active duty.

10 U.S.C. §12308—Retention after becoming qualified for retired pay.

- Permits any person who has qualified for retirement pay to be retained on active duty or in the service of a Reserve Component. Retention may be done with the consent of the individual Airman and by order of the Secretary concerned.

10 U.S.C. §14701—Selection of officers for continuation on the Reserve active-status list.

Total Force Management

General Policy

10 U.S.C. §129a—General policy for total force management.

- Provides the Secretary of Defense with authority to establish policies and procedures for mix of military, civilian and contractor personnel.
- Requires use of certain planning documents and inventory in determining total force mix.

10 U.S.C. §194—Limitations on personnel.

- Caps total numbers of armed forces and civilian employees assigned or detailed to Defense Agencies and Department of Defense Field Activities, both at headquarters and other support levels.

10 U.S.C. §10102—Purpose of Reserve Components.

- Describes purpose of Reserve Components as providing trained units and qualified persons available for active duty in the armed forces under certain circumstances.

10 U.S.C. §10103—Basic policy for order into federal service.

- Sets forth basic policy for ordering Title 10 Reserve forces and Title 32 status National Guardsmen into active duty.

10 U.S.C. §12301—Reserve Components generally.

- Sets forth circumstances under which Reserve forces may be ordered into active duty.

10 U.S.C. §12302—Ready Reserve.

- Sets forth circumstances under which Ready Reserve may be ordered into active duty.

10 U.S.C. §12304—Selected Reserve and certain Individual Ready Reserve members; order to active duty other than during war or national emergency.

- Sets forth authority and circumstances under which the Selected Reserve and Individual Ready Reserve members may be ordered into active duty.

10 U.S.C. §12304a—Army Reserve, Navy Reserve, Marine Corps Reserve, and Air Force Reserve: order to active duty to provide assistance in response to a major disaster or emergency.

- Sets forth authority and limitations for when Air Force Reserve may be ordered into active duty following a Governor's request for federal assistance pursuant to the Stafford Act.

10 U.S.C. §12304b—Selected Reserve: order to active duty for preplanned missions in support of the Combatant Commands.

- Sets forth authority and limitations for when Selected Reserve may be ordered into active duty to augment active forces for a preplanned mission in support of a Combatant Command.

10 U.S.C. §12306—Standby Reserve.

- Sets forth circumstances under which Standby Reserve may be ordered into active duty.

10 U.S.C. §12307—Retired Reserve.

- Sets forth circumstances under which a member of the Retired Reserve may be ordered into active duty.

Military Discipline

STATUTES

10 U.S.C. §§801-941—Uniform Code of Military Justice.

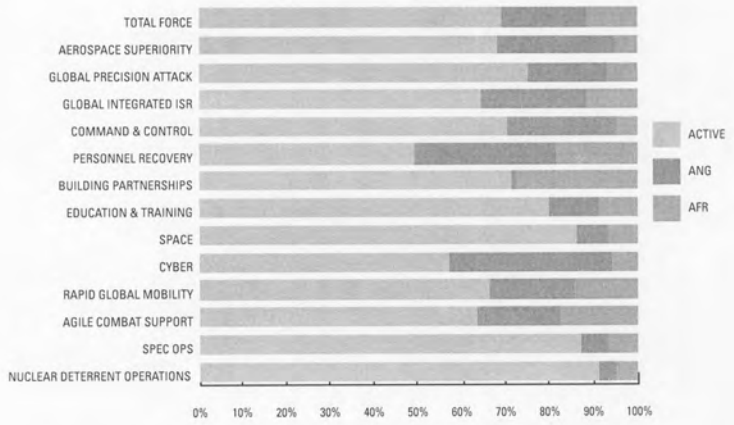
- The UCMJ courts-martial have jurisdiction over certain categories of airmen, including:
  - Active Component service members, including those awaiting discharge, inductees, and retirees;
  - Aviation cadets;
  - Members of the Air Force Reserve, including activated Reservists, traditional part-time Reservists performing either full-time active duty for a specific period or inactive duty training, or retirees receiving hospitalization from an armed force;
  - Persons serving with or accompanying an armed force in the field in a time of declared war or contingency operation; and
  - Air National Guard service members only when in Federal service.

32 U.S.C. §326—Courts-martial of National Guard not in federal service: composition, jurisdiction, and procedures.

- When the Air National Guard is not in federal service, it is subject to separate Title 32 courts-martial. Title 32 courts-martial are like UCMJ courts-martial for Air Force service members as to forms and procedures. Where they are different is in punishment by the laws of the respective states instead of those proscribed by the UCMJ courts-martial system. Additionally, State systems do not provide for automatic post-trial review of convictions, as does the UCMJ.

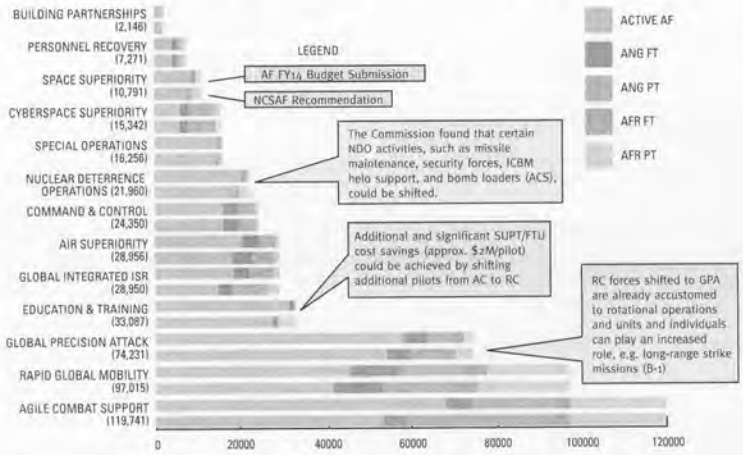
APPENDIX K
CORE FUNCTION BALANCE

FIGURE 7: **Current Component Share of Total Manpower by Core Function**



Source: Air Force PB14 data. Does not include certain personnel such as unassigned students, separations, retirements, medical, and prisoners.

FIGURE 8: **Example of Alternative Core Function Mix from 65%:35% AC:RC to 58%:42% AC:RC**



Source: FY14 Unit Manning Data Provided by the Air Force, December 2013. Does not include certain personnel such as unassigned students, separations, retirements, medical, and prisoners.

Examples of specific shifts from Active Component to Reserve Component

- Air Superiority: Savings derived from the i-Wing construct allows a shift of 1,875.
- Global Precision Attack: Savings derived from the i-Wing and specific force redistributions, such as bomb loaders, results in a shift of 3,750; included would be the reassignment of the B-1 to the Air Force Reserve, to prepare for concurrent proportional fielding of Long-Range Strike Bomber, and 500 to Special Operations.
- Global Integrated ISR: A small percentage shift of 3,875 Offensive Cyber Operations (OCO)–type intel and data analysis positions.
- Command and Control: no change.
- Personnel Recovery: no change.
- Building Partnerships : A shift of 250 for training development and partner education.
- Education and Training: Additional and significant cost savings, as well as the shift of some pilots to the Active Component operational force can be accomplished by the shift of 3,725.
- Space Superiority: A small shift of 1,125 to the Reserve Component in areas suited for 24/7 augmentation.
- Cyberspace Superiority: Some additional cost savings could be realized by incorporating 450 of the planned Cyber growth in the Reserve Component.
- Rapid Global Mobility: Savings derived from the i-Wing construct allows additional shift of 3,800.
- Agile Combat Support: A force redistribution retains the Air Force's capacity by the shift of 14,100 (examples include NDO bomb loaders).
- Special Operations: A small growth of 1,000 in the Reserve Component of which 500 would be shifted.
- Nuclear Deterrence Operations: Rife with new Reserve Component mix opportunities; as many as 2,500 NDO positions could be shifted (missile maintenance, ICBM helicopter support, security forces, and some B-52 operations and support)

APPENDIX L
ADVANCED DECISION SUPPORT TOOL

The starting point for the ADST was previous analysis and graphical design developed by AF/A9 to inform and illustrate Air Force force structure decisions in the FY13 PB submission.

The Advanced Decision Support Tool (ADST) is a model which can analyze and evaluate future force structure alternatives based on various data inputs of the decision maker's choosing. The ADST is specifically designed to inform cost and equipment inventories, as well as AC/RC mix decisions. This is a decision support tool and is not intended to provide decision makers with final optimized solutions. Rather, it can rapidly calculate and portray a range of feasible decision options for force structure and policy decisions based on variable inputs.

A key feature of the ADST is the design format that allows for a variety of variable inputs that are scalable with "sliders" to dynamically visualize the changes to cost as a result of manipulating the input variables. Example input variables used by the NCSAF staff were force structure, crew ratios, and readiness factors. These variables provided the groundwork for the tool's analytic calculations. The ADST allows decision-makers to consider numerous alternatives to meet reduced budget funding levels, such as adjusting the crew ratio, changing readiness, or modifying the dwell period, singularly or collectively; all variables are linked to overall cost to the enterprise and are displayed in real time. While data sources are of the user's choosing, data sources used by the NCSAF staff include, but are not limited to, open source information, AFTOC data, ISC assumptions and AFI 65-503 references.

Following are pictorial representations of the ADST, along with narrative descriptions of its use.

FIGURE 9: **Cost Calculator and Rotational Capacity**

Tails Needed	525	656.25		385	Pool after FP & Fenced		
		656.25		475	available to rotate		
Forward Pres.	140	525	100%	140	Min Active	385	Max ARC
		656.25		400	New Surge		
Fenced	50	794.0625					
		635.25	121%	104	Rotational	350	New Surge-Fenced
Rotation Req	104					260	New Surge-Forward

NEW SURGE

		% increase				% increase	
AD current CR	1.25	0	0	ARC current CR	1.25		
AD Future CR	1.25			ARC Future CR	1.5125	21	0.21
	100				79		

AD CR ARC CR FUTURE CHANGE

		Manpower per Aircraft	% full time ARC	% officer		
		28	28%		D	E
43	% AD Aircraft			8	2	26
225	# AD Aircraft					

AD Cost (AFTOC)	4.27
ARC Cost (AFTOC)	2.51

Readiness	1.00
Rotation Ready Factor	100

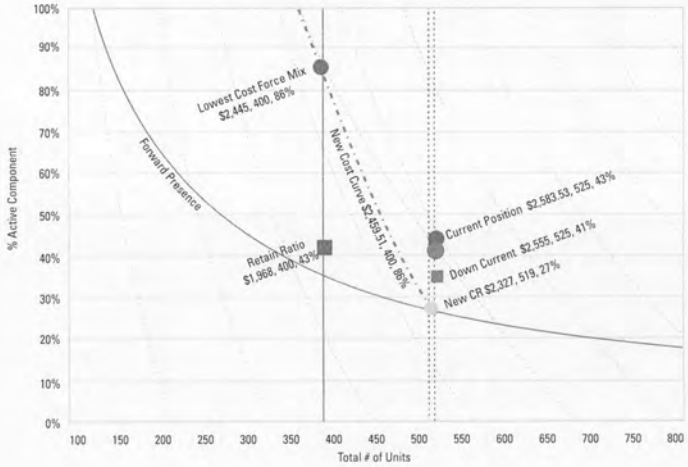
Active Duty Deploy to dwell	AD
	1: 2.1
ARC Deploy to dwell	ARC
	1: 5.1

Notional Weapons System Characteristics

- AD Crew Ratio (CR) of 1.25
- ARC CR of 1.25
- Future change to 1.5
- New Surge requirement was modified to 400

**Above is a pictorial representation of notional inputs to the tool. On the following page is the resulting graphic illustrating the result of the calculations and the effects on the cost curves.

FIGURE 10: **Rotational Demand Impacts on Force Mix**



Graphical depiction of the range of force mix options, tailorable to input variables.

Rotational Requirement
Surge
Fwd Presence
Current Position
New Crew Ratio (new cost curve)
Rotational Ready
Down Current
Retain Ratio
Lowest Cost Force Mix
Current Force Mix
Optimum Force Mix
Lowest Cost Force Mix V2

FIGURE 11: **Cost Calculator and Rotational Capacity**

Tails Needed	525	656.25		370	Pool after FP & Fenced		
		656.25		469	available to rotate		
Forward Pres.	155	525	100%	155	Min Active	370	Max ARC
		656.25		455	New Surge		
Fenced	56	794.0625					
		635.25	121%	124	Rotational	399	New Surge-Fenced
Rotation Req	97					300	New Surge-Forward

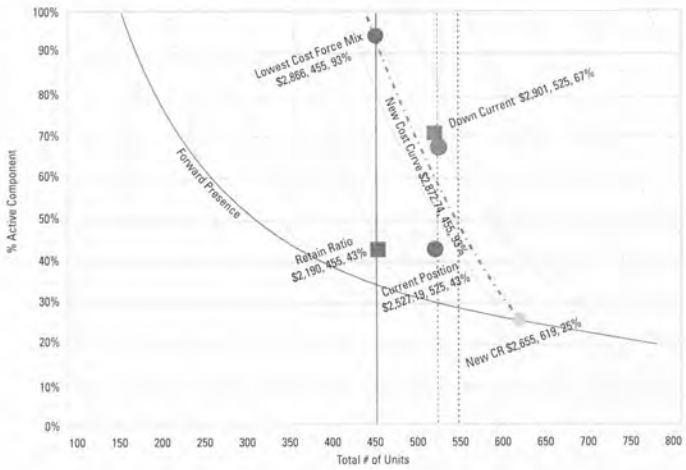
		% increase				% increase	
				ARC current CR	1.25		
AD current CR	1.25	0	0	ARC Future CR	1.5125	21	0.21
AD Future CR	1.25				79		
	100						

			Manpower per Aircraft	% full time ARC	% officer		
			28	28%		O	E
	43	% AD Aircraft			8	2	26
	225	# AD Aircraft					

				Active Duty Deploy to dwell	AD
				1:	2.1
AD Cost (AFTOC)	4.27	Readiness	0.85		
ARC Cost (AFTOC)	2.51	Rotation Ready Factor	85		
				ARC Deploy to dwell	ARC
				1:	5.1

**The above represents changing variables for decision makers to consider. Following is a graphical portrayal of the outcome.

FIGURE 12: **Rotational Demand Impacts on Force Mix**



From this second graphic you can see the range of options in both cost and capability that are nearly instantly available for decision makers to evaluate. A notional force of 450 aircraft at 85% readiness are lower cost than a 100 % ready force with only 400 aircraft that has a Higher percentage of Active Component manpower. It also has greater Surge and more aircraft available in 72 hours. The tool allows the Decision Maker to explore all variables to meet both defined and undefined options.

Graphical depiction of the range of force mix options, tailorable to input variables.

APPENDIX M
NCSAF WAR GAME

Purpose

This war game was designed to provide the Commissioners with insight into issues under their consideration through a force planning game. In this seminar game, Commissioners and Staff players progressed through a series of challenging decisions that were intended to reveal planning results and implementation difficulties of alternative force structures, informing Commissioners on how to balance the equation between the cost of preparing for an uncertain future and the risk of not doing so . As a result of this war game, Commissioners took away a sharper understanding of the policy choices they considered, a more rigorous analytic assessment of the implications of their emerging findings, and a more credible basis upon which to articulate their recommendations.

Objectives

- Assess the advantages and disadvantages of contending approaches to the future structure of the Air Force;
- Identify current policies, procedures, practices and legislation that need to change in order to make the future structure of the Air Force more effective;
- Understand stakeholder interests in the future structure of the Air Force and assess their likely responses to the Commissions' findings and recommendations.

This war game focused on the implications of potential changes to the force structure mix among the three components (Active, Reserve and Air National Guard) across and within the range of Air Force capabilities. It did not aim to focus on other objectives sometimes war-gamed such as campaign outcomes, institutional revolutionary change, major investment portfolio rebalancing, future warfighting operational and organizational concepts, or Joint Capabilities Analysis. The game design did, however, seek to reveal potential strengths and weaknesses to force planning changes that affected those factors through additional post-game review, research and analysis. An additional objective of the game was to evaluate potential repeatable decision support processes for either further evaluation, post-Commission change implementation, or future evaluation of potential choices for the other Services.

Concept

The Commissioners expressed a strong preference to conduct a war game exercise as a way to provide a rigorous and repeatable process to evaluate force structure decisions.

In seeking a way to rigorously test any potential reorganized Air Force force structure, the Research staff discussed future security and organization trends with the Office of Net Assessment (ONA) and ONA's assessment of war gaming best practices. The Center for Strategic and Budgetary Assessment (CSBA) and CSBA agreed to support the Commission's seminar-style war game with their Portfolio Rebalancing Tool, which has been applied to a number of DoD decision-making processes. The war game teams were urged to examine all Air Force enterprise areas for the potential for change, including infrastructure, human capital management, and operating costs. CSBA staff also acted as team advisors and force structure experts during the game.

The NCSAF Force Structure War game was designed for two stages. The first stage was a planning exercise in which three teams each developed a resource-constrained Air Force over the 2015-2023 planning period. A key assumption given to all three teams was that the current budget environment would remain constrained. In the second stage, the teams played the role of the Air Force as force provider to the COCOMs, who had competing requirements, in a demanding scenario that occurred in or about 2018. Across both events, the independent variable of interest was force structure, while the dependent variables were cost-effectiveness and mission-effectiveness. Players were provided analytic tools to enable them to build their assigned force structure by manipulating a set of control variables that enabled costed force structure choices.

Assumptions

- Resources available were constrained by BCA and Sequestration in accordance with the most stressing forecast developed by CAPE in the course of the Strategic Choices Management Review (SCMR).
- Each alternative force structure considered was based upon the FY15 Alternative Program Objective Memorandum (FY 15 Alt POM) as a starting point.
- Compensation changes did not begin to produce

significant fiscal effects for Service budgets during the game planning horizon.

- Current basing infrastructure must be maintained for the near term, but adjustments could be considered in order to adapt to force structure changes in future years. Teams could vary the stationing of forces, but could not close bases nor reap the fiscal payoff during their planning horizon.
- Total Air Force End Strength at the beginning of the exercise would be consistent with FY15 Alt POM levels.
- Economic influences on recruiting and retention was derived by Game Control based on an economic forecast that presumed steady but slow growth over this time period.
- Invert the planning paradigm for sizing the force as follows:
  - Assume AF will continue to sustain readiness and proficiency levels at which Active, Guard and Reserve units are held to the same goals;
  - Assuming 1:5 Deploy-To-Dwell ratio for the Reserve Components, and 1:2 for the Active Component, resource 20% of the RC for Full-Time service to meet Day-To-Day Requirements on the Air Force. If the DTD ratios are changed, resource the RC Full-Time forces proportionately;
  - Resource to creatively access the remaining 80% of the RC as Traditional Guard/Reserve to apply against remaining Day-to-Day demands on the Air Force;
  - Assume streamlined authorities maintain or improve accessibility as needed;
  - Assess policies and practices needed to sustain sufficient rates of volunteerism;
  - Resource the Active Component to meet:
- Remaining Day-to-Day requirements;
- Additional Support to the Institutional Air Force for Training, Schools and seasoning;
- All forces thus planned and programmed would be available for surge to Go-To-War, assess risk against the Go-To-War scenarios.

Basic Design Construct

One team was instructed to develop a future Air Force with an active-reserve Component mix as was the case for FY15 (approximately 65% AC-35% RC). A second team built a future Air Force with a somewhat larger Active Component (75% AC 25% RC). The third team programmed and planned for a larger Air Force Reserve and Air National Guard (35% AC – 65% RC). These were analytic constructs and not to be construed to imply Commissioner preferences for any particular force structure. It was envisioned that the analysis of alternatives may reveal where one or more design may fail, or alternatively that there are no significant differences among them. Such outcomes, however counterintuitive they may be, were intended to provide insight, not final answers. These three alternatives were then subjected to assessment in a subsequent war game event. Stage 1 was a simulated Air Force Planning Force build; Stage 2 was a hypothesized Crisis Planning Exercise in which the teams acted as the Force Provider to meet contending Combatant Command requirements and other national priorities.

Implementation

- The entire war game was classified as it applied Programming and Planning guidance and information employed by the DoD, particularly the classified Integrated Scenario Constructs (ISCs) future warfighting scenarios applied by the CJCS in the Chairman's Strategic Seminars.
- FACA compliance was enabled by advance notice of the Closed Meetings for Events 1 and 2 as well as the classified portion of the hotwash. Public comment was invited in advance of this war game design, and there was an open unclassified war game hotwash report and deliberation to which the public was invited.
- War game was conducted at the Commission's Crystal City facility on Dec. 5 (Force Provider Crisis Planning Exercise) and Dec. 6 (Hotwash).

Each team built a future Air Force within their assigned structure mix among the components, using more detailed resource and planning guidance to supplement the assumptions specified above. In order to fit their planned force structure within the constraints of their guidance, each team was allowed to vary other dimensions such as readiness levels, deploy-to-dwell ratios, component mix among and within core functions and mission sets, total capacity available within a particular mission set or core function (teams could opt to divest a specific MDS so long as the mission could be accomplished by other Air Force capabilities within the delineated constraints. This was a limiting factor to exploring alternatives, considering that the CSBA Portfolio Rebalancing Tool used by the teams supported the entire DoD capabilities portfolio), mobilization authorities and human capital management policy and practice. The objective for each team was to develop a future force structure that optimized cost effectiveness, as determined by the teams' collective judgment of capability vs. cost.

A Control Team comprised of key analysts, researchers, and assigned CSBA personnel applied the quantitative boundaries of the exercise and supported the respective analytic approaches employed by all 3 teams. This included the use of a decision support tool developed by the Air Force A9 staff and then modified by NCSAF Analysis to govern trade-offs among the control variables. The Control Team adjusted the Portfolio Rebalancing Tool through NCSAF Research to meet specific cost assumptions and allow Teams to focus on developing a balanced total force mix across the range of choices for all mission sets and core functions. Rapporteurs were assigned to each team in order to capture the discussion and decision-making dialogue for each team as well as the interaction with the stakeholders during the scheduled team briefs and hotwash discussion.

In the Capstone event on Dec. 5, each team briefed their force structure plan to a panel of Commissioners who developed their questions with key stakeholders' interests in mind, including The Congress, Office of the Secretary of Defense, the States (Governors, Adjutants General, Congressional Delegations, Emergency Preparedness Directors, State Legislatures, Communities, etc.), Joint Chiefs of Staff, Secretary of the Air Force, Chief of Staff Air Force, Associations. After reviewing each Blue Team's plan, Commissioners and Staff held a hotwash discussion that collected insights gained and instructions to the Blue teams for preparation for Stage 2.

Analysis

Upon conclusion of Stage 1, the Control Team conducted an analysis of the cost-effectiveness of each of the final force structures produced by the three teams. This analysis was guided by the ongoing results of the Lines of Analysis outlined in the Commission's Analysis Plan and documented in the Issue Papers, Themes and Research Reports.

Stage 2 was a crisis planning exercise the next day at the strategic level of conflicts that occur in 2018. The scenario employed was adapted from the Chairman's Strategic Seminar involving a stressful crisis that rapidly devolves into a multi-theater conflict that also requires maintaining a sizable force in CONUS for Homeland Defense events. Stage 2 was classified S/NF, where each team would play the role of the USAF as Force Provider to the Combatant Commands and had available the force structure that they had developed in Stage 1. Each team was presented with a briefing on the starting conditions presented by the adversary and a set of adjudicated Combatant Command requirements that the Air Force was directed to meet by the Secretary of Defense. Control provided these requirements in advance and each Team was given an identical set of briefing slides to complete, identifying which forces would be proposed to meet each requirement and the timelines that those forces would be available to the COCOM. Commissioners organized their questions to focus on stakeholder interest areas.

Assessment

On completion of Stage 2, Commissioners and Staff held a hotwash to develop an overall assessment of the implications of the war game for Commissioners' consideration in their development of findings, conclusions and recommendations. The assessment included consideration of such issues as:

- Whether the three components should be integrated into a different arrangement,
- Can the forms of mobilization be further reduced and rationalized,
- Can additional functions be transferred to the civilian or contractor work forces,
- Infrastructure implications to force structure changes
- What legislative changes may be needed, and
- What additional issues were identified by the war game (impacts upon the Joint Force and the other Services).

The game control staff and CSBA staff offered the teams the following questions to answer as a baseline to assist the Commissioners' engagement and exploration of challenges encountered:

- **For Steady-State Requirements of the Operationally Stressing Case:**

Compared to the Alternative Program Objective Memorandum 2015 (FY 15 Alt POM) force, what is the capability / capacity of your rebalanced force to:

  - Meet geographic COCOMs' theater presence requirements, including prepared to deploy requirements?
  - Substitute for other Service capabilities that are unavailable to meet COCOM requests (e.g., substitute for carrier air wings to support presence)?
  - Continue to support limited presence commitments in other theaters?
  - Support COCOMs with more robust flexible deterrent options for two theaters?
  - What are your most significant shortfalls?
  - What actions did you take to offset / mitigate these shortfalls (force structure changes, force management initiatives)?

- **For Crisis (Surge) Requirements of the Operationally Stressing Case:**

Compared to the FY15 Alt POM force:

  - Importance of early warning? Ability to respond to

the scenario given little or no prior warning?
- Importance of mobilization and degree of mobilization required?
- Ability of your force to sustain crisis (surge) level of effort for an extended (12 month) period of time?
- Ability to rapidly "swing" between the two operational theaters?
- In addition to the two contingency operations, ability to support an EPP or large-scale crisis in the Homeland?
- What are your most significant shortfalls?
- What actions did you take to offset / mitigate these shortfalls (force structure changes, force management initiatives)?

Analysis

On conclusion of Stage 2, an analysis was conducted of the mission-effectiveness of each of the force structures produced by the three teams.

- Hotwash discussion – After completion of Stage 2, the teams produced a short presentation of their major findings as well as a recap of stakeholder questions that were asked. Each team spent two hours recounting the factors driving their decisions and answering follow on questions.
- Team Reports – each team spent a week writing a report on their war game results after receiving a report outline template from the Control Team, assisted by CSBA.
- Findings / Conclusions / Recommendations – using the results of the war game, the three teams were regrouped into teams that supported various draft Report chapters and provided draft findings, conclusions, and recommendations for consideration by the Commissioners.

Commissioners' / Team Leaders' Key Insights

- In general, Commissioners wanted to better understand how recommended changes by the teams could be implemented and what a solid estimate of those costs incurred would be.
- For a force structure with less active duty endstrength and more Reserve component endstrength, surge requirements that boosted the need for part-time reserve component personnel should be studied for statutory and policy changes needed to provide the same capabilities required by COCOMs in the same timelines. There was not sufficient time to study these issues during the war game.

- **65% Active Duty / 35% Reserve Component Team:**
  - The team was able to achieve the desired 65/35 AC/RC mix in a sustainable, fiscally-achievable model
  - 65/35 Air Force maintains the current combat capability demanded by COCOM Commanders in order to fly, fight, and win in Air, Space, and Cyberspace
  - 65/35 Air Force's targeted cuts to the O&M budget through lowered accessions and reduced training and readiness costs allows the AF to maintain it's status quo capability and capacity while meeting the FY15 sequestered funding line
  - Policy/Law/Human Capital Management proposals must ALL be met in order to create the environment for this model to succeed.
  - Leadership must be willing to accept the risk associated with increasing the average age of the force, thinning accessions, and changing our readiness paradigm.

- **35% Active Duty / 65% Reserve Component Team:**
  - Force Management Risks:
    - RC may encounter multiple, simultaneous risks in shouldering many more staff billets, absorbing 2X number of inexperienced pilots, a looming "gray wave," and ½ of RC is full time.
    - RC personnel could be seen as "second class citizens," not good enough for AC and potentially resulting in morale decreases, personnel problems increase, retention decreases.
    - Employer push back strongly increases at pace with RC participation rates, a real concern already for RC Airmen.
    - New force mix career options are potentially unpopular and damage recruiting, undermining the historic AF advantage in attracting the best and brightest young people; well-known legacy examples of morale damage from Human Capital policies in a closed military system – takes years or decades to recover.
  - Timeline Risks:
    - Long term sustainability
    - AC feeding RC
    - Recruitment, retention, affiliation
    - Unintended consequences and second/third order effects
    - No suitable models available
    - Timeline: Is it possible in 2 FYDPs?
    - Limited available assets for crisis management
    - Future resources uncertainty

- Operational Risks:
  - Increased risk to meet surge (MCO) operation(s) demand in terms of time
    - Accessibility of "first to fight" forces different (warning times vs. mobilization authority)
    - Availability of "first to fight" forces different (larger rotational force focused on steady-state vs. smaller active surge force) [Dependent upon where contingency kicks off]
    - Smaller "high-end" capacity may take longer to win the war or seize initiative in one theater as well as prolong ability to achieve deny in second theater
  - Increased risk of slight degradation in skill and proficiency of the force
    - Decreased size of the active force may result in temporary decrease in "seasoning" throughput to RC
    - Sequester resulting in both overall Air Force TAI and readiness decline potentially will negatively impact tooth-to-tail ratio in RC
- 55% Active Duty / 45% Reserve Component Team:
  - Retains the Alt POM 15 choices, and increases F-35 buys by 5 annually
  - Replacing 43,242 AC full-timers with 43,242 RC part-timers would:
    - Replace 40K AC FT wing mission support with 40K RC PT mission support in Associations on AC bases (~450/base) due to low deployed usage.
    - Replace 3,242 AC FT in strategic airlift, tankers, and bombers with 3,242 RC PT in Associations on AC bases due to mission fit.
  - Buys back flying hours/enhances readiness with ~$1.5B annual savings generated by replacing FTs with PTs
  - The 55/45 Team speculated that moving 43K Mission Support personnel positions to part-time Reserve Component positions would also have the following force impacts:
    - Maintain or increase Operational Capabilities with an increased F-35 buy.
    - Maintain or reduce manpower costs through FT to PT conversion.
    - Maintain or increase Readiness by plowing back assumed Manpower savings.
    - Maintain Capacity with minor availability deficits.
    - Increase DSCA capacity by absorbing additional DSCA missions with new PT force structure.
    - Increase service Quality of Life by requiring some active duty members to move less.
  - Better community relations and recruitment/retention/affiliation through improved active duty stability and increased Reserve Component presence.
  - Increased Reserve Component part time service OPSTEMPO.

Future Improvements to the Work

Due to the time constraints involved, significant amounts of potential analysis is still present to be explored by follow on research and analysis efforts. The entirety of costing out enterprise changes that would need to accompany any significant force structure and/or human capital policy shifts remains to be explored. This effort could potentially avoid deeper cuts to capabilities or readiness and should be supplemented by a highly capable consulting firm with significant accounting experience assisting large, global corporations in conducting internal reorganizations or mergers. This approach is not without precedent as OSD and the Services currently employ such firms to discover and implement enterprise best practices. The depth of knowledge and experience in such efforts by these firms would likely be the difference between a successful transformation by the Air Force or another Service or Agency, and much more limited success if done internally. Numerous business case studies confirm the probability of success, depending upon the path taken.

There would be a significant advantage in further evaluating alternative force structure using a combination of the Decision Support Tool (as generated by the NCSAF staff), a Portfolio balancing Tool such as that provided by CSBA, and an enterprise, back office transformation effort with costed options that would be completed with the assistance of a qualified consulting firm. The efforts would work together synergistically to provide a deeper understanding of the costs of any transitions and efficient ways of reducing support costs as well. This modular approach would complement the war game findings and any potential follow on research. The Deputy Chief Management Officer (DCMO) for DoD is the executive agent for DoD management best practices and would be well-suited as a supporting office and body of knowledge repository for similar efforts by any Service or Agency.

APPENDIX N
AUTHORITIES

FIGURE 13: **Duty Status Comparison Chart**

	State Active Duty (SAD)	Title 32	Title 10
Command and Control	Governor	Governor	President
Funding	State	Federal	Federal
Mission Types	State law	Training and/or other federally authorized missions within CONUS	Federal Missions and duty performed within CONUS/OCONUS
Military Discipline	State Military Code	State Military Code	UCMJ
***Posse Comitatus* Act**	Does not apply, but state law may have limitations	Does not apply, but state law may have limitations	Applies
Stafford Act Reimbursement	FEMA reimburses minimum of 75% to state	FEMA may reimburse DOD for per diem and travel for MA performance; reimbursement for P&A under consideration	Per diem and travel for performance of MA
Benefits	State law	• Federal P&A • Federal retirement points • FTCA • Medical/Disability • Family medical (>30 days) • USERRA • SCRA (>30 consecutive days and for National Emergency) • Death Gratuity	Generally the same as T32

Source: USNORTHCOM/NORAD, Staff Visit, September 9-11, 2013.

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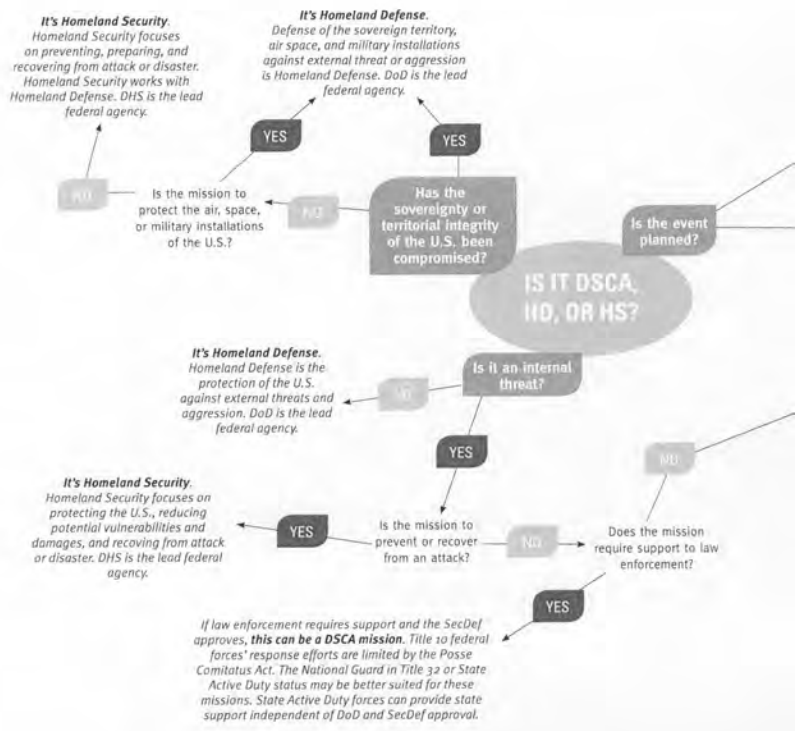
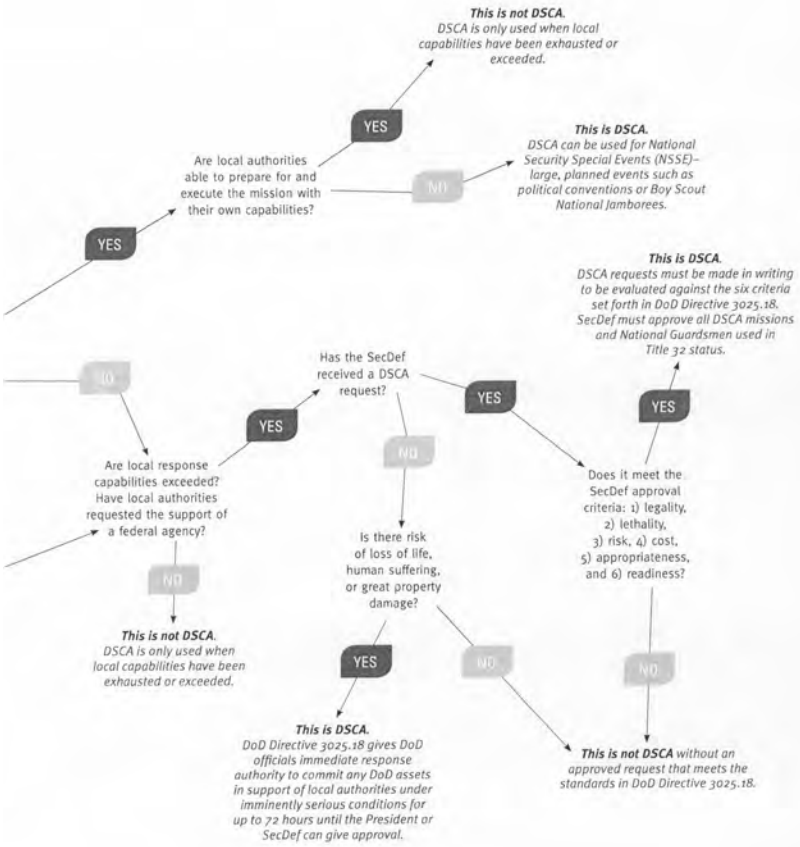
APPENDIX O
DISTINCTIONS AMONG HOMELAND OPERATIONS

FIGURE 14: **Is it Defense Support to Civil Authorities (DSCA), Homeland Defense (HD), or Homeland Security (HS)?**

THE ANSWER DEPENDS ON THE QUESTION.




This is not DSCA.
DSCA is only used when local capabilities have been exhausted or exceeded.
YES
This is DSCA.
DSCA can be used for National Security Special Events (NSSE)–large, planned events such as political conventions or Boy Scout National Jamborees.
Are local authorities able to prepare for and execute the mission with their own capabilities?
NO
YES
This is DSCA.
DSCA requests must be made in writing to be evaluated against the six criteria set forth in DoD Directive 3025.18. SecDef must approve all DSCA missions and National Guardsmen used in Title 32 status.
Has the SecDef received a DSCA request?
YES
YES
YES
NO
Are local response capabilities exceeded? Have local authorities requested the support of a federal agency?
Does it meet the SecDef approval criteria: 1) legality, 2) lethality, 3) risk, 4) cost, 5) appropriateness, and 6) readiness?
Is there risk of loss of life, human suffering, or great property damage?
NO
This is not DSCA.
DSCA is only used when local capabilities have been exhausted or exceeded.
YES
NO
NO
This is DSCA.
DoD Directive 3025.18 gives DoD officials immediate response authority to commit any DoD assets in support of local authorities under imminently serious conditions for up to 72 hours until the President or SecDef can give approval.
This is not DSCA without an approved request that meets the standards in DoD Directive 3025.18.

APPENDIX P
COMMISSIONER BIOGRAPHIES

CHAIR, HONORABLE DENNIS M. MCCARTHY, LIEUTENANT GENERAL, USMC (RET)

Dennis McCarthy began his Marine Corps service in 1967 as a platoon leader in Vietnam and completed it in 2005 as Commander of Marine Forces Reserve. He led the Marine Forces Reserve for four years during the Corps' largest reserve mobilization in its history. His primary responsibility was setting the conditions that enabled Marines to successfully serve their nation in combat in Iraq, Afghanistan, and around the world.

After completing his service in uniform, he was Executive Director of the Reserve Officers Association of the United States, an organization of 60,000 members with a historic commitment to promote national security. Operating from its iconic headquarters on Capitol Hill, ROA continued its 90- year tradition of leadership and innovation during Chairman McCarthy's tenure.

While serving as Executive Director, Chairman McCarthy was nominated by President Barack Obama and confirmed by the Senate to be Assistant Secretary of Defense for Reserve Affairs. As Assistant Secretary of Defense, he was responsible for policy development and execution for over one million members of the National Guard and Reserves of all services. His office also supervised activities relating to reserve mobilization, training, and facilities. He worked closely with key budget officials and with Members of Congress and with Congressional Committee staffs.

From 1978 to 1999, Chairman McCarthy was a civil trial lawyer in Columbus, Ohio. He was Board Certified by the National Board of Trial Advocacy, an Adjunct Faculty member at Capital University Law School, a leader in state and national trial lawyer organizations, and a frequent CLE lecturer and contributor. During this period, he was active in the Marine Corps Reserve and was recalled to active duty as a Marine infantry officer on multiple occasions, including command of the Third Marine Division. He returned to active duty full time in 1999 and served until his retirement in 2005, completing more than 40 years of Active and Reserve military service.

In 2010, he was awarded an Honorary Doctor of Laws degree by Capital University Law School and was named the Distinguished Alumnus for 2011. He currently serves on several advisory boards. Prior to his return to government service in 2009, he was Vice Chairman of the Board of Medifast, Inc. (NYSE: MED) and was a member of the Board of Directors of Rivada Networks, Inc.

He is now Counsel to McCarthy Law Offices (a firm founded by his son, attorney Michael D. McCarthy) and a Principal in Military Experts, LLC, a consulting firm that combines military expertise with government and business leadership to provide analysis, advice, and assessment to business leaders and attorneys. He also serves on the Board of Counselors at the Capital University Law School and is a founding member of the Ross Leadership Institute of Columbus, Ohio.

VICE CHAIR, HONORABLE ERIN C. CONATON

Erin C. Conaton is currently President of Conaton Strategies, LLC, and a consultant with J.A.Green & Co. She has 15 years of experience in defense policy, programs, and budgeting; military strategy; and military personnel policy and readiness. She recently left government service after serving three years as a senior Senate-confirmed appointee, first as Under Secretary of the Air Force and most recently as Under Secretary of Defense for Personnel and Readiness.

As Under Secretary of Defense for Personnel and Readiness, she served as the senior policy advisor to the Secretary of Defense and Deputy Secretary of Defense on all matters concerning recruitment, career development, military health care, and pay and benefits for 1.4 million Active military personnel, 1.3 million Guard and Reserve personnel, and more than 782,000 DoD civilians. She was also responsible for overseeing the overall state of military readiness and for managing the Department of Defense's relationship with the Department of Veterans Affairs

Ms. Conaton served as Under Secretary of the Air Force from March 2010 until early June 2012. As Under Secretary of the Air Force, Ms. Conaton was responsible for the affairs of the Department of the Air Force including the organizing, training, equipping, and providing for the welfare of its 680,000 members and their families. She also served as the Air Force Chief Management Officer, oversaw the Air Force's annual budget of more than $119 billion, and served as Acting Secretary of the Air Force in the Secretary's absence.

Prior to becoming Under Secretary of the Air Force, Ms. Conaton served as Staff Director of the U.S. House of Representatives Committee on Armed Services, where she served as primary adviser on defense matters to the Chairman and 61 other Members; directed overall operations, and strategic planning; and led the substantive agenda of the committee, including drafting and overseeing the National Defense Authorization Act. Ms. Conaton also previously served as Minority Staff Director and Professional Staff Member on the committee.

Ms. Conaton has served as the Research Staff Director for the U.S. Commission on National Security/21st Century, also known as the Hart-Rudman Commission. The commission was charged by the Secretary of Defense to design a national security strategy for a changing global environment through 2025 and to recommend plans for implementing this strategy. She has held several fellowships, including those at the Central Intelligence Agency, where she worked within the Office of Asia-Pacific and Latin American Analysis; and at the National Security Council, with the Directorate of Nonproliferation and Export Control. She has also served as a Term Member of the Council on Foreign Relations.

Ms. Conaton earned a Master of Arts in law and diplomacy from The Fletcher School, Tufts University, Medford, Mass., and a Bachelor of Science in foreign service from Georgetown University, Washington D.C.

HONORABLE F. WHITTEN PETERS

Whit Peters is a partner at Williams & Connolly LLP in Washington, DC. From 1999 to 2001 he served as the Secretary of the Air Force.

Previously, from 1997 to 1999, he was Under Secretary and Acting Secretary of the Air Force. From 1995 to 1997, Mr. Peters was Principal Deputy General Counsel at the Department of Defense. Before his service at the Department of Defense, he practiced law at Williams & Connolly, which he joined in 1978.

Mr. Peters joined the Navy as a Reserve officer in January 1969 and graduated as a distinguished graduate and company commander the following June. He served at the Atlantic Fleet Intelligence Center in Norfolk, Va., running the systems and programming division of the computer center. He was released by the Navy in February 1972 and immediately hired back as a civilian employee to complete a project. In August 1972 he earned a Frank Knox Traveling Fellowship from Harvard University to attend the London School of Economics where, the following year, he earned a Master of Arts with distinction in economics. He entered Harvard Law School where for two years he served as president of the Harvard Law Review and graduated magna cum laude with a Doctor of Laws degree in 1976.

He holds a Bachelor of Arts from Harvard University, a Master of Science from the London School of Economics, and a J.D. from Harvard Law School.

HONORABLE LES BROWNLEE

Les Brownlee served as the Acting Secretary of the Army from May 10, 2003 until Nov. 18, 2004. He became the 27th Under Secretary of the Army Nov. 14, 2001, following his nomination by President George W. Bush and confirmation by the U.S. Senate. Mr. Brownlee served concurrently as both Acting Secretary of the Army and Under Secretary of the Army for 18 months, thereby becoming the longest-serving Acting Secretary of the Army in history.

Mr. Brownlee's statutory responsibilities as Acting Secretary included recruiting, organizing, supplying, equipping, training and mobilizing the Army and managing its $100 billion annual budget and more than 1.3 million Active, National Guard, Army Reserve and civilian personnel. Mr. Brownlee also served concurrently as Acting Assistant Secretary of the Army for Civil Works from March 2002 to August 2003. Mr. Brownlee served previously on the Republican staff of the Senate Armed Services Committee beginning in January 1987 under both Sen. Strom Thurmond and Sen. John Warner. From 1987 to 1996, he was the principal professional staff member responsible for Army and Marine Corps programs, Special Operations forces and drug interdiction policy. As deputy staff director, he was deeply involved in policies and programs relating to ballistic missile defense; strategic deterrence and naval strategy; shipbuilding; and weapons programs. In March, 1996, Mr. Brownlee was designated Staff Director of the Senate Committee on Armed Services by then Chairman, Sen. Strom Thurmond. In January, 1999, he was designated Staff Director by then Chairman, Sen. John Warner, serving through a change in control of the Senate in mid-2001.

Mr. Brownlee is a retired Army colonel. He was commissioned in 1962 as a lieutenant of infantry through the ROTC program at the University of Wyoming. He is a distinguished honor graduate of the U.S. Army Ranger Course, an honor graduate of both the Infantry Officer Advanced Course and the Command and General Staff College, and a graduate of the Army Airborne course as well as the U.S. Army War College. He holds a master's degree in business administration from the University of Alabama. Mr. Brownlee served two combat tours in Vietnam. Before retiring in 1984, he was Military Executive to the Under Secretary of the Army. His military decorations include two Silver Stars, three Bronze Stars and the Purple Heart. He has been inducted into the Ranger Hall of Fame and was named winner of the U.S. Army Infantry's prestigious "Doughboy Award" for 2012. Mr. Brownlee served as a commissioner on the National Commission on the National Guard and Reserve Forces. He is a member of the board of directors of Blue Star Families and is currently the senior vice president for business development for Enersol Technologies, Inc.

GENERAL RAYMOND E. JOHNS, JR., USAF (RET)

Ray Johns retired from active duty in January 2013. He joined Flight Safety International as the Senior Vice President for Government Business in January 2014. Prior to retirement, he served as Commander, Air Mobility Command, Scott Air Force Base, Ill. From 2006 to 2009 General Johns served as Deputy Chief of Staff for Strategic Plans and Programs, Headquarters U.S. Air Force, Washington, D.C., where he developed, integrated, evaluated and analyzed the U.S. Air Force Future Years Defense Program and the Air Force Long Range Plan. From 2004 to 2006, General Johns served as Director of Programs, Office of the Deputy Chief of Staff for Strategic Plans and Programs.

General Johns graduated from the U.S. Air Force Academy in 1977. His aviation career includes C-141, C-17, KC-10, N/K/C-135, T-38 instructor pilot, as well as the chief test pilot and test program manager for the VC-25 Air Force One. He was chosen as a White House Fellow in 1991, where he was a Senior Staff Member in the Office of National Service. The general has served at Headquarters U.S. European Command in security assistance and congressional affairs, and at Headquarters U.S. Pacific Command as Deputy Director of Strategic Plans and Policy. Within Headquarters U.S. Air Force, he served as Deputy Director and, later, Director of Air Force Programs. The general commanded a test squadron, operations group, and airlift wing, and he was the Director of Mobility Forces for operations in Bosnia.

General Johns was a command pilot and experimental test pilot whose aviation career included more than 5,000 flying hours in more than 80 different aircraft. He holds a Bachelor of Science from the U.S. Air Force Academy, and a Master of Science from Central Michigan University.

LIEUTENANT GENERAL HARRY M. WYATT III, USAF (RET)

Bud Wyatt retired from active duty on January 30, 2013, finishing his U.S. Air National Guard career as the Director of the Air National Guard. Prior to that assignment, Lt. Gen. Wyatt served as the Adjutant General of Oklahoma, responsible for commanding units of the Air and Army National Guard. As the Director of the Air National Guard, he was responsible for formulating, developing and coordinating all policies, plans, and programs affecting more than 106,700 Guard members in more than 88 flying wings and 200 geographically separated units throughout the United States, Puerto Rico, Guam, and the Virgin Islands.

Lt. Gen. Wyatt entered the Air Force in 1971 and graduated from undergraduate pilot training at Laredo Air Force Base, Texas, in 1973. He is a command pilot with more than 3,000 hours in the A-7, C-26, F-16, F-100, F-106, T-33, T-37 and T-38 aircraft. His personal decorations include the Air Force Distinguished Service Medal, the Legion of Merit, and the Meritorious Service Medal with oak leaf cluster.

He holds a Bachelor of Arts from Southern Methodist University and a J.D. from the University of Tulsa.

DR. JANINE A. DAVIDSON

Janine Davidson is a Senior Fellow at the Council on Foreign Relations. Previously she had been an Assistant Professor in the School of Public Policy at George Mason University, where she taught courses on national security, civil-military relations, and public policy. From 2009 to 2012, she served as the Deputy Assistant Secretary of Defense for Plans, where she oversaw the development of guidance for military campaign and contingency plans. She also led policy efforts for U.S. global defense posture and international agreements related to U.S. forces stationed overseas while co-chairing the U.S.–Australia defense posture working group. In 2012, she was awarded the Secretary of Defense Medal for Outstanding Public Service.

Dr. Davidson began her career in the U.S. Air Force, where she was an aircraft commander and senior pilot for the C-130 and the C-17 cargo aircraft. She flew combat support and humanitarian air mobility missions in Asia, Europe, and the Middle East, and was an Instructor Pilot at the U.S. Air Force Academy. Previous positions include serving as Director for Stability Operations Capabilities in the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (2006 to 2008), associate at DFI International (2003 to 2004), research and non- resident fellow at the Brooking Institution (2004; 2008), and director at Hicks and Associates (2005 to 2006).

Dr. Davidson holds a Ph.D. and a Master of Arts in international studies from the University of South Carolina, and a Bachelor of Science in architectural engineering from the University of Colorado at Boulder. She is a member of the Council on Foreign Relations, a non-resident Senior Fellow at the Center for New American Security, and author of *Lifting the Fog of Peace: How Americans Learned to Fight Modern War*.

DR. MARGARET C. HARRELL

Meg Harrell is the Director of the Army Health Program and a senior social scientist at the RAND Corporation.

During her tenure at the RAND Corporation, Dr. Harrell's research has addressed military manpower and personnel, military families and quality of life, and veterans' issues. She has led or co-led projects addressing the resiliency of military families; the effects of deployment on Active and Reserve Component families; the promotion and management of military generals and admirals; assignment policies for military women; how best to promote, develop, and assign military officers; and how to ensure the well-being of veterans.

From July 2011 to August 2012 she served concurrently as Senior Fellow and Director of the Military, Veterans, and Society Program at the Center for a New American Security (CNAS).

While at CNAS, she co-authored *Losing the Battle: The Challenge of Military Suicide*; *Well After Service: Veteran Reintegration and American Communities*; and *Employing America's Veterans: Perspectives from Businesses*.

She holds a Bachelor of Arts with Distinction from the University of Virginia, a Master of Science in systems analysis and management from George Washington University, and a Ph.D. in Cultural Anthropology from the University of Virginia, where her dissertation was entitled, "Brass Rank and Gold Rings: Class, Race, Gender, and Kinship with the Army Community."

APPENDIX Q
COMMISSION STAFF

EXECUTIVE DIRECTOR: DR. JAMES A. BLACKWELL, JR.

Confirmed as Executive Director by the Commissioners on May 3, 2013, Dr. Blackwell has previously been called upon by Defense Secretaries Donald Rumsfeld and Robert Gates to serve as Executive Director for investigatory task forces on DoD Detention Operations (2004) and DoD Nuclear Weapons Management (2008). He is detailed to the Commission from his duties as Special Advisor to the Assistant Chief of Staff, Strategic Deterrence and Nuclear Integration, Headquarters U.S. Air Force, Washington, D.C. In this capacity he is responsible for providing expertise and intellectual leadership to the Air Force on policy, strategy, planning, and budgeting for deterrence as well as engaging in arms control and intelligence analysis. Dr. Blackwell assists and advises the Air Force in establishing and sustaining a culture of critical self-assessment, excellence, precision, and reliability in the nuclear mission.

Dr. Blackwell is a 1974 graduate of the U.S. Military Academy at West Point and has directed a number of ground-breaking studies and analyses of complex problems confronting the armed forces. He also is an internationally recognized author and military analyst. He has served as an executive in both think tanks and corporate enterprises in defense studies and analysis. In the 1990s he regularly appeared in global broadcast media as an expert in military operations. He was an Assistant Professor at West Point. He had an exemplary term of service as an Army officer in a variety command and staff positions prior to his medical retirement in 1987. He holds a Ph.D. in international security studies and a Master of Arts in law and diplomacy from The Fletcher School of International Law and Diplomacy at Tufts University, Medford, Mass.

Marcia Moore, Designated Federal Officer
Col George Degnon, USAF, Director of Staff
Maj Gen Greg Schumacher, USA (Ret.), Director of Analysis
Dr. Kathleen Robertson, SES (Ret.), Director of Research
Doug Nichols, Chief of Operations
Trevor Grange, Chief of Support
Eric Minton, Chief of Strategic Communications
Bill Nieusma, Chief of Governmental Relations
James McCleskey, Chief of State and Local Government Relations
Barry Willey, Chief of Public Affairs
Col Terrence Dunne, USMC, Senior Analyst
CAPT Andrew Westerkom, USN, Senior Analyst
Patrick Harding, Senior Analyst
John Thurman, Senior Analyst
Darryl Taylor, Senior Analyst
Dr. Shirley Ross, Senior Analyst
Dwayne Baxter, Senior Analyst
King Gillespie, Senior Analyst
Dr. Deron Hurst, Senior Analyst
Jeffrey Cohen, Senior Analyst
Eric Jorgensen, Senior Analyst
Lt Col Tracy Smith, USAF, Senior Analyst
Lt John Swisher, USAF, Analyst
Maj David Willard, USAF, Analyst
Cathy Haverstock, Senior Researcher
Maj Jason Sander, USAF, Senior Researcher
Christie Jones, Research Analyst
Jaime Hastings, Research Analyst
Amy Grace Peele, Research Analyst
Chase Ludwig, Research Analyst
Rachael Wylie Chestnut, Research Analyst
Dustin LeClair, Research Analyst
Elizabeth Irwin, Research Analyst
Carol Winick, Research Analyst
Sean F. Conroy, Military Executive
Webster Bridges, Planning Officer
LTC Tim Smith, USA, Planning Officer
MSgt Chris Smith, USAF, Security Manager
Zachary Sherrod, Operations Assistant
Emily Pickett, Operations Assistant
Christopher Bisett, Executive Assistant
Beverly Parker-Freeman, Executive Assistant
Gabrielle Mazurek, Assistant to the DFO
SPC(P) Vannessa Morris, USA, Archivist
Gunnar Almgren, Facilities Manager
Omar Ismail, Webmaster
Laurel Moran, Graphic Designer
Ken O'Reilly, WHS Representative to NCSAF
Al Lopez, EITSD Representative to NCSAF
Jamal Turner, EITSD Representative to NCSAF

APPENDIX R
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Cover, U.S. Air Force photo/Staff Sgt. N.B.

Page 14, U.S. Air Force photo/Senior Airman Katherine Windish

Page 16, U.S. Air Force photo/Senior Airman Dan Frost

Page 17, U.S. Air Force photo/Airman 1st Class Jensen Stidham

Page 24, U.S. Air Force photo/Samuel King Jr.

Page 26, U.S. Air Force photo/Master Sgt. Robert Trubia

Page 30, U.S. Air Force photo/Senior Airman Jack Sanders

Page 34, U.S. Air Force photo/Staff Sgt. Matthew Plew

Page 41, U.S. Army photo/Master Sgt. Corine Lombardo

Page 42, U.S. Air Force photo/Senior Airman Ethan Morgan

Page 48, U.S. Air Force photo/Ken Wright

Page 50, U.S. Air Force photo/Tech. Sgt. Chad Chisholm

National Commission on the Structure of the Air Force

Report to the President and Congress of the United States

JANUARY 30, 2014

ANNEX B

[The Errata Sheet of the report of the National Commission on the Structure of the Air Force follows:]

February 20, 2014

Errata

The printed copy of the report contains the following errors, all of which have been corrected in the PDF version available for download.

Pages 42, 58, and 62: In the last line of Recommendation 20, the execution of man years annually should be at least 15,000.

Page 68: Under Chapter 3-Rebalancing, the last item is Mobility Capability Assessment briefing—CAPE; under Chapter 5-Managing, the testimony notes from MG Schweizer are on the GFM process.

Page 69: The June 3, 2013, hearing in Arlington, Va., was a closed meeting.

Page 69 and 77: The September 26, 2013, meeting was planned as a closed meeting, but because a quorum was not present, it became a preparatory meeting.

Page 76: Under the Arlington, Va., January 9, 2014, meeting, Ms. Elaine Simmons's name was misspelled.

Page 91: On Figure 6, the "Air Force End Strength" chart, the legend for the light blue element was intended to say "Total Uniformed Civilians," but "ANG and AFR Technicians" is a better label.

Page 103: The figure was mislabeled as Figure 8. It should be Figure 9 and all subsequent figures in the Appendices (pages 104, 105, 106, 112, and 114-115) adjusted accordingly.

Page 121: In the staff list, Rachael Wylie Chestnut's name was misspelled.

Clarifications:

Page 69: The term "Site Visits" refers to locations outside the National Capital Region, not specifically to military installations. For example, the Greenville, S.C., public hearing of June 17, 2013, was at the site of The Adjutants General meeting.

ANNEX C

[The Federal Register Article dated January 14, 2014, Meeting of the National Commission on the Structure of the Air Force follows:]

[Federal Register Volume 78, Number 74 (Wednesday, April 17, 2013)]
[Notices]
[Pages 22852-22854]
From the Federal Register Online via the Government Printing Office [www.gpo.gov]
[FR Doc No: 2013-09028]

DEPARTMENT OF DEFENSE

Office of the Secretary

Establishment of the National Commission on the Structure of the Air Force

AGENCY: DoD.

ACTION: Establishment of Federal Advisory Committee.

SUMMARY: Under the provisions of the Federal Advisory Committee Act of 1972 (5 U.S.C. Appendix), the Government in the Sunshine Act of 1976 (5 U.S.C. 552b), and 41 CFR 102-3.50(a), the Department of Defense gives notice that it is establishing the charter for the National Commission on the Structure of the Air Force (hereinafter referred to as ``the Commission''). The Commission has been determined to be in the public interest.

FOR FURTHER INFORMATION CONTACT: Jim Freeman, Advisory Committee Management Officer for the Department of Defense, 703-692-5952.

SUPPLEMENTARY INFORMATION: The Commission is a non-discretionary federal advisory committee that no later than February 1, 2014, shall submit to the President and the Congressional defense committees a report containing a detailed statement of the findings and conclusions of the Commission as a result of the study required by Section 363(a) of the FY 2013 NDAA, together with its recommendations for such legislation and administrative actions it may consider appropriate in light of the results of the study.

In considering the structure of the Air Force, the Commission shall give particular consideration to evaluating a structure that:

a. Meets current and anticipated requirements of the combatant commands;

b. Achieves an appropriate balance between the regular and reserve components of the Air Force, taking advantage of the unique strengths and capabilities of each;

c. Ensures that the regular and reserve components of the Air Force have the capacity needed to support current and anticipated homeland defense and disaster assistance missions in the United States;

d. Provides for sufficient numbers of regular members of the Air Force to provide a base of trained personnel from which the personnel of the reserve components of the Air Force could be recruited;

e. Maintains a peacetime rotation force to support operational tempo goals of 1:2 for regular members of the Air

[[Page 22853]]

Force and 1:5 for members of the reserve components of the Air Force; and

f. Maximizes and appropriately balances affordability, efficiency, effectiveness, capability, and readiness.

The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out its mission.

The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out its duties. Upon request of the Chair of the Commission, the head of such department or agency shall furnish such information to the Commission.

The Commission, pursuant to Section 362(b)(1) of the FY 2013 NDAA, shall be composed of eight members. In making appointments, consideration should be given to individuals with expertise in reserve forces policy. The Commission's membership shall include:

a. Four appointed by the President;

b. One appointed by the Chairman of the Committee on Armed Services of the Senate;

c. One appointed by the Ranking Member of the Committee on Armed Services of the Senate;

d. One appointed by the Chairman of the Committee on Armed Services of the House of Representatives; and

e. One appointed by the Ranking Member of the Committee on Armed Services of the House of Representatives.

Pursuant to Section 362(b)(2) of FY 2013 NDAA, the appointments of the members of the Commission shall be made not later than 90 days after the enactment of the FY 2013 NDAA.

If one or more appointments under Section 12, subparagraph (a) above is not made by the appointment date specified in Section 362(b)(2) of the FY 2013 NDAA, the authority to make such appointment or appointments shall expire, and the number of members of the Commission shall be reduced by the number equal to the number of appointments so not made. If an appointment under Section 12, subparagraphs (b)-(e) above is not made by the appointment date specified in Section 362(b)(2) of the FY 2013 NDAA, the authority to make an appointment shall expire, and the number of members of the Commission shall be reduced by the number equal to the number otherwise appointable.

Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

The Commission members shall select a Chair and Vice Chair from the total membership.

Commission members who are full-time or permanent part-time Federal officers or employees shall be appointed as regular government employee (RGE) members. Commission members who are not full-time or permanent part-time Federal officers or employees shall be appointed as experts and consultants under the authority of 5 U.S.C. 3109 and serve as special government employee (SGE) members.

Consistent with Section 365(a) of the FY 2013 NDAA, each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under 5 U.S.C. 5315, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of 5 U.S.C., while away from their homes or regular places of business in the performance of services for the Commission.

The DoD, when necessary and consistent with the Commission's mission and DoD policies/procedures, may establish subcommittees, task forces, or working groups to support the Commission. Establishment of subcommittees will be based upon written determination, to include terms of reference, by the Secretary of Defense, the Deputy Secretary of Defense, or the DA&M, as the sponsor. All subcommittees, task forces, or working groups shall operate under the provisions of the FACA, the Sunshine Act, governing Federal statutes and regulations, and established DoD policies and procedures.

Such subcommittees shall not work independently of the chartered Commission, and shall report all of their recommendations and advice solely to the Commission for full deliberation and discussion. Subcommittees, task forces, or working groups have no authority to make decisions and recommendations, verbally or in writing, on behalf of the chartered Commission. No subcommittee or any of its members can update or report, verbally or in writing, on behalf of the committee, directly to DoD or any Federal officer or employee.

All subcommittee members shall be appointed by the Secretary of Defense according to governing DoD policies and procedures even if the member in question is already a member of the Commission. Such individuals, if not full-time or permanent part-time Federal officers or employees, shall be appointed to serve as experts and consultants, under the authority of 5 U.S.C. 3109, and shall serve as SGE members.

Subcommittee members, with the approval of the Secretary of Defense, may serve a term of service for the life of the subcommittee. With the exception of travel and per diem for official travel related to the Commission or its subcommittees, subcommittee members shall serve without compensation.

The Commission's Designated Federal Officer (DFO), pursuant to DoD policy, shall be a full-time or permanent part-time DoD employee, and shall be appointed in accordance with established DoD policies and procedures.

In addition, the Commission's DFO is required to be in attendance at all meetings of the Commission and its subcommittees for the entire duration of each and every meeting. However, in the absence of the Commission's DFO, a properly approved Alternate DFO, duly appointed to the Commission according to DoD policies and procedures, shall attend the entire duration of meetings of the Commission and its subcommittees.

The DFO, or the Alternate DFO, shall approve all meetings of the Commission and its subcommittees called by the Chair of the Commission; prepare and approve all meeting agendas; and adjourn any meeting when the DFO, or the Alternate DFO, determines adjournment to be in the public interest or required by governing regulations or DoD policies and procedures. Pursuant to 41 CFR 102-3.105(j) and 102-3.140, the public or interested organizations may submit written statements to the National Commission on the Structure of the Air Force membership about the Commission's mission and functions. Written statements may be submitted at any time or in response to the stated agenda of planned meeting of National Commission on the Structure of the Air Force.

All written statements shall be submitted to the Designated Federal Officer for the National Commission on the Structure of the Air Force, and this individual will ensure that the written

statements are provided to the membership for their consideration. Contact information for the National Commission on the Structure of the Air Force's Designated Federal Officer can be obtained from the GSA's FACA Database--https://www.fido.gov/facadatabase/public.asp.

The Designated Federal Officer, pursuant to 41 CFR 102-3.150, will announce planned meetings of the National Commission on the Structure of the Air Force. The Designated Federal Officer, at that time, may provide additional guidance on the submission of written statements that are in response to the stated agenda for the planned meeting in question.

Dated: April 12, 2013.

Aaron Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2013-09028 Filed 4-16-13; 8:45 am]

BILLING CODE 5001-06-P

ANNEX D

[Article: "National Commission on the Structure of the Air Force's Report Recommends Force Structure Shift, Greater Integration" follows:]

National Commission on the Structure of the Air Force's Report Recommends Force Structure Shift, Greater Integration

WASHINGTON, D.C.—Shifting force structure to the Reserves, expanding multi-component integration of operations, and allowing Airmen easier transition across components are among the 42 recommendations the National Commission on the Structure of the Air Force submitted today in its report to the President and Congress.

The National Commission on the Structure of the Air Force was established by the National Defense Authorization Act for Fiscal Year 2013. The Commission's statutory charter was to determine whether, and how, the Air Force's structure should be modified to best fulfill current and anticipated mission requirements in a manner consistent with available resources. The Commission was tasked to submit a report, containing a comprehensive study and recommendations, by Feb. 1, 2014, to the President of the United States and the congressional defense committees.

All eight Commissioners signed the report, which calls for a greater reliance on the Air National Guard and Air Force Reserve and more opportunities and incentives for Airmen to serve longer by removing legal, administrative, and cultural barriers between components. The Commission determined that routine, periodic use of the Air Reserve Components for operational missions would accomplish the following:

- Allow prudent reductions in Active component end strength
- Save money to help fund readiness, modernization and recapitalization
- Preserve surge capacity
- Sustain Reserve Component readiness
- Provide alternative and flexible options to serve.

"If there is a key theme to the report, it's about talent management," Chairman Dennis M. McCarthy said as the Commission presented the report in a pair of public meetings today on Capitol Hill. "It just makes good sense to use that [talent pool] to its full advantage." Past is the

question of whether the Reserve Components are a strategic or operational reserve. Said Commissioner Janine Davidson, "We have an operational force—an operational total force."

The report's 42 recommendations come in four chapters, each focused on a different aspect of force structure: the resource environment, rebalancing the force, sizing and shaping the force, and managing the force. However, all the commissioners stressed that the report should be read and considered in its entirety as the recommendations are interdependent.

The Commission conducted 19 days of hearings involving 154 witnesses and oral public comments and visited 13 installations throughout the country. In addition, it received written comments from 256 individuals and reviewed thousands of documents. On its visits to installations, Commissioners met with Airmen of all ranks from all three Air Force components.

The Commission heard from all quarters that, over the past two decades, the Air Force Reserve and Air National Guard have successfully accomplished everything they have been tasked, but they have the capacity to do more. Through its own policies, the Air Force has developed a consistent standard of readiness across the three components, so that even the traditional Reservists and Guardsmen who do monthly and annual drills must meet the same qualifications as their full-time colleagues. "Part time is less expensive and equally effective," Commissioner F. Whitten Peters said at Thursday's hearing.

The report advocates greater integration of the Active, Guard and Reserve Air Forces while keeping them three distinct components, and it points to the Air Force itself for a successful model in multicomponent readiness and integration: "associate" wings that combine units and personnel from two different components into a single operational unit, though each component maintains its own chain of command. The Commission concluded that the Air Force should take its successful integration initiative to a more complete level, expanding associations across all mission sets and eliminating the duplicative command structures in favor of an "i-Wing" construct, combining personnel from various components at all levels, including leadership.

As the Air Force progresses toward fuller integration at the unit level, the need for an Air Force Reserve Command as a force-providing headquarters declines, as does the need for its subordinated numbered Air Forces. The Commission recommends de-establishing the Air Force Reserve Command headquarters element while creating more opportunities for Reservists and Guard members to fill leadership positions in a Total Air Force, including maintaining the current Chief of the Air Force Reserve and Director of the Air National Guard positions.

The Commission also found legal and cultural obstacles hindering fuller integration of the components, from the varying duty statuses and personnel policies to legislated restrictions. The Commission recommends that Congress through legislation and the Air Force through policy changes provide Airmen the opportunity to pursue a "Continuum of Service." This would allow Airmen to move back and forth among components so that they could handle family or other obligations while still serving the nation. Continuum of Service and lengthening service careers would maximize the Air Force's investment in Airmen's training and add value to the Total Force. "As the Air Force adjusts its end strengths and force structure, let the Airmen know how they can add value and serve," Commissioner Raymond E. Johns Jr. said today.

The Continuum of Service concept is more than a decade old and has been endorsed by other armed services commissions. However, the National Commission on the Structure of the Air Force establishes a timeline in its recommendations, calling for a Continuum of Service pilot program to be implemented by Oct. 1 this year. "It's time to stop talking and start doing," Chairman McCarthy said.

In addition to being a more cost-efficient management of the force, increased integration will result in a more culturally cohesive force, the report says. "You build trust over time," Chairman McCarthy said. "The integration we are recommending helps build this trust."

The Commission was formed in the wake of a budget battle arising out of the Air Force's intent to cut aircraft and Guard end strength. The Commission did not get into details of inventory and assignments, but the report does recommend that the Air Force pay closer attention to the missions of Homeland Defense and Defense Support of Civil Authorities and institute greater coordination with state governors during force planning and budgeting processes. If the Air Force determines that the elimination of aircraft fleets is required, the Commission recommends the Air Force develop a comprehensive plan detailing for all stakeholders the transition of Airmen, facilities, and capabilities arising from the loss of that fleet.

The Commission focused its attention solely on the Air Force and not the other services, but it did explore the Air Force's relationship with Combatant Commands, which place demands on the Air Force, Army, Navy and Marine Corps for forces. The Commission recommends that Combatant Commanders not be permitted to take "an unconstrained view" as they plan for the employment of air power in contingencies and steady-state operations in their theaters. Furthermore, the Commission recommends that Congress allow the Air Force to reduce its infrastructure footprint by closing or warm basing (holding in caretaker status) some installations. The Commission did not recommend any specific bases for closure or realignment.

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 2015 AND THE FUTURE YEARS DEFENSE PROGRAM

WEDNESDAY, APRIL 30, 2014

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

REFORM OF THE DEFENSE ACQUISITION SYSTEM

The committee met, pursuant to notice, at 9:35 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, McCaskill, Manchin, Blumenthal, Donnelly, Hirono, Inhofe, McCain, and Ayotte.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody.

The committee meets today to assess the impact of the Weapon Systems Acquisition Reform Act (WSARA) of 2009, and other acquisition reform measures adopted over the last decade and to consider the need for further legislative and administrative improvements to the defense acquisition system.

Six years ago, the committee held a similar hearing at a time of real crisis in the defense acquisition system. In 2008, half of the Department of Defense's (DOD) major defense acquisition programs (MDAP) had exceeded the so-called Nunn-McCurdy cost growth standards which had been established by Congress to identify seriously troubled programs. On average, these programs had exceeded their research and development budgets by an average of 40 percent, seeing their acquisition costs grow by almost 30 percent, and had experienced an average schedule delay of almost 2 years.

The Government Accountability Office's (GAO) 2008 annual report on DOD's large weapon systems described an acquisition system in real disarray. The GAO report stated, "Of the 72 weapons programs that we assessed this year, no program had proceeded through system development, meeting the best practices standards for mature technologies, stable design, and mature production processes. 88 percent of the programs began system development without fully maturing critical technologies according to best practices. 96 percent of the programs had not met best practice standards for demonstrating mature technologies and design stability before en-

tering the more costly system demonstration phase. No programs that we assessed had all of their critical manufacturing processes in statistical control when they entered production and most programs were not even collecting data to do so."

The problem as described in 2008 by GAO and others was that DOD was trying to build complex weapon systems without doing the upfront engineering, design, and cost estimating work needed to put an acquisition program on sound footing. We learned that as a rule of thumb, it can cost 10 times more to fix a problem after you have built a weapon system than it does to get it right the first time. That is why we should continue to insist on a "fly-before-we-buy" approach to major weapon systems, and that is why WSARA established a "design-before-you-build" policy for these acquisitions as well.

WSARA, which Senator McCain and I introduced in early 2009 and was enacted several months later, focused on getting things right at the beginning of an acquisition program by, first, establishing new standards to ensure the technological maturity of key technologies before they are incorporated into major weapons systems; second, establishing a new director of Cost Assessment and Performance Evaluation to ensure accurate estimates for the cost of these systems; third, requiring DOD to make early tradeoffs between costs, schedule, and performance to ensure reasonable and achievable acquisition objectives; and fourth, restoring DOD's system engineering and development testing capabilities, that is, the skills and procedures necessary to solve tough problems on the drawing board before they become bigger, more expensive problems.

There is now evidence that our 2009 legislation has brought about some significant improvements. GAO's 2013 report states, "Continuing a positive trend over the past 4 years, newer acquisition programs are demonstrating higher levels of knowledge at key decision points. Many of the programs are capturing the critical manufacturing knowledge prior to production." As a result, GAO has reported that, "A majority of programs in the portfolio gained buying power in the last year as their acquisition unit costs decreased."

Similarly, GAO's 2014 report found that in the previous year, 50 of the 80 programs had reduced their overall costs, and 64 percent of the programs had increased their buying power, resulting in $23 billion of savings. In short, improved acquisition practices have resulted in significant cost reductions on many of our major acquisition programs, a result that was rarely achieved 5 or 6 years ago.

WSARA is not the only major acquisition reform legislation that we have enacted since 2008. For example, in the National Defense Authorization Act (NDAA) for Fiscal Year 2008, we enacted the Defense Acquisition Workforce Development Fund (DAWDF), which has enabled us to hire and train engineers, cost estimators, program managers, information technology (IT) experts, logisticians, testers, and procurement specialists needed to successfully run the acquisition program. In the NDAA for Fiscal Year 2009, we required the military departments to establish configuration steering boards to prevent costly and unnecessary changes to program requirements for major weapon systems. In the NDAA for Fiscal

Year 2012, we enacted measures to strengthen the detection, avoidance, and remediation of counterfeit electronic parts in defense systems.

In addition, we have enacted Senator McCain's provisions to prevent abuses of cost-type contracts and multiyear contracts. We have enacted Senator McCaskill's legislation to ensure proper oversight of wartime contracting. We have enacted measures to protect contractor whistleblowers to prevent contractor conflicts of interest, to establish a database of contractor misconduct, to end the abuse of interagency contracting, to address the problem of excessive pass-through charges, and to control the operating and support costs that constitute up to 70 percent of the lifecycle costs of many weapon systems. We have required business process reengineering before we buy new IT systems and we have tied award and incentive fees to contractor performance.

Senior defense officials have reinforced some of these reforms beginning with the Better Buying Power Initiative (BBPI) launched under Under Secretary Kendall and his predecessor, Ash Carter. GAO has reported that a single element of that initiative, the more aggressive use of "should cost" analyses for MDAPs, will result in $24 billion in savings on contracts negotiated last year.

Nonetheless, much more remains to be done. For instance, GAO's 2014 report on the acquisition of major weapon systems states that despite the improvements of the last 5 years, DOD has yet to fully implement a number of best practices such as fully maturing technologies before starting engineering and manufacturing development and bringing all manufacturing processes under control before starting production.

DOD's track record in the acquisition of new IT systems remains abysmal, with repeated examples of systems that take years longer than expected to field, run hundreds of millions of dollars over budget, and end up being canceled without any benefit at all to the government.

That is why I recently joined Senator McCain in sending letters in our capacities as chairman and ranking member of the Permanent Subcommittee on Investigations, on the Senate Committee on Homeland Security and Governmental Affairs, to several dozen acquisition experts seeking their views on deficiencies in the defense acquisition process, steps that should be taken to improve the efficiency and effectiveness of this process, and the extent to which recent legislative and policy reforms may have resulted in improvements. It is why Senator Inhofe and I recently joined with our counterparts on the House Armed Services Committee in signing a series of letters to industry associations seeking their views on a similar set of issues.

Finally, I thank our witnesses for being here today. We look forward to their testimony. I now recognize Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

I think it goes without saying that we cannot afford to continue to award contractors $1.2 billion on a weapon system such as the Army Ground Combat Vehicle only to, shortly afterwards, terminate the program.

I will have some specific questions about some of the other things that have happened such as the Crusader after $2 billion of investment and the Future Combat System (FCS), after $19 billion of investment. That has been touched upon by our chairman in his opening remarks.

Despite this, there has been progress in achieving defense acquisition reform. WSARA, as reported by the chairman, was largely written by the chairman and Senator McCain, and it has made important strides. Secretary Kendall's BBPI and the reissuance of the interim DOD instruction 5000.02 have also contributed to this effort.

However, a lot of work has to be done. Recently, I was informed in the case of one MDAP, it took 80,000 man-hours to complete the paperwork to pass the defense acquisition system's first milestone and an additional 100,000 man-hours to produce the documents to pass the second milestone. This is wrong.

Therefore, I am happy to see Secretary Kendall has launched an effort to streamline the acquisition process. I have also tasked GAO to perform a similar review, which I hope will be the foundation for next year's acquisition reform effort.

But just streamlining the process will not suffice. We need to make sure that our acquisition professionals are properly trained. A 2009 DOD poll of senior program managers, the Fox-Ahern Report, found in a strikingly large number of fundamental areas, these senior officials believed that training was not, "sufficiently practical or comprehensive."

WSARA has begun to remedy this. However, I added a request or a requirement in the last NDAA for DOD to redo the 2009 study to see if progress was being made in training. Since the report is due soon, I hope that Secretary Kendall will be able to discuss some of those findings.

I am also concerned that program managers are constantly being rotated in and out of acquisition programs. This is having a major adverse impact on the execution of programs. Figuring out a way to overcome this must be a vital element in the new acquisition reform.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

We now welcome our two witnesses on our first panel this morning: Frank Kendall III, Under Secretary of Defense for Acquisition, Technology, and Logistics; and Mr. Michael J. Sullivan, Director of Acquisition and Sourcing Management at GAO. Secretary Kendall?

STATEMENT OF HON. FRANK KENDALL III, UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS, DEPARTMENT OF DEFENSE

Mr. KENDALL. Thank you, Mr. Chairman.

Chairman Levin, Ranking Member Inhofe, thank you for giving me the opportunity to discuss some of the measures DOD is taking to improve the productivity and performance of defense acquisition.

I want to begin by expressing my appreciation for the work this committee has done in this area. Statutes like the DAWDF authorization, WSARA, and others, that the chairman mentioned that

this committee has initiated and strongly supported, have been very beneficial to DOD and to the Nation.

My written testimony has more detail, and I ask that it be admitted to the record.

Senator INHOFE. Without objection.

Mr. KENDALL. I spent most of my professional life in defense acquisition either on the government side or in industry, a period of over 40 years. During that time, I have seen any number of attempts to improve defense acquisition. My view is that many of the things we have tried have had little discernible impact. The evidence, in terms of major program cost and schedule slips, shows very little statistical change over the years. I am tempted to draw three conclusions from that fact.

The first is that fixing defense acquisition is not as easy as a lot of people seem to think it is.

The second conclusion I am tempted to draw is that maybe we have been changing the wrong things. Defense acquisition is a human endeavor. My view is that we have focused too much on organizational structures, processes, and oversight mechanisms and not enough on providing people with the skills and the incentives they need to be successful.

The third possibility is we have not been patient enough or sufficiently tenacious with the acquisition policies that we have tried to leave in place long enough to find out whether they really work or not. The frequent rotation of leadership, particularly political appointees and career military people, makes it harder to sustain any given initiative.

The approach I am taking is one that Dr. Carter and I decided upon 4 years ago when he was Under Secretary and I was his Principal Deputy. We introduced the first set of what we called BBPIs. This is an approach of continuous incremental improvement based on pragmatism and evidence based on data. I can report to you today that after 4 years, I believe we are seeing changes for the better. Acquisition of a new cutting-edge weapon system is a complex job. It requires getting every one of hundreds of decisions right, in an environment where the real incentive systems are not always aligned with the goal of increased efficiency. This is particularly true in the current budgetary situation. There is great uncertainty about future budgets and planning is excessively difficult.

The BBPI approach tries to identify the areas of acquisition where the greatest good can be achieved and to attack those opportunities. As we learned from our experience, we periodically make adjustments and bring in new ideas. In my written statement, I discuss some of the many initiatives we are currently pursuing under the second iteration of BBPI. Our third iteration is on the horizon. It is a pragmatic, incremental approach that spans actions like setting affordability caps to constrain program cost, bottoms-up "should cost" estimates, a focus on the professionalism of DOD's acquisition workforce, the creation of competitive pressures wherever possible, and a new emphasis on the acquisition of services as opposed to products. This is hard, detailed work. It takes time, constancy of purpose, and tenacity to be effective. But I do not believe there is any other way to achieve lasting improvement.

Embedded within this process of continuous improvement on multiple fronts, there are some important cultural changes I am trying to implement. The academic business literature suggests that two things are necessary to effect major change in an organization: a period of 4 or 5 years of sustained commitment by senior leadership and a crisis. I am trying to supply the leadership. The budget situation is supplying the crisis.

The first culture change is to move our workforce from a culture that values spending over controlling cost. In government, the built-in incentive system is to spend one's budget so that funds are not rescinded or reduced in subsequent budgets. Many of the BBPIs are intended to reverse this situation and force our managers to focus on cost.

The other culture change is to move the government workforce away from a "check the box" or "school solution" approach to acquisition to one based on professionalism, sound business, technical analysis, and most of all, critical thinking. The vast array of products and service types that DOD buys makes this a necessity. One-size-fits-all rules are often not the right answer to a given situation or problem.

I do believe we are making progress, but I also believe we have ample room for additional improvement. With your support, I am determined to build upon the progress that we have made.

I look forward to your questions. Thank you.

[The prepared statement of Mr. Kendall follows:]

PREPARED STATEMENT BY HON. FRANK KENDALL III

Chairman Levin, Ranking Member Inhofe and distinguished members of the committee, I appreciate the opportunity to testify today. I look forward to sharing with you a status of the Department's current efforts to improve our complex acquisition system, as well as exchange ideas for potential additional actions, including statutory actions that would improve the productivity and effectiveness of defense acquisition of products and services.

CONTINUOUS INCREMENTAL IMPROVEMENT

The history of so-called "acquisition reform" spans multiple decades and includes multiple statutory and regulatory initiatives intended to improve the system but quite often, only minimally impact results. I have lived a great deal of this history. The data on major programs shows remarkably consistent behavior decade to decade. The approach I am taking is not one of acquisition reform; it is not revolutionary. I've seen too many management fads and slogan based programs that failed to address the fundamentals of what it takes to develop and field a new product. Improving defense acquisition is a long hard tedious job that requires attention to the hundreds of factors that affect acquisition results.

The Department is following a process of continuous incremental improvement that focuses on the areas in which the most progress can be made. This process attacks the problem of improving acquisition on multiple fronts simultaneously and it is constantly evolving as we learn from our experience, study the evidence of the impact of our changes, and make adjustments. This is what we have been doing for almost 4 years now under the label of "Better Buying Power (BBP)," a phrase coined by my predecessor, then Under Secretary Carter, when I was his Principal Deputy. We are now 2 years into implementing the second set of continuous improvement initiatives known as BBP 2.0, and I have just begun to think seriously about what the next iteration BBP 3.0, will look like. I can tell you, however, that it will be an incremental evolutionary adjustment to the current set of initiatives, and that most if not all of the initiatives put in place under BBP 1.0 and 2.0 will continue. The hard part of bringing change to the Pentagon is not announcing new policies; it is following up to ensure that those policies are actually implemented, understanding their impact, and making any needed adjustments. Time and constancy of purpose are essential if this process is to be successful.

Today I will discuss some of the many acquisition initiatives we've put in place, or that are in progress, to meet our national security needs, and I will also address some implementation challenges we face given the current budget environment. I will share with you my focus areas to improve acquisition outcomes, provide more effective incentives to industry, and deliver the products and services our taxpayers and service men and women expect and deserve.

1. Better Buying Power—Status Update

We are now 4 years since Dr. Carter and I began work on the first iteration of BBP, the set of policies we promulgated as part of then Secretary Gates efficiency initiatives in 2010. In the intervening years I've released the second iteration of BBP and I've also recently made some statements in public that BBP 3.0 may be on the horizon. Has all this made a difference? I believe it has, although I'm also certain that we have ample room for additional gains in productivity and other improved outcomes. The whole concept of BBP is of a commitment to continuous incremental improvement; improvement based on experience, pragmatism, and analysis of the evidence (i.e. data).

When I introduced the second iteration of BBP, we had already made a number of adjustments (continuous evolutionary improvements) to the initiatives in the first iteration. Under 2.0, most of the BBP 1.0 initiatives continued, either under the 2.0 label or just as good best practices we may not have emphasized under BBP 2.0. Where changes were made, this was clearly articulated in 2.0. For example, the overly restrictive guidance on fixed price incentive contract type (never intended to be as proscriptive as it may have been interpreted to be) was changed to emphasize sound decisionmaking about the best contract type to use in a given circumstance. We also relaxed the model constraints on time to recompete service contracts, which proved too restrictive.

In general, BBP 2.0 moved us in an incremental way from the set of model rules that characterized BBP 1.0, to a recognition that in the complex world of defense acquisition, critical thinking by well informed and experienced acquisition professionals is the key to success—not "one-size-fits-all" the rules. This is equally true of the acquisition of contracted services for maintenance, facility support, information technology, or anything else we acquire from industry, as it is for the various aspects of the large programs and that we normally associate with defense acquisition.

BBP 2.0 intentionally labeled, "A Guide to Help You Think," is bookended by two critical areas: affordability and increasing the professionalism of our workforce, with middle sections focused on cost control, incentivizing industry, increasing competition, among others. I won't cover every initiative in BBP 2.0, but in general here is where I think we are in improving defense acquisition, and where I think we still need to go on these initiatives.

Achieving Affordable Programs:

We have a history of program cancellations and dramatic reductions in inventory objectives; the goal of the first bookend, affordability, is to ensure we do not start programs that we cannot afford—with heavy emphasis on long-term capital planning and enforcing affordability caps. Over the past 4 years we have continuously increased the number of major programs with assigned affordability targets (MS A or before) or caps (MS B) as programs come through the milestone review process. I recently reviewed the status of compliance, and in all but two or three cases, programs with caps have remained under their caps to date. The few that need to act immediately to reduce costs have estimates that are very close to their caps.

To date, we have been successful in applying the caps. The affordability analysis process is also detailed in the new Department of Defense Instruction (DODI) 5000.02, and in most cases is followed by Service programming communities who execute the long term budget analysis needed to derive caps on sustainment and production. For smaller programs that are a fraction of the considered capability portfolio, assigning a cap can be problematic, but it still needs to be done to instill discipline in the requirements process.

Looking forward however, the Department has a significant problem in the next decade affording certain portfolios; strategic deterrence, shipbuilding, and tactical aircraft are examples. This situation will have to be addressed in the budget process, but we are making reasonable progress in the acquisition system in constraining program cost, especially for unit production cost, which is easier to control than sustainment. Never the less, we have challenges particularly in understanding long term affordability caps outside the 5 year planning cycle, especially under sequestration level budget scenario.

Controlling Cost Throughout the Acquisition Life Cycle:

The implementation of 'should cost based management' is another area that is well underway. "Should cost" challenges every manager of contracted work to identify opportunities for cost reduction, to set targets to achieve those reductions, and to work vigorously to achieve them. Managers at all levels should be requiring that these steps be taken and rewarding successful realization of cost savings. I am seeing more of the desired behavior as time passes.

Although I am optimistic about these accomplishments, I still see cases where implementation appears more token than real. We also have work to do in understanding and teaching our managers the craft of doing "should cost" for our smaller programs (e.g. ACAT III's, Services, et cetera)—this remains a work in progress. Overall, "should cost" as a single measure alone, if fully implemented, will cause fundamental change in how we manage our funds.

The letter the Under Secretary of Defense for Financial Management (Comptroller) and I signed 2 years ago laying out our expectations for major program obligation rate reviews is still operative; your job is not to spend your budget, it is to control costs while acquiring the desired product or service and to return any excess funds for higher priority needs. The chain of command still has to learn how to support that behavior instead of punishing it. For major program "should cost" realization, the saved funds will continue to remain with the Service or Agency, preferably for use in the program that achieved the savings. The practice of Should Cost helped develop a critical skill for our workforce. The ability to perform strategic analysis on major defense acquisition programs, set target cost goals, and execute accordingly—without fear of being punished for not spending the money—makes huge dividends for the Department.

We are also gaining ground with regard to cooperation between the requirements and acquisition communities. My own partnership with the VCJCS and the JROC is intended to set the example in this area. We meet frequently to discuss issues of mutual concern and to reinforce each other's roles in the requirements and acquisition systems. The use of affordability caps and expanded use of Configuration Steering Boards or "provider forums" is strengthening the linkage to the requirements communities. There is an ancient debate about which comes first, requirements or technology. The debate is silly; they must come together. It cannot be a one time event in a program, but continuous. Requirements that are not feasible or affordable are just so many words. A program that doesn't meet the user's needs is wasted money.

The BBP 2.0 program to increase the use of defense exportability features in initial designs is still in the pilot stage. This concept is sound, but the implementation is difficult because of some of the constraints on our budgeting, appropriations, and contracting systems. Support for US defense exports pays large dividends for national security (improved and closer relationships), operationally (built in interoperability and ease of cooperative training), financially (reduced US cost through higher production rates), and industrially (strengthening our base). This initiative will continue on a pilot basis, but hopefully be expanded as the implementation issues are identified and adjudicated.

Incentivize Productivity and Innovation in Government and Industry:

Through our research, the Business Senior Integration Group quickly found that in order to effectively incentivize our system, we needed to focus our attention on professional judgments about the appropriate contract type, as opposed to emphasizing one type over others. As we analyze the data on major programs, it shows that in general we get this right, particularly with regard to choices between fixed price and cost plus vehicles. We are still in the process of providing updated guidance in this area. One thing is clear from the data; where fixed price is used, there is benefit to greater use of fixed price incentive vehicles, especially in production contracts and even beyond the initial lots of production. We are increasing the use of fixed price incentive contracts in early production—and it is paying off.

We have begun to monetize the value of performance above threshold levels, however this practice is still in its early phases of implementation. Requirements communities usually express a "threshold" level of performance and a higher "objective" level of performance, without any indication of how much in monetary terms they value the higher level of capability. It represents a difficult culture change for our operational communities to have to put a monetary value on the higher than minimum performance levels they would prefer—if the price were right. The Air Force Combat Rescue Helicopter was the first application of this practice and it is in the process of being applied more widely across the Department. Forcing Service requirements and budget decisionmakers to address the value they place on higher performance (which has nothing to do with the cost) is leading to better "best value"

competitions where industry is well informed about the Department's willingness to pay for higher performance, innovation is encouraged, and source selections can be more objective.

One of the strongest industry inputs we received in formulating the BBP 2.0 policies was that the "lowest price, technically acceptable" (LPTA) form of source selection was being misused and overused. We provided revised policy guidance that, like other contracting techniques, LPTA should be used with professional judgment about its applicability. This technique works well when only minimal performance is desired and contracted services or products are objectively defined. LPTA does simplify source selection, but it also limits the government's ability to acquire higher quality performance. We seek continued feedback from industry, but I believe we have been successful in reducing the use of LPTA in cases where it isn't appropriate.

Instituting a superior supplier incentive program that would recognize and reward the relative performance levels of our suppliers was a BBP 1.0 initiative that we have had great difficulty implementing. I'm happy to report that the Navy pilot program has completed the evaluation of the Navy's top 25 contracted service and product suppliers. The evaluation used the Contractor Performance Assessment Rating System data as its basis. Major business units within corporations were assessed separately. The Navy is providing results divided into top, middle, and lower thirds. Business units or firms in the top third will be invited to propose ways to reduce unneeded administrative and overhead burdens. The Superior Supplier Program will be expanded Department of Defense (DOD) wide over the next year. We expect this program to provide a strong incentive to industry to improve performance and tangible benefits to our highest performing suppliers. Finally, we expect to build on this Navy pilot and expand it to the other Services.

BBP 2.0 encouraged the increased use of Performance Based Logistics (PBL) contract vehicles. These vehicles reward companies for providing higher levels of reliability and availability to our warfighters. If the business deal is well written and properly executed, then PBL does provide cost savings and better results. The data shows that we have not been able to expand the use of PBL for the last 2 years and that prior to that the use was declining. Declining budgets as well as the budget uncertainty itself, and therefore contract opportunities are part of this story, as is the fact the PBL arrangements are harder to structure and enforce than more traditional approaches. Those factors, combined with the imposition of sequestration, furloughs, and a government shut down last year are likely to have suppressed the increased use of PBL. This area will receive additional management attention going forward; we are going to increase the use of this business approach.

Another major input to BBP 2.0 received from industry concerned the large audit backlog with the Defense Contract Audit Agency (DCAA). The backlogs both delay contract close out payments and extend the time before new awards can occur. Pat Fitzgerald, the DCAA Director, has worked very closely with the acquisition community. Pat is a regular participant in the monthly Business Senior Integration Group meetings that I chair to manage BBP implementation. Under Pat's leadership, DCAA is well on the way to eliminating most of the incurred cost audit backlog and expects to effectively eliminate the areas with the most excessive backlog over the next year. This is being accomplished despite all the workforce issues the Department has been forced to deal with.

Strengthening discretionary research and development (R&D) by industry was an early BBP initiative. I am concerned that industry is cutting back on internal R&D as defense budgets shrink. This is an area we have tried to strengthen under BBP. We have made good progress in providing an online forum for industry to understand the Departments' technology needs and internal investments, and for industry to provide R&D results to government customers. If company R&D isn't being conducted, then these steps certainly can't substitute for doing the actual research. We will be tracking these investments carefully going forward, and I will be working with defense company Chief Executives and Chief Technology Officers to review their investment plans.

The wisest course for industry is to continue adequate investments in R&D so as to be positioned for the inevitable future increase in defense budgets. Now is the time for all of us to invest in R&D. This requires discipline and commitment to the long term as opposed to short-term performance, however. Most of the Chief Executives I have discussed this with share this perspective; they recognize that the Department needs industry partners who are in this for the long term with the Department.

Eliminate Unproductive Processes and Bureaucracy:

I would like to be able to report more success in this regard, but I am finding that bureaucratic tendencies tend to grow and to generate products for use within the bureaucracy itself, together with the comfortable habits of years and even decades are hard to break. This is all even more true, in my opinion, within the Services than it is within the Office of the Secretary of Defense. On the plus side, however, we are making progress and I have no intention of stopping this effort.

I have taken steps to reduce the frequency of reviews, particularly reviews at lower staff levels. Whenever possible we are combining the Office of the Secretary of Defense (OSD) and Service reviews or using senior level in depth reviews without preceding staff reviews and briefings. I have also instituted an annual consideration of major programs for delegation to the Services for management. Where the program risk has been significantly mitigated and/or all major Department investment commitments have already been made, I am delegating programs for Service oversight. I am also looking for opportunities to conduct pilot "skunk works" type oversight of programs which will, among other features, substitute in depth but short on scene reviews for the numerous formal documents with attendant staffing process that are normally required to support milestone decisions. I have also set firm and short time spans for staff review of some key documents so that issues are identified quickly and elevated rather than debated endlessly at the staff level.

Our efforts to increase the role and primacy of the acquisition chain of command are also making progress, but have additional room for improvement. A full-day workshop the Service Acquisition Executives and I recently conducted with all the Department's Program Executive Officers (PEO) was very effective in communicating our priorities and in obtaining feedback on BBP and other initiatives. That feedback will be very helpful as we adjust our policies going forward. I also recently conducted a half-day workshop with our PEOs and Program Managers (PM) who manage and direct the Department's business systems. This is an area where I feel strongly that we can reduce some of the burdensome overhead and bureaucracy associated with these programs. I will need the support of Congress to achieve this, however.

Time is money, and reducing cycle time, particularly long development times and extended inefficient production runs would improve the Department's productivity. I have reviewed the data on development timelines and they have increased, but not on the average by outrageous amounts; the average increase in major program development time over the last few decades is about 9 months. Much of this increase seems to be driven by longer testing cycles, brought on by the growth in the number of requirements that have to be verified, and by the increased complexity and size, and therefore development time, of the software components of our programs. We are still collecting data and analyzing root causes of cycle time trends, but the most debilitating one is obvious; budget cuts in general and sequestration cuts in particular are forcing the Department to adopt low production rates, in some cases below the theoretical minimum sustaining rate. Lowering production rates is stretching out our production cycle time and raising unit costs almost across the board.

Promote Effective Competition:

Competition works. It works better than anything else to reduce and control costs. Unfortunately the current data shows that the Department is losing ground in the percentage of contracted work being let competitively each year. The erosion is not huge, and I believe that decreasing budgets which limit new competitive opportunities are a major root cause. The Air Force launch program provides an example; we were moving aggressively toward introducing competition when budget cuts forced the deferral of about half the launches scheduled for competition. This is an area that I will be tracking closely and managing with the Service Acquisition Executives and agency heads in the coming months to try to reverse the recent trend.

Under BBP we have recognized that for defense programs, head to head competition isn't always viable, so we are emphasizing other steps or measures that can be taken to create and maintain what we call "competitive environments." Simply put, I want every defense contract to be worried that a competitor may take his work for DOD away at some point in the future. As I review programs, I ask each PM and PEO to identify the steps they are taking to ensure the existence of a competitive environment for the efforts they are leading.

Open systems provide one opportunity to maintain competition below the prime level and to create a competitive environment for any future modifications or upgrades. Open systems and government "breakout" of components or subsystems for direct purchase are not necessarily in the interest of our primes, so careful management of interfaces and associated intellectual property, especially technical data

rights, is key to achieving competition below the prime level and for future upgrades. Industry has a right to a fair price for intellectual property it has developed, but the government has many inherent rights and can consider the intellectual property implications of offerings in source selection. Our principal effort in this area has been to educate and train our workforce about how to manage this complex area. This is an effort that will bear fruit over time and in which I believe reasonable progress is being made. As we mature our practice in this area we need to also guard against overreaching; industry cannot be forced or intimidated into surrendering valid property rights, but the government has to exercise its rights and protect its interests at the same time as it respects industry's. Further, we in government must have strong technical and programmatic capabilities to effectively implement open systems. The Long Range Strike Bomber program is applying modular open systems effectively in its acquisition strategy and provides a good example of how this balanced approach can work—again if there is strong technical leadership by the government.

Small businesses provide an excellent source of competition. Due in no small part to the strong leadership of the Department's Office of Small Business Programs Director, Mr. Andre Gudger, we have made great progress over the last few years. We have improved our market research so that small businesses opportunities are identified and we have conducted numerous outreach events to enable small businesses to work more effectively with the Department. While much of our effort has been directed toward increasing the amount of Department work placed with small businesses, this has been done with the recognition that work allocated to small businesses will be provided through competition, and competition that involves firms without the overhead burdens of our large primes. At this time the trends in our small business awards are positive, despite the difficulties of the last few years and I have strong expectations for our performance this fiscal year.

The Department continues to emphasize competitive risk reduction prototypes—when the business case supports it. This best practice isn't called for in every program; the risk profile and cost determine the advisability of paying for competitive system level prototypes. The available data shows that when we do acquire competitive risk reduction prototypes we have to work harder on the government side to ensure that the relevant risk associated with the actual product we will acquire and field is really reduced. BBP 2.0 reinforces this maxim, and I believe we have been correctly applying it over the last few years. This is one of many areas where simply "checking the box" of a favored acquisition technique is not adequate; real understanding of the technical risk and how it can best be mitigated is necessary. It is also necessary to understand industry's perspective on these prototypes; industry cares much more about winning the next contract than it does about reducing the risk in the product that will be developed or produced under that contract. Competitive prototypes are successful when government acquisition professionals ensure that wining and reducing risk are aligned. The data shows that in many past cases they were not aligned.

Improve Tradecraft in Acquisition of Services:

We have increased the level of management attention focused on acquisition of services under both BBP 1.0 and 2.0. I still see this as the greatest opportunity for productivity improvement and cost reduction available to the Department. I have assigned my Principal Deputy, Alan Estevez, to lead the Department's initiatives in this area. He is working with the Senior Service Acquisition Managers that we established under BBP 1.0 in each of the Military Departments. We have also now assigned senior managers in OSD and in each of the Military Departments for all of the several major categories in which we contract for services: knowledge based services, R&D, facilities services, electronics and communication, equipment related services, medical, construction, logistics management and transportation.

Our business policy and practices for services are improving. A counterpart to the often revised DOD Instruction for Programs, DODI 5000.02, has been completed in draft and will soon be implemented. We have begun the process of creating productivity metrics for each of the service categories and in some cases for sub-areas where the categories are broad and diverse. We are also continuing efforts begun under BBP 1.0 to improve our ability to conduct effective competition for services, including more clearly defined requirements for services and the prevention of requirements creep that expands and extends the scope of existing contracts when competition would be more appropriate. Services contracting is also an area in which we are focusing our small business efforts.

Services are often acquired outside the "normal" acquisition chain by people who are not primarily acquisition specialists—they are often acquired locally in a distributed fashion across the entire DOD enterprise. Services are also often paid for with

Operation and Maintenance (O&M) funds where specific efforts have much less visibility and therefore less oversight. The results achieved as a result of acquisition practices for service procurements are often not as evident to management, nor as well publicized as the results for weapon system. We are working to correct this by strengthening our business management (not just contract management) in these areas and to identify and encourage best practices, such as requirements review boards and the use of tripwires.

In summary, I believe that we have made a good start at addressing the potential improvements that are possible in contracted services, but we have more opportunity in this area than in any other.

Improve the Professionalism of the Total Acquisition Workforce:

Increasing efficiency in our system is not possible without the other bookend to BBP 2.0. That is, improving the professionalism of the total acquisition workforce—which includes people who work in all aspects of acquisition; program management, engineering, test and evaluation, contracting and contract management, logistics, quality assurance, auditing, and many other specialties. All of these fields require high degrees of professionalism. I am proud of our workforce; it is highly professional, but there isn't a single person in the workforce, including me, who can't improve his or her professional abilities.

Defense acquisition professionals have a special body of knowledge and experience that is not easily acquired. No one should expect an amateur without acquisition experience to exercise professional judgments in acquisition without years of training and experience it takes to learn the field. Like other highly skilled professions such as attorneys, physicians and military officers, our expertise sets us apart.

Our workforce must deal with complexity. The problems we solve are not simple—we are entrusted to develop and field some of the most complicated and technically advanced systems in military history. It is an illusion to believe that defense acquisition success is simply a matter of applying the right, easily learned "check-list" approach to doing our jobs. There are no silver bullets that apply to all situations.

It is not enough to know acquisition best practices; acquisition professionals must understand the "why" behind the best practices—that is, the underlying principles at play. Many of our products consist of thousands of parts and millions of lines of code. They must satisfy hundreds of requirements, and take several years to bring into production. Managing and understanding complexity is central to our work.

The addition of this major category in BBP 2.0 was the most significant adjustment to BBP 1.0. The specific initiatives included several measures to enhance our professionalism. Under the Defense Acquisition Workforce Improvement Act the Department created three levels of acquisition proficiency. I don't believe that the standards for these levels as currently defined or implemented are adequate for the key leader acquisition positions that carry our highest levels of responsibility. We are in the process of creating and implementing higher standards for these positions. That process should conclude within the next year. As part of this initiative we are conducting a pilot program to establish professional qualification boards. The pilot is being conducted by the Developmental Test and Evaluation community under the leadership of DASD(R&E) for Developmental Testing, David Brown. These boards will help to establish a culture of excellence in our acquisition career fields and DOD-wide standards for our key leaders.

We are also taking steps to better define the qualification requirements for all our acquisition specialties. These qualifications will rely more heavily on specific hands on work experience than we've had in the past. Finally we have taken steps to more fully recognize and reward our top performers. At my level this includes spotlight awards as well as our standard periodic awards. We are making a particular effort to recognize the contributions of teams as well as individuals and to recognize exceptional performance in the full range of defense acquisition activities. Recognition is key to growth and incentivizing our workforce to push themselves further. Without our people, DOD would not be able to procure and field next generation capabilities that keep us ahead of potential adversaries.

I am increasingly concerned about the adverse effect budgetary uncertainty and precipitous cuts mandated through sequestration have on our workforce. There is a culture in the Pentagon and the military that getting the job done is what matters. We do not have a workforce of "clock-watchers." Instead, the professional men and women that comprise our military and civilian workforce worry about getting the job done: whatever it may take and however long they may have to work, because our Nation's security depends on their efforts. However, continued budgetary uncertainty coupled with years of pay freezes and last summer's unavoidable sequestration related furloughs, has taken a toll on the overall morale of our workforce. I am deeply concerned that if we are unable to achieve and maintain budget

stability, we will demoralize our workforce even further and erode the cadre of acquisition professionals that we have worked hard to recruit, train and retain.

Relatedly, in the coming years, the Department faces challenges of a graying workforce. This is particularly prominent within the acquisition community, where seasoned and experienced PEOs and PMs are retiring in record numbers and newly-hired junior members of the workforce are not yet properly trained and qualified to take on the roles of PEOs and PMs. This will result in a "bathtub" effect for the readiness of the workforce for 2020–2030.

Right now 21,000 members of our workforce are eligible for retirement, and 25,000 more soon will be. Those approaching retirement represent 50 percent of our workforce. Behind them—"the bathtub"—the mid-career workforce with low year groups—represent only 22 percent of our workforce—they were largely hired during the significant downsizing efforts in the 1990s. We must learn from the 1990s and be strategic now, even in a period of downsizing. Investing in our future leaders is essential for acquisition success.

A final area of concern is what I call the "revolving door." Defense acquisition requires expertise in design and engineering, contract management, logistics, the sciences and other highly-technical professional fields. Recruiting essential talent from industry requires a significant easing of limitations on the revolving door between industry and government. Similarly, allowing government civilians to work in industry as part of their career broadening experience will promote greater integration between both public and private sectors. To allow for greater flexibility between government and industry workforce exchanges, legislative changes may be required.

I am focused on doing everything I can to promote the professional development of the total acquisition workforce. Over the past 4 years, we have been able to build our workforce utilizing the Acquisition Workforce Development Fund, but the underlying concern remains: budgetary instability will result in decreased morale and lack of critical skill retention—skills that we may not be able to recover.

If there is one legacy I would like to leave behind it is a stronger and more professional defense acquisition workforce than the one I inherited from my predecessors. The tide would seem to be against me because of events like pay freezes, sequestration, furloughs, shutdowns, and workforce reductions—all brought about by the current budget climate. However, if there is one thing that has impressed me during my 40 plus years in defense acquisition, most of it in government, it is the dedication, positive attitude, resilience, and desire to serve the taxpayer and our servicemen and women well that characterizes this country's acquisition professionals. We all owe a lot to these people and they, together with our industry partners, are the reason we currently have the best-equipped military in the world.

2. Measuring Performance and the Impact of Improvement Initiatives

I believe strongly in the use of data to support decisions. Historically, we have not tried to measure the impact of acquisition policies or to track the performance of acquisition organizations. We are making progress at measuring and understanding our performance. Last year I published the first edition of the "Annual Report on the Performance of the Defense Acquisition System." The next report should be published shortly. Each year we will try to expand the data set with relevant information about all aspects of defense acquisition performance. We will also add analysis that will help us understand the root causes of good and poor results and that correlates the results we are seeing with our policies. We need to make decisions and track our performance via data and robust analysis, not anecdote or opinion. It isn't always easy to look in the mirror, and some government institutions or industry firms may not like what the report reveals, but the road to improvement has to begin with an understanding of where the problems lie.

Overall, the first annual report gives us an initial historical baseline of cost, schedule, and technical performance against which we can compare recent results and set improvement objectives. This gives us both a sense of what the Department normally can achieve (i.e., the central tendency across multiple programs) and how varied our performance tends to be (i.e., the number and range of outliers). While we will never be able to eliminate cost or schedule growth entirely, these measures challenge us to improve both the norm while understanding and reducing the high outliers.

Our analysis of the data shows that we have more work to do in aligning profitability with performance. This year's Annual Report on the Performance of the Acquisition System will provide the data. In most cases we get it right—good performance leads to higher profits and poor performance leads to lower profits. In some cases, however there is no discernable impact of performance on margins, and in a few cases profit actually moves in the opposite direction from performance. In ad-

dition to getting the correlation right we also need to make the correlation stronger and to tie increased rewards to real accomplishments. We want win-win business deals, but we aren't always obtaining them. As this work moves forward, my greatest challenge is identifying the relationships between the factors the Department can affect-policies, contract terms, incentives, workforce skills-and the outcomes I am trying to achieve. These analyses are essential steps in that process.

Information Technology Acquisition:

One area we are heavily focused on is improving outcomes with information technology (IT) acquisitions. We are evolving our approach to IT acquisition, which in some form is a part of virtually every program the Department acquires. Consistent with section 804 of the National Defense Authorization Act (NDAA) for Fiscal Year 2010, DODI 5000.02 includes guidance to adopt a modular, open-systems methodology with heavy emphasis on "design for change" in order to adapt to changing circumstances consistent with commercial agile methodologies.

To acquire IT successfully, one must start with well-defined requirements (or capabilities.) The Department has worked to condense timelines, increase collaboration between communities, and improve processes to deliver the right capabilities to the warfighter in operationally relevant timelines. The Chairman of the Joint Chiefs has modified the Department's Joint Capability Integration Development System by instituting a major change for Information System requirements development that introduces the "Information Technology (IT) Box," enabling the delegation of authorities to specifically support the more rapid timelines necessary for IT capabilities through the Defense Acquisition System processes. The four sides of the "IT Box" include the organization that will provide oversight and management of the product; the capabilities required; the cost for application and system development; and the costs for sustainment and operations.

Finding the expertise and skill sets required to develop and acquire capabilities for IT, particularly business systems, is a challenge for the Department. We are working to address the IT workforce issues. We established a Functional area for IT acquisition that includes the appropriate IT acquisition training into the Defense Acquisition University training curriculum. I will continue to work closely with the Department's Chief Information Officer to implement IT Policy including the transition to the Joint Information Enterprise architecture and standards and with the Department's Chief Management Officer (DCMO) to execute to the Business Enterprise Architecture. The Department recognizes the distinct challenges associated with acquiring IT capabilities and we are taking proactive steps to improve our processes to manage these programs for them. I am currently very focused on improving the acquisition of Defense Business Systems, most of which I had until recently delegated to the DCMO as acquisition Milestone Decision Authority.

CONCERNS LOOKING FORWARD

1. Inefficiency Caused by Budget Uncertainty and Turmoil

All of our efforts to improve acquisition outcomes are efforts to swim against the current of inefficiency caused by constant budget uncertainty and turmoil. As Secretary Hagel made clear when he testified about our budget submission, we have to restore balance to the Department. Until that occurs we will be underfunding readiness and modernization. This means that development programs will be stretched out inefficiently and that production rates will be well below optimal for many programs. All of this is hugely inefficient. The uncertainty about whether or not sequestration will be imposed makes it impossible to determine where the balance between force structure, readiness and modernization lies. In this environment the tendency is to hang on to assets that the Department may not ultimately be able to afford. As Secretary Hagel has indicated, we need a certain level of funding to sustain the force that is necessary to execute our national security strategy and we need to remove the threat of sequestration so that our planning can be on a sound basis.

2. Budget Cut Impacts on the Industrial Base

I am concerned about the health of the industrial base as we continue to experience an uncertain budget climate. The Department continues to make this issue a top priority; at the most senior level, the Deputy's Management Action Group has met to specifically review industrial base budget implications and the Deputy and Secretary have taken action to ensure that we are doing everything possible to protect the critical companies and personnel that make up this important part of what I consider our "total force structure." We are in the process of losing tens of thousands of engineers and skilled production workers from our industrial base.

3. Erosion of Technological Superiority Due to Cuts in Research And Development

Over the past several decades, the United States and our allies have enjoyed a military capability advantage over any potential adversary. During Operation Desert Storm in 1991 we demonstrated how the impact of U.S. technological superiority, in the form of technologies such as precision weapons, stealth, wide area surveillance, and networked forces, led to a dominant U.S. military capability. That was over 20 years ago.

Today we are seeing that other nations' advances in technologies, designed to counter this U.S. overmatch, are bearing fruit. This is true in areas like electronic warfare, air-to-air missiles, radio frequency and optical systems operating in non-conventional bandwidths, counter-space capabilities, longer range and more accurate ballistic and cruise missiles with sophisticated seekers, improved undersea warfare capabilities, as well as in cyber and information operations. While the United States still has significant military advantages, U.S. superiority in some key warfare domains is at risk.

I believe that it is essential for us to remember three facts about R&D investments. First, our technological superiority is not assured. It takes active investments in both government and industry to keep our critical capabilities superior to those of potential adversaries. I believe we have come to assume technological superiority is a given; it is not. Second, R&D is not a variable cost. The number of items we would like to procure or the size of our force has nothing to do with how much R&D we should fund. It takes as much R&D to buy one production asset as it does to buy thousands. Despite this fact we have a tendency to cut R&D proportionately to other budget accounts that do represent variable costs. Third, time is not a recoverable asset. It takes a certain amount of time to develop a new weapon system. Once that time is lost it can never be recovered. Today, DOD is being challenged for technological superiority in ways I have not seen for many years. Our ability within the Department to respond to that challenge is severely limited by the current budget situation. While we try to resolve the issue of the future size of the Department, so we can plan effectively and execute our budgets efficiently, we are losing time, an asset that we can never recover.

Legislative Initiative

In the process of rewriting the Department's document that governs the acquisition process, DODI 5000.02, one fact became strikingly apparent to me: our system, over time, has accumulated levels of unnecessary statutory and regulatory complexity that is imposed on our program managers and other professionals. The page after page of DODI 5000.02 tables listing these requirements made it clear to me that simplification is needed. The layers of well-intended statutory requirements and piles of regulation make the task of managing an acquisition program harder than it needs to be.

The Department is currently in the process of comprehensively reviewing such statutes and regulations and developing legislative proposals to simplify the existing body of law while maintaining the overarching intent—in essence simplifying the existing structure without sacrificing the underlying intentions. The DOD team, led by Mr. Andrew Hunter, is working closely with congressional leadership and staff on this project. We realize that our goal is shared with Congress, particularly the two defense authorization committees, and appreciate the bipartisan support we have received for this project.

The main body of work is scheduled to be finalized in time for congressional review and inclusion in the NDAA for Fiscal Year 2016. We also anticipate submitting some proposals based on our early insights to inform the proposed NDAA for Fiscal Year 2015. Potential candidates for fiscal year 2015 include: an alternative Milestone B certification for preliminary design review programs where no technology development is required, streamlining Clinger-Cohen Act compliance reviews for programs undergoing acquisition program reviews, and eliminating duplicative system sustainment plans among others.

CONCLUSION

I want to thank this committee for its continuing support over the years. Legislation such as the Defense Acquisition Workforce Development Fund and the Weapons Systems Acquisition Reform Act have been valuable and important contributors to improved defense acquisition outcomes. I believe that steps like these, plus the various measures that Dr. Carter and I initiated under the first iteration of BBP, and that I have expanded upon and continued are in fact making a difference. I believe the evidence supports the assertion that we are making progress. Equally clearly,

however, there is still ample room for improvement and much more hard work for us all to do.

Chairman LEVIN. Thank you very much, Secretary Kendall.

Mr. Sullivan?

STATEMENT OF MICHAEL J. SULLIVAN, DIRECTOR, ACQUISITION AND SOURCING MANAGEMENT, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. SULLIVAN. Thank you, Mr. Chairman, Ranking Member Inhofe, and members of the committee. Thank you for inviting me to testify today.

I would like to briefly discuss the current state of weapon systems acquisitions, as well as potential new ideas for acquisition reform. I have a more detailed written statement that I have submitted for the record.

Do we need to improve the acquisition process? Yes. Do we need new policies and legislation? In my estimation, while there is still room for improvement, WSARA of 2009 provided ample direction to move critical systems engineering knowledge to the front of the process. Likewise, DOD's BBPI provides sound, common sense business practices for controlling cost while still delivering needed capability.

This hearing, it seems to me, is important because it allows us to explore other ways to improve the process both inside DOD and in the industrial base.

Let me just run through some of the typical problems we face today.

First, in today's acquisition environment, there continues to be a mismatch at the front of the process between requirements and available resources to meet those requirements. The three key processes for generating requirements, providing funding, and developing the products are still disjointed.

Second, the stakeholders in this process sometimes have conflicting goals. Weapon systems often define budget levels, Service reputations, defense spending in localities, and the influence of many different oversight organizations.

Third, the funding process is not as flexible as it should be. There are a few consequences when funds are not used efficiently and budgets to approve large program commitments must be submitted well ahead of the program's start.

Fourth, DOD's relationship with industry forces less competition, more regulation, and once a development contract is awarded, it places considerable power in the hands of the contractor.

Fifth, the program management workforce for DOD currently lacks the training, business experience, and career opportunities to ensure a highly professional management workforce. In addition, the tenures of our program managers are so short and the length of our product developments so long that there is little accountability for executing an efficient product development. For example, the Joint Strike Fighter (JSF) has seen six different program managers over an 11-year development so far. There is not much accountability when you have that many.

I would add in addition to that at the higher levels, at the under secretary level, it would be great to see more continuity and longer

tenures at that position. I think that also creates stability. We looked at that and found that since the position was created, I believe the average tenure of an Under Secretary for Acquisition, Technology, and Logistics is about 22 months.

I also think that one of the reasons we have seen some of the trends, I think WSARA has had a lot to do with it, is because there has been stability there since Ash Carter and now Under Secretary Kendall. I think that has helped as well.

Where do we go from here? I do not profess to know the answers, but I think there are areas that we can explore within the confines of the current system and the current environment.

We must find practical ways to hold our top decisionmakers more accountable. The three separate processes that define an acquisition program should be able to work in concert. They need more incentive to view the process not as a zero sum game but a way to deliver the best capabilities within existing constraints by making appropriate trades across each of the processes. We should do more to attract, train, and retain a highly professional management force by establishing new career requirements, such as experience in both engineering and business, and require program managers to stay with the program from start to finish. We should also consider career tracks that reward program managers for execution of successful acquisition programs.

We can also reinforce proper risk management at the start of new programs. There are about a dozen programs that are approaching Milestone B or are very close within the next year or 2. When you total up all of their development cost estimates, it comes to over $20 billion. Start with these programs to reinforce current policy and perhaps pilot new ideas that might bring more efficiencies.

We should also consider a funding mechanism that can give flexibility to programs as they do encounter problems.

Finally, we should consider new acquisition strategies that we have not used much before that show an understanding of and are able to leverage industry incentives. Some of these include more incremental acquisitions. I think we have seen a lot more of those in the last 3 or 4 years, and I think that is another reason why we have had better cost.

They need to have well understood requirements, of course. That helps.

I think it is worthwhile to look at time-certain development. If you have an incremental acquisition and you limit the development per increment to 4 or 5 years, I think you have a doable task, as long as the requirements are well understood.

Finally, we should identify and investigate more ways to use contracting tools that reward cost consciousness by perhaps allowing more profit to the industry. If you are able to control costs, that might be a good idea.

Mr. Chairman, these are just a few of the ideas to consider as we move forward. I am sure there are many more to consider.

With that, I will conclude my oral statement. I look forward to going into more depth on some of these ideas as we take questions.

[The prepared statement of Mr. Sullivan follows:]

PREPARED STATEMENT BY MICHAEL J. SULLIVAN

Chairman Levin, Ranking Member Inhofe, and members of the committee: I am pleased to be here today to discuss weapon system acquisitions and where reform should focus next. Weapon systems acquisition has been on GAO's high risk list since 1990.[1] Over the past 50 years, Congress and the Department of Defense (DOD) have explored ways to improve acquisition outcomes, including actions like the Weapon Systems Acquisition Reform Act of 2009 and DOD's own recent "Better Buying Power" initiatives. These and other reforms have championed sound management practices, such as realistic cost estimating, prototyping, and systems engineering. DOD's declining budgets and the impact of sequestration have lent additional impetus to reduce the costs of weapons. While some progress has been made on this front, too often we report on the same kinds of problems today that we did over 20 years ago. The cost growth of DOD's 2013 portfolio of weapon systems is about $448 billion and schedule delays average more than 2 years. To get better results the focus should not be on adding to or discarding acquisition policies, but instead on the incentives that work against them.

Today, I will: (1) provide summary cost and schedule information on DOD's portfolio of major weapon systems; (2) describe the policies and processes in place to guide those acquisitions; (3) discuss incentives to deviate from otherwise sound acquisition practices; and (4) suggest ways to temper these incentives. This statement draws from our extensive body of work on DOD's acquisition of weapon systems and the numerous recommendations we have made both on individual weapons and systemic improvements to the acquisition process. The work on which this testimony is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

TRENDS IN DOD'S PORTFOLIO OF MAJOR ACQUISITIONS

There can be little doubt that we can—and must—get better outcomes from our weapon system investments. As seen in table 1, the value of these investments in recent years has been on the order of $1.5 trillion or more, making them a significant part of the Federal discretionary budget.

[1] GAO, High Risk Series: An Update, GAO–13–283 (Washington, DC: Feb. 2013).

Table 1: Analysis of DOD Major Defense Acquisition Program Portfolios

Fiscal year 2014 dollars			
	Fiscal year		
Portfolio size	**2011**	**2012**	**2013**
Number of programs	95	85	80
Total planned commitments	$1.7 trillion	$1.5 trillion	$1.5 trillion
Commitments outstanding	$813 billion	$744 billion	$682 billion
Portfolio indicators			
Change in development costs from first full estimate	54 percent	49 percent	51 percent
Change in total acquisition cost from first full estimate	40 percent	38 percent	42 percent
Estimated total acquisition cost growth	$465 billion	$411 billion	$448 billion
Share of programs with 25 percent or more increase in program acquisition unit cost since first full estimate	41 percent	39 percent	42 percent
Average delay in initial operating capability	23 months	27 months	28 months

Source: GAO analysis of DOD data.

Note: The Ballistic Missile Defense System is excluded from the analysis of both size and portfolio indicators as it does not have comparable cost and schedule data. Other programs were also excluded from the analysis of indicators when comparable data did not exist.

As one can see, cost and schedule growth for DOD's aggregate portfolio remain significant. For example, when measured against programs' first full estimates, the total cost of the portfolio has increased by nearly $448 billion with an average delay of 28 months in initial operating capability.[2] Also, as indicated in table 1, 42 percent of programs have had unit cost growth of 25 percent or more. On the other hand, we have recently seen some modest improvements in a large number of programs. For example, 50 of the 80 programs in the portfolio reduced their total acquisition costs over the past year. A number of these programs have improved their buying power by finding efficiencies.

While these modest improvements are encouraging, the enormity of the investment in acquisitions of weapon systems and its role in making U.S. fighting forces capable, warrant continued attention and reform. The potential for savings and for better serving the warfighter argue against complacency.

ONE SIDE OF ACQUISITIONS: STATED POLICY AND PROCESS

When one thinks of the weapon system acquisition process, the image that comes to mind is that of the methodological procedure depicted on paper and in flow charts. It is the "how to" side of acquisitions. DOD's acquisition policy takes the perspective that the goal of acquisition is to obtain quality products that satisfy user needs in a timely manner at a fair and reasonable price.[3] The sequence of events that comprise the process defined in policy reflects principles from disciplines such as systems engineering, as well as lessons learned and past reforms. The body of work we have done on benchmarking best practices has also been reflected in acquisition policy.[4] Recent, significant changes to the policy include those introduced by the Weapon Systems Acquisition Reform Act of 2009 and the Department's own "Better Buying Power" initiatives which, when fully implemented, should further strengthen practices that can lead to successful acquisitions.[5] The policy provides a framework for developers of new weapons to gather knowledge at appropriate stages that confirms that their technologies are mature, their designs are stable, and their production processes are in control.[6] These steps are intended to ensure that a program will deliver the capabilities required utilizing the resources—cost, schedule, technology, and personnel—available. Successful product developers ensure a high level of knowledge is achieved at key junctures in development. We characterize these junctures as knowledge points. While there can be differences of opinion over some of the specifics of the process, I do not believe there is much debate about the soundness of the basic steps. It is a clear picture of "what to do."

Table 2 summarizes these steps and best practices, organized around three key knowledge points in a weapon system acquisition.

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[2] GAO, Defense Acquisitions: Assessments of Selected Weapon Programs, GAO–14–340SP (Washington, DC: March 31, 2014).

[3] Department of Defense Directive 5000.01, The Defense Acquisition System (May 12, 2003 and certified current as of Nov. 20, 2007).

[4] GAO, Best Practices: DOD Can Achieve Better Outcomes by Standardizing the Way Manufacturing Risks Are Managed, GAO–10–439 (Washington, DC: Apr. 22, 2010); Best Practices: Capturing Design and Manufacturing Knowledge Early Improves Acquisition Outcomes, GAO–02–701 (Washington, DC: July 15, 2002); Best Practices: Better Matching of Needs and Resources Will Lead to Better Weapon System Outcomes, GAO–01–288 (Washington, DC: Mar. 8, 2001); and Best Practices: Better Management of Technology Development Can Improve Weapon System Outcomes, GAO/NSIAD–99–162 (Washington, DC: July 30, 1999).

[5] Pub. L. No. 111–23 as amended. Office of the Under Secretary of Defense, Acquisition, Technology and Logistics Memorandum: "Better Buying Power: Mandate for Restoring Affordability and Productivity in Defense Spending" (June 28, 2010). Office of the Under Secretary of Defense, Acquisition, Technology and Logistics Memorandum: "Better Buying Power 2.0: Continuing the Pursuit for Greater Efficiency and Productivity in Defense Spending" (Nov. 13, 2012).

[6] Interim Department of Defense Instruction 5000.02, Operation of the Defense Acquisition System (Nov. 26, 2013).

Table 2: Best Practices for Knowledge-Based Acquisitions

Knowledge Point 1: Start of product development activities (Milestone B)
Demonstrate technologies sufficiently to ensure they are mature and work as intended
Ensure that requirements are informed by a preliminary system design
Establish cost and schedule estimates based on the preliminary design and other system engineering tools (such as prototyping)
Constrain development to 5 years or so in anticipation of future upgrades
Conduct independent assessment of risks and cost
Develop a suitable contract strategy
Fully fund the planned development work
Hold major milestone decision review to begin product development
Knowledge Point 2: Critical design review midway through product development
Complete 90 percent of engineering design drawing packages to ensure design is stable
Demonstrate with system integration prototype that design performs as intended
Identify critical manufacturing processes and key system characteristics
Establish targets and growth plan for product reliability
Conduct independent cost estimate
Conduct system critical design review to ensure design meets requirements
Knowledge Point 3: Initiation of production for delivery to customer (Milestone C)
Demonstrate critical manufacturing processes on a pilot production line
Build and test production-representative prototypes to demonstrate product in operational environment and to achieve reliability goal
Collect data on critical manufacturing processes and demonstrate that they are in statistical control to ensure quality
Conduct independent cost estimate
Conduct major milestone decision review to begin production

Source: GAO.

Our work over the last few years shows that, to the extent reforms like the Weapon Systems Acquisition Reform Act and DOD's Better Buying Power initiatives are being implemented, they are having a positive effect on individual programs. For example, we found that over 80 percent of the 38 programs included in our annual assessment of weapon programs this year had conducted a "should-cost" analysis—one of DOD's Better Buying Power initiatives—and reported an anticipated savings of approximately $24 billion, with more than half of this amount to be reallocated to meet other DOD priorities. In addition, we recently reviewed several programs

to determine the impact of the Weapon Systems Acquisition Reform Act and found that the programs are:

- making early tradeoffs among cost, schedule, and technical performance requirements,
- developing more realistic cost and schedule estimates,
- increasing the amount of testing during development, and
- placing greater emphasis on reliability.

These improvements do not yet signify a trend or suggest that a corner has been turned and, in fact, we found in our annual assessment of programs that most are not yet fully following a knowledge-based acquisition approach. The reforms themselves still face implementation challenges, such as staffing and clarity of guidance and will doubtless need refining as experience is gained. We have made a number of recommendations on how DOD can improve implementation of the Weapon Systems Acquisition Reform Act.[7]

To a large extent, the improvements we have seen tend to result from external pressure exerted by higher level offices within DOD on individual programs. In other words, the reforms have not yet been institutionalized within the services. We still see employment of other practices—not prescribed in policy—such as concurrent testing and production, optimistic assumptions, and delayed testing. These are the same kinds of practices that perpetuate the significant cost growth and schedule delays that have persisted in acquisitions through the decades. They share a common dynamic: moving forward with programs before the knowledge needed to reduce risk and make those decisions is sufficient.

We have found that programs proceed through the critical design review without having a stable design, although we have made recommendations on the importance of this review and how to prepare for it.[8] Programs also proceed with testing and production before they are ready. The F–35 Joint Strike Fighter program is a classic example of how concurrency can erode the cost and schedule of an acquisition. Further, some programs are significantly at odds with the acquisition process. Among these I would number the Ballistic Missile Defense System, Littoral Combat Ship, and airships. We also recently reported on the Unmanned Carrier-Launched Airborne Surveillance and Strike program which proposes to complete the main acquisition steps of design, development, testing, manufacturing, and initial fielding before it formally enters the acquisition process.[9]

The fact that programs adopt practices that run counter to what policy and reform call for is evidence of the other pressures and incentives that significantly influence program practices and outcomes. I will turn to these next.

ANOTHER SIDE OF ACQUISITIONS: INCENTIVES TO DEVIATE FROM SOUND PRACTICES

An oft-cited quote of David Packard, former Deputy Secretary of Defense, is: "We all know what needs to be done. The question is why aren't we doing it?" To that point, reforms have been aimed mainly at the "what" versus the "why." They have championed sound management practices, such as realistic estimating, thorough testing, and accurate reporting. Reforms have also added program decision points, reviews, and reporting requirements to help ensure these practices are used. We need to consider that these reforms mainly address the mechanisms of weapon acquisitions. Seen this way, the practices prescribed in policy are only partial remedies. The acquisition of weapons is much more complex than this and involves very basic and strongly reinforced incentives to pursue weapons that are not always feasible and affordable. Accordingly, rival practices, not normally viewed as good management techniques, comprise an effective stratagem for fielding a weapon because they reduce the risk that the program will be interrupted or called into question.

I will now discuss several factors that illustrate the pressures that create incentives to deviate from sound acquisition management practices.

Mismatch between Requirements and Resources

A key cause of poor acquisition outcomes is the mismatch between the validated capability requirements for a new weapon system and the appropriate systems engineering knowledge, funding, and time that is planned to develop that new system. DOD's three key decisionmaking processes for acquiring weapon systems—require-

[7] GAO, Weapons Acquisition Reform: Reform Act Is Helping DOD Acquisition Programs Reduce Risk, but Implementation Challenges Remain, GAO–13–103 (Washington, DC: Dec. 14, 2012).

[8] GAO–02–701

[9] GAO, Defense Acquisitions: Navy Strategy for Unmanned Carrier-Based Aircraft System Defers Key Oversight Mechanisms, GAO–13–833 (Washington, DC: Sep. 26, 2013).

ments determination, resource allocation, and the acquisition management system—are fragmented, making it difficult for the department to achieve a balanced mix of weapon systems that are achievable and affordable and provide the best military value to the warfighter when the warfighter needs them. In addition, these processes are led by different organizations, making it difficult to hold any one person or organization accountable for saying "no" to an unrealistic requirement or for tempering optimistic cost and schedule estimates. While the department has worked hard to overcome this fragmented decisionmaking paradigm and policies have been written to force more integrated decisions and more accountability, we continue to see programs that have experienced cost and schedule growth. This is because weapon system programs often begin with validated requirements that have not been informed by solid systems engineering practices, often do not represent true "needs" as much as "desires," have optimistic cost and schedule estimates, and, all too often, are unachievable. Program managers are handed a business case that can be fatally flawed, and usually have no recourse other than to execute it as best they can and therefore cannot be held accountable.

Conflicting Demands

The process of planning and executing the program is: (1) shaped by many different participants; and (2) far more complex than the seemingly straightforward purchase of equipment to defeat an enemy threat. Collectively, as participants' needs are translated into actions on weapon programs, the purpose of such programs transcends efficiently filling voids in military capability. Weapons have become integral to policy decisions, definitions of roles and functions, justifications of budget levels and shares, service reputations, influence of oversight organizations, defense spending in localities, the industrial base, and to individual careers. Consequently, the reasons "why" a weapon acquisition program is started are manifold and thus acquisitions do not merely provide technical solutions.

While individual participants see their needs as rational and aligned with the national interest, collectively, these needs create incentives for pushing programs and encouraging undue optimism, parochialism, and other compromises of good judgment. Under these circumstances, persistent performance problems, cost growth, schedule slippage, and difficulties with production and field support cannot all be attributed to errors, lack of expertise, or unforeseeable events. Rather, a level of these problems is embedded as the undesirable, but apparently acceptable, consequence of the process. These problems persist not because they are overlooked or under-regulated, but because they enable more programs to survive and thus more needs to be met. The problems are not the fault of any single participant; they are the collective responsibility of all participants. Thus, the various pressures that accompany the reasons why a program is started can also affect and compromise the practices employed in its acquisition.

Funding Dynamics

There are several characteristics about the way programs are funded that create incentives in decisionmaking that can run counter to sound acquisition practices. First, there is an important difference between what investments in new products represent for a private firm and for DOD. In a private firm, a decision to invest in a new product, like a new car design, represents an expense. Company funds must be expended that will not provide a revenue return until the product is developed, produced, and sold. Thus, leading companies have an incentive to follow a disciplined approach and acquire requisite knowledge to facilitate successful product development. To do otherwise could have serious economic consequences. In DOD, there can be few consequences if funds are not used efficiently. For example, as has often been the case in the past, agency budgets generally do not fluctuate much year to year and, programs that experience problems tend to eventually receive more funding to get well. Also, in DOD, new products in the form of budget line items can represent revenue. An agency may be able to justify a larger budget if it can win approval for more programs. Thus, weapon system programs can be viewed both as expenditures and revenue generators.

Second, budgets to support major program commitments must be approved well ahead of when the information needed to support the decision is available. Take, for example, a decision to start a new program scheduled for August 2016. Funding for that decision would have to be included in the fiscal year 2016 budget. This budget would be submitted to Congress in February 2015—18 months before the program decision review is actually held. DOD would have committed to the funding before the budget request went to Congress. It is likely that the requirements, technologies, and cost estimates for the new program—essential to successful execution—may not be very solid at the time of funding approval. Once the hard-fought

budget debates put money on the table for a program, it is very hard to take it away later, when the actual program decision point is reached.

Third, to the extent a program wins funding, the principles and practices it embodies are thus endorsed. So, if a program is funded despite having an unrealistic schedule or requirements, that decision reinforces those characteristics instead of sound acquisition practices. Pressure to make exceptions for programs that do not measure up are rationalized in a number of ways: an urgent threat needs to be met; a production capability needs to be preserved; despite shortfalls, the new system is more capable than the one it is replacing; and the new system's problems will be fixed in the future. It is the funding approvals that ultimately define acquisition policy.

Industry Relationship

DOD has a unique relationship with the Defense industry that differs from the commercial marketplace. The combination of a single buyer (DOD), a few very large prime contractors in each segment of the industry, and a limited number of weapon programs constitute a structure for doing business that is altogether different from a classic free market. For instance, there is less competition, more regulation, and once a contract is awarded, the contractor has considerable power.[10] Moreover, in the Defense marketplace, the firm and the customer have jointly developed the product and, as we have reported previously, the closer the product comes to production the more the customer becomes invested and the less likely they are to walk away from that investment.[11] While a Defense firm and a military customer may share some of the same goals, certain key goals are different. Defense firms are accountable to their shareholders and can also build constituencies outside the direct business relationship between them and their customers. This relationship does not fit easily into a contract.

J. Ronald Fox, author of Defense Acquisition Reform 1960–2009: An Elusive Goal, sums up the situation as follows. "Many defense acquisition problems are rooted in the mistaken belief that the defense industry and the government-industry relationship in defense acquisition fit naturally into the free enterprise model. Most Americans believe that the defense industry, as a part of private industry, is equipped to handle any kind of development or production program. They also by and large distrust government 'interference' in private enterprise. Government and industry defense managers often go to great lengths to preserve the myth that large defense programs are developed and produced through the free enterprise system." But neither the defense industry nor defense programs are governed by the free market; "major defense acquisition programs rarely offer incentives resembling those of the commercial marketplace."[12]

The Right People

Dr. Fox also points out that in private industry, the program manager concept works well because the managers have genuine decisionmaking authority, years of training and experience, and understand the roles and tactics within government and industry. In contrast, Dr. Fox concludes that DOD program managers often lack the training, experience, and stature of their private sector counterparts, and are influenced by others in their Service, DOD, and Congress. Other acquisition reform studies over the past decade have highlighted this issue as well.[13] The studies highlight the need for a more professional program manager cadre within each of the Military Services, and new incentives and improved career opportunities for acquisition personnel. In 2006, we reported that program managers indicated to us that the acquisition process does not enable them to succeed because it does not empower them to make decisions on whether the program is ready to proceed forward or even to make relatively small trade-offs between resources and requirements as unexpected problems are encountered. Program managers said that they are also not able to make personnel shifts to respond to changes affecting the program.[14]

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[10] Barry D. Watts and Todd Harrison, Sustaining Critical Sectors of the Defense Industrial Base (Washington, DC: Center for Strategic and Budgetary Assessments, 2011).

[11] GAO, Best Practices: Successful Application to Weapon Acquisitions Requires Changes in DOD's Environment, GAO/NSIAD–98–56 (Washington, DC: Feb. 24, 1998).

[12] J. Ronald Fox, Defense Acquisition Reform, 1960–2009: An Elusive Goal (Washington, DC: U.S. Army Center of Military History, 2011).

[13] Defense Business Board, Report to the Secretary of Defense: Linking and Streamlining the Defense Requirements, Acquisition, and Budget Processes (2012); Assessment Panel of the Defense Acquisition Performance Assessment Project for the Deputy Secretary of Defense, Defense Acquisition Performance Assessment Report (Jan, 2006).

[14] GAO, Best Practices: Better Support of Program Managers Needed to Improve Outcomes, GAO–06–110 (Washington, DC: Nov. 30, 2005).

We have also reported on the lack of continuity in the tenure of key acquisition leaders across the timeframe of individual programs. A major acquisition can have multiple program managers during product development. For example, the F–35 Joint Strike Fighter program has had six different program managers since it was approved to start development in 2001. Other key positions throughout the acquisition chain of command also turn over frequently. For example, the average tenure of the Under Secretary of Defense for Acquisition, Technology, and Logistics since the position was established in 1986 has been only about 22 months. Consequently, DOD acquisition executives do not necessarily stay in their positions long enough to develop the needed long-term perspective or to effectively change traditional incentives. Moreover, their decisions can be overruled through the cooperative actions of other acquisition participants. The effectiveness of reforms to the acquisition process depends in large measure on a cadre of good people who may be inadequately prepared for their position or forced into the near-term perspective of their tenures. In this environment, the effectiveness of management can rise and fall on the strength of individuals; accountability for long-term results is, at best, elusive.

WHERE DO WE GO FROM HERE?

I do not necessarily subscribe to the view that the acquisition process is too rigid and cumbersome. Clearly, this could be the case if every acquisition followed the same process and strategy without exception, but they do not. We repeatedly report on programs where modifications of the process are approved. DOD refers to this as tailoring, and we see plenty of it.

While one should always be looking to improve the process and make it more efficient, at this point, the focus should be to build on existing reforms by holding decisionmakers more accountable, tackling existing incentives, and providing new ones. To do this, we need to look differently at the familiar outcomes of weapon system acquisitions—such as cost growth, schedule delays, large support burdens, and reduced buying power. Some of these undesirable outcomes are clearly due to honest mistakes and unforeseen obstacles. However, they also occur not because they are inadvertent but because they are encouraged by the incentive structure. I do not think it is sufficient to define the problem as an objective process that is broken. Rather, it is more accurate to view the problem as a sophisticated process whose consistent results are indicative of its being in equilibrium. The rules and policies are clear about what to do, but other incentives force compromises. The persistence of undesirable program outcomes suggests that these are consequences that participants in the process have been willing to accept.

Drawing on our extensive body of work in weapon system acquisition, there are six areas of focus regarding where to go from here. These are not intended to be all-encompassing, but rather, practical places to start the hard work of realigning incentives with desired results.

Hold decisionmakers accountable from top to bottom: Our work over the years benchmarking best practices at leading commercial product developers and manufacturers has yielded a wide range of best practices for efficiently and quickly developing new products to meet market needs. Firms we visited described an integrated process for establishing product requirements, making tradeoffs among cost and product performance well ahead of a decision to begin product development, and ensuring that all decisionmakers—requirements setters, product developers, and finance—agree to and are held accountable for the business case presented to the program manager for execution of a new product's development. These firms had trained professionals as program managers with backgrounds in technical fields such as engineering and various aspects of project management. Once empowered with an achievable, executable business case, they were in charge of product development from beginning to end. Therefore, they could be held accountable for meeting product development cost, schedule, and performance targets.

Today, getting managers to make hard decisions, when necessary, and say no to those that push unrealistic or unaffordable plans continues to be a challenge because the critical processes to acquire a new weapon system are segregated, independent, and have different goals. DOD must be open to examining best practices and implementing new rules to really integrate the processes into one and holding all communities accountable for decisions. I do not pretend to have all the answers on how to change the current environment, but it is clear that top decisionmakers cannot be held accountable to work in concert on such large and critical investments unless they begin with an executable business case. Congressional and DOD leadership must be in concert on this.

Attract, train, and keep acquisition staff and management: Dr. Fox's book does an excellent job of laying out the flaws in the current way DOD selects, trains, and

provides a career path for program managers. I refer you to this book, as it provides sound criticisms. We must also think about supporting people below the program manager who are also instrumental to program outcomes, including engineers, contracting officers, cost analysts, testers, and logisticians. There have been initiatives aimed at program managers and acquisition personnel, but they have not been consistent over time. RAND, for example, recently analyzed program manager tenure in DOD and found that the intent of policies designed to lengthen tenure may not have been achieved and no enforcement mechanism has been readily apparent over time.[15] RAND indicates this could be because of the fundamental conflict that exists between what military officers need to do to be promoted and their tenure as program managers. Unless these two things are aligned, such that experience and tenure in an acquisition program can be advantageous for promotion, then it appears unlikely that tenure policies will consistently yield positive results. The tenure for acquisition executives is a more challenging prospect in that they arguably are at the top of their profession and already expert. What can be done to keep good people in these jobs longer?

I am not sure of the answer, but I believe part of the problem is that the contentious environment of acquisition grinds good people down at all levels. In top commercial firms, a new product development is launched with a strong team, corporate funding support, and a timeframe of 5 to 6 years or less. In DOD, new weapon system development can take twice as long, have turnover in key positions, and every year must contend for funding. This does not necessarily make for an attractive career. Several years ago, the Defense Acquisition Performance Assessment Panel recommended establishing the military department's service acquisition executives as a 5-year, fixed-term position to add leadership continuity and stability to the acquisition process.[16] I believe something like this recommendation is worth considering. Perhaps the Military Services should examine the current career track for acquisition officers to ensure it provides appropriate training, rewards, and opportunities for advancement.

Reinforce desirable principles at the start of new programs: The principles and practices programs embrace are determined not by policy, but by decisions. These decisions involve more than the program at hand: they send signals as to what is acceptable. If programs that do not abide by sound acquisition principles win funding, then seeds of poor outcomes are planted. The highest point of leverage is at the start of a new program. Decisionmakers must ensure that new programs exhibit desirable principles before they are approved and funded. Programs that present well informed acquisition strategies with reasonable and incremental requirements and reasonable assumptions about available funding should be given credit for a good business case. As an example, the Presidential Helicopter, Armored Multi-Purpose Vehicle, and Enhanced Polar System are all acquisitions slated to start in 2014, with development estimates currently ranging from nearly $1 billion to over $2.5 billion. These and other programs expected to begin system development in 2014 could be viewed as a "freshman" class of acquisitions. It would be beneficial for DOD and Congress to assess them as a group to ensure that they embody the right principles and practices. Recent action by DOD to terminate the Army's Ground Combat Vehicle program, which was slated to start this year, and instead focus efforts on selected science and technology activities reinforces sound principles. On the other hand, approving the Unmanned Carrier-Launched Airborne Surveillance and Strike program despite its running counter to sound principles sends a conflicting message.

Identify significant program risks upfront and resource them: Weapon acquisition programs by their nature involve risks, some much more than others. The desired state is not zero risk or elimination of all cost growth. But we can do better than we do now. The primary consequences of risk are often the need for additional time and money. Yet, when significant risks are taken, they are often taken under the guise that they are manageable and that risk mitigation plans are in place. In my experience, such plans do not set aside time and money to account for the risks taken. Yet in today's climate, it is understandable—any sign of weakness in a program can doom its funding. This needs to change. If programs are to take significant risks, whether they be technical in nature or related to an accelerated schedule, these risks should be declared and the resource consequences acknowledged. Less risky options and potential off ramps should be presented as alternatives. Decisions can then be made with full information, including decisions to accept the risks iden-

[15] RAND, Management Perspectives Pertaining to Root Cause Analyses of Nunn-McCurdy Breaches, Vol 4. (2013)

[16] Defense Acquisition Performance Assessment Report, 2006

tified. If the risks are acknowledged and accepted by DOD and Congress, the program should be supported.

A potential way to reduce the risks taken in acquisition programs is to address the way in which DOD leverages its science and technology enterprise. Leading commercial companies save time and money by separating technology development from product development and fully developing technologies before introducing them into the design of a system. These companies develop technology to a high level of maturity in a science and technology environment which is more conducive to the ups and downs normally associated with the discovery process. This affords the opportunity to gain significant knowledge before committing to product development and has helped companies reduce costs and time from product launch to fielding. Although DOD's science and technology enterprise is engaged in developing technology, there are organizational, funding, and process impediments which make it difficult to bring technologies into acquisition programs. For example, it is easier to move immature technologies into weapon system programs because they tend to attract bigger budgets than science and technology projects. Creating stronger and more uniform incentives that encourage the development of technologies in the right environment to reduce the cost of later changes, and encourage the technology and acquisition communities to work more closely together to deliver the right technologies at the right time would be beneficial.

More closely align budget decisions and program decisions: Because budget decisions are often made years ahead of program decisions, they depend on the promises and projections of program sponsors. Contentious budget battles create incentives for sponsors to be optimistic and make it hard to change course as projections fade in the face of information. This is not about bad actors; rather, optimism is a rational response to the way money flows to programs. Aside from these consequences, planning ahead to make sure money is available in the future is a sound practice. I am not sure there is an obvious remedy for this. But, I believe ways to have budget decisions follow program decisions should be explored, without sacrificing the discipline of establishing long-term affordability.

Investigate other tools to improve program outcomes: There are ways to structure an acquisition program that would create opportunities for better outcomes. Key among these are: limits on development time (time certain development of 5 years), which limits the scope of the development task; evolutionary or incremental product development, wherein the initial increment of a new weapon system adds value for the warfighter, is delivered to the field faster, and can be followed with block upgrades as technologies and funding present themselves; and strategies that focus more on incentivizing overall cost reduction over profit limitation. DOD should investigate the potential of these concepts as it structures and manages programs moving forward. Central to opening an environment for these tools is the need to focus on requirements that are well understood and manageable. This would allow the department to offer contracts that place more cost risk on the contractor and less on the government. A prime example of this is the KC–46 Tanker program that is being developed under a fixed-price development contract with incentives for holding cost down. The government and industry felt comfortable with that arrangement specifically because it was an incremental program based on a commercial airframe. The first development program is to militarize a commercial aircraft to replace a portion of the existing KC–135 fleet. Future increments may be approved to replace the rest of the KC–135 fleet and the KC–10 fleet and provides DOD an opportunity to include the new technologies. Also, the contractor had significant systems engineering knowledge about the design and the ability to meet the requirements. A word of caution: if time certain development (e.g., 5 years), incremental acquisition strategies, and contracts that incentivize cost reduction over profit limitations are to be explored, the government will need to examine whether they have the contract management and negotiation expertise to do this. DOD has begun to examine ways to strengthen contract incentives and restructure profit regulations through its Better Buying Power initiatives; however, it is too soon to tell whether these efforts will lead to needed improvements.

Mr. Chairman, this concludes my statement and I would be happy to answer any questions.

Chairman LEVIN. Thank you.

Since I think we have the time to do it, how about an 8-minute round just for the first round. There very well could be second rounds today.

I think we are all familiar with the acquisition history that has shown huge cost overruns, huge amounts of waste, and cancellation of systems. The Army's FCS was approved for engineering and manufacturing development based on little more than a set of viewgraphs. The JSF was put into production years before it was scheduled for its first flight test. That was a decision which Mr. Kendall has, I believe, accurately characterized as "acquisition malpractice." The FCS has since been canceled. The JSF has gone on to become the most expensive acquisition program in history.

We enacted WSARA in large part to try to do everything we could to ensure that future acquisition decisions would be based on sound knowledge rather than guesswork.

Mr. Sullivan, I think in your opening statement you indicated that WSARA has had some success and that DOD has achieved higher levels of knowledge at key decision points and achieved reduced cost on a significant number of MDAPs as a result. I think that is the good news part of the story.

But the second part of the story is still what we need to do because we obviously face continuing problems, and I think both of you acknowledge that and recognize that we need to do whatever we can do.

Mr. Sullivan, you indicated that you do not think we need more legislation at this point. That is important for us to understand because our instinct as legislators is not only to hold oversight hearings such as this, and we do not hold enough of these hearings, but nonetheless, where legislation is useful, to promote that legislation. You have, I think, already spoken on the fact that we do not need additional legislation in your judgment.

I would just ask Secretary Kendall what legislation would you believe we could use to improve this acquisition system.

Mr. KENDALL. Senator, I do think we need some legislation, but I think in a different sense than Mr. Sullivan was referring to.

I have a team working now, and it is working with the staff of this committee, and with the staff of the House Armed Services Committee as well, on a legislative proposal that would simplify the existing body of law that governs defense acquisition and make it more comprehensible and coherent. What has happened is that, I go back to Goldwater-Nichols with this, laws have been added incrementally over time. Senator, when I was redoing the DOD instruction that governs acquisition, I looked at the tables that we had to put into that document that showed all the things that are essentially compliance requirements for program managers, which is an extraordinarily complex body of rules that have to be followed. Senator, the idea is to take that body of rules, keep the good intentions behind all of it, but to simplify it so we have something that is easier for people to understand and easier to implement.

There are a few things in that context that I think in retrospect and in practice have not turned out to be as effective as they were intended to be, and some of those things I think need to be

changed. They are not major changes, but they are adjustments on the margins the way I see it.

Chairman LEVIN. Would you give us any recommendations that you have in that regard?

Mr. KENDALL. We are working some near-term recommendations to try to get into this year's cycle, and we will have a more comprehensive proposal for next year's cycle.

There are a couple examples of things that I do not think are particularly helpful in the business systems area, with which, I agree, we have struggled. There is a requirement that we certify at the Department level every million-dollar business system program where the $1 million is the threshold over the 5-year program, not just in a given year. That is an extraordinarily small number in DOD terms. What it leads to is essentially a rubber stamp certification process for a lot of those very small projects.

I disagree with my colleague from GAO on this, perhaps. The idea of time constraints on programs, I think, leads to some unintended consequences that can be problematic. There is a time constraint on business systems of 5 years from initiation of the program to full deployment decision, which causes programs in some cases to distort their plans in an inefficient, non-pragmatic way. We need to be, I think, careful about time constraints as the variable we try to control the most on a program.

Chairman LEVIN. As I understand it, DOD has implemented a more knowledge-based acquisition approach in compliance with the requirements of WSARA, but GAO, I understand, does not believe that DOD has gone far enough and argues that to conform with commercial sector best practices, DOD should require an even greater level of information in advance of major acquisition decisions. Can you tell us, Mr. Sullivan—and perhaps give us examples—how much more knowledge GAO believes should be required and at what points specifically in the process?

Mr. SULLIVAN. Yes, sir. We have three points of knowledge that we think are the essential waypoints. The first one is at the beginning of a program, and we want mature technologies. DOD has done a lot better over the years in getting to the levels of mature technologies that we have asked for. It is not perfect yet, but the trend is way up. We would say there is a good effort going on there.

The second one is at the critical design review. Ideally what we would like to see is reliability being worked on, prototypes that have been engineered so that you know when you move from design to manufacturing, that you have a very stable design that you are going to begin to replicate. Then that pushes forward. We have a metric for that on completed engineering drawings, and DOD is doing very well with that as well, not perfect, but way up from where they were 5 years ago.

We would like to see more prototyping. I think if you continue to work on requirements that are more reasonable and with the systems engineering that is being done upfront now and understanding the designs more, they should be having more prototypes at critical design review. That really shows a stable design, basically an engineering prototype that you now work into a production-type prototype.

The third knowledge point is production. That is where we ask for process controls. We think that is very important and that is where DOD and industry, quite frankly, do not do very well. This has a lot to do with concurrent testing too. As they move into production, there are key manufacturing processes that you want to have repeatable so that you have quality, as well as efficiency. They really do not have a lot of control over those critical processes. That last knowledge point that we talk about is where they need to improve. That is essentially a production-oriented knowledge point.

Chairman LEVIN. Mr. Kendall, do you want to just comment on that third point then?

Mr. KENDALL. Yes. Let me just take that. First of all, I completely agree with the idea of knowledge-based decisions, that we have to have adequate understanding of where we are before we make major commitments. It varies very much program to program. You have to look at the actual risk profile for a given program, really understand what the elements of risk are, and what can be done to mitigate them at different phases.

At my level, I tend to look at the major commitment of resources as a key decision point. There is an early stage where you are doing analysis and you are trying to refine requirements and decide what is affordable, feasible, and practical. At that point, things are fairly in flux.

Chairman LEVIN. But as you go through here, tell us where you think DOD can do better or is falling short.

Mr. KENDALL. I can just tell you what I am trying to do and what I have been doing. One of the two critical decisions for me is entry into full-scale development for production. That is a major commitment of resources. An enormous amount of activity is initiated at that point. Generally, we are doing that after a preliminary design review now. Usually we can take competition up to that point. At that point in time, I want to, as Mr. Sullivan said, really understand that we have done what we need to do to reduce the risks of building that product so that we do not commit all those resources and the marching army that is necessary to do full-scale development without those risks well under control.

The second key decision point is the initiation of production because it is always hard to reverse that decision. Once you have committed to manufacturing components and start spending the project money, it is very hard to stop. At that point, we need to have from prototypes and developmental testing a thorough understanding that the design is stable. This is where the issue of concurrency comes up. There is almost always going to be some development that occurs after that point, software being finished or some additional testing that has to be done. The amount of concurrency that makes sense, that is rational for a given program, depends upon how confident you are that the design is stable and that you are not going to have to make major changes later on. That is very much a knowledge-based decision.

Those are the two key commitments as far as I am concerned and those are where I am focused when I make decisions.

Chairman LEVIN. Do you agree there should be more prototyping than there is now?

Mr. KENDALL. I think you have to look at it on a case-by-case basis. In some cases, prototyping does not really reduce the risk. For the Presidential Helicopter Replacement, the VXX, which we are about to award, we are not doing prototypes. I waived prototypes for that because we are taking an off-the-shelf helicopter. We are taking a suite of equipment which we have already pulled together and tested to integrate into that aircraft. What we need to do is that detailed integration effort. We have assessed that carefully enough to know that can be done with reasonable risk. We did not need to do prototypes ahead of time. It would have been a waste of money, frankly. We do the business case analysis on a case-by-case basis.

Sometimes it is blatantly obvious whether prototyping makes sense or not. Other times, it is a closer call and you have to go look at the cost/benefits much more carefully.

Chairman LEVIN. Thank you.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Mr. Chairman, I know you covered this, but I would like to go a little bit further. In my opening statement, I commented about the $1.2 billion in the Ground Combat Vehicle, and then, of course, after that money is spent, it is canceled. This is the one thing that has bothered me more than anything else in the whole acquisition process, something that you see in government that you do not see in the private sector.

I lived through this thing. I was actually in the House of Representatives when they first came along and initiated the Crusader. We had the Crusader. That was going to be. Then they said it has to be heavier. It has to be lighter. They actually had $2 billion put in that thing when they terminated the program. I think that was Secretary Rumsfeld that did that. I think there were, as I understand it, over 100 programs that were canceled with that. We do not have a total on that, but $2 billion is enough.

But then if you shift over and see the amount of money that we had invested in FCS, you are talking about $19 billion.

I remember when General Shinseki, who was in charge at that time, was upset with the cancellation of the Crusader, and he wanted to build in what he called irreversible momentum so that this could not happen again. Do you remember that? $19 billion later, it is done. Of course, this was done by President Obama in the first budget he came out with.

Tell me what irreversible momentum is and why it does not work.

Mr. KENDALL. I think it is a bad concept. It is a political concept.

Senator INHOFE. Do you think the problem here is that in government you have the power of one person just to terminate a program? I blame Secretary Rumsfeld for that program on the Crusader. There were some Members that were so upset with that, one very prominent House Member that retired as a result of it because you just cannot sit back and let things like that happen.

Then, of course, the FCS.

Is it because our system allows one person, whether that person is the President of the United States or the Secretary of Defense,

to make these decisions that are so irresponsible? You do not find that in the private sector.

Mr. KENDALL. Senator Inhofe, let me make a couple of comments on that because I have looked at those cancellations. We have canceled a number of programs without taking them into production or we produced very small quantities and then canceled them. Often that is for affordability reasons. We discover late in the process that a program is really not affordable in the budgets we can expect. The most recent example of that is the Marine Corps Expeditionary Fighting Vehicle (EFV) which was canceled last year.

What I have been requiring for the last 4 years now is an affordability analysis of our programs before they are initiated and then firm affordability caps before we commit to full-scale development so that we do not get into situations like we did in that case.

Crusader was a Cold War weapon system that was continued into development after the Cold War ended, and it was canceled for a variety of reasons, I think. Part of it was, though, that the requirements for the Army had changed. It came along at a time when the Army wanted to initiate the FCS, which was designed around the idea of lightweight, very air-deployable forces that could move to a contingency very quickly. The Crusader was not consistent with that concept. There were a number of things that I think came together to lead to the Crusader cancellation.

I am focused on affordability, making sure we do not start things we cannot afford. I am focused on making sure the risk and the requirements are reasonable when we start a program so that we do not do things that are not going to be feasible. We cannot foresee unforeseen major budget changes, which sometimes do occur. Sometimes that is a factor. But trying to get realistic planning from the point of view of the technology, the requirements, and the funding, not just the near-term 5-year program, but out for the life of that program is a very important factor in this.

Senator INHOFE. The part I have a hard time with is when you were talking about the change in design, the change in the weight, and all these things. That is something that can be looked at in advance. I think that is primarily the cause of the cancellation of certainly the Crusader program because I remember the discussion at that time if we can get it in a C–130, or does it have to be in a C–17. But we know that going in. I have a hard time believing that the times changed to change the mission of a vehicle. In that case, the weight of the Crusader seemed to be the primary thing. That is the thing I think that can be precluded from happening again.

Mr. KENDALL. The Crusader original design was intended for the plains of Europe fighting Soviet tank armies, and it was a high rate of fire, high volume, and high capacity system. What happened subsequent to the end of the Cold War was the Army had an incredibly difficult time moving forces into Kosovo when the Kosovo crisis occurred. As a result of that and under General Shinseki's leadership, I think at the time probably appropriately he was moving towards a much lighter scale force, a force that could be deployed essentially by C–130s, there was a fundamental disconnect between those programs.

Senator INHOFE. I understand that, but on the other hand, that was initially built to replace the M–109. We can talk about an antiquated system anyway. It is almost like it was in World War I.

I mentioned in my opening statement about the recent program that spent 80,000 man-hours to produce the documents required to pass Milestone A. An additional 100,000 was required to create the paperwork necessary on Milestone B.

Are you working on something right now that is going to preclude the cost of the paperwork from continuing? We are paying for all that.

Mr. KENDALL. I completely agree with the thrust of your comments. There is a cottage industry out there of contractors who build these documents for programs so that they can be reviewed and then approved in order to get decisions made. It is an overhead burden on our programs, and I have been on both sides of it. It has been a struggle, and it is a continuing struggle to push back on that.

We have tried to simplify the content of those documents to make them more focused on the substantive information that we really need as opposed to a lot of boilerplate that people tend to generate which really does not have much value added.

There is also an initiative that is included in the latest round of BBPIs to go to something I am calling a "skunk works" approach, which is historically a Lockheed Martin approach that other companies have emulated. Basically that is to have as lean as possible both a government and a contractor workforce and as lean as possible an oversight mechanism. My concept for that, which we are just starting, and we are still trying to find a program to pilot this with, is that in lieu of all these long documents that people have to generate, we do something that is much more like a traditional design review. We would do on scenes, hands on, a week or 2-week review of all the technical material, the scheduling documents, and so on that the program is actually using as opposed to these documents which are submitted a couple of months ahead of time and then go through staff review. I would like to pilot that approach to see if we can make it work. It will be more time-intensive for some senior leadership than the current process is, but I think it will be much more efficient, and I think, in addition, may be much more effective for the program offices to do it that way.

Senator INHOFE. Mr. Sullivan, you had listed some things. I asked my staff to find out the specifics of that, and that was not in your written statement. You talked about the relationship with contractors' forces. Can you expand on that? That was not in your written statement.

Mr. SULLIVAN. Those are ideas that I do not have fully developed but I thought we should be interested in looking at. A lot of that just has to do with time-certain development——

Senator INHOFE. Is it a preview of what you are doing right now in the GAO analysis?

Mr. SULLIVAN. The GAO analysis we are doing, I think, is going to be a very important analysis, and it almost parallels what the Under Secretary just went through. We are trying to look for efficiencies, and we are looking at best practices in the commercial world. We are looking at case studies where they operated in

"skunk works" with a streamlined oversight mechanism. We are trying to find good examples.

I think the key thing is at those three knowledge points when you make the critical decisions, you want to have good data. That is really all you should be focused on. All of the integrated product teams and the layers between the program manager and the Under Secretary or the Chief are things that we are looking at. Do we really need these things? There are a lot of rice balls out there.

Senator INHOFE. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator Hirono.

Senator HIRONO. Thank you.

Secretary Kendall, you mentioned that fixing the acquisition process is not as easy as some think. We have only been trying to do this for over 100 years. I think this committee fully appreciates how hard it is.

You mentioned some areas where you say that decisions that are made in these two critical areas should be done with as much knowledge as possible. Are you already applying that way of proceeding with acquisitions that we are currently engaged in?

Mr. KENDALL. Yes, we are. It starts at the very beginning phase when you assess the feasibility of requirements that the operators put on the table and the likelihood that you will be able to afford to build something that meets those requirements. That is very early on. Then there is a decision about the risk mitigation that has to be done before you are ready to commit to development. Then there is an examination of whether that has actually been accomplished or not and whether there is a sound plan to go into development. Then there is a question of whether prototypes demonstrated through developmental tests of your design are stable and your manufacturing processes are stable so we can go into production. Those are the key decisions and the key criteria.

Senator HIRONO. It is human beings who are going through the assessment and making these recommendations to you. Do you have those people? Do you have the people who are trained who have the knowledge, who can provide you with the analysis that you need to make decisions at these critical points?

Mr. KENDALL. At my level I think that I do. We have been building the staff ever since I came back into government. The WSARA provisions have encouraged us to do that. They directed us to do that. In some cases in developmental test, for example, and system engineering, in particular, we have been building up our capabilities over time, also building up our program management expertise and our contracting expertise, all the things that have to be looked at to evaluate a program, I think, at the Office of the Secretary of Defense side. We still have work to do, but I am in reasonably good shape there. I am always trying to strengthen the workforce.

If I look throughout the workforce, I do not think I can say that as much. I think it is not as uniform and it is not as deep as I need it to be.

What we have been doing to our workforce, frankly, really pushes us in the opposite direction. Salary freezes, shutdowns, furloughs, uncertainty about budgets, and uncertainty about people's jobs is making government service today very different than it has

been traditionally, and, I think, we have a real problem with our workforce.

We also have a demographic problem. The workforce is like a two-humped camel shape, and we have a lot of people who are either at retirement age or very close to it. They are going to be exiting our workforce. They are our most experienced people. Then we have a big valley before a lot of the people we brought in, many of them under the DAWDF, Mr. Chairman, who need to mature and gain experience. We are trying to manage our way through that, but it is a fundamental problem for DOD.

Senator HIRONO. Since that is a fundamental problem, then I think that if you really wanted to make appropriate changes, where we are going to get through our acquisition process the kind of products that we actually need, we should be paying a lot more attention to the workforce issues. Would you say?

Mr. KENDALL. I agree, and we are paying attention to the workforce. It is the critical feature I think beyond everything else that we can do. The capability of our government people, our professionals, to oversee contracts, to get the business deal right, to understand the risk, and to ensure the contractors are complying are all central to our success.

Senator HIRONO. I agree with you.

Speaking of the workforce, I know that the NDAA for Fiscal Year 2008 required that DOD would take action and identify at-risk contracts. Are you familiar with what I am referring to?

Mr. KENDALL. Generally, yes.

Senator HIRONO. Can you give the committee an update on fulfilling the requirements of this law, of the 2008 law that required you to identify these at-risk contracts?

Mr. KENDALL. Let me take that one for the record. I believe we are in compliance, but I would have to double check and make sure what exactly we are doing to comply with that provision.

[The information referred to follows:]

Yes, the Department of Defense (DOD) does submit to Congress a report on the Inventory of Contracts for Services consistent with P.L. 110–181, section 807, codified in title 10, U.S.C., section 2330a. Contained in the report is a listing of contracts authorized by statute as personal services contracts in accordance with Federal Acquisition Regulation Part 37. The Department makes the report available to the public on the Defense Procurement and Acquisition Policy website: http://www.acq.osd.mil/dpap/cpic/cp/acquisition_of_services_policy.html. Currently reports are posted for fiscal years 2009 to 2013. By law, DOD is required to submit the report not later than the end of the third quarter of each fiscal year. Therefore, DOD expects to submit the report by June 30, 2015.

Per the guidance my office has jointly issued with the Under Secretary of Defense for Personnel and Readiness, each component completes a review of its service contracts reported in the inventory in accordance with title 10, U.S.C., section 2330a, subsection (e). Each component head submits a letter to the Under Secretary of Defense for Personnel and Readiness, certifying completion of the review, delineating the results in accordance with all applicable title 10 provisions and DOD guidance. The review includes identification of any inherently governmental functions, or unauthorized personal service contracts, requiring a plan of action to divest, correct, or realign such functions to government performance.

Additionally, consistent with Office of Federal Procurement Policy guidance, DOD began reporting into the Federal Procurement Data System on March 2013, inherently governmental function indicators associated with the description of the service contract requirement. These indicators identify the service contract description as either a closely associated function, a critical function, or other function. This data is available to the public at USASpending.gov.

Senator HIRONO. For Mr. Sullivan, we have been talking about these critical points at which information and knowledge is really important. Secretary Kendall mentioned two areas that were different from what you acknowledged. Do the points you raised come at an earlier phase of the acquisition decisionmaking process?

Mr. SULLIVAN. I am not sure if we were in sync or not on that. I thought I heard the Under Secretary at the start talk about when you want to have good systems engineering knowledge. We think that at Milestone B, usually when you sign a big development contract for one of our major contractors to develop this weapon system, you need to have, at the very least, mature technologies. You should not take technology development into product development.

Senator HIRONO. Would you say that it would be a good thing, since GAO said that there are different decisionmakers involved in the process, if you and the Secretary were on the same page regarding what the critical points are where knowledge is really important?

Mr. SULLIVAN. I think the Under Secretary would agree, and I think he has been working on this, along with the requirements community. The three communities that have to work in concert and do not very often are the requirements generation community, which is the Joint Requirements Oversight Council; Mr. Kendall's office, the acquisition community, and then the Comptroller. WSARA brought all the systems engineering in up front to make sure you understand your requirements. If you start a program without that really solid understanding of what you are going to build, you wind up with a lot of cost growth and schedule delay.

Senator HIRONO. Are you doing those things that bring these three components that you acknowledge have not been working as well together as they could be? Are you moving to make sure that these processes and the communication is occurring now?

Mr. SULLIVAN. We keep an eye on that and we report on that. I would say in the past 3 to 5 years, they have been doing a lot better. Most of the programs that are going to that Milestone B have requirements I think that are not as lofty, and they have done good systems engineering on them and they are more incremental in nature. I think there is a good trend.

Senator HIRONO. Secretary Kendall, I do not know if you can respond to this at this hearing, but based on the process that you are engaging in to make sure that we are able to afford the acquisition, are there any acquisition programs that are arising to a questionable status with you where we may need to pull the plug?

Mr. KENDALL. I cannot name the specific program, but I am very concerned about our posture when we get into the 2020 decade timeframe. We have a number of things that we need to do in that timeframe. A lot of our strategic deterrence systems need to be refreshed or recapitalized, the submarine *Ohio* replacement, Minuteman III replacement, and the new bomber all come at the same time. The *Ohio* replacement by itself makes the Navy shipbuilding program very difficult to execute. We are going to need some budgetary relief in the 2020s or we are going to have to make some very hard decisions in that timeframe.

Senator HIRONO. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Hirono.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I thank the witnesses for their testimony.

Mr. Chairman, you went over some of the examples of the really unacceptable cost overruns we have seen in the past and apparently a failure to get a lot of it still under control. $20 billion spent for FCS and $1 billion for the Expeditionary Combat Support System (ECSS). The Marine Corps spent 15 years and $3 billion on the EFV. The lists goes on and on. We have had hearings just on the JSF itself. The littoral combat ship continues to ignore the basic principle of "fly-before-you-buy." Billions of dollars into ships intended to carry the mission modules have yet to be fully developed for testing, and now we are talking about 20 new presidential helicopters. The same people that were in charge before, and we spent $3.2 billion with nothing to show, failing to field a single helicopter.

I appreciate, Mr. Sullivan, your report, including the fact that cost and schedule growth remains significant. 42 percent of programs have had unit cost growth of 25 percent or more.

Mr. Kendall, do you disagree with Mr. Sullivan's conclusion in his report that there have been 42 percent of the programs in DOD that have had unit cost growth of 25 percent or more?

Mr. KENDALL. I do not disagree with that as a factual point. No, sir.

Senator MCCAIN. You do not agree with that.

Mr. KENDALL. I do not disagree with that. I believe that is factual data.

Senator MCCAIN. Thank you.

On the presidential helicopter, I understand from media reports that there was no competition for it. Is that right?

Mr. KENDALL. We undertook a competitive source selection, but we only received one bid on that source selection.

Senator MCCAIN. Is that the same corporation that was involved in the $3.2 billion failure the last time around?

Mr. KENDALL. I am not sure. We have not announced the award yet, Senator. I am not sure how much I can say about that at this point.

Senator MCCAIN. The media reports it.

Mr. KENDALL. Why do we not proceed on that assumption?

Senator MCCAIN. You do not want to build a prototype given the previous experience, and you do not want to build a prototype?

Mr. KENDALL. We have taken the last few years since VH–71 was canceled to make sure we did as careful a job on this acquisition as we could. I just published an op-ed on this yesterday actually. The requirements are firm in this case. One of the major problems the VH–71 had was the requirements changed once the contract was awarded. They were not well-defined. We are using a fixed price vehicle this time as opposed to a cost-plus vehicle. We have done a lot of the integration risk reduction in the Navy to ensure that the comm sweep that goes on the aircraft is well understood and defined, and we do not have risk there. We are taking a much lower risk approach this time, which does not, in my view, require prototyping prior to going into development for production.

Senator MCCAIN. I guess we will see again, but I do not quite understand that some huge cost would be involved in developing a prototype given the previous example of $3.2 billion completely wasted. I do not get that, but I will be eager to listen to the arguments for it.

Mr. Sullivan, of all the cost growth programs, it is my understanding that the Evolved Expendable Launch Vehicle (EELV) has had the highest inflation costs associated with it. Is that correct?

Mr. SULLIVAN. I believe that is. In the annual assessment we did this year, it represented almost all of the cost growth in the portfolio. I think one of the reasons for that is it was its second time into the portfolio. I believe they had terminated the program and it had a Nunn-McCurdy breach. I think they went in and did the analysis of that, decided that we needed it for national security reasons, and more or less rebaselined the program and have a new cost estimate. That came back into the portfolio with significantly more cost as a new baseline.

Senator MCCAIN. I think you will find that since the merger between Lockheed Martin and Boeing, that those costs have dramatically escalated again because of lack of competition.

On that subject, which is significant amounts of money, the Air Force has decided to cut in half those launches that would be competitive. The Air Force cited three reasons why it is proposing to cut competitive launches in half: one, extended life of its GPS satellites; two, the payload requirement for one of the launches became unliftable because of weight growth by any prospective new entrant company; and, three "the need to fulfill its longstanding commitment to United Launch Alliance (ULA)," the incumbent contractor.

That last one staggers the imagination. The company that is in charge of the program has the highest cost overruns of any program. You have a commitment to this corporation that there not be more competitive launches. I do not understand that, Mr. Secretary. I want to say to you this smacks of the cronyism that we saw in the first tanker contract that ended up in a major scandal. I am not saying that it is, but it does not make any fiscal sense, the decisions that you have just made, by cutting down on competitive launches for the EELV.

Mr. KENDALL. Senator McCain, let me just try to clarify a couple of things about the program, but let me caveat my comments by saying that, first of all, we have a lawsuit about this program and we also have the Inspector General investigation that you asked for. I would like to let those things proceed in the proper forum and not get ahead of that.

But let me just talk a little bit about my background with this. It had been delegated previously to the Air Force, but I brought the EELV back under my direct control because I wanted to ensure adequate competition, as much competition as we could get. Competition is the single best tool that we have in DOD to get cost out of our programs.

Working with the Air Force, we looked at all the launches that we thought a competitor could possibly do, and that was the basis for the decision. That was my intention when we did the 36 Contracting Officer's Representatives (COR) commitment to ULA. The

commitment is in the form of a contract which we have negotiated. That contract is at a much better price than we had anticipated in our previous budgeting. We have saved on the order of $3 billion in the negotiation. It was a very successful negotiation from my perspective.

During the timeframe when all this was happening, our budgets were being cut dramatically, and the Air Force had to slip some space launches to the right. We did not want to break the contract and have to open that contract back up and renegotiate that price. I think that is part of the equation here.

But we are not trying to take competition away from anybody. We want to have as much competition as we can possibly get as soon as we can get it.

The other thing that I want to clarify on this is my direction in the acquisition decision memorandum that I signed. In order to get competition as early as possible, basically the intent was that in order to allow a new entrant to compete, a new entrant would not have to finish the certification process at the time he submitted a proposal because there is about a 6-month period of a proposal evaluation before an award, and a certification process could be completed during that interval. I allowed people to bid without having completed the certification process. They could compete before the certification was completely done, all the documentation was reviewed, et cetera. That gave us a larger window in which to consider competition. That was the intent behind that guidance, and that is what the Air Force has been trying to execute.

Senator MCCAIN. Facts are stubborn things. You have reduced the competitive launches by half, down to three, and that is just the reality of it. Using a rationale of a "commitment" to a contractor that has been guilty of the largest cost overruns of any program, I think they had some commitment, which obviously they did not keep.

This is a very serious issue, and we are talking about billions of dollars here, Mr. Kendall. I intend to do what I can to make sure that there is competition. Apparently, whatever the rationale, the decision has been made to reduce, if not nearly eliminate, competitive launches. Also, the motor made by the consortium is made in Russia. That alone, that Vladimir Putin is responsible for our rocket motors, should be a reason why we should be looking desperately for competition rather than narrowing it.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator McCaskill.

Senator MCCASKILL. Thank you.

First, let me associate myself with all the remarks and line of questioning of my colleague, Senator McCain. I agree that we have a real crisis. If you were talking about only one competitive in 2015, I know I do not have to explain to you, Secretary Kendall, that you have to get critical mass of work in the pipeline or you have no competition. I will be trying to work with Senator McCain to figure out if there is something we can do to change what I think was a very shortsighted decision on the part of the military.

First, I want to tell you that you do not have to convince me how hard it is to do acquisition reform in the military. I am completely

on your side in terms of that statement. It is incredibly hard. I do think you are well-positioned to continue a path that is positive, and I hope you stay committed. I hope you stay a while.

Mr. KENDALL. Thank you.

Senator MCCASKILL. That is one of the things I want to talk about first. Mr. Sullivan has talked about it. It has been a constant problem going all the way down to CORs in the units. When I first began working in this area, you were handing a clipboard to somebody and saying, guess what, you are the COR in a unit in Iraq, and they had no idea what being a contracting officer had meant in that unit. They had no training. We have made some progress in that regard. But it was like you got the clipboard and you wanted to get rid of it as quickly as you possibly could because there is no way you were on a rocket to anywhere if you were a COR. This notion that we are trying to do acquisition in a business-like way within the culture of the military that requires that you move every 10 minutes is ludicrous. It is just ludicrous. There is no way you can have this many program managers and actually get at what you are trying to do.

How seriously have we thought about changing the military way of doing business? I get the value of lots of assignments in terms of developing leaders, but it does not work in acquisition. You need continuity and you need expertise. You do not need a new guy every 18 months or a new woman every 18 months.

Why can we not set aside this area of responsibility for a goal of continuity and require longer stays of people who are managing these programs or who are handling contract and acquisition duties?

Mr. KENDALL. I completely agree with you on the importance of tenure. One of the problems of the last decade-plus has been the wars and the fact that people are rotating in and out of theater. That has changed the normal rotation patterns, and hopefully that is coming to an end.

I look at the tenures of our program managers, for example, and they average between 3 and 4 years. Our policy is to try to keep them for 4 years. I think they should stay longer.

I am concerned about a number of things in this area. I changed the approach to this. In many cases, the program managers will come in. They will have a few years with a program, and their culminating event is a decision point, one of the Milestone approvals. Then the definition of success is to get the decision made. I am trying to turn that around so that people come in shortly before the decision. They have to have some responsibility for the plan that is proposed, but their real job is to execute that plan, to go out and make that plan a reality, which I think is a much harder job than actually getting a decision made by somebody.

The other thing is, of course, we have a fairly steep promotion pyramid at the colonel level, the captain level in the Navy. People that are our number one program managers are often forced out of the Service because they are not promoted to that level. I am working with the Services and we are trying to keep those people around. I hate to see some of our very best program managers, people who have over a career built up the capability to do that very difficult job extremely well, because they do not make it to O6 be-

cause the curve is too tight, be forced to retire. They go out to industry and they do similar jobs in industry. We would like to be able to keep those people around longer.

The other thing we can do is use more career civilians. Career civilians do not move as often. The problem we have there is giving them developmental opportunities because career civilians often do not like to move, and many times you need to move them to another location so they can get the experience they need to develop the skills that they need.

We are very actively interested in improving this area. I think people matter. I have said that a thousand times, and strengthening our people and the sort of things that you talked about are exactly what we need to do.

Senator MCCASKILL. If we could pay them more. Frankly, talk about saving money, talk about value. Paying people more money that are good at what they do—and this notion that we are losing somebody because of some kind of artificial O6 deal. Let us know what we can do, and I guarantee you we can get that passed, that would change that. I think you are going to continue to hammer bricks here if you do not really get at this continuity issue and stability issue. I think it is crucial.

Let me talk about IT for a minute. I would use an unladylike term about how bad DOD is at acquiring IT, but I do not want to do that as a U.S. Senator. But you are terrible at it, just terrible at it. Part of that is that your acquisitions process has so many steps, is not flexible, and it is not nimble. By the time you get to the end of it, it is obsolete. There is this horrible habit about requirements. The military's bad habit about requirements has bled over into IT acquisition where these guys think we will have somebody build us a system and it will do it. Of course, somebody is more than willing to come in for billions of dollars and build you a system that will do it, whereas you can buy it off-the-shelf for 85 percent of what of they want and save billions of dollars.

Why can we not apply Nunn-McCurdy to IT?

Mr. KENDALL. We apply the rules that govern Major Automated Information System (MAIS) programs often to IT which are similar. They are not exactly the same thresholds as Nunn-McCurdy, but they are similar, the critical change requirements.

Let me talk a little bit about IT. When we talk about IT, it is a term that is not always precise. We are really, I think, talking about business systems, the types of systems that do pay and personnel, do logistics management, and do the accounting functions, for example, that there are commercial counterparts to. These are not pure military systems. I have recently brought these back under my control too. They were delegated for a long time. I spent a lot of time with our Program Executive Officers (PEO) and our program managers for these kinds of systems, trying to understand the problems that they are seeing.

One of them is what you just described. It is the complexity of the approval process and the way we are forcing people to structure their programs. I think we are imposing too much burden on people and we are micromanaging from a place where we should not be doing that. I am looking at that process and trying to be practical

about how we structure these programs and try to learn from industry.

We need to develop our expertise in this area. That is another fundamental concern. I do not think we have enough qualified professionals in business systems. Business systems are not like weapon systems. They are very different. They are different because, first of all, you are taking an off-the-shelf product and you are modifying it for use by the military organization. Also the transition from an existing system to a new system is very different. If you are in a unit and your tanker or your fighter plane is being replaced, that system goes away and the new one arrives, you train on it and you go operate it. For a business system, you have to keep the old system operating until the new system is up and proven. You have to run them in parallel and make a much more difficult transition. There is a huge burden on the acquiring organization to be trained to be ready to move over to that new system. This is often where we really get into trouble.

Your mentioned requirements. That is another key point. We have a tendency in DOD, I think, to try to force the business systems that we acquire to do things the way we have historically done business.

Senator MCCASKILL. Right.

Mr. KENDALL. The right thing to do is to reengineer our processes to be more consistent with the product that we are trying to buy.

Senator MCCASKILL. Right.

Mr. KENDALL. That is something that we probably have a lot more work to do on as well.

The last thing I am going to mention is compliance requirements. I talked to one contractor a few years ago about this, and I asked him the same question: Why are we having such trouble? He said one of the differences is that in the government there are 100,000 compliance requirements that I have to put into my software for you to make it meet all of your regulatory and statutory requirements. In a business, I do not have any of that to worry about. Maybe some, but not nearly the same volume. That is another factor, that we impose some things that we have to require. We have to comply with law and regulation.

Senator MCCASKILL. Let us see if we can fix some of that.

Let me just say it is not just business systems too because we got the Distributed Common Ground System. I have had difficult conversations with some of your colleagues at DOD about this notion that we are doing these IT systems to identify equipment in theater. We had two systems built by two different branches, and they were using the same equipment and they built different systems. Then you came wanting money for DOD so they could talk to each other. It is just like a V8 moment. How does it happen?

I want you to continue to strategize with this committee and our staffs on how we can help you do a much better job on IT.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCaskill.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

Thank you to both our witnesses for being here today.

Secretary Kendall, I want to focus on an issue that has perplexed and vexed me, and I think, other members of this committee, and I know, bewildered the American people who know about it: the purchase of Russian helicopters for use in Afghanistan with American taxpayers' dollars. I know I do not have to go into the details for you. But I would like to know what has to be done today to stop any additional transfers of any American dollars to Rosoboronexport in connection with these helicopter purchases for Afghanistan.

Mr. KENDALL. Senator Blumenthal, I understand that we have had numerous conversations about this. We are nearing the end of our acquisition of Mi-17s for the Afghan Air Force. We have about 20 helicopters to take delivery under an existing contract, and I think that will be the end of our business as far as acquiring helicopters is concerned.

There will be a continuing need for air support and technical support for those helicopters for the Afghan forces.

The situation in the Ukraine, obviously, and the discussion of sanctions, which is definitely not my area, are complicating the situation right now. So far, we have not sanctioned Rosoboronexport, and the Russians, I think, probably for economic reasons, have not done anything to cut off our supply. We understand that there are things at work here that are much bigger than our requirements in DOD for this, but we would like to take delivery of those remaining helicopters if that is at all possible.

Senator BLUMENTHAL. Why have there been no sanctions against Rosoboronexport?

Mr. KENDALL. I am not the person to speak to that, Senator.

Senator BLUMENTHAL. You mentioned that there are still 20 helicopters to be delivered.

Mr. KENDALL. That is an approximate number. It is very close to that number.

Senator BLUMENTHAL. Have we paid for those helicopters?

Mr. KENDALL. We are in the progress of paying for them. We pay incremental payments as the helicopters are delivered.

Senator BLUMENTHAL. We have not yet paid for the 20 still to be delivered?

Mr. KENDALL. We have not completed paying for the helicopters, no.

Senator BLUMENTHAL. We have not paid for them. When you say we have not completed——

Mr. KENDALL. I am not sure whether the payments are one for one for a helicopter. I am not sure exactly how the payments are structured. I think it is roughly equivalent to that.

Senator BLUMENTHAL. What is necessary to stop payment and delivery? What would have to be done? Is it a letter that has to be written? Is it an Executive order from the President? What would have to be done physically to stop delivery and payment?

Mr. KENDALL. If we were statutorily ordered to or if there was an order in the chain of command that told us to stop, then we would stop. But we hope that does not happen.

Senator BLUMENTHAL. Why do you hope that does not happen?

Mr. KENDALL. Because we need those helicopters for the Afghan Air Force.

Senator BLUMENTHAL. American helicopters will not do?

Mr. KENDALL. We have looked at that. We did an assessment of alternatives several years ago actually, and for the combination of circumstances for the Afghans, the Mi-17 is the right answer for them.

Senator BLUMENTHAL. I would like a commitment that you will provide me, I cannot speak for the rest of the committee, an explanation for what would have to be done by the President of the United States to stop delivery and, most important, payment for those helicopters.

I find it absolutely abhorrent and incomprehensible that this Nation is providing taxpayers' dollars to a Russian export agency that not only provides arms to President Assad in Syria but also is, in turn, bolstering the Russian aggression in Ukraine. We are sanctioning people around the leader of the Russian Government President Vladimir Putin. We are rattling and engaging in rhetoric about additional sanctions, but we are not using the dollars within our direct control to stop fueling Russian aggression in Ukraine and elsewhere. Whatever the sacrifices that may be entailed in Afghanistan, and I believe they will be very few because American helicopters are available to perform the same mission, we should take action now.

I would like to know from you in detail what has to be done immediately before there are additional deliveries and before additional liability is incurred for additional payments. Can you commit that you will provide that explanation?

Mr. KENDALL. I can take that for the record, Senator.

[The information referred to follows:]

Stopping delivery of additional Mi-17 military use helicopters under contract W58RGZ–11–C–0072 would require direction from an official in the chain of command of the Non-Standard Rotary Wing Program Office to take action under the contract to negotiate with the Russian joint stock company, Rosoboronexport, to stop delivery of the Mi-17 helicopters. The negotiations could be initiated if so directed, but may or may not be completed before additional deliveries of Mi-17 helicopters occur. Liability for additional payments would be determined under the terms of the contract or as the result of negotiation. In addition, the United States has the ability to suspend work under the contract for a maximum period of 90 days; however, under that authority, the United States would likely be liable for delay and/or other costs incurred as a result of the stop work order.

Mr. KENDALL. Let me just say that the other side of the equation is that the Afghan forces are dependent on this capability. It is not just about the dollars. It is about their capabilities.

Senator BLUMENTHAL. They are dependent on those helicopters until they are not. Right? Until they have to make do with American helicopters, God forbid, which are far superior. The military itself not only concedes, but with good justification takes pride in that fact. The reason they are dependent on them is because we have not trained them to use American helicopters. If they cannot use American helicopters, I hate to be over-dramatic, they are not going to be able to defend themselves anyway.

Mr. KENDALL. I think we had this discussion before. I am a big fan of American helicopters. But the training necessary, the complexity of the systems, and their appropriateness for the environment are all factors at play here as well.

Senator BLUMENTHAL. Let me move on because we have discussed this issue before, and I recognize that you are limited in what you can say. But I would appreciate a further explanation, as I have requested.

Mr. Secretary, I understand that the Navy is considering ending its buy of the highly praised MH–60R helicopters after this year's buy, which would leave the Navy 29 aircraft short of its requirement, and break the contract for the current H–60 multiyear procurement shared by both the Army and the Navy. If you could tell me, please, what is the termination liability of such a move and what are the effects that will be on the Army's UH–60M aircraft for next year if that multiyear contract is broken.

Mr. KENDALL. I will have to take that for the record. I do not have a number to give you today.

[The information referred to follows:]

A final decision on maintaining or terminating the MH–60R multi-year procurement contract has been deferred to fiscal year 2016. Any potential modifications to the Navy's MH-60R procurement plan will be aligned with other Navy force structure adjustments. Actual costs associated with a potential early termination or cancellation of the two multi-year contracts have not yet been determined. Costs will be calculated in accordance with the Federal Acquisition Regulation and through negotiations of a termination settlement with the prime contractor when and if official notification of termination or cancellation occurs. Provided the level of Advance Procurement funding requested in the President's fiscal year 2015 budget request is approved and appropriated by Congress, potential termination or cancellation would not occur until the fiscal year 2016 Appropriations and Authorizations Acts becomes law.

Mr. KENDALL. I do want to thank the committee for its support for a multiyear request, though. We have been doing very well getting costs down through those requests, and I appreciate the support.

The H–60 problem is a fiscal year 2016 problem, and with the current estimates and current plans, we would break the multiyear. We are going to revisit that this summer and see if we can do something about that.

Senator BLUMENTHAL. My information is that the cost of breaking the multiyear contract would be close to the amount of the deleted 29 helicopters. Is that true?

Mr. KENDALL. I have to take that for the record. I think it would be a substantial cost and we would like to avoid it, if possible.

[The information referred to follows:]

A final decision on maintaining or terminating the MH–60R multi-year procurement contract has been deferred to fiscal year 2016. Actual costs associated with a potential early termination or cancellation of the two multi-year contracts have not yet been determined. Costs will be calculated in accordance with the Federal Acquisition Regulation and through negotiations of a termination settlement proposal with the prime contractor when and if official notification of cancellation occurs. Provided the level of Advance Procurement funding requested in the President's fiscal year 2015 budget request is approved and appropriated by Congress, potential termination or cancellation would not occur until the fiscal year 2016 Appropriations and Authorizations Acts becomes law.

Senator BLUMENTHAL. When do you think you would be able to give your answer?

Mr. KENDALL. I can probably give you an estimate within a matter of a week or 2, probably.

Senator BLUMENTHAL. Thank you.

When do you think you will be able to get back to us on the explanation for the Russian helicopter purchase?

Mr. KENDALL. I am not sure how long that will take. Some of it is very obvious. The President would merely order us to stop, and we would stop. That is a way it could happen. That is the fairly obvious answer. If I could give you anything beyond that, I will see what I can do.

Senator BLUMENTHAL. What would be the cost? I think that would be——

Mr. KENDALL. That part I would have to go take a look at.

Senator BLUMENTHAL. For the record, and I say this again not to be over-dramatic, my view is if there is a cost, let the Russians sue us. Let them sue us in American courts, and they can have a taste of what American justice is and maybe they can collect here. I am sure that American courts will do a lot greater justice for them than Russian courts could. I would welcome the chance to defend that contract liability.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Blumenthal.

I raised this issue when I was in Afghanistan recently. In addition to letting us know what the cost of breaking the contract is to the American taxpayer, let us have statements from the commanders as to why they support completion of the contract. It is important that we look at the entire picture. Senator Blumenthal obviously raises an important point, but we have to see why it is that commanders feel that it is essential that they be delivered in terms of Afghan support. If we could get all that in the next couple weeks, it would be appreciated.

Mr. KENDALL. I am happy to do so, sir.

[The information referred to follows:]

[Deleted.]

Chairman LEVIN. Thank you.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

Let me just say that I agree with Senator Blumenthal. I too would enjoy the Russians coming before the U.S. courts for our justice. I appreciate his work on this important issue.

I wanted to follow up. Thank you both for what you are doing. I know you are serving during very challenging times and trying to work on this acquisition issue, which has been a continuous challenge long before I got in the Senate, and something, though, given the resource scarcity we face right now that has become even more important. Thank you both for your leadership on that.

As I think about the choices that we make and why this is so important, I could poll each Service and come up with a number of examples. I know my colleagues have already raised them. I am going to focus a minute on the Air Force, but I have a list that I could also share with the Army and the other branches. I am in no way at this moment picking on the Air Force.

As I look at the recent Air Force acquisition programs, from 2007 to 2013, the Air Force terminated 12 major acquisition programs, as I understand it, and the cost of those was at $6.8 billion on weapon systems and programs that our airmen are not going to

see. Some of the examples of that are: $2.8 billion wasted on the National Polar Orbiting Operational Environmental Satellite System, which was ended in 2012; $2.5 billion wasted on the Transformational Satellite Communications System, terminated in 2009; and $900 million wasted on the ECSS. That is billions of dollars that will never have a direct benefit for our warfighters.

I realize that we could do a postmortem on each of these programs, and for each program, there is a variety of reasons of terminations. Yet, we find ourselves in the same place; money that was spent is not going to get the outcome that we need for the defense of the Nation.

I want to put this in perspective because this matters when DOD and the Service Chiefs are coming to us and asking us to divest of a program like the A–10 for budget reasons because the cost of maintaining the A–10 in fiscal year 2015 is about $635 million. If the Air Force had cut their acquisition failures on MDAPs by just 10 percent between 2007 and 2013, there would be the equivalent to more than enough savings to afford keeping the entire A–10 fleet.

The reason I want to put it in those perspectives is because the importance of this issue cannot be underestimated. We have the acquisition process right. We do not go down roads where we have put so many requirements on something that no one can possibly produce, so that we can use it in time for our men and women in uniform.

I am going to ask both of you if you would agree with me that this obviously is incredibly important that we get it right, not just the Air Force, but every single Service.

I know you have made some changes with the BBPI. How are we dealing with the requirements creep issue? How do we make sure that when we are looking at taxpayers, we are not saying here is the Air Force proposal to eliminate an airframe that our men and women in uniform on the ground truly love when we have all these other failed acquisition programs that did not get us a result? I think we owe that explanation to people.

Mr. KENDALL. Thank you, Senator.

I regard the cancellation of a program, after we have spent a few years and a few billion dollars on it, as almost pure waste and one of the greatest tragedies DOD faces. I worked as a consultant on FCS, which was for the Army. An enormous fraction of their development account essentially produced nothing for the Army at the end of the day.

Senator AYOTTE. Right. I had that on my Army list.

Mr. KENDALL. The Army's list is longer than some of the others, but each Service has its own list. I published information on this in the volume I published last summer on the performance of the acquisition system because I am tracking historically what we are doing here.

One of the principal things I put in place to try to prevent this is the affordability caps. It is a requirement to people supporting that and the budget people. Mr. Sullivan mentioned the three systems. One way to bring them together is to insist that the requirements people and the budget people evaluate the cost of their programs that they propose over the long term, over the lifecycle of

that program, not just for the next few years, but as long as you are going to have it in the inventory and determine whether or not you can really fit that into your capital structure.

We have been doing this for about 4 years now. I am enforcing those caps. There is one on the presidential helicopter we talked about earlier. The idea of these caps is to discipline the requirements people and the budget people to not try to do more than they can actually do and to figure that out early instead of after you have spent several years and several billion dollars.

Senator AYOTTE. Thank you.

Mr. Sullivan?

Mr. SULLIVAN. Yes, I would agree. First of all, I agree with you that it is a significant issue and it needs to be solved. It is a waste of money. The taxpayers and the warfighter are the ones that suffer as a result.

I started out in my oral statement stating that the three big processes we are talking about, the Under Secretary just went through them, requirements, budgeting, and acquisition, have to work together and they do not. We have done best practices work on that trying to find ways. Big enterprises, far flung industries, and things are able to do that. There is a way to do that. A lot of it is a cultural issue. But requirements are at the basis of all of that.

Portfolio management is important. I think DOD should treat its major weapon system acquisitions more like a portfolio where they understand what years these programs are coming in and leaving, where they understand exactly how much they are going to cost because they are doing systems engineering upfront, and the requirements people and the acquisition workforce are working together to get proper requirements. They need to use incremental designs and acquisition programs so they do not bite off more than they can chew.

But typically what you have is too many programs chasing too few dollars, and there is no real good budget controls because they have a 5-year defense plan. Most of these programs are supposed to be fully funded, but when you have a 5-year defense plan and a 10-year development program, it is hard to fully fund it. The estimates are not any good.

WSARA and the BBPI are addressing a lot of this when we started out, I said that since 2009 and 2010, the programs that we have seen coming through Milestone B seem to have more systems engineering done and requirements in better shape.

But just to conclude, for those three processes there has to be a way to break down the cultural barriers that exist and get those three processes to work together at the start.

Senator AYOTTE. I know that my time is up.

Also, I understood, Secretary Kendall, what you said about the workforce challenges and why that, in terms of oversight, presents a real problem in terms of transition, people leaving, some political appointees, some not, is challenging. Any recommendations you have—one thought that I had is, is there a way to incentivize this? I do not know whether it is financial or otherwise, but to think through how we incentivize the things that you are both trying to accomplish as more engrained in the culture.

Mr. KENDALL. I would like a way to keep my best people longer, the best program managers, and I would like a way to reward people who do an exceptional job. We give people recognition today. We try to increase the amount of professional recognition which is career enhancing for people. It is very difficult within the military culture in particular, and even in the civil service system. I have not thought about this thoroughly in terms of a legislative proposal that would give people additional compensation or more cash bonuses, which is what industry does. Industry uses bonuses to reward people.

Senator AYOTTE. Correct. When they over-perform, then they have an incentive. I think this is so important to us because of the cost savings we could achieve, that it would make sense for us to think about how we are treating the personnel in terms of priority on this issue.

Mr. KENDALL. One of the things that was mentioned earlier is the "should cost" estimates. I am now requiring all of our managers to understand their cost structures, look for opportunities to reduce cost, set rules for themselves, and then try to achieve those goals. That is what the "should cost" is that we have been talking about.

I would like to find a way to financially reward people for saving us money. That would be a dramatic improvement. If somebody can come in and show that they have made a significant savings to DOD and to the Nation by the way they have gone in and controlled their cost, we ought to give them something in return for doing that, but we do not have any way in our system to do that right now.

Senator AYOTTE. Thank you.

Chairman LEVIN. Thank you, Senator Ayotte.

Senator Manchin.

Senator MANCHIN. Thank you so much, Mr. Chairman, for holding this hearing. It is very important.

I thank both of you for your service to the country and what you bring with your expertise.

Mr. Kendall, I know you made a remark that the mind-set and culture is this "use it or lose it" mentality. I am a small business person, but I was Governor of the State of West Virginia. I tried my hardest to try to get a cultural change in State government in how we did it. I tried to use an incentive plan and the hard thing that we had was evaluating what the needed amount of money is to run that department. I found out that most budgets are based off 10 percent more than what you asked for last year. Nobody has any rhyme or reason, or sit down and do anything different; it's just kind of cookie cutter.

I said if we could evaluate what the needs were and with a real-time budget request, then if you over-performed to where you did it less than what we thought it would take, you kept 50 percent of the savings within that department and 50 percent was returned back to the treasury. Taxpayers benefited and you benefited. You could disperse that as needed.

There is something that we can do and we have to break this.

Mr. KENDALL. With the "should cost" that I talked about earlier, we are allowing the Service or the program that saves the money to keep the money in the year for the budget and use it for things

that they need. We are letting the Services keep it from my level. Within the military departments, the Services are doing it differently in different Services. But essentially the general bias is to keep the money in the program.

There are always things that you need if you have extra money that you can spend on that are worthwhile. Sometimes priorities in the Service are such that they need to take that money to a higher level and use it for something else. Sometimes it stays in the portfolio of products that are being managed together by a PEO, for example. Sometimes the program manager keeps it to do other risk mitigation to buy more product and whatever is appropriate.

Senator MANCHIN. What we might think about is changing the law and, carte blanche across all the agencies of the Federal Government, pick a selected pilot project through DOD or Department of Transportation, whatever it might be, and let them pick and choose. The Secretaries can pick and choose where they think the most efficiency may be incurred. That might be a way that would give the lawmakers, those of us who sit up here and make policy, a little bit of a comfort, that it is not a runaway train or out of control, and see if we can get some efficiencies.

Let me go to something very quickly. Specifications have always been my problem. The military and DOD is the only agency that I know of where people get rewarded for adding on and charging more all the time because they do not do what they are supposed to do from the get-go. The F–35 is a perfect example. We just kept adding on and adding on.

When they are awarded a contract in the private sector, even the individual who is building a home, if the home is specified out properly and you get a bid on that home, you can pretty much stay within budget. If you do not and the unknown comes up, then you are going to pay add-ons. We understand that. I do not know if anyone is being held accountable at that level. Where the money really can be saved is on how you spec the process and the project.

Mr. KENDALL. This goes back to having solid requirements that are well defined. One of the things that plagued the FCS, which we were talking about earlier, is very vague requirements at the outset so that the cost could not be estimated accurately. The engineering job that had to be done could not be understood thoroughly, and there was a lot of risk in the program as a result of that. It led to a lot of disputes down the road.

Getting the specs right upfront is important, but I would ask you to keep in mind that we have competitors. We have people who were developing systems that are designed to counter ours. If you look at the F–35 as an example, over the life of the development of the F–35, air defense systems, for example, have moved forward that we are going to have to face, and we need to deal with those systems.

We are looking at starting some development work to deal with those systems that have come along since we started the F–35 program, and we really need to get that work started. I know there has been a reluctance to fund that by some people up here in Congress, but it is very important to the program.

Senator MANCHIN. I have two more questions.

There is a lot of concern about the procurement of the Russian rocket engine, and it certainly it concerns me as well as every Senator and Representative here. I do recognize, however, that these engines are not something that a large number of companies are making in the United States, and they take years to build.

Where does the U.S. defense industry stand with respect to permitting a permanent shift away from Russian rocket procurement? We have not developed that within our own country.

Mr. KENDALL. I asked Assistant Secretary of the Air Force Bill LaPlante to take a look at this and conduct a study on it. He has completed that study.

We have some options. One of them is that we have a license from the Russians to duplicate, to build ourselves basically the same design. We need to do some technical work before we are in a position where we can actually do that. There is some problem with that. Also, that license is limited. It only goes through 2022, I believe. That is one option.

Another option is to develop a new rocket engine of our own. That would take a few years and would be a significant cost.

There are a couple of other things beyond that that we can do to mitigate the possible loss of the RD–180.

I have never been entirely comfortable with that dependency, and we have looked at in the budget process options a couple of times to try to do something to remove that dependency. But it has not been affordable, and we have accepted the risk and now that risk seems to becoming much more real at this time.

Senator MANCHIN. Finally, China's control of precious metals. You can see them accumulating the stockpile or inventory for resources around the world. What concern does that give you or should it give all of us? I will use one example, chromite, where they have been very aggressive in Afghanistan, and also copper. We use it commercially. What concern does that give you with our ability to access these precious metals that we depend upon for the defense of our country?

Mr. KENDALL. In particular, rare earth metals, I think, are what you are referring to.

Senator MANCHIN. Rare earth metals, yes.

Mr. KENDALL. China had for some time a near monopoly on the production of those metals, which is both the mining of them and the processing.

Senator MANCHIN. Acquisition of them also.

Mr. KENDALL. Exactly.

We took a very hard look at this a few years ago. I have not looked at it recently, but I believe that alternative sources have been and are being developed, both U.S. domestic sources and I think Australia is another potential source that is being developed. We are, I think, moving to an era where we do not need to be as dependent on Chinese sources for those metals.

Senator MANCHIN. Can we get a briefing on that? Would that be a secured briefing that might be needed for us?

Mr. KENDALL. I would be happy to do that. I would like to get one myself because it has been a while since I looked at it.

Senator MANCHIN. If you could do that, I would appreciate it very much.

Finally, according to a March 31, 2014, GAO report, the total cost for all DOD acquisitions have risen $448 billion from initial estimates. Additionally, programs on average are 28 months behind schedule. Mr. Sullivan, could you please explain the background of these figures and why DOD remains on the high risk list?

Mr. SULLIVAN. It is on the high risk list because of that kind of cost growth and schedule delay, but also the very nature of defense acquisition is a risky thing anyway.

The portfolio of programs we look at are every MDAP that falls under the selected acquisition reporting system. There are programs that may have started 20 years ago. There are programs that may have started 2 or 3 years ago. Some programs enter every year as new programs. Some programs leave with a bunch of costs that go with them.

If you take all of those programs and add up all of the money for development and procurement, the entire acquisition program over perhaps a 20-year period, the entire portfolio, I believe, is 80 programs. I think if you add all that money up, it represents about a $1.5 trillion investment. Yes, since their original baselines, if you add up all the cost growth on all of those programs, it is over $400 billion.

The tricky thing is that it has a lot of very aged programs in it. There are some programs where we have already been through the cost growth and that cost growth is still in the portfolio. It will not leave until that program leaves.

We look at 1 year, year over year performance, and then we take a 5-year look, and then we do all the way to original baseline. That is still a huge problem, obviously. But when you look at year over year and 5 years, there has been some performance stability in the last couple of years. But still, obviously, when you are talking about those kinds of numbers——

Senator MANCHIN. These figures here do not show stability, sir.

Mr. SULLIVAN. Pardon me?

Senator MANCHIN. These figures do not really show stability. It would be hard to explain stability.

Mr. SULLIVAN. I understand that, but when you get underneath the numbers, we have seen some good things, but it is a lot of money.

Senator MANCHIN. My time is up. Let me thank both of you for your service.

Secretary Kendall, maybe with your weight of your office and the weight of our chairman here on this committee, we can get a briefing on the rare earth metals and the security of our country or our lack of security that we face.

Mr. KENDALL. We will commit to that.

[The information referred to follows:]

The rare earth industry subject matter expert within the Office of Manufacturing and Industrial Base Policy, Acquisition, Technology, and Logistics will work with the Office of Legislative Affairs to determine a mutually convenient date for a briefing on the rare earth metals sector per the request of Senator Manchin.

Senator MANCHIN. Thank you.

Chairman LEVIN. We look forward to your providing that, Mr. Secretary.

Thank you, Senator Manchin.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman, and thank you to both of you.

Weapon systems are subject to the Nunn-McCurdy Act, and this requires congressional notification and potentially program termination based on per-unit costs increasing more than 15 or 25 percent above original estimate. DOD-built IT systems are not subject to the same requirement, so we have had some struggles. We have had some problems with IT systems. I was wondering what your thoughts are on establishing Nunn-McCurdy-like protections against failing DOD-built IT programs.

Mr. KENDALL. Sir, I have no objection to that. We do use the critical change process for our IT systems, our MAIS. It is a little different process. It is done by the Services and then it is reviewed by me and passed on. It is basically at Service as opposed to a DOD level review.

In general, I am trying to, when we have a program that has cost growth, really ask the questions that Nunn-McCurdy requires us to ask. Should you terminate or not? Do you still need this? Is it soundly managed?

When I first came back into government 4 years ago, I was finding that we would submit a budget to Congress, which included funding for the program that had breached Nunn-McCurdy, and then we would do the analysis. We had already effectively made a decision to continue the program, and it was closing the door after the horse had gotten away.

As much as possible now, I am trying to initiate Nunn-McCurdy reviews when we see the cost growth coming as opposed until after we have submitted the budget and it is formally recognized.

In many cases, the Nunn-McCurdy reviews are triggered by quantity changes where we reduce the number of things we decided to buy, and that lists the unit costs because of the smaller production runs. Those are a different matter. The two that we have this year, the two critical changes that we have this year, are largely because of quantity changes in the amount of systems that we are going to buy. That is a little different matter. In that case, it is more of a formality, frankly, for us to go through the Nunn-McCurdy review.

But I have no problem with the Nunn-McCurdy-type review for business systems that exceed their cost growth.

Senator DONNELLY. Mr. Sullivan?

Mr. SULLIVAN. Actually I do not have much to say on that. I do not work IT programs, but we do have a team back in GAO that does that.

Senator DONNELLY. My concern is that when you see something failing, do we have the people in place to ask. We have seen this not just in DOD but across the spectrum. You see an IT solution that is not a solution but a boat anchor. Here is a government-built IT solution that is just becoming more and more of a quagmire, that we have some way or some road map or metric that you are using to make sure that we do not continue down that path until all of a sudden you look up and we are completely in the swamp.

Mr. KENDALL. I agree with that. The one business system that I have been most involved with was the Air Force's ECSS, which

has been mentioned a couple times. We did do a critical change review on that and decided to keep the program going for another several months before we decided that the contractor simply could not execute. That was a case where we did not have the right professionalism or expertise on either the government side or the contractor side to successfully deliver that product. We probably should have recognized that earlier.

Senator DONNELLY. As we come home from Afghanistan—and you have heard from other members of the committee about the critical need for competition. How do we balance that while we look at maximizing savings and, at the same time, try to make sure that we do not hollow out the industrial base or the industrial capacity? Because this is a pretty delicate balance that we have coming up, and I was wondering your thoughts on this.

Mr. KENDALL. In general, we are trying to be as efficient as we can be with whatever resources we are provided with. The transition that industry is going through from essentially a growth market to a flatter, declining market is a pretty big impact on them. You are starting to see revenues decreasing. I think industry in many cases is trying to get costs out fast enough. The profits are not coming down as fast yet, but that will come over time.

We are watching the industrial base very carefully as we go through this. We do not think this is the kind of shock that occurred at the end of the Cold War when we had a very dramatic decrease in their production runs. But it is still a significant change in the market, and we expect industry to react appropriately to that change. We are watching it very carefully.

Our biggest concerns are twofold.

One is small niche suppliers who do critical small volume things for us that we cannot afford to have them go out of business. We really need those capabilities somewhere.

The other is a longer-term concern with our design teams. As we gap new development for major products of different commodity types, we are at risk of losing design teams that have that suite of capabilities to gather a team to develop a new product, test it, and put it into production. I am concerned that in some cases we may be at risk there as well.

Senator DONNELLY. One of the facilities in my State is Naval Surface Warfare Center Crane, and they do a lot of work in advising DOD in trusted electronics. I know you do a tremendous amount of work on cost management, contract management, and all of those things. Could you fill us in on the work that is being done in regards to making sure that the product you are buying is actually the product you are buying, in effect mitigating the risk of counterfeit electronic parts and other parts?

Mr. KENDALL. We are concerned about the counterfeit parts. Senator Levin mentioned that earlier. We are concerned about malware, the possibility that some adversary will insert something into some electronics that we buy that will be essentially something that could be used against us at some point or could prevent our system from functioning. Senator, we have put some things in place.

The bottom line on both of those is that we have to hold our primes responsible for the provenance of the parts that they put

into the systems they deliver to us. Through contractual vehicles, we are trying to do that. That is true for the counterfeit parts. It is also true for the malware. In some cases, we go to trusted sources, government-owned facilities and U.S. facilities.

What this works against, unfortunately, is the desire to use commercial products. Commercial parts are much cheaper. There are some things we can do there to limit our risk, but there is some risk when we buy commercial components whose source we cannot completely verify.

Senator DONNELLY. When we look at the practices being used and the processes moving forward, I was wondering what your, in effect, metric or spectrum is for best practices information. Who do you also look at to say here is how they do purchasing? Here is how they verify product quality. I was wondering the orbit that you use to try to make sure that when we look, we are as good as the best in the private sector.

Mr. KENDALL. That is a good question. A lot of our practices were developed by the Missile Defense Agency (MDA), which led the way in this area. I think about 2 years ago, this committee had a hearing with the Director of the MDA on this subject. We have adopted some of the practices, and I think some of those actually have been put into legislation.

We are constantly looking for ways to verify the provenance or the validity of the things that we buy and we are working with industry to do that. The commercial industry has a similar problem. It takes an approach of risk management. To some degree, that is what we have to do too, otherwise our costs would go through the roof. We are working with industry on this. We are working with different government agencies who tackled it to try to identify the best practices that you just mentioned and promulgate them across DOD.

Senator DONNELLY. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Donnelly.

I just have one question for the record, and that has to do with the cost growth of the F–35 engine. In the Selected Acquisition Report (SAR), the current one, the cost of the F–135 engine for the F–35 program rose by $4.3 billion. In response to a question from the press about this, General Bogdan, the F–135 PEO said, "We had a price curve for the engine. We thought we knew how much it was going to cost to build each engine. Pratt is not meeting their commitment. It is as simple as that."

My question for the record would be to you, Secretary Kendall, whether or not in your judgment now where the costs have gone up by this much, should we have a second engine so that there could be competition. If you could give us a review of that for the record, I would appreciate it.

Mr. KENDALL. I will do so, sir.

[The information referred to follows:]

The current estimate for total acquisition costs for the F–35 engine reflected in the December 2013 Selected Acquisition Report (SAR) is $4.3 billion (then year dollars) more than the estimate reflected in the December 2012 SAR. The increase in the current estimate is primarily driven by three factors: (1) the actual costs seen in earlier production lots have not come down the learning curve as much as projected; (2) increases in the projected inflation rate for material and changes in the exchange rate assumptions; and (3) a decrease in the quantity of engines purchased

in the early production lots. Of those three factors, only the first one might be affected by competition.

(1) The F–35, and F135 engine, are planned to be in production until 2038. There is an assumed learning curve for all years of production. Small changes in the learning curve assumptions can have large impacts to the cost projections due to the long production run. Because the actual reduction in cost seen on the early production lots was not as fast as planned, the learning curve assumption was changed to reflect a slower rate of learning in the later production lots. This increased the cost projections for the later production lots.

(2) Material costs for specialty metals used to manufacture the engine have increased faster than assumed in the previous SAR. The inflation factor used to project future material costs was increased to reflect the current rate of inflation seen on the early production lots. Exchange rate assumptions for the Rolls Royce lift fan were updated with the latest projections which drove up cost. The lift fan is not relevant to the competition question as this system is unique to the F–35B and would be common to whatever core engine is procured.

(3) Sixty F–35 aircraft, and associated engines, were slipped from the planned buy from SAR12 to SAR13 in the years, fiscal years 2015–2019, to be procured in later years. This reduction causes costs to increase in those production years due to economies of scale and loss of learning. Additionally, the remaining 20-plus projected years of production are at higher cost due to the shift in the cost curve.

Material inflation increases, changes in exchange rates, and quantity decreases would not be aided by competition. The only cost driver that could have been impacted by competition is cost not coming down the learning curve from one lot to the next as fast as assumed in the previous SAR. Learning curve efficiency is driven by many factors. Competition is one of the factors. It is reasonable to assume that competition may have driven the current contractor to reduce costs faster than they have achieved to date. However, it is difficult to quantify by how much.

In addition, it is uncertain if the loss of economies of scale by splitting the buy between the current contractor and a competitor would have offset the benefits of competition. Finally, the costs associated with developing a competitive engine would have to be factored into the analysis. The Department of Defense's business case analysis took these considerations into account.

Chairman LEVIN. Senator Inhofe.

Senator INHOFE. My question, I guess could be for the record. Of the different problems that you have both talked about, one is the changing of the large number of program managers that are involved. I know we are working on some language that would disallow changing them between milestones, something like that. Would something like that help?

Mr. KENDALL. It may be too constraining because some of our milestones are very far apart, several years in some cases.

I would like to have within the personnel system, this is an area where the Service Chiefs can be very helpful to me, a way to keep people in those jobs longer and have it not be a negative impact on their careers. That, I think, is at the heart of this, frankly.

Senator INHOFE. You could have it that way but have a limitation of time somehow in there.

Thank you. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe, and thanks to our witnesses. It has been a very helpful presentation by both of you, and it is a subject which sometimes is dry but it is always important that we take the time to do this oversight. Your testimony this morning has, I thought, been very helpful to us. Thank you. You are excused.

Mr. KENDALL. Thank you, Mr. Chairman. [Pause.]

Chairman LEVIN. We would now like to welcome our second panel which includes Jonathan L. Etherton, Senior Fellow for Ac-

quisition Reform of the National Defense Industrial Association (NDIA); Moshe Schwartz, Specialist in Defense Acquisition Policy of the Congressional Research Service (CRS); and David J. Berteau, Senior Vice President of the Center for Strategic and International Studies (CSIS). Our witnesses have between them dozens of years of experience in defense acquisition.

Mr. Etherton was an acquisition policy expert that I believe was with this committee for 15 years, or am I exaggerating here a bit? We remember your service well, and again thank you for that service. We welcome all of our witnesses.

I think we will first call on the panelists in the order that they are listed in our notice, and that would be Jonathan Etherton first.

STATEMENT OF JONATHAN L. ETHERTON, SENIOR FELLOW FOR ACQUISITION REFORM, NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

Mr. ETHERTON. Mr. Chairman, thank you for that kind introduction.

Mr. Chairman, Ranking Member Inhofe, and members of the committee, thank you for the opportunity to appear before you this morning to share my perspective on the 2009 WSARA and the coming years' efforts to reform the defense acquisition system.

As my statement indicates, I have been involved over the last 3 decades with several efforts to improve the defense acquisition system and I appear before the committee today as a Senior Fellow of the NDIA with responsibility for leading that association's contribution to acquisition reform.

To maintain the world's finest military, we need three things: high quality people, realistic and constant training, and sufficient cutting-edge technology and support from industry. If we have the first two but not the last, we put at risk our ability to defend our national security interests around the world. Rapidly falling defense budgets are making the costs of the current acquisition process and its outcomes unsustainable and make achieving major reductions in costs imperative. Yet, considering all the time and energy invested in past reform efforts and the persistence of many of the same problems that have been identified for decades, it is reasonable to ask what will be different this time.

I believe that emerging capabilities, as well as the lessons from recent reform efforts, could help us achieve better results in the next several years. For starters, we have access to new analytic tools and big data capabilities to track and understand the real cost and savings drivers in the acquisition systems. These tools can measure the value across the acquisition enterprise of different policy and management approaches based on data we already gather. We no longer need to guess at solutions for defense acquisition system problems but can measure the outputs of our practices to promote success and to learn from failure.

I commend Secretary Kendall for his 2013 annual report on the performance in the defense acquisition system, which I personally think is one of the best documents that they prepared in DOD in many years, which strongly affirms the potential of evidence-based approaches to acquisition policy and management.

Congress also fostered this evidence-based approach in WSARA. WSARA strengthened DOD's ability to learn from successes and failures through the establishment of the Office of Performance Assessment and Root Cause Analysis. This initiative could produce a lasting positive change in applying lessons learned to improve management of major programs. We have already seen some of the results of their efforts today.

Likewise, recent analyses of the data by GAO and DOD suggest that WSARA has made real improvements to controlling cost growth in major programs.

The committee and you, Mr. Chairman and Senator McCain especially, are to be commended for recognizing the value of more robust, independent cost estimating earlier in the acquisition cycle, which Secretary Kendall's report stressed, as a demonstrated factor in better acquisition outcomes in major programs.

WSARA created the Director of Systems Engineering, systems engineering being another shortfall identified by the Kendall report.

I would also note that the open and orderly process that the committee and Congress used to consider and pass WSARA is a good model for future legislative efforts in acquisition improvement. The collaborative process allowed not only inputs from all stakeholders and interested parties but also for a reasonable alignment among both houses of Congress and DOD that has been essential for successful implementation of the legislation.

As I mentioned earlier, we have the benefit of experience with the successes and failures of recent acquisition reform efforts which merit careful study as we move into this current effort. The acquisition reform effort of the 1990s that I describe in more detail in my written statement may be the richest in terms of the process and the results. It seems clear from our experience during that period that meaningful reform will likely require several years of sustained and focused legislative and management action, followed by dedicated and sustained oversight after the legislation is passed.

Perhaps the greatest lesson from our past experience is that each stakeholder and decisionmaker can affect only a relatively narrow piece of the larger enterprise and often must deal with institutional conditions or behaviors that, while out of direct reach, may still dictate the success or failure of any new acquisition policy initiative. These so-called boundary conditions on the acquisition process, some of which were talked about this morning already, include the Federal, military, and civilian personnel systems and process, the budgeting process, program planning process, industry behaviors driven by capital markets and the commercial marketplace, the audit and oversight structure and process, and the manner in which the news media look at and evaluate the performance of the acquisition process in any new initiative. These factors are intended to keep the acquisition system in a state of equilibrium despite vigorous efforts to change it. Future acquisition reform must take into account and, if possible, influence the impact of these factors to have any hope of success.

I thank the committee for soliciting NDIA's suggestions and proposals for acquisition reform. Three principles will guide our response to your request: cultivating accountability in the system for

individuals and organizations, increasing the use of evidence-based decisionmaking, and realistically matching likely available resources to the scope of any requirements for the acquisition process.

Since no one can provide industry's view better than industry, NDIA will seek to involve as many of our nearly 1,600 corporate members and 90,000 individual members as may wish to be involved. We are very mindful of the committee's July 10 deadline for our response, and we will do everything in our power to meet it. But circumstances may dictate that we provide the committee an interim response, followed by a more meaningful and perhaps more actionable response within a reasonable period after that date.

With that, I will conclude my opening statement and thank the committee for the opportunity to appear. I welcome your questions.

[The prepared statement of Mr. Etherton follows:]

PREPARED STATEMENT BY JONATHAN L. ETHERTON

Mr. Chairman, Ranking Member Inhofe, and members of the committee, thank you for the opportunity to appear before you this morning to share my perspective on the 2009 Weapons System Acquisition Reform Act and the coming years' efforts to reform the Defense Acquisition System. From 1985 to 1999, I had the privilege of serving on the professional staff of this Committee with responsibility for acquisition and contract policy issues. In that capacity I was involved in the formation and passage of the Goldwater-Nichols Act in 1986, the so-called Section 800 panel legislation in 1990, the Federal Acquisition Streamlining Act of 1994, the Federal Acquisition Reform Act and the Information Technology Management Reform Act of 1996, and most of the acquisition policy provisions in titles IX, VIII and elsewhere in each of the annual National Defense Authorization bills during my period of service. In 2005, I served as an external reviewer of the Defense Acquisition Performance Assessment Report. From 2005 to 2007, I served as a member of the Acquisition Advisory Panel established by section 1423 of the National Defense Authorization Act for Fiscal Year 2004. I have spent the last three decades working on improvements to and reform of the Defense Acquisition System, and I appear before the committee today as a Senior Fellow of the National Defense Industrial Association (NDIA) with responsibility for leading the Association's contribution to the current acquisition reform effort.

To maintain the world's finest military we need three things: high quality people, realistic and constant training, and sufficient cutting-edge technology and support from industry. If we have the first two but not the last, we risk losing our ability to protect our national security interests around the world. Rapidly falling defense budgets underscore the need to achieve major reductions in the costs of what we acquire as well as the costs of acquisition processes and organizations. Neither the current acquisition process nor its outcomes appear affordable. Yet given all of the time and energy put into the prior reform efforts and the persistence of many of the same problems in Federal acquisition that were identified decades ago, it is reasonable to ask, "What will be different this time?" I believe that new capabilities and a careful assessment of our past experience could lead us to a more successful result today. These are:

EMERGING CAPABILITIES FOR EVIDENCE-BASED ACQUISITION DECISIONMAKING

We have access to analytical tools and "Big Data" capabilities to track and understand the real cost and savings drivers in the acquisition system on a systemic rather than a transaction-by-transaction basis that were unimaginable 20 or even 10 years ago. If fully implemented, analytical tools can measure the value of different acquisition approaches across the Federal enterprise based on data we already gather. We no longer need to guess at solutions to the problems we identify in the Defense Acquisition System, we can measure the total costs of particular practices compared to acquisition outcomes in order to promote success and learn from failure. Because these emerging tools can track, record, and analyze data continuously, we do not need to rely on single-shot reforms. We can and should foster continuous process improvement as the acquisition system itself reacts to our changed behaviors.

Under Secretary Kendall has demonstrated great commitment to this new data-driven approach to acquisition reform and improvement. I commend Mr. Kendall for his 2013 Annual Report on the Performance of the Defense Acquisition System. The Report strongly affirms and demonstrates the value of an evidence-based approach to evaluating acquisition practices, and while not conclusive in many areas, it does draw conclusions where the data are clear, such as "Programs with bad starts often continue to have problems." I very much admire the Report's clarity about what we can derive from its analysis and what requires further study. It is my hope that the findings in this report will drive conforming acquisition policy changes from all the stakeholders in the process, and further that this approach will be expanded to analyze the performance of non-major program and non-hardware acquisitions.

Congress also strengthened this evidence-based approach in the reforms it implemented in the 2009 Weapon System Acquisition Reform Act (WSARA). While WSARA has its detractors, the recent analyses of the data by the Department of Defense and the Government Accountability Office suggest that it has made real improvements to defense acquisition with respect to major defense acquisition programs. The committee is to be commended for recognizing the value of more robust independent cost estimating earlier in the acquisition cycle, which Under Secretary Kendall's Report stressed as a demonstrated factor in better acquisition outcomes. WSARA created the Director of Systems Engineering, systems engineering being another shortfall area identified by the Kendall Report. Last, WSARA significantly strengthened the Department's ability to learn from its successes and failures through the office of Performance Assessment and Root Cause Analysis, or PARCA. That change alone, if it succeeds in bolstering the defense acquisition system's use of data to guide performance improvement, will mean lasting positive changes for our military strength and our national security. While these changes are highly beneficial, one area of continuing concern is whether these offices created or bolstered by WSARA are adequately resourced for the purposes envisioned by Congress in 2009.

I would also note here that the process Congress used to consider and pass WSARA is a model for future efforts. WSARA was introduced as free-standing bill in February 2009 and was the subject of hearings, and the committee considered input from all interested stakeholders before and after the markup and during the conference. The process was very collaborative and allowed for a reasonable alignment among both houses of Congress and the Department of Defense before final passage. That alignment was essential for successful implementation.

THE EXPERIENCE AND LESSONS FROM PRIOR ACQUISITION REFORM EFFORTS

We have the benefit of experience with the successes and failures of recent acquisition reform efforts which merit careful study as we move into this current effort. As an example, I would like to focus on the reform effort of the 1990s with which some of you are very familiar. We can derive lessons from both the process and its results.

The process Congress and the Executive Branch followed for acquisition reform in the 1990s was highly ordered, took place over many years, and yet was able to accommodate the impacts of the great changes happening during that period. The process that led to the passage of the Federal Acquisition Streamlining Act and the Federal Acquisition Reform Act and the Information Technology Management Reform Act was, at each stage, able to absorb and integrate the implications of unforeseen events and the rapid and fundamental changes taking place while the process was ongoing, involve the essential staff and Members of both parties and multiple committees, accommodate political realities, and produce sets of well-grounded, relevant, and meaningful reform ideas to reflect the intent of Congress in a timely fashion. Furthermore, Congress effectively tapped the expertise and experience of acquisition professionals from all stakeholder perspectives in government, industry, and academia.

Based on past experiences like this one, it seems clear that meaningful reform will likely take several years of sustained and focused legislative process followed by continued dedicated oversight after legislation is passed. Any process of this magnitude will encounter new and unexpected problems, issues, and opportunities, and everyone must be prepared to accept criticism and to reconsider and revise policy approaches.

The outcomes of our acquisition reform efforts in the 1990s are a mixed bag but very instructive for our current review. Among the biggest successes of the legislation, opening up the Federal market to commercial items has likely saved the government tens of billions of dollars at least and allowed the Department of Defense and the civilian agencies to access commercial technologies they could not afford to

research and develop in-house. The simplified acquisition procedures for low-dollar procurements significantly reduced paperwork and manpower. Many redundant, costly statutory requirements were eliminated. For a time at least, the DOD and the civilian agencies were operating under very similar statutory requirements and policies.

Other reforms were less successful. As DOD tried to buy larger, more complex, more high-tech commercial items in lieu of military specification items, a good intent was overcome by the sluggish government planning, programming, budgeting, and execution cycle. DOD found itself at times saddled with aging products bypassed in the commercial marketplace and consequent problems with getting commercial vendors to support an obsolete product line. The Multiple Award Task or Delivery Order Contract process established in the Federal Acquisition Streamlining Act, intended to provide an alternative to full and open competitive procedures on repetitive task or delivery orders, has been altered over the years by Congress, because of perceived abuses, to look more like the process it was intended to supplement.

Congress was least successful in changing the acquisition culture. Laws passed in the 1990s sought to encourage and reward organizations and acquisition professionals for using innovative as opposed to rule-based approaches to acquisition. For example, the various pilot program authorities that were created to allow agencies to experiment with innovative acquisition approaches in larger programs either did not produce successful models for broader agency use, as in the case of the Defense Enterprise Programs that were intended to streamline the management of major defense acquisition programs, or were never used at all. Most of these pilot authorities were later repealed.

A number of factors hindered the success of the effort. As Congress was in the process of passing acquisition reform legislation, the Department of Defense cut the acquisition workforce quickly and drastically. For example, the acquisition workforce in the Department dropped from 460,516 in fiscal year 1990 to 230,556 in fiscal year 1999. While some reduction was certainly warranted by changes to the acquisition process and the reduction of defense spending, I believe we went too far and lost too many of our seasoned professionals. We also did not take the time to determine how best to reconfigure the workforce to manage reforms. Last, our reforms focused on streamlining contract formation and administration; we should have recognized how much we needed to strengthen the requirements determination process to ensure the maximum use of competition and effective contract management.

In the 1990s, the theory behind much of the reform was that by simply removing rules, good judgment and appropriate discretion would naturally fill the void. That theory did not play out in practice. Despite passionate cheerleading from the top, agencies did not develop or fund the education programs and opportunities needed to equip the workforce for the new acquisition model. Most of the oversight community still assessed performance in terms of compliance with rules and procedures, countermanding our emphasis on innovation. In my opinion, Congress did not exercise the close and continuing oversight needed to ensure these changes were fully implemented after we passed the legislation.

For the future, Congress and the Pentagon must fully fund the effective implementation of acquisition reform, including training and other workforce initiatives. The success of our policy will always depend on the ability of a limited number of people inside and outside government whose resources of time and attention are finite. Increased skill, relevant experiences, and cultural adjustment of the workforce happen only gradually no matter how much funding and other resources we direct to the issue. Last, and most importantly, this workforce and the acquisition system it supports are embedded in a larger set of processes and conditions that acquisition legislation, funding, and congressional oversight can often impact only indirectly.

BOUNDARY CONDITIONS

One lesson from the past is that perhaps the greatest challenge of acquisition reform is that each stakeholder or decisionmaker can only affect a relatively narrow piece of the larger enterprise and often must deal with institutional conditions or behaviors that, while out of their reach, may still dictate the success or failure of any new initiative. Further, some of these conditions result from aspects of our political system and human nature that are either inexorable or highly resistant to change. Such boundary conditions are sufficiently important to this Committee's efforts that I would like to describe them briefly.

The Federal military and civilian personnel systems

The Federal personnel hiring and promotion systems for civilian employees and military servicemembers impact the education and experience of acquisition per-

sonnel and, in the case of the military, the amount of an officer's career that is devoted to acquisition versus operational assignments.

The budgeting and program planning processes

The budget, planning, and programming processes in the Federal Government dictate decisions about schedules and the availability of resources and have to reconcile a number of competing public policy imperatives, of which cost-effective acquisition is only one. The incentives embedded in these processes can have a decisive effect on the structure, size, and pace of technology maturation of Federal acquisition programs.

Industry action

While industry faces a number of barriers to entry into and exit from the Federal market, companies' behavior in the buyer-seller relationship is not dictated solely by changes to Federal acquisition policy. Other considerations also influence a company's response to a policy change, such as the need to demonstrate sustained shareholder value to institutional investors. Also, the Federal sales of a commercial company may be quite small as a proportion of its total sales in the global marketplace, reducing its willingness to participate in a highly regulated Federal marketplace.

The audit and oversight structure and process

The Federal oversight and audit community sometimes judges acquisition decisions based upon a narrow set of data on a single transaction basis when other factors such as the use of individual judgment, innovative approaches, and prudent risk-taking in support an agency's mission may in fact be more relevant to the overall success of the Defense Acquisition System.

The news media and outside organizations

The independent media and outside organizations' judgments of the performance of a Federal program or agency have a major impact on perceptions and the support of the public and Congress for a given set of policies over time.

NDIA APPROACH TO DEVELOPING ACQUISITION REFORM RECOMMENDATIONS

The Armed Services Committees of Congress have solicited NDIA's suggestions and proposals for acquisition reform in the coming years, and NDIA's broad goal for our response is to help the Committees design an affordable and efficient acquisition process that produces cost-effective and timely outcomes to support the warfighter and national security. Three principles guide us in this effort: cultivating accountability for individuals and organizations for acquisition performance, evidence-based decisionmaking, and realistically matching resources to the scale and scope of any requirements we establish for the acquisition process.

To accomplish our goal, NDIA will use an ordered and collaborative analytical process of the type this committee has used so successfully in the past. First, we need to learn from past efforts and studies into the working of the Defense Acquisition System. In terms of source material, we are looking at the Packard Commission Report, the Section 800 Panel Report, the Defense Acquisition Performance Assessment Report of 2006, the Report of the Acquisition Advisory Panel (SARA Panel) of 2007, the 2012 Defense Business Board Report on Linking and Streamlining the Defense Requirements, Acquisition, and Budget Processes, and the 2013 Report on the Performance of the Defense Acquisition System, among others. The proverbial wheel already exists: these reports and studies have identified the problems, now we need to decide which we should focus on and how we would fix them. History suggests that we may want to consider making changes in phases.

Let me make a brief parenthetical comment on a comprehensive statutory and regulatory review. In his 2012 Report for the Defense Business Board, NDIA's Chairman, Arnold Punaro, recommended that we "zero-base" the rules governing the Defense Acquisition System and start over. I understand and share his deep frustration with how rule-following has become a substitute for good judgment and outcomes. Having spent the better part of my career working to improve the Defense Acquisition System, I have seen each new rule arise in response to an understandable set of boundary condition pressures. Instead of zero-basing the system in one fell swoop, we may consider proposing a concept of cascading sunset clauses to laws and regulations governing the Defense Acquisition System to force Congress and the Federal departments and agencies to systematically review and affirmatively renew acquisition rules and authorities on a reasonably periodic basis. Cascading sunset clauses would do away with generational deregulatory efforts in favor

of annual, bite-sized reviews that invite improvements for the sake of efficiency or to leverage technological advances.

Back to our process. NDIA will seek to involve as many of our nearly 1,600 corporate members and 90,000 individual members as may wish to be involved. We see NDIA's role as providing the views of industry on this matter because no one can provide industry's view better than industry. That will require seeking out and incorporating the views of our members. In addition to specific events where our members can offer their views, we may set up an online member questionnaire, and we already have an email drop box where comments can be received all year: acquisitionreform@ndia.org. Last, we will coordinate with the other defense associations to avoid unhelpful overlaps and to give each association an opportunity to speak to its particular areas of expertise.

We will aim for the clear, specific, actionable recommendations sought by the committee. The basic questions we will undertake to answer are: Of the problems identified by prior studies, which will we seek to address? What is the specific change of law, regulation, or policy that we recommend to fix that problem? How will our proposal fix the problem? How will we measure the success or failure of our proposed solution, once implemented? Who has the authority to make the change we recommend? We will work to produce actionable outputs in the spirit of the Section 800 Panel, even if in a shorter and simpler fashion, and we will take pains to recognize and try to address some of the boundary conditions described above. We are very mindful of the July 10 deadline for our response, and we will do everything in our power to meet it. Circumstances may dictate that we provide the committees an interim response by the deadline and then a fully peer-reviewed, complete response within a reasonable period of time after July 10. We will endeavor to communicate our progress to your staff as we go forward with our process.

CURRENT ISSUES IN ACQUISITION POLICY

In addition to serving as NDIA's Senior Fellow, I also collaborate with the Acquisition Reform Working Group (ARWG). ARWG has submitted recommended changes to the law for this Committee's consideration and has met with your staff to review them. I would like to recapitulate some of the major themes.

Commercial items

One area where past reform efforts have enjoyed success is keeping the Federal marketplace open to commercial items. But the more that regulators insist on having specially-generated cost data, the more often commercial companies will pass on opportunities to sell to government buyers. The taxpayer pays for certified cost data, and Cost Accounting Standards-compliant business systems, and other legal and regulatory mandates that come along with government contracting, so avoiding these costs through commercial or even commercial-of-a-type acquisitions can mean more products with the most up-to-date technology.

Technical data rights

Further, the committee should give its attention to protecting the intellectual property and technical data of commercial vendors. Recent changes to the law and the pressure on DOD agencies to provide for competition at all costs are forcing companies to defend their assertions that an item or process was developed solely at private expense, sometimes over very long periods of time. These changes mean that commercial companies must maintain and produce engineering and cost accounting records they did not previously need and had no reason to develop or keep. This policy is costly and may have the effect of driving commercial vendors out of the Federal marketplace for fear of losing their intellectual property. In some instances it may require them to relinquish intellectual property rights they would otherwise retain in the commercial marketplace.

Supply chain security

This committee has admirably committed to rooting out counterfeit electronic parts from the defense supply chain, an absolutely necessary goal. In our view, government and industry will achieve this common outcome by working together to create a risk-based approach to supply chain management. Developing a joint model for evaluating supply chain risks would enable all stakeholders to reach common agreement about the sourcing behaviors that are riskiest and how to mitigate those risks if certain sources of supply are unavoidable.

CONCLUSION

As we look for ways to positively change defense acquisition to achieve good outcomes for less cost, we must recognize that the system today is in a strong state

of equilibrium that is held in place by the boundary conditions I have discussed. Without some disruption of those boundary conditions, water will seek its own level and, despite reforms, the acquisition system is likely to return to something very similar to what we have today. Our recent experience has shown that true acquisition reform is a very great challenge.

Nevertheless I remain hopeful about the potential to develop meaningful proposals based on the apparent consensus of most stakeholders that, in the current austere budget environment, some significant reform is imperative. The last time we had such a consensus, a significant body of changes resulted, even if they were only partially successful in achieving the hoped-for results. I thank Chairman Levin and the members of this committee for your decades-long thoughtful engagement with this issue and for the opportunity to testify this morning. The present challenges and emerging opportunities warrant comprehensive acquisition reform, and I am glad to offer my help and the help of NDIA to that end.

Chairman LEVIN. Thank you very much, Mr. Etherton.

Mr. Schwartz.

STATEMENT OF MOSHE SCHWARTZ, SPECIALIST IN DEFENSE ACQUISITION POLICY, CONGRESSIONAL RESEARCH SERVICE

Mr. SCHWARTZ. Thank you, Chairman Levin, Ranking Member Inhofe, distinguished members of the committee. Thank you for the opportunity to discuss the defense acquisition system.

In this testimony, I would like to make three points. First, for a variety of reasons, now is a good opportunity to pursue acquisition reform. Second, what DOD can do on its own to improve acquisitions can only go so far. To make reforms go further, DOD needs help from Congress. Third, past reform efforts have not sufficiently focused on improving the culture of the acquisition workforce and changing the perverse incentives that drive poor decisionmaking.

On one level, the defense acquisition system works well. Our military has the most advanced weapons in the world, and no other military could execute contract support on the scale necessary for the operations we conducted in Iraq and Afghanistan. But on another level, the system is not working. It takes longer to buy fewer weapons and often with less capability than promised. The acquisition of services, which accounts for more than half of DOD contract obligations, has also experienced wasteful spending, schedule delays, and capability shortfalls.

In recent years, there have been significant changes in the national security and industrial landscapes. Many analysts believe the current acquisition system is not efficient and nimble enough to meet the challenges of an ever-changing world. Consider the following points. Weapon and IT systems are increasingly complex. The defense industrial base has consolidated significantly in the last 25 years. DOD is a less influential buyer in the marketplace, prompting some companies to diversify their businesses and others to forgo government contract opportunities. DOD is playing a less important role in innovation and development, and U.S. defense spending is declining.

If the changing landscape argues for acquisition reform, now may be a good time to try it. Historically, eras of budgetary restraint have been associated with the pursuit and implementation of acquisition reform. In the 1980s, the deficit targets enacted as part of the Gramm-Rudman-Hollings Act contributed to development of the Packard Report and changes in defense acquisition. The Budget Enforcement Act of 1990 and limits on defense spending at that

time contributed to the Perry Report of 1994 and to another round of far-reaching acquisition reform. Against the current backdrop of the Budget Control Act of 2011 and declines in defense spending, the stage may be set for a renewed effort to significantly improve defense acquisitions.

Other factors contributing to a sense among analysts that the time is ripe for reform include changes in the strategic and industrial landscape that I mentioned, recent experiences in Iraq and Afghanistan that highlight the importance of contracting, and increasing availability of data to drive decisions.

Historically, Congress has been critical to advancing acquisition reform. Such efforts as establishing the Federal Acquisition Regulation, creating Defense Acquisition University, streamlining acquisition regulations, and enacting the Goldwater-Nichols Act were all the result of congressional action. Many analysts believe that despite the current efforts underway at DOD, significant, effective, and lasting acquisition reform will only occur with the active participation of Congress.

Where do we go from here? Most reports have concluded that the key to good acquisitions is having a sufficiently sized and talented acquisition workforce and giving them the resources, incentives, and authority to do their job. Yet, most of the reform efforts of the past decades have not sought to fundamentally and systematically address these workforce-related issues.

The current acquisition system often incentivizes people to make poor choices. But even with the right incentives, the most skilled and incentivized professionals cannot effectively manage a program if they do not have the authority to make binding decisions or are not in their position long enough to make those decisions stick.

The current management structure is often described as too bureaucratic. Too many people can say no or influence a program. As one program manager quipped, even program managers are not really sure who controls their programs.

Former Secretary of Defense Robert Gates lamented that in recent years DOD has lost its ability to prioritize, to make hard decisions, and to do tough analysis. Similarly, Secretary Kendall wrote in his guidance on implementing BBPI that the first responsibility of the acquisition workforce is to think.

The problems with our acquisition system are longstanding and multiple reform efforts have made only a certain amount of cumulative progress, but improvement is possible and certain changes, such as empowering good people to make good decisions, could help our military meet the security challenges of the future.

Thank you for the opportunity to appear before you. I will be pleased to respond to any questions.

[The prepared statement of Mr. Schwartz follows:]

PREPARED STATEMENT BY MOSHE SCHWARTZ

Chairman Levin, Ranking Member Inhofe, distinguished members of the committee, thank you for the opportunity to appear before you today on behalf of the Congressional Research Service (CRS) to discuss efforts to improve defense acquisitions.

Historically, Congress has played a critical, and at times primary, role in reforming the acquisition process. Such efforts as the Goldwater-Nichols Act, establishment of the Federal Acquisition Regulation, creation of Defense Acquisition University, and streamlining acquisition rules and regulations, were all accomplished as

a result of congressional action. More recently, many analysts and senior DOD officials have stated that without the efforts of Congress, DOD would not have been as successful at improving operational contract support.[1]

Most analysts believe that despite the current efforts underway at DOD, significant, effective, and lasting acquisition reform will only occur with the active participation on Congress.[2] A 2009 report by the Business Executives for National Security argued Congress "sets the expectations and tone for the entire [defense] enterprise—and must be at the forefront of any change."[3] The role of Congress may be particularly important in the area of workforce and culture. As GAO stated as far back as 1992 "ultimately, change will occur only through the collective action of acquisition participants, particularly within the Department of Defense and Congress, for it is their actions that dictate the incentives that drive the process."[4]

THE QUEST FOR ACQUISITION REFORM

Congress and the executive branch have long been frustrated with waste, mismanagement, and fraud in defense acquisitions, and they have spent significant resources seeking to reform and improve the process. Efforts to address cost overruns, schedule slips, and performance shortfalls have continued unabated, with more than 150 major studies on acquisition reform since the end of World War II. Every administration and virtually every Secretary of Defense has embarked on an acquisition reform effort.[5]

In the early 1980s, a number of major weapon system programs were experiencing dramatic cost overruns—overruns that increased the defense budget by billions of dollars but resulted in the same number, or in some cases fewer, weapons. In 1985, President Ronald Reagan established the President's Blue Ribbon Commission on Defense Management, chaired by former Deputy Secretary of Defense David Packard, which issued a final report (known as the Packard Commission Report) that contained far-reaching recommendations "intended to assist the Executive and Legislative Branches as well as industry in implementing a broad range of needed reforms." Many of DOD's current initiatives to improve acquisitions can be traced back to the ideas and recommendations in the Packard Report.

Congress has also been active in pursuing reform efforts, by legislating changes through the annual National Defense Authorization Acts as well as through standalone legislation, such as the Defense Acquisition Workforce Improvement Act of 1990,[6] Federal Acquisition Streamlining Act of 1994,[7] Clinger-Cohen Act of 1996,[8] and Weapon System Acquisition Reform Act of 2009.[9] A number of these efforts were aimed at implementing recommendations of the Packard Report.

The various studies and reform efforts have dramatically altered the process by which DOD procures goods and services. Major changes include:

- creating the Federal Acquisition Regulation (FAR) to develop uniform acquisition regulations across DOD and the Federal Government,
- establishing the Defense Acquisition University to better train and improve the performance of the acquisition workforce,
- instituting a streamlined management chain (Program Manager, Program Executive Office, Service Acquisition Executive, Under Secretary of Defense) to foster accountability and authority,
- implementing a milestone decision process to improve oversight,
- requiring independent cost estimates to improve budgeting forecasting,[10]
- establishing a joint requirements board to improve requirements development and eliminate duplicative programs,

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[1] See CRS Report R43074, Department of Defense's Use of Contractors to Support Military Operations: Background, Analysis, and Issues for Congress, by Moshe Schwartz.

[2] Packard Report, p. 52.

[3] Business Executives for National Security, Getting to Best: Reforming the Defense Acquisition Enterprise, A Business Imperative for Change from the Task Force on Defense Acquisition Law and Oversight, July, 2009, p. 12.

[4] U.S. General Accounting Office, Weapons Acquisition: A Rare Opportunity for Lasting Change, NSIAD 93–15, December 1992, p. 3.

[5] Robert F. Hale, Promoting Efficiency in the Department of Defense: Keep Trying, Be Realistic, Center for Strategic and Budgetary Assessments, January 2002, p. 7.

[6] P.L. 101–510.

[7] P.L. 103–355.

[8] P.L. 104–106.

[9] P.L. 111–23.

[10] The Cost Analysis and Improvement Group was established within the Office of the Secretary of Defense in 1972 to develop these independent cost estimates. Today, independent cost estimates are generated by the Office of the Director of Cost Assessment and Program Evaluation, which supplanted the Cost Analysis and Improvement Group.

- moving away from the use of customized military standards and specifications to promoting the use of commercial technologies, and
- using multi-year procurement (with congressional approval) to promote cost efficiency.

Cost, Schedule, and Performance Problems Still Persist

Acquisition programs initiated since the 1970s continue to experience significant cost increases and other problems. Consider the following:

- Since 1993, development contracts have experienced a median of 32 percent cost growth (not adjusted for inflation).[11]
- Since 1997, 31 percent of all Major Defense Acquisition Programs have had cost growth of at least 15 percent.[12]
- During the period 1990–2010, the Army terminated 22 Major Defense Acquisition Programs; every year between 1996 and 2010, the Army spent more than $1 billion on programs that were ultimately cancelled.[13]
- Procurement costs for the aircraft carrier CVN–78 have grown more than 20 percent since the submission of the fiscal year 2008 budget, and 4 percent since the submission of the fiscal year 2013 budget, prompting the Navy to program more than $1.3 billion in additional procurement funding for the ship in fiscal year 2014 and fiscal year 2015.[14]
- Part of the acquisition plan for the F–35 Joint Strike Fighter was referred to as "acquisition malpractice" by then acting Pentagon acquisition chief Frank Kendall.[15]

A number of analysts have argued that the successive waves of acquisition reform have yielded limited results, due in part to poor workforce management. A recent analysis stated, "There is little doubt that acquisition reforms produce limited positive effects because they have not changed the basic incentives or pressures that drive the behavior of the participants in the acquisition process."[16]

Recent DOD Efforts to Improve Acquisitions

In recent years, DOD has taken a number of steps to improve the process by which it buys goods and services. In a press conference in May 2009, then-Secretary of Defense Robert Gates announced steps to tackle the issue of cost and schedule growth in weapon system acquisitions.[17] Specifically, he called for cancelling programs that significantly exceed budget, do not meet current military needs, or do not have sufficiently mature technology. Addressing programs with significant cost growth, he called for the cancellation of a number of programs, including the VH–71 presidential helicopter. He also called for the cancellation of programs for which a strong requirement no longer existed or for which needed technology had not matured—such as the ground components of the Future Combat System and missile defense's Multiple Kill Vehicle (MKV). Other programs, such as the F–22 and Air Force Combat Search and Rescue X (CSAR–X), were also cancelled or curtailed. These actions can be viewed as generally consistent with his prior statements, in which he argued that weapon systems have added unnecessary requirements and proceeded with immature technology—resulting in higher costs, longer acquisition schedules, and fewer quantities.

That same year, then-Secretary Gates also sought to improve the use of contractors during military operations. In January 2009, he acknowledged DOD's failure to adequately prepare for the use of contractors when he testified that the use of contractors occurred

> without any supervision or without any coherent strategy on how we were going to do it and without conscious decisions about what we will allow contractors to do and what we won't allow contractors to do. . . . We have not

[11] Office of the Under Secretary of Defense Acquisition, Technology, and Logistics, Performance of the Defense Acquisition System, 2013 Annual Report, June 28, 2013, p. 28.

[12] Based on percentage of programs experiencing Nunn-McCurdy breach. Office of the Under Secretary of Defense Acquisition, Technology and Logistics, Performance of the Defense Acquisition System, 2013 Annual Report, June 28, 2013, p. 20.

[13] U.S. Army, Army Strong: Equipped, Trained and Ready, Final Report of the 2010 Army Acquisition Review, January 11, 2011, p. ix.

[14] CRS Report RS20643, Navy Ford (CVN–78) Class Aircraft Carrier Program: Background and Issues for Congress, by Ronald O'Rourke, p. 9.

[15] CRS Report RL30563, F–35 Joint Strike Fighter (JSF) Program, by Jeremiah Gertler, p. 7.

[16] J. Ronald Fox, Defense Acquisition Reform 1960–2009: An Elusive Goal (Center of Military History, 2011), p. 190.

[17] For the full text of the press conference, see http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4396.

thought holistically or coherently about our use of contractors, particularly when it comes to combat environments or combat training.[18]

Subsequently, DOD has taken a number of steps to improve how it uses contractors during operations,[19] such as establishing a Functional Capabilities Integration Board, co-chaired by the Deputy Assistant Secretary of Defense for Program Support and the Joint Staff Vice Director of Logistics. This board is a forum for senior leaders to come together to address critical operational contract support issues.[20] DOD has also significantly expanded regulation, policy, doctrine, and training related to operational contract support, including the following examples:

- In 2009, DOD released a directive entitled, Orchestrating, Synchronizing, and Integrating Program Management of Contingency Acquisition Planning and its Operational Execution.[21]
- In 2010, DOD updated its Policy and Procedures for Determining Workforce Mix, which addressed contractor personnel as part of the total force.[22]
- In 2011, a major update to the DOD Instruction for operational contract support was released, which established roles and responsibilities for managing operational contract support.[23]
- In 2012, DOD updated its joint planning and execution policy to include operational contract support in many non-logistical functional areas, such as intelligence, personnel, and engineering.[24]
- In 2013, DOD developed standards for using private security contractors.[25]
- In 2014, DOD conducted a joint exercise for operational contract support.[26]

In addition to steps taken to improve discrete areas of defense acquisitions such as weapon systems and contingency contracting, DOD has also embarked on a comprehensive effort to improve the operation of the overall defense acquisition system. This effort generally focuses on:

1. improving the overall performance of the acquisition workforce,
2. rewriting rules and regulations to create a more efficient and effective acquisition process, and
3. improving the culture of the acquisition workforce.

On September 14, 2010, then-Under Secretary of Defense for Acquisition, Technology and Logistics Ashton Carter issued the memorandum Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending. The memorandum outlined 23 principal actions to improve efficiency, including making affordability a requirement, increasing competition, and decreasing the time it takes to acquire a system. In November 2012, Secretary Carter's successor, Frank Kendall, launched the Better Buying Power 2.0 initiative, an update to the original Better Buying Power effort, aimed at "implementing practices and policies designed to improve the productivity of the Department of Defense and of the industrial base that provides the products and services" to the warfighters.[27] Better Buying Power

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[18] U.S. Congress, Senate Committee on Armed Services, To Receive Testimony on the Challenges Facing the Department of Defense, 110th Cong., 2nd sess., January 27, 2009.

[19] U.S. Government Accountability Office, Warfighter Support: DOD Needs Additional Steps to Fully Integrate Operational Contract Support into Contingency Planning, GAO–13–212, February 8, 2013, p. 3.

[20] The Operational Contract Support Functional Capabilities Integration Board was chartered based on the authority set forth in section 854 of the John Warner National Defense Authorization Act for 2007 (Public Law 109–364). See http://www.acq.osd.mil/log/PS/fcib.html.

[21] DOD Directive 3020.49 Orchestrating, Synchronizing, and Integrating Program Management of Contingency Acquisition Planning and its Operational Execution, March 2009.

[22] DOD Instruction 1100.22, Policy and Procedures for Determining Workforce Mix, April 2010. DOD is in the process of updating DOD Instruction 1100.22 as well as DOD Directive 1100.4, Guidance for Manpower Management.

[23] DOD Instruction 3020.41, Operational Contract Support, December 2011. In 2012, this Instruction was codified in 32 Code of Federal Regulations Part 158.

[24] Chairman of the Joint Chiefs of Staff Manual 3130.03, Adaptive Planning and Execution (APEX) Planning Formats and Guidance, October 2012.

[25] Private Security Contractor standards were required by section 833 of the NDAA for Fiscal Year 2011. The American National Standards Institute validated these standards in March 2013.

[26] The exercise has been held annually for the past 4 years. The 2014 exercise, the first to be sponsored by the Joint Chiefs of Staff, was attended by some 500 individuals drawn from across Military Services and components.

[27] While much of the original effort remains intact, the new version does contain some changes. For example, the original effort called for increased use of fixed-price contracts whereas the newer version emphasizes the use of an appropriate contract type, depending on the cir-

2.0 contained 34 separate initiatives, including reducing the frequency of the Office of the Secretary of Defense (OSD)-level reviews and improving requirements and market research.[28] According to officials, Better Buying Power 3.0 is currently in development.

DOD has also undertaken a comprehensive effort to overhaul the regulatory structure that governs defense acquisitions.[29] For example:

- On January 10, 2012, DOD issued updated versions of the instructions Charter of the Joint Requirements Oversight Council and Joint Capabilities Integration and Development System.
- On January 19, 2012, DOD issued an updated version of the Manual for the Operation of the Joint Capabilities Integration and Development System.[30]
- On January 25, 2013, DOD issued an updated version of the directive The Planning, Programming, and Budgeting System (PPBS).
- On November 26, 2013, DOD issued an updated 'interim' instruction Operation of the Defense Acquisition System (5000.02).
- On December 2, 2013, Secretary Kendall announced the establishment of a team whose goal is to develop a legislative proposal that would attempt to "simplify the existing body of law and replace it with a more coherent and 'user friendly' set of requirements, without sacrificing the intention behind existing statutes."[31]

An analysis of the updated regulations indicates an intended focus on fostering a culture that promotes providing more autonomy to the workforce and better decisionmaking over managing by compliance. For example, the new DOD Instruction 5000.02 (Operation of the Defense Acquisition System) emphasizes that:

> the structure of a DOD acquisition program and the procedures used should be tailored as much as possible to the characteristics of the product being acquired, and to the totality of circumstances associated with the program . . . [32]

In promoting a more tailored approach, the instruction goes on to outline four different models (and two additional hybrid models) for acquisitions, depending on the type of program being pursued. This theme of promoting a culture of good decisionmaking is a recurring theme in numerous documents, speeches, and policy decisions. Consider:

1. In the memo issued to implement the Better Buying Power (BBP) 2.0 initiative, Secretary Kendall wrote "the first responsibility of the acquisition workforce is to think. We need to be true professionals who apply our education, training, and experience through analysis and creative, informed thought to address our daily decisions. Our workforce should be encouraged by leaders to think and not to automatically default to a perceived 'school solution' just because it is expected to be approved more easily. BBP 2.0, like BBP 1.0, is not rigid dogma—it is guidance subject to professional judgment."[33]
2. A memo jointly issued by Under Secretaries of Defense Robert Hale (comptroller) and Kendall stated "the threat that funding will be taken away or that future budgets can be reduced unless funds are obligated on schedule is a strong and perverse motivator. We risk creating incentives to enter into quick but poor business deals or to expend funds primarily to avoid reductions in future budget years. We need to rethink how we approach managing mid-year

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cumstances. Quote taken from document provided to CRS by DOD entitled Better Buying Power (BBP) 2.0 Summary.

[28] The full text of the Better Buying Power 2.0 memorandum can be downloaded at http://bbp.dau.mil/doc/USD–ATL%20Memo%2024Apr13%20-%20BBP%202.0%20Implementation%20Directive.pdf.

[29] See memo accompanying issuance of interim DOD Instruction 5000.02, Deputy Secretary of Defense Ashton Carter, Defense Acquisition, Department of Defense, November 26, 2013.

[30] The manual can be found at https://dap.dau.mil/policy/Documents/2012/JCIDS%20Manual%2019%20Jan%202012.pdf. A four page errata sheet was issued on September 20, 2012 (see: https://dap.dau.mil/policy/Documents/2012/JCIDS%20Manual%20Errata%20%2020%20Sept%202012.pdf).

[31] Under Secretary of Defense Frank Kendall, The New Department of Defense Instruction 5000.02, Department of Defense, Memorandum for the Acquisition Workforce, December 2, 2013, p. 1.

[32] Department of Defense, Instruction 5000.02, Operation of the Defense Acquisition System, p. 3, November 25, 2013.

[33] Under Secretary of Defense Frank Kendall, Implementation Directive for Better Buying Power 2.0—Achieving Greater Efficiency and Productivity in Defense Spending, Department of Defense, April 24, 2013, p. 1.

and end-of-year obligations and to change the types of behavior we reward or punish."[34]

3. There has been a significant focus on using data to drive decisions. This has been made manifest in numerous ways, from the sign hanging by the door of Secretary Kendall's office which states "In God We Trust. All Others Must Bring Data"[35] to the release of the first annual report Performance of the Defense Acquisitions System, a 110-page report that relies extensively on data gathered over a 30-year period to analyze and measure the effectiveness of weapon system acquisitions.[36] The annual report is one of, if not the most, comprehensive, data-driven analyses on defense acquisitions issued by this office in many years.[37]

Many members of the acquisition workforce have argued that while laudable, these efforts have generally not had a significant impact on defense acquisitions. These individuals point out that the fundamental incentives in the acquisition system remain unaltered.[38] For example, they say, there is a culture within DOD (and other agencies) that encourages the obligation of funds before they expire out of fear that if money is not spent, future budgets will be cut. This belief, which may be reinforced by certain congressional oversight practices,[39] encourages managers to prioritize spending money based on an arbitrary calendar deadline instead of on sound business decisions.[40] According to this argument, reform efforts will have only limited impact until incentives are changed to better align with desired outcomes. Others have argued that implementing such far-reaching change takes years of sustained effort to implement; that the groundwork is being set for long-term change that may not produce visible gains for years to come.

Most analysts suggest that DOD does not have the authority or ability to substantially improve the acquisition process on its own; that substantial reform requires close, consistent, and long-term collaboration between DOD, Congress, and industry. For example, a comprehensive effort to streamline and improve the efficiency of the acquisition regulations will in some instances require Congress to amend existing legislation, DOD to amend internal practices, and industry to play a constructive role.

A number of analysts, industry officials, and DOD officials argue that constrained budgets are the key to fostering a culture of better decisionmaking. This argument is similar to a comment made by former Secretary of Defense Gates, who noted that as a result of defense spending more than doubling between fiscal year 2001 and fiscal year 2010, "we've lost our ability to prioritize, to make hard decisions, to do tough analysis, to make trades."[41] Some analysts argue that declines in defense acquisition spending since fiscal year 2008 have resulted in efforts to prioritize programs, reign in the expansion of requirements, improve efficiency, and increase the focus on costs.[42]

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[34] Under Secretary of Defense Robert Hale and Under Secretary of Defense Frank Kendall, Department of Defense Management of Unobligated Funds; Obligation Rate Tenets, Office of the Secretary of Defense, September 10, 2012, p. 1.

[35] Quote attributed to W. Edwards Deming.

[36] Office of the Under Secretary of Defense, Acquisition, Technology and Logistics, Performance of the Defense Acquisition System, 2013 Annual Report, June 28, 2013. The concluding comments of the report states "measuring the performance of defense acquisition provides objective, quantitative information on our current performance. The following insights provide some broader perspectives and considerations. These should inform and enable stable improvement in our overall acquisition performance." p. 109.

[37] The report acknowledges that more work and more data analysis needs to be done; the report seeks to provide initial results in what is expected to be a long-range effort to use data to inform efforts to improve acquisitions.

[38] Based on dozens of CRS interviews with acquisition personnel from June 2013–February 2014.

[39] DOD briefings on acquisition programs, apparently at the request of some Congressional recipients, routinely conclude with slides providing data on percentages of prior-year funding that have been obligated and expended to date.

[40] Robert F. Hale and Frank Kendall, Department of Defense Management of Unobligated Funds; Obligations Tenets, Office of the Secretary of Defense, Memorandum, September 10, 2012.

[41] Department of Defense, "DOD News Briefing with Secretary Gates and Adm. Mullen from the Pentagon," press release, June 6, 2011, at http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4747.

[42] See Yamil Berard, "Former Pentagon leader says defense cuts are necessary," Fort Worth Star-Telegram, October 16, 2013; Barry D. Watts, Sustaining the U.S. Defense Industrial base as a Strategic Asset, Center for Strategic and Budgetary Assessments, Backgrounder, September 2013, p. 15.

Successful Acquisition Reform Efforts

Given the results of past efforts, some analysts have argued that acquisition reform is a fruitless effort; that the fundamental problems with DOD acquisitions lie not in policy but in execution and expectations. In an article entitled Let's Skip Acquisition Reform This Time, MIT professor Harvey Sapolsky writes

> The limited number of available reforms have all been recycled. You can centralize or decentralize. You can create a specialist acquisition corps or you can outsource their tasks. You can fly before you buy or buy before you fly. Another blue-ribbon study, more legislation, and a new slogan will not make it happen.[43]

Other analysts point out that some past reform efforts have had modest success, generating savings in certain areas and keeping pace with a changing world. These analysts argue that learning from past reform efforts—understanding what worked, what didn't work, and why—is critical to successful acquisition reform.[44] A number of analysts have argued that Congress is critical to significantly improving DOD acquisitions.[45]

Some reforms have been judged successful. For example, most analysts view the original consolidation of disparate acquisition rules into a single, uniform Federal Acquisition Regulation as an improvement to the system. More recently, Congress has embarked on select acquisition reform efforts through legislation that analysts believe have contributed to improving defense acquisitions, including the Weapon Systems Reform Act of 2009.

In developing the Weapon Systems Acquisition Reform Act of 2009, Congress considered reports by government and other analysts that focused on the early stages of weapon system development, prior congressional hearings and investigations, and extensive consultations with DOD, industry, and outside experts. The act did not seek to rectify all of the problems related to the acquisition process. Rather, it focused primarily on improving the early stages of weapon system development. Key provisions in the act included:

- appointment of a Director of Cost Assessment and Program Evaluation (CAPE),
- appointment of a Director of Developmental Test and Evaluation,
- appointment of a Director of Systems Engineering,
- a requirement that the Director of Defense Research and Engineering periodically assess technological maturity of MDAPs and annually report finding to Congress, and
- A requirement that combatant commanders have more influence in the requirements generation process.

Given how recently the Weapon System Acquisition Reform Act was enacted, the full effect of the act may not be felt until the next generation of weapon systems are in production. However, a number of analysts believe that the act is having a positive effect.[46] Senior officials within the offices of the CAPE, Developmental Test and Evaluation, and Systems Engineering, believe that their offices are being empowered to positively impact weapon system acquisitions.[47] These offices have been given access to senior leaders within the department, opportunities to provide input at key points in the acquisition system, and resources to carry out their responsibilities. For example, the CAPE has contributed to a better understanding of potential costs for a number of major programs, such as the F–35 Joint Strike Fighter program.[48] The act's focus on the early stage of the acquisition process and on using data to inform decisions complements and reinforces a number of the internal DOD initiatives to improve acquisitions.

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[43] Harvey Sapolsky, "Let's Skip Acquisition Reform This Time," DefenseNews, February 9, 2009, p. 29.

[44] See: Robert F. Hale, Promoting Efficiency in the Department of Defense: Keep Trying, Be Realistic, Center for Strategic and Budgetary Assessments, January 2002, 7.

[45] See: Business Executives for National Security, Getting to Best: Reforming the Defense Acquisition Enterprise, A Business Imperative for Change from the Task Force on Defense Acquisition Law and Oversight, July, 2009, p. 3.

[46] U.S. Government Accountability Office, Defense Acquisition Reform: Reform Act is Helping DOD Acquisition Programs Reduce Risk, but Implementation Challenges Remain, GAO–13–103, December 14, 2012.

[47] Based on meetings these senior officials had with CRS in early 2011.

[48] Based on discussions with senior officials from the Joint Staff, J–8 (Force Structure, Resources, and Assessment Directorate) and Joint Operations Support (Acquisition, Technology & Logistics), December 2011.

THE CHANGING LANDSCAPE OF DEFENSE ACQUISITIONS

Much of the organization of the defense acquisition system was developed during the early years of the Cold War. In recent years, the defense acquisition landscape has changed significantly and a number of analysts believe that the acquisition system is not sufficiently responsive to an ever changing world.[49] A 2009 study by the Defense Science Board argued that current DOD acquisition practices are inadequate in a changing industrial environment.[50] Significant changes often cited by analysts include the following:

- The defense industrial base has consolidated significantly over the last 25 years. According to a study by the Defense Science Board, over the last 25 years, the number of major defense contractors decreased from 50 to 6.[51] Such consolidation, which was partly due to the reduction in defense procurement following the end of the cold war, can have benefits but can also hurt competition and innovation.
- DOD is becoming a less influential buyer. Fewer and fewer U.S. industries are dominated by defense spending.[52] For example, in 1965, DOD accounted for over 75 percent of all U.S. semiconductor purchases. By 1990, government-wide purchases represented less than 10 percent of the market. By 2012, government represented less than 2 percent of the semi-conductor market.[53]

  As DOD becomes a less important customer, an increasing number of companies are diversifying their revenue streams. In 2012, the top 100 defense companies received 28 percent of their revenue from defense contracts, down from 38 percent of revenue in 2007.[54] Other companies are choosing not to compete for defense contracts because of extensive and ever-changing regulations, increased costs, auditing requirements, and instability of funding caused by sequestration, continuing resolutions, and lapses in appropriations.
- Weapon and information technology systems are more complex and sophisticated. Some analysts believe that the acquisition system is not nimble enough for acquisition programs that rely heavily on rapidly changing technologies. These technologies are posing new challenges to acquisitions. For example, according to U.S. Air Force Lt. Gen. Christopher Bogdan, the biggest risk to the F–35 program is software development.[55] Some analysts believe that the increasing complexity of systems is the principle reason that aircraft development times have increased significantly since 1980.[56]
- U.S. military Spending is declining, squeezing acquisition accounts. Constraints on U.S. defense spending, combined with real growth in per-capita expenditure for military personnel and pay benefits, limit the funding avail-

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[49] Department of Defense, Defense Acquisition Performance Assessment Report, January 2006, p. 7.

[50] Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, Buying Commercial: Gaining the Cost/Schedule Benefits for Defense Systems, Defense Science Board Task Force on Integrating Commercial Systems into the DOD, Effectively and Efficiently, February 2009, p. xvii.

[51] Office of the Under Secretary of Defense For Acquisition, Technology, and Logistics, Creating an Effective National Security Industrial Base for the 21st Century: An Action Plan to Address the Coming Crisis, Defense Science Board Task Force on Defense Industrial Structure for Transformation, July 2008, p. 15. See also: Kenneth Flamm, "Post-Cold War Policy and the U.S. Defense Industrial Base," National Academy of Engineering of the National Academies, vol. 35, no. 1 (Spring 2005); Barry D. Watts, Sustaining the U.S. Defense Industrial base as a Strategic Asset, Center for Strategic and Budgetary Assessments, Backgrounder, September 2013, p. 15.

[52] Kenneth Flamm, "Post-Cold War Policy and the U.S. Defense Industrial Base," National Academy of Engineering of the National Academies, vol. 35, no. 1 (Spring 2005); See: Business Executives for National Security, Getting to Best: Reforming the Defense Acquisition Enterprise, A Business Imperative for Change from the Task Force on Defense Acquisition Law and Oversight, July, 2009, p. 4.

[53] Data provided to CRS by Semiconductor Industry, October, 2013.

[54] Zachary Fryer-Biggs, "Looking Beyond Defense: Firms Grow Revenue—By Diversifying," DefenseNews, July 22, 2013, p. 11.

[55] Andrea Shalal-Esa, "Pentagon Sees Some Risk of Delay in F–35 Software," NBCnews.com, April 24, 2013, at http://www.nbcnews.com/id/51649848/ns/technology—and—science-tech—and—gadgets/t/pentagon-sees-some-risk-delay-f—software/#.UlWMmm3zByU.

[56] Office of the Under Secretary of Defense Acquisition, Technology and Logistics, Performance of the Defense Acquisition System, 2013 Annual Report, June 28, 2013, p. 57. Aircraft development times have also markedly increased in the commercial aerospace market.

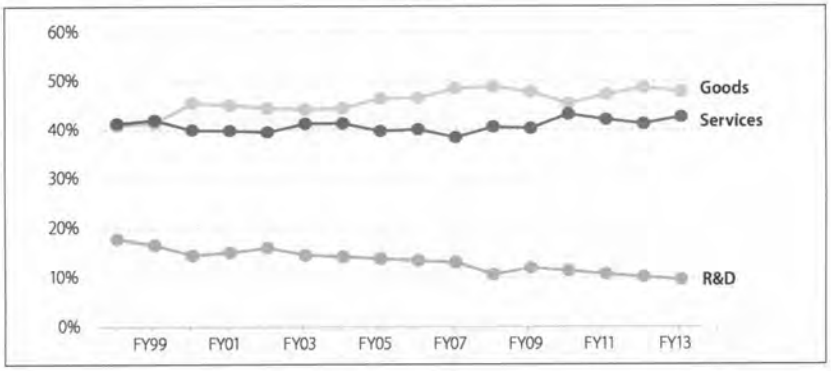
able for acquisitions, and bring about reductions in force structure.[57] These effects also reduce potential economies of scale in defense production and can make it more challenging to pursue acquisitions associated with specialized or niche capabilities.

At the same time U.S. military spending is declining, other countries are investing more in their military. Some analysts have argued that the United States may not dominate defense spending in the future as much as it has in recent years. These analysts point to countries such as Russian and China. China's military modernization has been fueled by two decades of steadily increasing military spending. According to a DOD report to Congress, China's officially disclosed military budget increased an average of 9.7 percent annually in inflation-adjusted terms over the decade from 2003 to 2012.[58]

• DOD-financed research and development is playing a less important role in innovation and development.[59] DOD is spending an ever-smaller share of its contracting dollars on research and development (R&D) contracts. In fiscal year 1998, 18 percent of DOD contract obligations were dedicated to R&D contracts compared to just 10 percent in fiscal year 2013 (see Figure 1). One analyst pointed out that even though the military is still an important funder of specific, leading-edge technologies such as supercomputers and microelectromechanical systems devices, "commercial demand for these products has far outstripped the requirements of the military."[60] At the same time, technologies developed for the commercial market are commonly adapted for military use. As one general officer stated, whereas the military used to go to industry and tell them to create a technology to meet a requirement, increasingly the military is going to industry and asking them to adapt an existing commercial technology to military requirements.[61]

Figure 1. Percentage of Contract Obligations Dedicated to R&D Contracts

FY1998-FY2013



Source: Analysis of data from the Federal Procurement Data System, February, 2014.

Many analysts believe that an acquisition system designed to meet the challenges of the Cold War is not well suited to this changing landscape.[62] Some of these ana-

[57] Department of Defense, Defense Budget Priorities and Choices, fiscal year 2014, April 2013, p. 5.

[58] See CRS Report R41108, U.S.-China Relations: An Overview of Policy Issues, by Susan V. Lawrence, p. 16.

[59] See Business Executives for National Security, Getting to Best: Reforming the Defense Acquisition Enterprise, A Business Imperative for Change from the Task Force on Defense Acquisition Law and Oversight, July, 2009, p. 4.

[60] Kenneth Flamm, "Post-Cold War Policy and the U.S. Defense Industrial Base," National Academy of Engineering of the National Academies, vol. 35, no. 1 (Spring 2005).

[61] Based on discussion with CRS analyst, May 8, 2013.

[62] Department of Defense, Defense Acquisition Performance Assessment Report, January 2006, p. 6; Business Executives for National Security, A Business Imperative for Change from

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lysts argue that comprehensive acquisition reform is urgently needed.[63] In 2009, Norman Augustine (former CEO of Lockheed Martin) and former Senators Gary Hart and Warren Rudman wrote that the defense acquisition system operates

> too slowly and at vastly greater cost than necessary. In earlier times we could arguably afford such flaws in efficiency, but we can afford them no longer. . . . We must examine the status quo systemically, in all its aspects, in order to make necessary and long overdue changes. If we do not, we will be in an increasingly sclerotic defense acquisition process that may one day no longer be able to supply American war fighters with the means to assure this Nation's freedom and security.[64]

Many analysts and DOD officials argue that DOD in recent years has also undergone changes that may make significant reform possible. Some DOD officials and analysts detect a culture shift underway within the Department—a shift that reflects a better understanding of the importance of defense acquisitions, and a fuller commitment on the part of senior leadership, uniform personnel and civilian personnel, to support efforts to improve defense acquisitions. Changes contributing to the culture shift include the following:

Operations in Iraq and Afghanistan have highlighted the importance of acquisitions. In the early years of the conflicts, contracting in Iraq and Afghanistan was done on an ad-hoc basis, without significant consideration of implications for foreign policy and without putting in place necessary oversight systems. Insufficient resources were dedicated to oversight, resulting in poor performance, billions of dollars of waste, and failure to achieve mission goals.[65] However, the experiences of the operational force underscored the importance of acquisitions to senior leaders and prompted numerous internal efforts to examine contractor support, such as the report of the Commission on Army Acquisition and Program Management in Expeditionary Operations (known as the Gansler report).

Constrained budgets are fostering a culture of better decisionmaking. Former Secretary of Defense Robert Gates stated that as a result of defense spending more than doubling between fiscal year 2001 and fiscal year 2010, "we've lost our ability to prioritize, to make hard decisions, to do tough analysis, to make trades."[66] As mentioned earlier, declines in defense acquisition spending since fiscal year 2008 have resulted in efforts to prioritize programs, reign in the 'gold-plating' of requirements, and increase the focus on costs.[67] Historically, eras of budgetary restraint have been associated with the pursuit and implementation of acquisition reform. In the 1980s, the deficit targets enacted as part of the Gramm-Rudman-Hollings Act (The Balanced Budget and Emergency Deficit Control Act of 1985; P.L. 99–17) are seen by analysts as having contributed to development of the Packard Report and changes in defense acquisitions. Later, the Budget Enforcement Act of 1990 (Title X of The Omnibus Budget Reconciliation Act of 1990; P.L. 101–508) and related limits on defense spending are seen as having led to the Perry Report of 1994 and another round of far-reaching acquisition reform. Against the current backdrop of the Budget Control Act of 2011 (P.L. 112–25) and declines in defense spending, many analysts argue that the stage is set for a renewed effort to embark on a significant effort to improve defense acquisitions."

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the Task Force on Defense Acquisition Law and Oversight, July 2009, p. 4. Then Secretary of Defense William Perry used the same logic to implement acquisition reforms in the 1990s. He stated "Because the world in which DOD now must operate has changed beyond the limits of the existing acquisition system's ability to adjust or evolve—the system must be totally re-engineered. If DOD is going to be capable of responding to the demands of the next decade, there must be a carefully planned, fundamental re-engineering or re-invention of each segment of the acquisition process." See Honorable William J. Perry, Acquisition Reform: A Mandate for Change, Department of Defense, February 9, 1994, p. 9.

[63] See Department of Defense, Defense Acquisition Performance Assessment Report, January 2006, p. Introductory Letter by Chairman Ronald Kadish.

[64] Business Executives for National Security, A Business Imperative for Change from the Task Force on Defense Acquisition Law and Oversight, July, 2009, p. iii.

[65] CRS Report R43074, Department of Defense's Use of Contractors to Support Military Operations: Background, Analysis, and Issues for Congress, by Moshe Schwartz.

[66] Department of Defense, "DOD News Briefing with Secretary Gates and Adm. Mullen from the Pentagon," press release, June 6, 2011, http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4747.

[67] See Yamil Berard, "Former Pentagon leader says defense cuts are necessary," Fort Worth Star-Telegram, October 16, 2013.; Barry D. Watts, Sustaining the U.S. Defense Industrial base as a Strategic Asset, Center for Strategic and Budgetary Assessments, Backgrounder, September 2013, p. 15.

Data is improving.[68] Advances in information technology are making it possible to better track and analyze larger amounts of data. DOD is improving its IT systems and has embarked on a number of wide-ranging efforts to gather and analyze data to inform policy decisions, often at the behest of Congress. For example, the Weapon System Acquisition Reform Act of 2009 required DOD to conduct a root cause analysis of the cost, schedule, and performance of Major Defense Acquisition Programs that experience cost growth that surpasses the thresholds set forth in the Nunn-McCurdy Act.[69] Over the years, these analyses have provided insight into what drives cost growth. Despite the progress being made, there continue to be significant gaps in the data available and reliability of some existing data.[70]

In sum, the unique combination of constrained budgets, a changing strategic and industrial landscape, recent experiences in Iraq and Afghanistan, and the increased availability of data have led many analysts and officials to conclude that there may be a unique opportunity to embark on another effort to improve defense acquisitions.[71]

IMPROVING THE WORKFORCE

Despite the hundreds of disparate recommendations to improve defense acquisitions, most reports seeking to address the fundamental weaknesses of the system arrive at the same conclusion: the key to good acquisitions is having a good workforce and giving them the resources, incentives, and authority to do their job.[72] As David Packard wrote in a 1986 report to President Reagan,

> Excellence in defense management cannot be achieved by the numerous management layers, large staffs, and countless regulations in place today. It depends . . . on reducing all of these by adhering closely to basic, common sense principles: giving a few capable people the authority and responsibility to do their job, maintaining short lines of communication, and holding people accountable for results.[73]

The workforce is not the only area that analysts believe needs to be improved—numerous recommendations are aimed at budgeting, requirements development, cost estimating, and other structural problems. However, without a culture that promotes good acquisition decisions, analysts believe that reform efforts will not achieve their fullest potential. This is seen as true not only for the acquisition workforce but also for other people involved in the process, such as those involved in developing requirements and budgets. As then-defense analyst Robert Hale wrote in 2002

> Efficiency requires change, and change is difficult to implement in any organization—public or private. To have any chance of success, there must be an incentive to change. Incentives start with the climate created by top leaders. . . . But commitment must extend beyond the senior leadership to the Defense Department's field commanders and managers. Efficiencies achieved at the base or installation level could add up to substantial savings, and the individuals running these bases will be more likely to implement changes if they have incentives to do so.[74]

It is this belief that appears to have prompted Secretary Kendall to introduce guidance on implementing the Better Buying Power initiatives with the following overarching principle:

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[68] Office of the Under Secretary of Defense Acquisition, Technology and Logistics, Performance of the Defense Acquisition System, 2013 Annual Report, June 28, 2013, p. 106.

[69] P.L. 111–23, section 103.

[70] Office of the Under Secretary of Defense Acquisition, Technology and Logistics, Performance of the Defense Acquisition System, 2013 Annual Report, June 28, 2013, p. 105; U.S. Army, Army Strong: Equipped, Trained, and Ready, Final Report of the 2010 Army Acquisition Review, January 11, 2011, p. iv. The report found that "The Army lacks a sufficiently robust and trustworthy database on acquisition programs, workforce and lessons learned," p. 42.

[71] Bill Greenwalt, "Once More Unto The Breach, This Time For Acquisition Reform," Breaking Defense, April 23, 2014. At http://breakingdefense.com/2014/04/once-more-unto-the-breach-this-time-for-acquisition-reform/.

[72] See below. For additional discussions, see Thomas Christie, "Sound Policy, Awful Execution," DefenseNews, December 15, 2008, p. 53. Thomas Miller, "Rearranging Deck Chairs on the Titanic: Why Does Acquisition Reform Never Work?" Defense Acquisition, Technology, and Logistics, November–December 2010, p. 27; Scott Reynolds, "Let's Fix It: A Five-Step Plan for Improving Acquisitions," Defense AT&L, November–December 2009, p. 18.

[73] A Quest for Excellence, Final Report to the President by the Blue Ribbon Commission of Defense Management, June 30, 1986.

[74] Robert F. Hale, Promoting Efficiency in the Department of Defense: Keep Trying, Be Realistic, Center for Strategic and Budgetary Assessments, January 2002, p. 20.

> Policies and processes are of little use without acquisition professionals who are experienced, trained, and empowered to apply them effectively. At the end of the day, qualified people are essential to successful outcomes and professionalism, particularly in acquisition leaders, drives results more than any policy change.[75]

The Importance of People and Proper Incentives

Numerous reports have highlighted the importance of people in successful acquisitions. Below are conclusions from some of the most influential reports on defense acquisitions from 1970 to the present.

- "Regardless of how effective the overall system of Department procurement regulations may be judged to be, the key determinants of the ultimate effectiveness and efficiency of the Defense Procurement process are the procurement personnel. . . . The importance of this truism has not been appropriately reflected in the recruitment, career development, training, and management of the procurement workforce."[76] Fitzhugh Report (1970)
- "DOD must be able to attract, retain, and motivate well-qualified acquisition personnel."[77] Packard Report (1986)
- "Making fundamental improvements in acquisitions will require attacking the cultural dimension of the problem. Changes of the type needed will not come easily. They must be directed at the system of incentives."[78] GAO (1992)
- "Give line managers more authority and accountability (reward results, not just compliance with rules; focus on the customer)."[79] Perry Report (1994)
- "The department should focus on creating incentives so that commanders and managers seek efficiencies."[80] Robert Hale (2002)
- "To repeat: the emphasis must be on the individuals in line management . . . the key to effective execution of any contract is not the quality of the contract, it is the quality of the program management responding to clear assignment of authority and accountability for each program."[81] QDR Independent Panel (2010)
- "There is little doubt that acquisition reforms produce limited, positive effects because they have not changed the basic incentives or pressures that drive the behavior of the participants in the acquisition process."[82] Defense Acquisition Reform: 1960–2009 (2011)

Building a Capable, Trained, and Sufficiently Sized Workforce

Analysts have concluded that insufficient resources or shortages in the number of properly trained acquisition personnel increase the risk of poor contract perform-

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[75] Frank Kendall, Implementation Directive for Better Buying Power 2.0—Achieving Greater Efficiency and Productivity in Defense Spending, Office of the Under Secretary of Defense Acquisition, Technology and Logistics, Memorandum, April 24, 2013.

[76] Department of Defense, Report to the President and the Secretary of Defense on the Department of Defense by the Blue Ribbon Panel, July 1, 1970, p. 94.

[77] A Quest for Excellence, Final Report to the President by the Blue Ribbon Commission of Defense Management, June 30, 1986, p. xxv.

[78] U.S. General Accounting Office, Weapons Acquisition: A Rare Opportunity for Lasting Change, NSIAD 93–15, December 1992, pp. 2–3.

[79] Honorable William J. Perry, Acquisition Reform: A Mandate for Change, Department of Defense, February 9, 1994, p. 9.

[80] Robert F. Hale, Promoting Efficiency in the Department of Defense: Keep Trying, Be Realistic, Center for Strategic and Budgetary Assessments, January 2002, p. iii.

[81] U.S. Institute for Peace, The QDR in Perspective: Meeting America's National Security Needs in the 21st Century, Final Report of the Quadrennial Defense Review Independent Panel, July 28, 2010, p. 86.

[82] J. Ronald Fox, Defense Acquisition Reform 1960–2009: An Elusive Goal (Center of Military History, 2011), p. 190.

ance, which in turn can lead to waste, fraud, and abuse.[83] The issue is not just the number, but also the quality and capability of the workforce.[84]

In an effort to improve the size and quality of the acquisition workforce, the NDAA for Fiscal Year 2008 mandated the establishment of the Department of Defense Acquisition Workforce Fund to enable the "recruitment, training, and retention of acquisition personnel."[85] From fiscal year 2008 through fiscal year 2012, DOD obligated $2.3 billion through the fund. According to DOD, this funding was used to augment training and hire an additional 8,300 people in contracting, cost estimating, systems engineering, auditing, and other related fields. Many analysts believe that while DOD and congressional efforts are starting to have a positive impact on the acquisition workforce, additional support and focus is needed.[86]

DOD has recognized the need to dedicate sufficient resources to develop a more professional and skilled workforce. The 2010 Quadrennial Defense Review states that "to operate effectively, the acquisition system must be supported by an appropriately sized cadre of acquisition professionals with the right skills and training to successfully perform their jobs. . . . We will continue to significantly enhance training and retention programs in order to bolster the capability and size of the acquisition workforce."[87]

Creating the Right Incentives

Many analysts argue that even with a sufficiently robust, highly trained and capable workforce, the right incentives must be in place. Yet often the incentives in the acquisition process, they argue, encourage people to make poor decisions.[88] One example, discussed above, is the incentive to obligate funds before the end of the fiscal year. Another example of incentives driving poor acquisition decisions relates to cost estimating. Senior Defense officials, both past and current, acknowledge that program advocates have strong incentives to underestimate program acquisition costs. Contractors use low cost estimates to win the contract; program representatives use low estimates to argue for approval of the system against competing systems.[89] In 1981, then-Deputy Secretary of Defense Frank C. Carlucci testified that low cost estimates "are fueled by optimistic contractor proposals to win competitions and program managers who want to see their programs funded."[90] Almost 30 years later, then-Under Secretary of Defense for Acquisition, Technology, and Logistics John Young echoed this sentiment, stating "the enterprise will often pressure acquisition teams and industry to provide low, optimistic estimates to help start programs."[91]

The absence of more reliable cost estimates denies Congress the ability to decide on competing strategic and budget priorities based on realistic cost assumptions and denies DOD the opportunity to develop a well-conceived acquisition plan. The 2010 Quadrennial Defense Review stated, "our system of defining requirements and developing capability too often encourages reliance on overly optimistic cost estimates. In order for the Pentagon to produce weapons systems efficiently, it is critical to have budget stability—but it is impossible to attain such stability in DOD's mod-

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[83] J. Ronald Fox, Defense Acquisition Reform 1960–2009: An Elusive Goal (Center of Military History, 2011), p. 195, 199.See also, Commission on Wartime Contracting in Iraq and Afghanistan, At What Risk? Correcting over-reliance on contractors in contingency operations, Second Interim Report to Congress, February 24, 2011, p. 17; United States Institute of Peace, The QDR in Perspective: Meeting America's National Security Needs in the 21st Century, 2010, p. 39; U.S. Government Accountability Office, Military Operations: High-Level DOD Action Needed to Address Longstanding Problems with Management and Oversight of Contractors Supporting Deployed Forces, GAO–07–145, December 18, 2006; Commission on Wartime Contracting In Iraq and Afghanistan, Transforming Wartime Contracting: Controlling costs, reducing risk, Final Report to Congress, August, 2011, p. 83–84.

[84] See: Business Executives for National Security, Getting to Best: Reforming the Defense Acquisition Enterprise, A Business Imperative for Change from the Task Force on Defense Acquisition Law and Oversight, July, 2009, p. 3.

[85] P.L. 110–181, section 852.

[86] Data provided by DOD. See also Department of Defense, Defense Acquisition Workforce Development Fund (DAWDF) fiscal year 2012 Report to Congress, Department of Defense, April 2013, p. 4.

[87] QDR, p. 77–78

[88] J. Ronald Fox, Defense Acquisition Reform 1960–2009: An Elusive Goal (Center of Military History, 2011), p. 197–199; Department of Defense, Defense Acquisition Performance Assessment Report, January 2006, p. 5; See: Business Executives for National Security, Getting to Best: Reforming the Defense Acquisition Enterprise, A Business Imperative for Change from the Task Force on Defense Acquisition Law and Oversight, July, 2009, p. 3.

[89] House Armed Services Hearings, 97th Cong., 1st Sess., Volume 11, 1981. Op. Cit. p. 883.

[90] House Armed Services Hearings, 97th Cong., 1st Sess., Volume 11, 1981. Op. Cit. p. 1086.

[91] John J. Young, Jr., Reasons for Cost Changes for Selected Major Defense Acquisition Programs (MDAP), Memorandum, January 30, 2009.

ernization budgets if we continue to underestimate the cost of such systems from the start."[92]

Establishing Authority and Accountability

Authority and accountability are viewed as critical elements in building an effective workforce.[93] Without authority, even the most skilled and incentivized professionals cannot effectively run and manage a program. Yet many analysts believe that the management structure is too bureaucratic; that too many people can say "no" or influence a program. As one program manager recently quipped, the inside joke among program managers is that "We are not really sure who runs the program."[94] Without anyone having practical authority to manage a program, there is no one to effectively hold accountable. The Quadrennial Defense Review Independent Panel concluded that "the fundamental reason for the continued underperformance in acquisition activities is fragmentation of authority and accountability for performance."[95]

Chairman Levin, Ranking Member Inhofe, this concludes my statement. I will be pleased to respond to any questions the Committee may have.

APPENDIX. DOD CONTRACT OBLIGATIONS

In fiscal year 2013, the U.S. Government obligated $460 billion for contracts for the acquisition of goods, services, and research and development. The $460 billion obligated on contracts was equal to approximately 13 percent of the fiscal year 2013 U.S. budget of $3.5 trillion (Figure 2).[96] DOD obligated $310 billion on Federal contracts—more than two-thirds of the value of all Federal contracts and more than all other government agencies combined. DOD's contract obligations were equivalent to approximately 9 percent of the entire U.S. budget.[97]

[92] Department of Defense, Quadrennial Defense Review Report, February 2010, p. 76.

[93] The Packard, for example, stated "We must give acquisition personnel more authority to do their jobs. If we make it possible for people to do the right thing the first time and allow them to use their common sense, then we believe that the Department can get by with far fewer people." See p. xxiv.

[94] Based on conversations with program managers and other acquisition personnel, September 14, 2013.

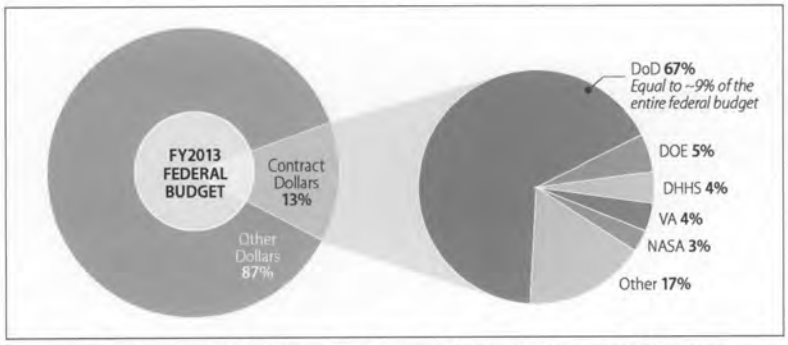
[95] U.S. Institute for Peace, The QDR in Perspective: Meeting America's National Security Needs in the 21st Century, Final Report of the Quadrennial Defense Review Independent Panel, July 28, 2010, p. 85. Italics as in original.

[96] Calculations are based on total contract obligations data as recorded in the Federal Procurement Data System—Next Generation, February, 2014. FPDS–NG does not include data from judicial branch agencies, the legislative branch, certain DOD components, or select executive branch agencies, such as the Central Intelligence Agency and National Security Agency. See also: U.S. Department of the Treasury, "Joint Statement of Secretary Lew and OMB Director Burwell on Budget Results for fiscal year 2013 ," press release, October 30, 2013, http://www.treasury.gov/press-center/press-releases/Pages/jl2197.aspx.

[97] For purposes of this statement, total obligations are defined as total direct obligations. Deflators for converting into constant dollars derived from Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for fiscal year 3013, Department of Defense, "Department of Defense Deflators—TOA by Category 'Total Non-Pay,'" Table 5–5, p. 59–60, March, 2012.

Figure 2. Contract Obligations by Agency

FY2013

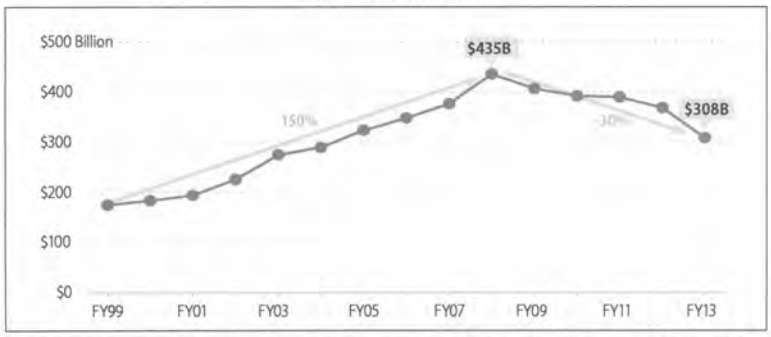


Source: Federal Procurement Data System-Next Generation, February, 2014. Figure by CRS Graphics.

From fiscal year 1999 to fiscal year 2013, adjusted for inflation (fiscal year 2013 dollars), DOD contract obligations increased from $175 billion to $310 billion (see Figure 3). Over the first part of this period—fiscal year 1999–fiscal year 2008—DOD contract obligations increased 150 percent, from $175 billion to $435 billion. This trend reversed itself in fiscal year 2008: from fiscal year 2008–fiscal year 2013, DOD contract obligations decreased by 30 percent, dropping from $435 billion in fiscal year 2008 to $310 billion in fiscal year 2013.

Figure 3. DOD Contract Obligations (FY2013 dollars)

FY1999-FY2013 (in billions)



Source: CRS analysis of data from the Federal Procurement Data System—Next Generation, February, 2014.

Chairman LEVIN. Thank you very much, Mr. Schwartz.

Mr. Berteau.

STATEMENT OF DAVID J. BERTEAU, SENIOR VICE PRESIDENT, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Mr. BERTEAU. Thank you, Mr. Chairman and Ranking Member Inhofe, for the opportunity to be here today. I would ask that my written statement be included in the record.

I have a few oral comments. I will try not to duplicate that which was said before, but I want to emphasize a couple of points.

The earlier panel talked a lot about the need of programs in the acquisition system to also have requirements and the budget resources, and all those three elements have to line up together. We

tend to look at that from the point of view of the executive branch and say it is its job to do that. But I think in talking about the role of Congress, which is really one of the reasons we are having this hearing today, the place where those three things come together is, in fact, in Congress and in particular, in this committee.

In that, I want to go back to a comment you made. I think it was in your first question for Secretary Kendall, the role of oversight, in addition to the role of legislation. I want to really endorse, I think, your comment that we do not often do enough of it. This is the place where that oversight and that oversight hearing responsibility can not only expand the visibility into those interconnections between requirements, budgets, and programs, but also help educate the Members of Congress, educate the media, and educate the public.

One of the things I would ask you to look at, though, is places where, in fact, you can hold oversight on something that is actually working pretty well, as opposed to focusing so much of our attention on just the places where things are a disaster. Lord knows there is enough of those. It would be useful, I think, to look for places where, in fact, something is working pretty well.

In that, I think one of the other elements is the role of competition. We talked about that a lot today. I mentioned in my statement for my first hearing when I first came to DOD in 1981, Frank Carlucci, the Deputy Secretary, was testifying before this committee about his 31 initiatives. He came in the room with 31 initiatives. He walked out with 32 because you added competition to that list of initiatives, and it survived that hearing and became an inevitable part of it.

But I think there is an important analytical question and an important policy question. If we are not buying enough of something to sustain competition, and Frank Kendall talked a little bit about this in his statement, how do we create the benefits of competition even though we do not have the buying power to force and create that? I think that is worthy of considerable effort and attention particularly as the budgets continue to come down.

There are three areas that we did not talk about much at all this morning. One is essentially 50 percent of procurement and contracting is in services as opposed to major end items. One of the things that we look at a lot at CSIS is both the content and the distribution of those services' dollars. We have a report coming out in just a couple of weeks with a lot of detail, and I would like to provide some summaries of that to the committee at the time that we release those because I think they will be in time for your schedules.

Chairman LEVIN. They would be very welcome.

Mr. BERTEAU. In particular, I think that we need to be careful that we do not try to manage services contracting the same way we manage major defense end items through a DOD 5000 directive that has milestones. I think it needs a different approach, one that needs to be worked on.

The second is the question of innovation. Our lives have been spent with DOD having huge technology advantages over all our potential opponents. DOD, Secretary Kendall, and this committee have all talked about the need to maintain that technological ad-

vantage going forward. But increasingly, innovation is occurring not inside the defense world, not funded by DOD, not being developed necessarily by defense contractors, but out of the global marketplace. Whether it is materials, communications, data management, or sensors, there is a lot of development in the global commercial market. I think we need to spend a good bit of time figuring out how our defense world can take advantage of global innovation because I think globalization is no longer a policy choice, it is actually a characteristic of the defense environment in which we find ourselves. We are not really all that good at figuring out what our policy framework ought to be in that regard.

Then finally, I would recommend that we look at what has perhaps been the most effective, if not necessarily useful, legislation with respect to some of the issues we talked about this morning. There has been a lot of time spent on the question of the tenure of a program manager and how long they could stay in place. I was in DOD, after the Packard Commission report was released, I think it is 28 years ago this week. I am pretty sure your staff probably can still pull that report right off the shelf. I meant to bring a copy with me, but the rain kept me from getting it.

When we looked at early implementation of that, we looked at reform of the Defense Officer Personnel Management Act of 1980. That is the upper out that drives that tenure, if you will. I would strongly endorse this committee taking another look at that. I think it is very useful to try to tackle that question. I would caution you that my experience is that as important as acquisition is, it is very hard to use it as the counter to the overall promotion dynamics that go on in the military today. I think it is worthy of another look.

With that, I will end my initial remarks, thank you for the opportunity, and open up for questions.

[The prepared statement of Mr. Berteau follows:]

PREPARED STATEMENT BY DAVID J. BERTEAU

INTRODUCTION

Mr. Chairman, Senator Inhofe, and distinguished members of the committee, thank you for the invitation to appear before you this morning on such an important topic and in the company of my distinguished fellow panel members.

For the past 6 years, I have been honored to work at the Center for Strategic and International Studies (CSIS) here in Washington DC, where I am a senior vice president and the director of the National Security Program on Industry and Resources.

It is important to note that, as a bipartisan think tank, CSIS as an institution does not take positions on issues. As a result, the views in my statement and in my comments today are entirely my own.

In the invitation letter, you asked for my "assessment of the Weapon Systems Acquisition Reform Act (WSARA) and other acquisition reform measures adopted over the last decade." You also asked that my testimony "consider the need for further improvements to the defense acquisition system." My statement below responds to each of these areas.

BACKGROUND

From 1981 through 1993, I worked at the Department of Defense. One of my first responsibilities as a Defense Department employee was to support the 1981 acquisition reform initiatives. Mr. Chairman, those initiatives were called the "Carlucci Initiatives", led by the Deputy Secretary of Defense, Frank Carlucci. When he came to this committee in 1981, he had 31 initiatives. When he left, he had 32—you added the 32nd initiative, on better use of competition. That addition led eventually

to the Competition in Contracting Act of 1984, a statute that remains at the core of key contracting and acquisition decisions throughout DOD.

In 1985 and 1986, I was privileged to serve as the Executive Secretary of the President's Blue Ribbon Commission on Defense Management, known as the Packard Commission. Many of that commission's recommendations were incorporated into statute in the Goldwater-Nichols Defense Reorganization Act of 1986, including the creation of the Under Secretary of Defense for Acquisition, a position that remains the primary focal point for defense acquisition today (although the name has been expanded to include Acquisition, Technology, and Logistics).

Subsequently, I spent 6 additional years in DOD, helping to implement many of the Packard Commission and Goldwater-Nichols reforms.

For the past 6 years, I have been privileged to lead the research efforts on defense acquisition, programs, and contracting at CSIS. My comments this morning are partly informed by our CSIS research as well as by my direct experience and interactions with our colleagues.

THE GOALS OF DEFENSE ACQUISITION

The DOD Acquisition System is a set of means to help reach the ends of providing for the Nation's common defense. Many government agencies use procurement to help enable them to reach their outside customers, clients, and target audiences. With the Defense Department, acquisition and procurement provides the core of DOD's own capabilities. In other words, DOD has to apply and use what it develops and acquires. To me, this creates an inherently strong need to get a number of processes right, from requirements through programs and budgets into the solicitation, award, and execution of contracts. It demands a capable and responsive industrial base with a global technology reach. It relies on a capable and resilient defense acquisition workforce, including military and civilian personnel with technical and analytical support. Finally, it depends on a strategy and policy framework on which the Nation, not just DOD, agrees, as well as the necessary programmatic and budgetary support from the U.S. Congress.

Because of the characteristics I just described, it is important to look at the DOD Acquisition System as a key element of a larger set of activities and functions. These include the following four key elements:

- Requirements;
- The DOD Planning, Programming, Budgeting, and Execution System (PPBES);
- The Acquisition System itself, from acquisition baselines and plans through contract execution;
- Recruiting, training, mentoring, retaining, and promoting an acquisition workforce of military and civilian personnel and the necessary technical, analytical, and administrative support.

I will touch briefly on each of these before addressing the Weapon Systems Acquisition Reform Act (WSARA) and other acquisition reform legislation.

REQUIREMENTS

The Packard Commission placed great emphasis on the need to include requirements determination as part of the Acquisition System, and the Under Secretary for Acquisition, Technology, and Logistics has a role in the requirements process. There is a statutory structure of the requirements process as well as a legitimate debate over whether cost considerations should be part of the front end of the requirement process. However, ongoing program and budget cuts can drive real requirements changes during the execution of programs, changes that may not be made with adequate regard to the priority tradeoffs and impacts on other programs.

THE DOD PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION SYSTEM

One of the great strengths of DOD is the fiscally-disciplined programming process, The DOD Planning, Programming, Budgeting, and Execution System (PPBES). By producing an integrated Future Years Defense Program (FYDP), it is possible for the Military Departments and other DOD components to predict and management time, money, and other resources to develop, acquire, and field goods and services throughout DOD. The DOD Acquisition System relies on a solid FYDP.

THE DOD ACQUISITION SYSTEM

An update to DOD Instruction 5000.02, titled "Operation of the Defense Acquisition System" (http://www.dtic.mil/whs/directives/corres/pdf/500002—interim.pdf) was issued last November as "Interim" guidance, and it is currently being finalized by

DOD. The opening sections of the Interim Instruction provide detailed guidance, with examples, of ways in which program officials can tailor the application of acquisition processes and procedures to fit the needs and requirements of their particular program. This shows the flexibility that is built into statutory authority, as the Packard Commission recommended more than 25 years ago. Of equal interest, however, is Enclosure 1, Tables 2–9, beginning on page 44 of the document. For 28 pages, these tables lay out the statutory and regulatory requirements for programs. Taken together, the information in these tables illustrate both the breadth of past legislation and the opportunities for future improvements. I will return to this point below.

THE ACQUISITION WORKFORCE

Over the past 5 or 6 years, DOD has worked hard to rebuild its acquisition workforce, to hire and retain skilled civilian workers and to prepare for the eventual retirement of many in today's workforce. The Military Services have increased their focus on better preparing and using military acquisition professionals, and if the Senate concurs, the Defense Contract Management Agency will soon have its first general officer as commander in a decade, a recommendation endorsed by this committee following the recommendations of the Gansler Commission (the Commission on Army Acquisition and Program Management in Expeditionary Operations). These workforce gains need to be protected, however, in the face of declining budgets, furloughs and government shutdowns, and hiring freezes.

THE DEFENSE INDUSTRIAL BASE

There is no DOD Acquisition System without a defense industrial base to deliver the goods and services DOD requires. That industrial base is supported primarily by DOD contract spending. In a report from CSIS that will be released next month, we will show that contract spending by the Defense Department has declined by 25 percent since the peak of 2008 and 2009, while non-contract spending by DOD has actually increased by more than 10 percent. In fact, a smaller number of military and civilian personnel is costing DOD more today, in constant dollars, than they were 5 years ago. If these trends continue, increases in defense spending for military pay and benefits and for Operation and Maintenance will eventually crowd out spending for modernization, including procurement and research & development, and for services contracts. DOD's proposals for curbing the rate of growth in personnel and health care costs are a modest step in the direction of preserving funds for acquisition programs.

INNOVATION AND TECHNOLOGY SUPERIORITY

There is a second critical part of the U.S. industrial base, one that does not show up in the budget and therefore somewhat undervalued. For decades, U.S technological superiority has depended on investments by DOD directly or by defense firms themselves, whether reimbursed by the government or investing from their own funds. Those expenditures will remain import for the foreseeable future. Increasingly, however, CSIS experts are finding that it's also important to do a better job of incorporating innovation from the global commercial markets, not just from defense arenas and not just from within the United States. It is hard for the government to be fully aware of these innovations. Even harder, however, is that Federal Government cycle times for defining requirements, assembling and defending and appropriating budgets, and executing contracts can be far longer than the cycle times for new technology to be developed and deployed in the commercial sector. The future may require this cycle-time disconnect to be addressed. We need action to reconcile these cycle-time disconnects so that DOD can take better advantage of technology innovation in the global commercial markets.

THE WEAPON SYSTEMS ACQUISITION REFORM ACT OF 2009

It is nearly the fifth anniversary of the passage of the Weapon Systems Acquisition Reform Act (WSARA) on May 22, 2009. That is sufficient time to make some judgments as to how well it is doing. From our analysis and observations, I draw a few key conclusions.

First, the creation of and reports from the office of Program Assessment and Root Cause Analysis (PARCA) has illuminated root cause connections and correlations that were not apparent to even the keenest of observers. The 2013 DOD report "Performance of the Defense Acquisition System" draws in part from these PARCA analyses. (The report may be found at http://www.acq.osd.mil/docs/

Performance%20of%20the%20Def%20Acq%20System%202013%20-%20FINAL%2028June2013.pdf)

Second, WSARA created the office of Cost Analysis and Program Evaluation (CAPE) along with a director required by statute. The increased focus on and use of independent cost estimating from CAPE for DOD major programs seems to helping. Even when acquisition executives decide to use a different estimate for program baselines, the additional attention and scrutiny driven by the independent cost estimate probably provides value.

CONCLUSION

Mr. Chairman, Senator Inhofe, members of the committee, the time is coming for congressional action that will help improve the DOD Acquisition System. I expect to see good input from the responses to the recent letters to industry from the chairman and ranking member of this committee, along with your House counterparts. A good first step could be to examine those 28 pages of statutory and regulatory requirements that I mentioned above, to harmonize reporting cycles and thresholds and to rationalize data requirements. It would be my hope that along the way, we might even find some requirements that no longer return enough value for them to be continued.

The history of past reforms suggest that the ones with the most lasting value are not rushed to decision. Rather, reforms like those of the Packard Commission have several key elements of success, including sound and deep analysis by professional staff, a close alliance between the executive and legislative branches at the leadership level, and a recognition of the potential value of stand-alone legislation. I hope that some of what we discuss here today will help you on that path, and I thank you for the opportunity to appear here. I await your questions.

Chairman LEVIN. Thank you very much, and we will move to questions.

I think you just said something about if we can retain the benefits of competition when we do not have the resources. Is that what you said? Do you have any ideas how that is possible, or what did you mean by when we do not have the resources?

Mr. BERTEAU. If we are not buying enough of something to maintain two competitive sources.

Chairman LEVIN. In that circumstance, do you have any ideas as to how we could maintain competition?

Mr. BERTEAU. I think there are two ways. One is that the competition could be, in fact, structured so that it is competition for accomplishment of the mission as opposed to a competition for one particular end item inside that. That is an internal competition that would essentially force the Military Services to say the mission objectives. I have multiple ways I can achieve this mission. Expeditionary operations over the shore is a good example of that. There are several different ways in which the marines can come ashore. They do not all necessarily require a replacement for the expeditionary amphibious vehicle. You would have a competition of mission accomplishment.

The second is internally in the company, especially once you have actually awarded the contract, with a competition against a performance standard and that would essentially include monetary benefits if you actually produce below the targeted budget and ahead of the targeted schedule. You are essentially competing against a set of performance standards within a contract. That can be structured in both the program and the contract itself.

We have seen some evidence of this. You have a couple of shipyards that are operating where they are actually delivering ahead of schedule and under budget, and obviously, they reap some profit benefits from that. But it requires a government workforce and an ability to find requirements in that program and in that contract

in such a way that there are not a lot of loopholes built in that the contractor can take advantage of.

Both of those I think would be useful to look at.

Chairman LEVIN. Any of you have any suggestions on changes in law? If you could make one change in the law or two changes in the law, including regulations which govern DOD acquisition, what would you change or repeal for that matter?

Mr. BERTEAU. May I take a first crack at that?

Chairman LEVIN. We will ask all of you. Take a first crack, we will go around.

Mr. BERTEAU. Mr. Etherton will have a better idea.

Chairman LEVIN. You will give him more time to think about it. Do you want to start?

Mr. BERTEAU. I took a look, in preparing for today, at the interim DOD instruction 5000.02 that was issued last November by DOD. If you read through the document, it is about 150 pages when you lay the whole thing out, the front end is full of very good language about how program managers could tailor their application of all the requirements to meet the needs of the program.

Then you get in about the middle of the document, where there are 25 or 30 pages worth of charts of all the regulatory and statutory requirements that you have to meet to go through this. I think Senator Inhofe mentioned the 80,000 work-hours to put into Milestone B documentation.

You are right, this is rather dry. It is either very dry or very scary, depending on how much attention you are paying to it. These things are not harmonized or rationalized in any way, shape, or form. There are wildly different schedules and wildly different variations in terms of thresholds, in terms of the requirements of when you have to report and to whom. I think even rationalizing all those so you essentially have a harmonization is not something you can do between now and markup. That is really a year-long process, and, I think, it requires a good bit of support and integration with the executive branch in order to do that. I think that is what is underway already, but I want to endorse that. If you only do one thing, that is not a bad thing to do.

Chairman LEVIN. Thank you. I think Mr. Kendall indicated that is underway.

Mr. Schwartz?

Mr. SCHWARTZ. I will put forth three ideas that a number of people have been throwing around there. One, of course, is to reiterate the idea of streamlining rules and regulations which clearly will take a legislative requirement, along what was done 20 years ago, literally to the year, in the Section 800 Panel as part of the Federal Acquisition Regulations.

A second one is workforce. I am not putting forth a specific legislative change. Obviously, we do not do that at CRS. But to the extent that the culture of workforce and the incentives that drive workforce promotion and decisionmaking will likely require some sort of legislative input, be it, as some of the members raised some questions, changes to compensation or be it requirements of how long program managers should stay in locations and in jobs, that may require legislation.

Then, the third one that a number of people have mentioned is that Nunn-McCurdy has proven to be a fairly effective method of gathering data and information on programs. There are two areas that it could be extended to if Congress wished to do so. One which has been mentioned is IT and other business systems. Another one is operation and support costs. To the extent that operation and support costs tend to represent in the realm of 70 percent, sometimes 80 percent, of the lifecycle cost of a program and there is not really sufficient and reliable data, according to even a number of people in DOD, to make those decisions, such an approach could help Congress and DOD gain more data now for better long-term decisions later.

Chairman LEVIN. Thank you.

Mr. Etherton?

Mr. ETHERTON. First, let me mention the DAWDF. If it were within my power, I would significantly increase the amount of money that would be available in that fund. I think it was one of the great accomplishments of this committee in creating that fund and figuring out a way to fund it out of funds that would otherwise be spent for services contracts. I would also point out that industry was more or less unanimously in favor of that legislation when it was proposed, notwithstanding the source of funding. There were great hopes, I think, when that fund was created for a fairly robust amount of money that would be available for recruiting, retention, and education in the acquisition workforce.

In the appropriations bill for fiscal year 2014, that money now has been limited to $50 million, which is much lower than where you all had originally hoped to be at this point. I think that is an area that needs to be revisited, and any additional resources that could be put into that fund, I think, would be something that would be a good thing to do.

I also think it would be useful to try to look at the relationship between the investments that you make within that fund and the long-term funding that you would need to continue the funding for the new people that you bring in through the normal Program Objective Memorandum process and maybe have better integration with that. That is another area that I would look at.

I also think, and this is really in the weeds, that we probably need to review the current laws with respect to intellectual property, technical data rights, as well as commercial item acquisition, because I see some disconnects there that are emerging that are going to potentially make it more difficult to access technology development coming in from the commercial sector through various ways. I think that needs to be reviewed and looked at more carefully.

Chairman LEVIN. Thank you all.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

I understand from my staff, Mr. Schwartz, you might have a prop that might demonstrate the volume of stuff you guys have to go through in your acquisition process.

Mr. SCHWARTZ. Sure. It might be instructive to see what exactly the rules and regulations that the acquisition workforce is supposed to master in making their decisions.

This is a stack that includes the DOD 5000 series, which is the memo that Secretary Kendall mentioned was rewritten in November for acquisitions. It includes the Defense Federal Acquisition Regulation System (DFARS) and then, of course, the DFARS Supplement, and the Defense Acquisition Guidelines, which are supposed to explain all of that. In fact, Senator, if you ever attempt to break Senator Strom Thurmond's record for continuously holding the floor for the longest period, I am happy to lend this reading material to you. [Laughter.]

Senator INHOFE. It sounds like it would just be very captivating. [Laughter.]

Chairman LEVIN. It is weighty.

Senator INHOFE. It is.

Let me ask you a question. I think I know what your answer is going to be. It was fun hearing you talk about Frank Carlucci, Mr. Berteau. I remember him. In fact, I remember also that back then during the Reagan administration, they talked a lot about zero-based budgeting, not zero-based acquisition, as some recommendations have come out. There is always opposition to that.

But I want to ask you that because the panel that you guys have, DOD Defense Business Board, came out and their number one recommendation was to zero base the entire defense acquisition system. I would like to hear a comment from each one of you as to what you think about that. Since you were my appointment there, Jon, why do you not start?

Mr. ETHERTON. Okay, sure. I address this issue a bit in my written statement.

I think the challenge that the committee and DOD has is how do you get an orderly review of what is already in these types of things, as well as the statutes in title 10 that govern the acquisition process. Back in the 1990s, we specifically formed through this committee through the NDAA for Fiscal Year 1991, the so-called Section 800 Panel. We told them to go off and look at all the existing statutes governing acquisition and to come back with a report on changes in a very specific actionable format. There does not seem to be a lot of appetite to do that again, at least from what I can perceive.

That is one idea you might want to consider. I think that you need to keep things in place rather than do a wholesale elimination overnight and make people put things back. I think that would really throw the system in somewhat of a chaos since it does seem to be a very rule-based approach that prevails in the culture right now.

But what you might want to consider is a series of phased reviews where you have a mandatory sunset after a certain period of time, which would force everyone in the process to review the statutes, the regulations, or whatever, and also allow outside groups to provide inputs and bring in outside expertise so that you had a date certain where you had to make decisions on whether to continue something or not. I have not formulated exactly how that would work, but that may be one approach that should be considered.

Senator INHOFE. Mr. Schwartz?

Mr. SCHWARTZ. In these regulations, there actually are some good things, and when looking at the regulations, sometimes it might be useful to consider what impact those regulations have had and why they may or may not have succeeded as originally intended. One particular example, which dates back to David Packard in the 1980s, is the chain of command of program manager, PEO, service acquisition executive, and under secretary of defense. The idea was to put somebody in charge of every step along the way of a streamlined process.

But a couple of years after that, David Packard stated publicly that he did not expect some of the things that did not occur to occur. When he articulated the idea of streamlined structure, he said it could only work if the incentives are there to make the people make the right decisions, if the authority is there for the program managers and others in that chain to make the right decisions, and if they are held accountable for those decisions.

As Mr. Sullivan testified on the F–35 in the last 11 years, he said there have been, I believe it was, six program managers, five or six program managers. In that circumstance, the problem may not necessarily be with the structure that is in here. It may be with the fact that the people in those positions are not there long enough, are not necessarily held accountable, and sometimes may have the incentives to make the wrong decisions. When reviewing this effort, which is a laudable effort and is very likely to have some positive steps, I would caution that it be considered what is the root cause issues that are sometimes not giving us the effects that we want.

Mr. BERTEAU. Senator Inhofe, that question about the value of a zero-based approach, I think, is one worthy of considerable thought and analysis. I have three examples that I would offer for your consideration of where we might have tried this in the past.

The first is after the fall of the Berlin Wall and the collapse of the Warsaw Pact. DOD was invited into a number of the emerging countries in Eastern Europe to help them figure out how to create a defense and a Federal acquisition process. We brought them the Federal Acquisition Regulation and said why do you not copy this. I am extemporizing and collapsing a considerable amount of effort into one sentence, but the reality is that one could almost not think of a better revenge against the former Soviet states than to have them comply with the Federal Acquisition Regulations right from the get-go. I think we missed an opportunity to help them essentially do their own in that regard.

The second is to look at examples where this Congress has provided elements of the Federal Government with the opportunity to start from scratch and write their own both acquisition regulations and personnel management regulations. The one that I am most familiar with was the Federal Aviation Administration back in the mid-1990s, where Congress gave them the authority to create their own new acquisition process, their own new procurement regulations, and their own version of civilian personnel management. If you look at the history, essentially they went back to what we were doing before and just made it their own instead. But in essence, they did not take advantage of that opportunity. There was no in-

centive, if you will, for them to create something new because we knew how to operate under that.

The third is the one example where, I think, it is very worth going back and looking at. When Secretary-designate Mel Laird invited David Packard to be considered as his deputy secretary in the winter of 1968–1969, Packard agreed to come. He only stayed for 16 months. He actually took that approach, if you will. If you go back and look at the original DOD directive 5000.1 that he wrote, I believe it is about six or seven pages long and it is essentially the zero-based approach to what you would want a real acquisition system to do. Its residue sits to Mr. Schwartz's right here, but it shows, I think, the possibility, if you will, of at least conceptualizing what it ought to do.

I think, though, if you really want to tackle this, what you need is some kind of a pilot. You cannot really put the whole DOD, if you will, into that kind of a situation. I think you need a place where you would test it out, see if it can work, and see if it comes into place.

You look, for instance, at the U.S. Special Operations Command (SOCOM) today and the way it does acquisition, in part because of the statutory structure from Nunn-Cohen. I think it depends on who is talking about it, if you will. But the original 1986 act created SOCOM and the creation of its own acquisition executive, its own major force program inside the DOD programming process, and its ability to create its requirements. There you have the integration of requirements and acquisition and budgets all together. I am not saying you can replicate that across DOD, but there are some lessons learned from that from a zero-based acquisition point of view that I think would be very instructive to the committee.

Senator INHOFE. Yes, and I appreciate that. When I look at it and having gone through this before, we actually did this in the State of Oklahoma too, zero-based budgeting, not acquisition. We have that group that is there, the Defense Business Board, and it is to provide the Secretary of Defense with trusted, independent, and objective advice which reflects on outside private sector perspective. You are talking about 17 guys and gals that are there that have the background and have been recognized as experts. I am sure they considered everything that each of the three of you were talking about. I have to look at that and think, what I am overlooking or what are they overlooking. It might not hurt to call them up and find out.

I do not have anything else, Mr. Chairman.

Chairman LEVIN. Thank you.

It will be interesting for all of us, I think, to take a look at that. What was it? Five pages, David Packard's five or six pages? How many was that?

Mr. BERTEAU. I think it is about six or seven. I read it periodically, but I do not have the pages memorized. It is quite an illumination.

Chairman LEVIN. I am sure we will ask our staff to dig that out and to share it with us.

[The information referred to follows:]

Cancelled Dec 75

July 13, 1971

NUMBER 5000.1

DDR&E

Department of Defense Directive

SUBJECT: Acquisition of Major Defense Systems

I. PURPOSE

This Directive establishes policy for major defense system acquisition in the Military Departments and Defense Agencies (referred to as DoD Components).

II. APPLICATION

This Directive applies to major programs, so designated by the Secretary of Defense/Deputy Secretary of Defense (referred to as SecDef). This designation shall consider (1) dollar value (programs which have an estimated RDT&E cost in excess of 50 million dollars, or an estimated Production cost in excess of 200 million dollars); (2) national urgency; (3) recommendations by DoD Component Heads or Office of Secretary of Defense (OSD) officials. In addition, the management principles in this Directive are applicable to all programs.

III. POLICY

A. Mode of Operation - Successful development, production and deployment of major defense systems are primarily dependent upon competent people, rational priorities and clearly defined responsibilities. Responsibility and authority for the acquisition of major defense systems shall be decentralized to the maximum practicable extent consistent with the urgency and importance of each program. The development and production of a major defense system shall be managed by a single individual (program manager) who shall have a charter which provides sufficient authority to accomplish recognized program objectives.

Layers of authority between the program manager and his Component Head shall be minimum. For programs involving two or more Components, the Component having dominant interest shall designate the program manager, and his charter shall be approved by the cognizant official within OSD. The assignment and tenure of program managers shall be a matter of concern to DoD Component Heads and shall reflect career incentives designed to attract, retain and reward competent personnel.

1. The DoD Components are responsible for identifying needs and defining, developing and producing systems to satisfy those needs. Component Heads are also responsible for contractor source selection unless otherwise specified by the SecDef on a specific program.

2. The OSD is responsible for (a) establishing acquisition policy, (b) assuring that major defense system programs are pursued in response to valid needs and (c) evaluating policy implementation on each approved program.

3. The OSD and DoD Components are responsible for program monitoring, but will place minimum demands for formal reporting on the program manager. Nonrecurring needs for information will be kept to a minimum and handled informally.

4. The SecDef will make the decisions which initiate program commitments or increase those commitments. He may redirect a program because of an actual or threatened breach of a program threshold stated in an approved Development Concept Paper (DCP). The DCP and the Defense Systems Acquisition Review Council (DSARC) will support the SecDef decision-making. These decisions will be reflected in the next submission of the Program Objective Memorandum (POM) by the DoD Component.

B. Conduct of Program - Because every program is different, successful program conduct requires that sound judgment be applied in using the management principles of this Directive. Underlying specific defense system developments is the need for a strong and usable technology base. This base will be maintained by conducting research and advanced technology effort independent of specific defense systems development. Advanced technology effort includes prototyping, preferably using small, efficient design teams and a minimum amount of documentation. The objective is to obtain significant advances in technology at minimum cost.

1. Program Initiation

a. Early conceptual effort is normally conducted at the discretion of the DoD Component until such time as the DoD Component

determines that a major defense system program should be pursued. It is crucial that the right decisions be made during this conceptual effort; wrong decisions create problems not easily overcome later in the program. Therefore, each DoD Component will designate a single individual, such as the Assistant Secretary for R&D, to be responsible for conceptual efforts on new major programs.

b. The considerations which support the determination of the need for a system program, together with a plan for that program, will be documented in the DCP. The DCP will define program issues, including special logistics problems, program objectives, program plans, performance parameters, areas of major risk, system alternatives and acquisition strategy. The DCP will be prepared by the DoD Component, following an agreement between OSD and that Component on a DCP outline. The Director, Defense Research and Engineering (DDR&E)(or the Assistant Secretary of Defense (Telecommunications) for his programs) has the basic responsibility for coordination of inputs for the DCP and its submittal to the DSARC for consideration and to the SecDef for subsequent decision. If approved, the program will be conducted within the DCP thresholds.

2. Full-Scale Development. When the DoD Component is sufficiently confident that program worth and readiness warrant commitment of resources to full-scale development, it will request a SecDef decision to proceed. At that time, the DSARC will normally review program progress and suitability to enter this phase and will forward its recommendations to the SecDef for final decision. Such review will confirm (a) the need for the selected defense system in consideration of threat, system alternatives, special logistics needs, estimates of development costs, preliminary estimates of life cycle costs and potential benefits in context with overall DoD strategy and fiscal guidance; (b) that development risks have been identified and solutions are in hand; and (c) realism of the plan for full-scale development.

3. Production/Deployment. When the DoD Component is sufficiently confident that engineering is complete and that commitment of substantial resources to production and deployment is warranted, it will request a SecDef decision to proceed. At that time, the DSARC will again review program progress and suitability to enter substantial production/deployment and forward its recommendations to the SecDef for final decision. Such review will confirm (a) the need for producing the defense system in consideration of threat, estimated acquisition and ownership costs and potential benefits in context with overall DoD

strategy and fiscal guidance; (b) that a practical engineering design, with adequate consideration of production and logistics problems is complete; (c) that all previously identified technical uncertainties have been resolved and that operational suitability has been determined by test and evaluation; and (d) the realism of the plan for the remainder of the program. Some production funding for long lead material or effort may be required prior to the production decision In such cases, the SecDef will decide whether a DSARC review and revised DCP are required. In any event, full production go-ahead will be authorized by approval of the DCP.

C. Program Considerations

1. System need shall be clearly stated in operational terms, with appropriate limits, and shall be challenged throughout the acquisition process. Statements of need/performance requirements shall be matched where possible with existing technology. Wherever feasible, operational needs shall be satisfied through use of existing military or commercial hardware. When need can be satisfied only through new development, the equivalent needs of the other DoD Components shall be considered to guard against unnecessary proliferation.

2. Cost parameters shall be established which consider the cost of acquisition and ownership; discrete cost elements (e.g., unit production cost, operating and support cost) shall be translated into "design to" requirements. System development shall be continuously evaluated against these requirements with the same rigor as that applied to technical requirements. Practical tradeoffs shall be made between system capability, cost and schedule. Traceability of estimates and costing factors, including those for economic escalation, shall be maintained.

3. Logistic support shall also be considered as a principal design parameter with the magnitude, scope and level of this effort in keeping with the program phase. Early development effort will consider only those parameters that are truly necessary to basic defense system design, e.g., those logistic problems that have significant impact on system readiness, capability or cost. Premature introduction of detailed operational support considerations is to be avoided.

4. Programs shall be structured and resources allocated to ensure that the demonstration of actual achievement of program objectives is the pacing function. Meaningful relationships between need, urgency,

risk and worth shall be thereby established. Schedules shall be subject to trade-off as much as any other program constraint. Schedules and funding profiles shall be structured to accommodate unforeseen problems and permit task accomplishment without unnecessary overlapping or concurrency.

5. Technical uncertainty shall be continually assessed. Progressive commitments of resources which incur program risk will be made only when confidence in program outcome is sufficiently high to warrant going ahead. Models, mock-ups and system hardware will be used to the greatest possible extent to increase confidence level.

6. Test and evaluation shall commence as early as possible. A determination of operational suitability, including logistic support requirements, will be made prior to large-scale production commitments, making use of the most realistic test environment possible and the best representation of the future operational system available. The results of this operational testing will be evaluated and presented to the DSARC at the time of the production decision.

7. Contract type shall be consistent with all program characteristics including risk. It is not possible to determine the precise production cost of a new complex defense system before it is developed; therefore, such systems will not be procured using the total package procurement concept or production options that are contractually priced in the development contract. Cost type prime and subcontracts are preferred where substantial development effort is involved. Letter contracts shall be minimized. When risk is reduced to the extent that realistic pricing can occur, fixed-price type contracts should be issued. Changes shall be limited to those that are necessary or offer significant benefit to the DoD. Where change orders are necessary, they shall be contractually priced or subject to an established ceiling before authorization, except in patently impractical cases.

8. The source selection decision shall take into account the contractor's capability to develop a necessary defense system on a timely and cost-effective basis. The DoD Component shall have the option of deciding whether or not the contract will be completely negotiated before a program decision is made. Solicitation documents shall require contractor identification of uncertainties and specific proposals for their resolution. Solicitation and evaluation of proposals should be planned to minimize contractor expense. Proposals for cost-type or incentive contracts may be penalized during evaluation to the degree that the proposed cost is unrealistically low.

9. Management information/program control requirements shall provide information which is essential to effective management control. Such information should be generated from data actually utilized by contractor operating personnel and provided in summarized form for successively higher level management and monitoring requirements. A single, realistic work breakdown structure (WBS) shall be developed for each program to provide a consistent framework for (a) planning and assignment of responsibilities, (b) control and reporting of progress, and (c) establishing a data base for estimating the future cost of defense systems. Contractor management information/program control systems, and reports emanating therefrom, shall be utilized to the maximum extent practicable. Government imposed changes to contractor systems shall consist of only those necessary to satisfy established DoD-wide standards. Documentation shall be generated in the minimum amount to satisfy necessary and specific management needs.

IV. IMPLEMENTATION

1. Each DoD Component will implement this Directive within 90 days and forward two (2) copies of each implementing document to the SecDef.

2. The number of implementing documents will be minimized and necessary procedural guidance consolidated to the greatest extent possible. Selected subjects to be covered by DoD Directives/Instructions or joint Service/Agency documents in support of this Directive are listed in Enclosure 1. Each DoD Component will forward the joint Service/Agency documents for which it is responsible to the SecDef for approval prior to issuance.

David Packard
Deputy Secretary of Defense

Enclosure
Related Policy

5000.1 (Encl 1)
Jul 13, 71

RELATED POLICY

Responsibility for the following policy documents is assigned to the Cognizant Office indicated. In each case, the Cognizant Office shall (a) generate the policy, or (b) delegate authority to a lead DoD Component for preparation and subsequent issue of a joint Service/Agency regulation, agreement or guide after approval by OSD.

Policy Subject	Cognizant Office	Responsible DoD Component
The DoD Technology Base	DDR&E	
The DCP and the DSARC	DDR&E	
Defense System Engineering	DDR&E	Air Force
Proposal Evaluation and Source Selection	ASD(I&L)/ DDR&E	
Cost Analysis	ASD(SA)	
Acquisition of Data	ASD(I&L)	
Cost/Schedule Control Systems	ASD(C)	Air Force
Test and Evaluation	DDR&E	Navy
Priorities and Allocations	ASD(I&L)	
Manufacturing Technology	ASD(I&L)	
Quality Assurance	ASD(I&L)	
Logistic Support	ASD(I&L)	
Standardization	ASD(I&L)	
Value Engineering	ASD(I&L)	

Chairman LEVIN. Thank you all. This is a very useful hearing and it is a very important hearing because oversight is something we do not do enough of around here, as I mentioned. We are thankful for your contribution.

We will stand adjourned.

[Whereupon, at 12:05 p.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR RICHARD BLUMENTHAL

MH–60R

1. Senator BLUMENTHAL. Secretary Kendall, the Navy cut 29 MH–60R helicopters from the planned procurement, which would leave the Navy 29 aircraft short of its requirement and would break the current H–60 multi-year procurement contract. What is the termination liability of such a move and what are the effects this will have on the price of the Army UH–60M aircraft for next year if the multi-year is broken?

Mr. KENDALL. A final decision on maintaining or terminating the MH–60R multi-year procurement contract has been deferred to fiscal year 2016. Any potential modifications to the Navy's MH–60R procurement plan will be aligned with other Navy force structure adjustments. Actual costs associated with a potential early termination or cancellation of the two multi-year contracts have not yet been determined. Costs will be calculated in accordance with the Federal Acquisition Regulations (FAR) and through negotiations of a termination settlement proposal with the prime contractor when and if official notification of termination or cancellation oc-

curs. Provided that the level of Advance Procurement funding requested in the President's fiscal year 2015 budget request is approved and appropriated by Congress, potential termination or cancellation would not occur until the fiscal year 2016 Appropriations and Authorizations Acts become law.

ROSOBORONEXPORT HELICOPTER

2. Senator BLUMENTHAL. Secretary Kendall, the United States continues to purchase Rosoboronexport helicopters, even as sanctions are imposed on Russian leadership. What must we do to cease the delivery and payment for the 20 remaining Mi-17 helicopters?

Mr. KENDALL. An official in the chain of command of the Non-Standard Rotary Wing (NSRW) Program Office would have to direct the NSRW Program Office to take action, under the terms of the contract, to negotiate with the Russian joint stock company Rosoboronexport to cease delivery of the Mi-17 helicopters and to negotiate cessation of payments. The United States has the ability to suspend work under the contract for a maximum period of 90 days; however, under that authority, the United States would likely be liable for delay and/or other costs incurred as a result of the stop work order.

3. Senator BLUMENTHAL. Secretary Kendall, what would be the termination costs of such a move?

Mr. KENDALL. The termination costs would be subject to negotiation and would likely change significantly based on the date of the termination. However, the primary consideration for the Department of Defense (DOD) would not be the financial cost of termination but the enormous impact that contract cancellation would have on our mission in Afghanistan. General Dunford has described the loss of the Mi-17s as catastrophic.

4. Senator BLUMENTHAL. Secretary Kendall, I am aware that DOD has a current requirement that the primary manufacturer certify the air worthiness of an airframe before U.S. troops are allowed to board or be transported by the aircraft. Does an alternative method exist for certifying the air worthiness of various Mi-17 helicopters that would avoid engagement with or dependence upon the Russian manufacturer?

Mr. KENDALL. DOD's policy has been to allow U.S. personnel to fly only on Mi-17s certified as airworthy by the U.S. Army as a means of managing safety risk. Airworthiness is a U.S. Government determination but it depends critically on technical information and certifications from the manufacturer.

Without access to certified suppliers (for parts, technical information, air worthiness bulletins, etc.), the number of Afghan Mi-17s able to be certified as airworthy under our current airworthiness approach would steadily decline over time. The resulting impact to the Afghan National Security Forces (ANSF) Mi-17 fleet would substantially reduce the success of ANSF operations and the ANSF's ability to provide an outer perimeter of force protection for U.S. forces.

Accepting the loss of access to certified suppliers and transitioning to a higher airworthiness risk is possible but it will increase operational risk and the safety of flight risks to personnel, including U.S. personnel, on the aircraft. To mitigate or lower the risk, service life reductions could be implemented. This will result in increased cost due to the need for more maintenance and buying additional parts to ensure safety of flight, and is likely to further degrade Afghan Mi-17 mission readiness rates.

It should be noted that flight safety risk to U.S. personnel would include risk to both U.S. military personnel, as well as civilians from other Federal Agencies, (e.g. civilians supporting counter-narcotics operations). These risks would inhibit U.S. personnel flying with Afghans and further degrade Afghan training and operational capability. The additional risk may preclude operations, e.g., counter-narcotics operations, by other Federal Agencies.

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

ADDITIONAL TESTING REQUIREMENTS AND COSTS

5. Senator INHOFE. Secretary Kendall, the current Director of Operational Test and Evaluation (DOT&E) is not testing equipment to the standards set by the Services and validated by the Joint Requirements Oversight Council (JROC). Rather, DOT&E has decided to test equipment to standards which the DOT&E believes rep-

resent future threats. Though such tests could assist in mitigating operational risks, many believe this advantage is offset by encouraging gold-plated solutions which undermine the movement toward spiral or incremental acquisition strategies. Additional concerns have been raised since it appears these new testing requirements add additional costs and create delays to acquisition programs. What are your thoughts on this matter?

Mr. KENDALL. My understanding is that DOT&E attempts to test systems under as realistic operational conditions as possible. I believe this is the right approach and provides DOD with the best information on the performance of its weapons systems in stressing operational conditions. While I appreciate the concerns about adding costs to programs, I note that past reviews conducted by DOD have not found any significant evidence that the testing community typically drives unplanned requirements, cost, or schedule into programs. Most of our systems are fielded with initial capabilities that are improved over time, through later increments of software or through insertion of technology. Threats also change over time, and in many cases the initial design threat will have evolved by the time the system is fielded. Resource constraints and technical risk also affect the capabilities we can field at any given point in time. DOD has to balance all of these concerns as it structures acquisition programs and test programs. DOT&E provides valuable contributions to the debates about the best balance to strike. Sometimes those debates are heated, but I do not believe DOT&E significantly or inappropriately constrains DOD's decisions on acquisition strategies, priorities, requirements, or resource allocation.

6. Senator INHOFE. Secretary Kendall, how can we reform the acquisition system so DOT&E still makes an important contribution while addressing these cost and delay issues?

Mr. KENDALL. The data that I have seen does not support the view that DOT&E is causing significant or inappropriate cost and schedule delays. I do not believe legislative changes or major reforms in this area are needed at this time.

DOT&E is rightfully concerned about whether programs are operationally effective and suitable and that programs are tested under realistic combat conditions. We have to balance these concerns with resource constraints, urgency of need, and other considerations. I believe that DOD can achieve an appropriate balance without additional policy or legislative change.

STREAMLINING THE DEFENSE ACQUISITION PROCESS

7. Senator INHOFE. Secretary Kendall, recently, DOD reissued DOD Instruction 5000.02. Under this new interim instruction, most of the previous acquisition procedures remain, but are conducted earlier in the process. There are advantages to this approach but it does not reduce the amount of paperwork required. For example, I have recently been informed a major defense acquisition program spent 80,000 man-hours to produce the documents required to pass Milestone A. In addition, a further 100,000 manhours were required to create the paperwork necessary to pass Milestone B. This is insane. Accordingly, I have tasked the Government Accountability Office (GAO) to come up with recommendations to streamline the process. I also understand you are working on a similar initiative. What goals do you believe should be set to reduce this excessive documentation?

Mr. KENDALL. It is too early in the process to enumerate specific goals beyond my initiative's overarching one: ease the burden imposed by statute and related regulations in a substantial way. As an effort complementary to Better Buying Power, I have a team comprised of acquisition, technology, and logistics, Service Acquisition Executive, and other subject matter experts engaging in a deliberate and comprehensive review of acquisition statutes. Based on data collected from this review and from Service program deep dives, the team will develop legislative proposals to simplify the existing body of law that governs defense acquisition processes while maintaining the statutes' overarching intent. Two of the team's key focus areas are milestone certification requirements and reduction of unnecessary or duplicative documentation and reports, and I anticipate submitting several proposals that will address complexity, quantity, and necessity of documentation and related processes at the milestones and throughout the acquisition process. The main body of proposals should be finalized in time to be included in the National Defense Authorization Act (NDAA) for Fiscal Year 2016.

SINGLE LEADER RESPONSIBLE

8. Senator INHOFE. Secretary Kendall and Mr. Sullivan, as I mentioned in my written remarks, the Air Force publicly released the conclusions of its Acquisition Incident Review Team Final Report which examined the reasons for the failure of the Expeditionary Combat Support System (ECSS). The report noted ECSS had six program manager (PM) changes in 8 years and five program executive officer changes in 6 years. The report concluded that this "personnel churn" led to "significant instability, uncertainty, and churn, which served as a major distracting influence over the execution of the program." What are your thoughts on how to structure our acquisition personnel system so PMs have more stability in their assignments?

Mr. KENDALL. While the frequency of personnel changes for the ECSS program was excessively high, it does not represent normal practices or guidance. Since 2005, tenure lengths for major programs (Acquisition Category I/IA) were to run to the program milestone closest to 4 years or as tailored by the Component Acquisition Executive based on unique program requirements. While many factors impact program success, I believe that a measure of a PM's performance should be the successful execution of a phase of the program he or she planned and that the Milestone Decision Authority has approved. Therefore, in November 2013, I issued updated policy that re-emphasizes tenure expectations for PMs of ACAT I or IA programs. PMs should be assigned to the position to develop plans that lead to a milestone or decision that initiates a phase of the acquisition process, lead the effort to have that phase approved, and manage the execution of that phase. The updated policy states that PMs should begin approximately 6 months prior to a major milestone and be assigned for 4 years or until completion of the phase of the program that occurs closest in time to the date on which the person has served in the position for 4 years. Tenure length for non-major programs is 3 years.

I believe that stability and tenure length matters. DOD continues to look at data on tenure and program results, although we do not currently see a high correlation. We are pursuing new data to link existing workforce databases to programs so we can examine various correlations, such as how leadership team tenure, experience, and background relate to program outcomes and how this can be balanced with workforce management needs.

Mr. SULLIVAN. As I noted in my statement, we have reported on the lack of continuity in the tenure of key acquisition leaders across the timeframes of individual programs. A major acquisition can have multiple PMs during product development. I also noted that DOD acquisition executives do not necessarily stay in their positions long enough to develop the needed long-term perspective or to effectively change traditional incentives and their decisions can be overruled. In this environment, the effectiveness of management can rise and fall on the strength of individuals; accountability for long-term results is, at best, elusive. Several years ago, the Defense Acquisition Performance Assessment Panel recommended establishing the military department's service acquisition executives as a 5-year, fixed-term position to add leadership continuity and stability to the acquisition process. Similarly, in 2006, we recommended that at a minimum, DOD should match PM tenure with delivery of a product or for system design and demonstration. I believe these recommendations are still worth considering.

9. Senator INHOFE. Secretary Kendall and Mr. Sullivan, will this not increase accountability?

Mr. KENDALL. I believe PM performance and accountability is impacted both by when and how long he or she is assigned relative to the phase of the program. Both performance and accountability can be measured by the successful execution of a phase of the program he or she planned and that the Milestone Decision Authority has approved. Therefore, in November 2013, I issued updated policy that re-emphasizes tenure expectations for PMs of ACAT I or IA programs. PMs should be assigned to the position to develop plans that lead to a milestone or decision that initiates a phase of the acquisition process, lead the effort to have that phase approved, and manage the execution of that phase. The updated policy states that PMs should begin approximately 6 months prior to a major milestone, and be assigned for 4 years or until completion of the phase of the program that occurs closest in time to the date on which the person has served in the position for 4 years. My fundamental reasons for doing this are to ensure that PMs are responsible and accountable for both planning and executing a program phase.

Mr. SULLIVAN. I believe increasing PM tenure would, in fact, increase accountability. We have reported in the past that PM turnover during a program's development makes it difficult to hold them accountable for the business cases that they

are entrusted to manage and deliver. Specifically, we have previously reported that one reason that it is difficult to hold PMs accountable is that their tenure is relatively short so the problems being encountered today may well be the result of a poor decision made years ago by another PM. In addition, we have found that commercial companies we visited to determine commercial best practices all required that PMs stay on until the end of the program which was a primary means of assuring accountability.

INCREASING THE ROLE OF THE SERVICES IN THE ACQUISITION PROCESS

10. Senator INHOFE. Mr. Sullivan, the Independent Panel charged with reviewing the 2010 Quadrennial Defense Review (QDR) specifically spoke to the issue of acquisition reform. Specifically, the Independent Panel argued the "fragmentation of authority and accountability for performance" in the defense acquisition system was a "fundamental reason for continued under-performance in acquisition activities." The solution proffered by the Independent Panel was to implement a system of accountability "through a line management process." This has been interpreted to mean that Service Chiefs should have a much larger role in the acquisition process. What are the advantages and disadvantages of having the Service Chiefs be more involved in the acquisition process?

Mr. SULLIVAN. GAO recently issued a report assessing Service Chief involvement in the acquisition process (Defense Acquisitions: Observations on Whether the Military Service Chiefs' Role in Managing and Overseeing Major Weapon Programs Should Be Expanded, GAO–14–520). As part of the review, we assessed six recent studies that dealt with the issue of the Service Chiefs' involvement in the acquisition process, including the report of the Independent Panel, and found that while five of the reports recommended an expanded role for the Service Chiefs, they provided little evidence that this would improve program outcomes. We also examined existing DOD policies and processes for planning and executing acquisition programs and found that there are multiple opportunities for the Service Chiefs to be involved in the management and oversight of acquisition programs. For example, the Service Chiefs' offices can participate in senior-level reviews at key program milestones and in annual configuration steering board meetings where tradeoff discussions between program requirements and cost and schedule delays are supposed to take place. The study authors we interviewed as part of our review pointed out that the Service Chiefs had significant influence on certain programs in the past, but their involvement did not always result in successful cost, schedule, or performance outcomes. The authors agreed that strong leadership is essential to acquisition success, but pointed out that changes to the chain of command alone will not be sufficient to address all of the challenges faced by acquisition programs. As GAO and other acquisition experts have previously found, there are many inter-related factors that contribute to poor acquisition outcomes such as unrealistic requirements, lack of disciplined systems engineering, optimistic cost and schedule estimates, and acquisition workforce issues. While organizational changes can be an important part of the solution to achieving better outcomes, they should not take precedence over efforts to improve the acquisition process itself, build a more robust acquisition workforce, and foster a culture in which incentives are better aligned with good acquisition practices.

11. Senator INHOFE. Mr. Sullivan, if there is benefit to having additional involvement of the Service Secretaries and Service Chiefs what might that be?

Mr. SULLIVAN. As stated above in my response to question 10, existing policies and processes in DOD provide multiple opportunities for acquisition and requirements leaders to be involved in the management and oversight of weapon system programs. However, additional involvement of the Service Secretaries and Service Chiefs could lead to improved integration of the acquisition and requirements processes and facilitate greater knowledge that could assist in cost/performance tradeoffs during acquisition program planning and execution.

SOLE-SOURCE CONTRACT AWARDS

12. Senator INHOFE. Secretary Kendall, recently, GAO issued a report that stated, "In 2013, the Department of Defense awarded contracts for about $308 billion for products and services, of which 43 percent was awarded without competition." I understand sole-source awards must be accompanied by a written justification that addresses the specific exception to full and open competition. Do you review these justifications?

Mr. KENDALL. I do not normally review justifications for sole source contract awards. Consistent with the policies, procedures, and authorities in DFARS 206.3—Other Than Full and Open Competition, authority to review and approve justifications for other than full and open competition has been established with the military departments or delegated to the senior procurement executives of the defense agencies. As I review Major Defense Acquisition Programs (MDAP) and Major Automated Information Systems (MAIS) programs for major milestones or to approve acquisition strategies, I do review any decision not to use competition.

13. Senator INHOFE. Secretary Kendall, have you ever disapproved a sole-source justification request?

Mr. KENDALL. I do not normally read justification and approval documents, but I do approve acquisition strategies and milestones which include sole source versus competitive strategies. There have been at least two cases recently in which I have directed a Service to open a limited competition or switch from sole source to competitive strategies.

14. Senator INHOFE. Secretary Kendall and Mr. Sullivan, what are the barriers to opening up service contracts to competition?

Mr. KENDALL. Some barriers which have been identified in the past include: not having the necessary data rights to enable competition, in Foreign Military Sales (FMS) direction from the buying country to use a specific source, and delays in an ongoing competition that result in the use of sole-source bridge contracts. DOD continues to work to break-down these barriers and increase competition across all acquisitions.

DOD achieved a 73 percent competition rate for all Services contracts in fiscal year 2013, with one portfolio group, construction, reaching 90 percent. Increasing competition in service acquisitions will continue to be a priority. DOD is working on a new "Acquisition of Services" Instruction, which establishes and implements a formal management and oversight structure for the procurement of contract services. The Instruction will also establish policy, assign responsibilities, and provide direction on all aspects of services acquisition, including competition.

Competition is a cornerstone of our acquisition system and the benefits of competition are well established.

Mr. SULLIVAN. Several key factors influence competition for service contracts. For support services related to DOD weapons programs, we have found that the lack of access to proprietary technical data and a heavy reliance on specific contractors for expertise can limit, or even preclude the possibility of, competition. Even when technical data are not an issue, the government may have little choice other than to rely on the contractors that were the original equipment manufacturers, and that, in some cases, designed and developed the weapon system. In addition, program officials play a significant role in the contracting process, particularly in developing requirements and interfacing with contractors. According to contracting officials we have spoken with, program officials may have a preference for the incumbent contractors and are often insufficiently aware of the amount of time needed to complete acquisition planning, which may hinder opportunities to increase competition. Further, program officials may not conduct sufficient market research or overly specify requirements which can also impact competition.

CONTRACT BUNDLING

15. Senator INHOFE. Secretary Kendall, over the past several years, a number of small- and mid-size defense contractors have raised concerns regarding contract bundling. Specifically, contract bundling occurs when an agency takes two or more disparate requirements and combines them into one acquisition. Small- and mid-size defense contractors with specific specialties believe bundling unfairly advantages larger contractors since it is less likely smaller corporations would be qualified to bid for a contract with disparate requirements. What are your thoughts on contract bundling?

Mr. KENDALL. I strongly support the objectives of the Small Business Act, as implemented in the FAR, concerning contract bundling.

A bundled contract consolidates two or more requirements for supplies or services previously performed under separate, smaller contracts into a solicitation for a single contract likely to be unsuitable for award to small business due to the diversity, size, or nature of the performance specified; the aggregate dollar value of the anticipated award; the geographical dispersion of performance sites; or any combination of these factors.

DOD considers the benefits of contract bundling on a case-by-case basis during acquisition planning, in accordance with FAR 7.107. While there may be benefits to contract bundling under certain conditions, DOD remains committed to providing opportunities for small business and creating an environment that recognizes the value of and engages small businesses as critical suppliers of required warfighting capabilities. I believe contract bundling is infrequent in DOD (only four reported in fiscal year 2013).

The scrutiny undertaken as part of the planning process is important and worthwhile because it enables DOD to maximize participation of small businesses in DOD acquisitions while achieving cost savings, quality improvements, enhanced performance efficiency, reduction in acquisition cycle times, or other measurable benefits.

Specifically, in accordance with the Small Business Act, 15 U.S.C. 644(e), a procuring activity must reasonably determine that bundling is necessary and justified and conduct market research to identify the benefits to be realized from bundling the requirements. To justify the bundling, these benefits must be "measurably substantial" in relation to the dollar value of the procurements to be bundled as compared to the benefits to be realized if separate procurements are conducted.

16. Senator INHOFE. Secretary Kendall, is it in the best interests of DOD and our warfighters to discourage contract bundling?

Mr. KENDALL. DOD neither encourages nor discourages contract bundling. It is our responsibility to the taxpayers and the warfighter to bundle contracts where there is determined to be "measurably substantial benefits" to the government. We conduct market research to determine whether bundling is necessary and justified. "Measurably substantial benefits" are assessed in relation to the dollar value of the procurements to be bundled as compared to the benefits to be realized if separate procurements are conducted. DOD considers the benefits of contract bundling on a case-by-case basis during acquisition planning.

While there may be benefits to contract bundling under certain conditions, DOD remains committed to providing opportunities for small business concerns and to creating an environment that recognizes the value of small businesses, and engages small businesses as critical suppliers of required warfighting capabilities. Contract bundling is infrequent in DOD; only four instances of bundling were reported in fiscal year 2013.

RAPID ACQUISITION

17. Senator INHOFE. Mr. Etherton, Mr. Schwartz, and Mr. Berteau, the noted defense analyst, Mr. William C. Greenwalt,* recently wrote, "Rapid acquisition authorities that were enacted after September 11, 2001, led to the creation of a number of rapid acquisition entities and processes. Many of these emulated the acquisition buying practices of U.S. Special Operations Command (SOCOM), which has had its own longstanding special acquisition authority." As our role is being reduced, "these ad-hoc organizations and processes are in danger of winding down. Immediate steps should be taken to ensure that these organizations and processes are not dismantled and become absorbed into the traditional acquisition system. As a way of maintaining these capabilities, current rapid acquisition authorities should be expanded to apply beyond wartime requirements and be targeted at supporting combatant commanders' needs that can be deployed in less than 2 years." What are your thoughts about Mr. Greenwalt's proposal?

Mr. ETHERTON. Maintaining rapid acquisition authorities will be critical in the future as Mr. Greenwalt argues. The longer they remain "ad hoc" authorities, the more vulnerable they will be to elimination. The challenge is to align the various authorities and ensure that lessons learned from them are used to transform the traditional process rather than having the traditional process slowly stifle the use of rapid acquisition approaches.

Mr. SCHWARTZ. Analysts overwhelmingly agree that the traditional acquisition system is too cumbersome and time consuming, and that a concerted effort must be made to streamline the acquisition process.[1] As Norman Augustine (former Chief Executive Officer of Lockheed Martin) and former Senators Gary Hart and Warren Rudman wrote in 2009, the traditional defense acquisition system operates:

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*Mr. William C. Greenwalt was formally employed by the Senate Armed Services Committee as a professional staff memeber starting on March 5, 1999, and ending on April 15, 2006.

[1] See CRS Report R43566, Defense Acquisition Reform: Background, Analysis, and Issues for Congress, by Moshe Schwartz.

> "too slowly and at vastly greater cost than necessary. In earlier times we could arguably afford such flaws in efficiency, but we can afford them no longer. . . . We must examine the status quo systemically, in all its aspects, in order to make necessary and long overdue changes. If we do not, we will be in an increasingly sclerotic defense acquisition process that may one day no longer be able to supply American warfighters with the means to assure this Nation's freedom and security."[2]

The experiences of the operational force in Iraq and Afghanistan have underscored the importance of having a more responsive and rapid acquisition process. In response, Congress enacted legislation to support rapid acquisitions, including sections 806 and 807 of the Bob Stump NDAA for Fiscal Year 2003 (P.L. 107–314) and section 811 of the Ronald W. Reagan NDAA for Fiscal Year 2005 (P.L. 108–375).

DOD Instruction 5000.2, Operation of the Defense Acquisition System, contains a section on "Rapid Acquisition of Urgent Needs" that details the policy and procedures for acquisition programs that provide capabilities to fulfill urgent needs that can be fielded in less than 2 years.[3] According to the instruction:

> "DOD's highest priority is to provide warfighters involved in conflict or preparing for imminent contingency operations with the capabilities urgently needed to overcome unforeseen threats, achieve mission success, and reduce risk of casualties. . . . The objective for the rapid acquisition of urgent needs is to deliver capability quickly, within days or months."

Mr. Greenwalt suggests that "current rapid acquisition authorities should be expanded to apply beyond wartime requirements and be targeted at supporting combatant commanders' needs that can be deployed in less than 2 years."

Contracting in wartime is different from contracting in peacetime.[4] In peacetime, the measures of success are generally getting the right good or service, on schedule, and at a fair price. In such circumstances, cost savings, additional testing, or other public policy objectives may justify some delay in fielding systems. In wartime, however, cost, schedule, and performance are often secondary to larger strategic goals of executing mission, protecting the lives of military personnel, promoting security, or denying popular support to an insurgency. Despite these differences, lessons learned using rapid acquisitions in Iraq and Afghanistan could help in developing a more rapid peacetime acquisition process.

A number of analysts would strongly support incorporating lessons learned from the use of rapid acquisitions in Iraq and Afghanistan into the traditional acquisition process. Expanding rapid acquisition authorities to apply beyond wartime requirements could also provide significant benefits to combatant commands, including getting new equipment into the theater faster. The challenge is to balance the need for a more rapid acquisition process with other priorities, such as cost savings or other public policy objectives.

Mr. BERTEAU. Mr. Greenwalt raises an important issue, because the structure and processes for rapid acquisition are still needed. DOD appears to have recognized that need by establishing the Joint Rapid Acquisition Cell (JRAC) to maintain continuity of organization and to provide a process for warfighters to continue to request and receive approval for rapid acquisition decisions on joint urgent needs and emerging urgent needs. In addition, Mr. Greenwalt suggests that "current rapid acquisition authorities should be expanded to apply beyond wartime requirements and be targeted at supporting combatant commanders' needs that can be deployed in less than 2 years." My research on processes to support innovation needs for combatant commanders supports Mr. Greenwalt's suggested expansion (some of this research has been undertaken since the conclusion of the hearing). I believe that Congress in general, and the Senate Armed Services Committee in particular, should support legislative language for both the continuation and the expansion of these rapid acquisition processes.

INDEFINITE DELIVERY, INDEFINITE QUANTITY CONTRACTS

18. Senator INHOFE. Mr. Etherton, Mr. Schwartz, and Mr. Berteau, in Mr. Etherton's written testimony, he highlights the Multiple Award Task or Delivery Order Contract process as "a good intent . . . overcome by the sluggish government

[2] Business Executives for National Security, A Business Imperative for Change from the Task Force on Defense Acquisition Law and Oversight, July 2009, p. iii.

[3] See Enclosure 13 of DOD Instruction 5000.02.

[4] CRS Report R42084, Wartime Contracting in Afghanistan: Analysis and Issues for Congress, by Moshe Schwartz.

planning, programming, budgeting, and execution cycle." Another area of concern I have is with single award Indefinite Delivery, Indefinite Quantity (IDIQ) contracts. I understand these awards are based on competition but once awarded, the government is at the mercy of the contractor when task orders are issued as part of the contract. Would the government be better served with multiple award IDIQs?

Mr. ETHERTON. Congress has enacted a number of provisions to make IDIQ contract awards and the award of task or delivery orders under them more competitive. Section 803 of the NDAA for Fiscal Year 2002 provides that all individual task or delivery purchase orders above $100,000 be awarded using a competitive process unless a contracting officer follows certain waiver procedures. The competitive process required by section 803 includes notifying all relevant contractors of the government's intent to make the purchase and to consider any offers received. In general, an award cannot be made unless offers are received from at least three qualified contractors. Awards of task or delivery orders above $5 million require the use of a detailed solicitation process, and a contractor has the right to lodge a protest with GAO over the award of a task or delivery order above that threshold. In addition, section 843 of the NDAA for Fiscal Year 2008 provides that for aggregate IDIQ task orders expected to exceed $100 million, IDIQ contracts must have at least two sources to ensure competition for the item or service.

Mr. SCHWARTZ. Indefinite delivery contracts are generally awarded to lock in the acquisition of goods or services "at stated prices for given periods of time."[5] There are three types of indefinite delivery contracts:

1. definite-quantity contracts,
2. requirements contracts, and
3. indefinite-quantity contracts.

According to FAR, IDIQ contracts are appropriate when "the government cannot predetermine, above a specified minimum, the precise quantities of supplies or services that the government will require during the contract period, and it is inadvisable for the government to commit itself for more than a minimum quantity. The contracting officer should use an indefinite-quantity contract only when a recurring need is anticipated."[6]

The FAR clearly states that when planning an IDIQ contract, the contracting office "must, to the maximum extent practicable, give preference to making multiple awards of indefinite-quantity contracts under a single solicitation for the same or similar supplies or services to two or more sources."[7]

There are circumstances when a single award IDIQ is appropriate, such as when better terms and conditions (including costs) can be achieved through a single award.[8] For example, an IDIQ contract for helmets could be structured to set firm prices for each item, and have a decreasing cost scale as the total quantity of items purchased increases. In such a situation, a multiple award contract may not result in lower cost to the government and could result in higher costs.

In some cases, IDIQ contracts result in a single award because DOD has determined that there is only one qualified contractor.[9] According to GAO:

> "During the past 5 fiscal years, DOD used the "only one responsible source" exception for about 64 percent of all awards for new noncompetitive contracts and task orders on single award IDIQ contracts."[10]

Some analysts have questioned whether single award IDIQs are being executed when a multiple award would be more appropriate. To the extent that single IDIQ contracts are inappropriately used or poorly executed, the government would generally be better served with a multiple award IDIQ.

Mr. BERTEAU. The recent CSIS report titled U.S. Department of Defense Contract Spending and the Industrial Base, 2000–2013, provides an update of our analysis of this question. (The report may be found at http://csis.org/publication/us-department-defense-contract-spending-and-industrial-base-2000–2013.) The use by DOD of Single Award Indefinite Delivery Contracts has been steadily declining, from 39 percent of all contract dollars obligated in 2008 to 28 percent in 2013. The use of Multiple Award Indefinite Delivery Contracts has risen from 11 percent to 14 percent

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[5] Federal Acquisition Regulation, 8.402.
[6] FAR 16.504(b).
[7] FAR 16.504(c). The stated exception is for advisory and assistance services as discussed in paragraph (c)(2) of the same section.
[8] FAR 16.504(c)(ii)(B).
[9] FAR 16.504(c)(ii)(B).
[10] U.S. GAO, Defense Contracting: Early Attention in the Acquisition Process Needed to Enhance Competition, GAO–14–395, May 5, 2014, p. 16.

in the same time period. Thus, the results of actual contract obligation award data indicate that Mr. Etherton's concerns are already being addressed.

19. Senator INHOFE. Mr. Etherton, Mr. Schwartz, Mr. Berteau, what can be done to improve multiple award task or delivery order competition and contracting?

Mr. ETHERTON. The purpose behind the IDIQ contracting authority was to provide a competitive process upfront, followed by a more streamlined process for using task or delivery orders for goods or services purchased on a repetitive basis. This process was established as an alternative to having a full and open competition in each instance. The IDIQ process has now become less streamlined and more costly for companies. Companies spend significant sums on bid and proposal costs to get an IDIQ contract award and then continue to spend significant sums on bid and proposal costs to receive a task order award. The government ultimately bears much of these costs under cost reimbursable contracts. In some instances, IDIQ contracts have been an unjustified default approach within Federal agencies. Federal agencies should question the use of IDIQ approaches when use of full and open competitive procedures for each single award would be less costly and more streamlined for all parties. The overuse of IDIQ contracts unfortunately represents the same bureaucratic approach to contracting that Under Secretary Kendall has sought to address through his Better Buying Power initiatives.

Mr. SCHWARTZ. "Governments, like clocks, go from the motion men give them."[11] The effectiveness of IDIQ contracts hinges partly upon the ability of the workforce to clearly define requirements, determine the most appropriate contract type, conduct effective market research, and manage the contract. A number of analysts have concluded that insufficient resources or shortages in the number of properly trained, sufficiently talented acquisition personnel increase the risk of poor contract performance, which in turn can lead to waste, fraud, and abuse.[12] One way to improve multiple award task or delivery order competition and contracting may be to improve the training, experience, and knowledge of the workforce.

Some analysts point to the current application of multiple award contracts as an area ripe for review. In his testimony, Mr. Etherton stated: "The Multiple Award Task or Delivery Order Contract process established in the Federal Acquisition Streamlining Act, intended to provide an alternative to full and open competitive procedures on repetitive task or delivery orders, has been altered over the years by Congress, because of perceived abuses, to look more like the process it was intended to supplement."[13] To the extent that the statutory authority for multiple award task or delivery contracts has been modified over the years, Congress could choose to reexamine the current statutory language and consider amending the authorities to mirror more closely the original intent of the Federal Acquisition Streamlining Act.

Mr. BERTEAU. The recent CSIS report titled U.S. Department of Defense Contract Spending and the Industrial Base, 2000–2013, provides an update of our analysis of this question. (The report may be found at http://csis.org/publication/us-department-defense-contract-spending-and-industrial-base-2000–2013.) Current practice appears to be improving the use of Multiple Award IDCs in DOD. In the Army, for example, overall contract obligation have declined by 45 percent since 2008, but the amount obligated under Multiple Award Indefinite Delivery Contracts has stayed relatively constant.

CSIS is currently researching competition under these contract types and expects to publish the results of that research in the summer of 2015. Preliminary results should be available in the spring of 2015 and could be shared with the committee, if desired.

REQUIREMENTS CREEP

20. Senator INHOFE. Mr. Schwartz, the 2010 QDR stated, "new systems are too often set at the far limit of current technological boundaries. Such ambition can sometimes help produce breakthrough developments that can significantly extend America's technological edge. But, far too often the result is disappointing initial performance followed by chronic cost and schedule overruns. DOD and the Nation can no longer afford the quixotic pursuit of high-technology perfection that incurs unacceptable cost and risk. Nor can DOD afford to chase requirements that shift

[11] William Penn, "Frame of Government for Pennsylvania," April 25, 1682, p. Preface.

[12] CRS Report R43566, Defense Acquisition Reform: Background, Analysis, and Issues for Congress, by Moshe Schwartz.

[13] U.S. Congress, Senate Committee on Armed Services, Reform of the Defense Acquisition System, Written Statement of Jonathan Etherton, 113th Cong., 2nd sess., April 30, 2014, at http://www.armed-services.senate.gov/imo/media/doc/Etherton__04–30–14.pdf.

or continue to increase throughout a program's lifecycle." Have we begun to make progress in this area?

Mr. SCHWARTZ. Former Secretary of Defense Robert Gates stated that, as a result of defense spending more than doubling between fiscal year 2001 and fiscal year 2010, "we've lost our ability to prioritize, to make hard decisions, to do tough analysis, to make trades." [14] A number of analysts, industry officials, and DOD officials believe that this increase in spending contributed to a 'quixotic pursuit of high-technology perfection' and the chasing of 'requirements that shift or continue to increase throughout a program's life.'

Just as many analysts believe that these problems were fueled in part by increasing budgets, many analysts also believe that constrained budgets are fostering a culture of better decisionmaking and more stable requirements. According to these analysts, declines in defense acquisition obligations since fiscal year 2008 have resulted in efforts to prioritize programs, rein in the expansion of requirements, improve efficiency, and increase the focus on costs.[15]

The shift to reining in costs and requirements was most visible at a press conference in May 2009, when then Secretary Gates announced steps to rein in cost and schedule growth in weapon system acquisitions.[16] He called for cancelling programs that significantly exceed budget, do not meet current military needs, or do not have sufficiently mature technology. Addressing programs with significant cost growth, he called for the cancellation of a number of programs, including the VH–71 presidential helicopter. He also called for the cancellation of programs for which a strong requirement no longer existed or for which needed technology had not matured—such as the ground components of the Future Combat System and missile defense's Multiple Kill Vehicle. Other programs, such as the F–22 and Air Force Combat Search and Rescue X, were also cancelled or curtailed.

Program cancellations or changes have continued to occur, most recently with the Army's decision to cancel the Ground Combat Vehicle. In addition, analysts could point to the Joint Strike Fighter and the KC–46 tanker as examples of programs that have had little requirements creep.

Some analysts and officials believe that recent efforts within DOD and the impact of the Weapon Systems Acquisition Reform Act have contributed to reining in costs, curtailing the pursuit of requirements that are difficult to achieve, and preventing requirements creep.[17]

To the extent that there has been improvement in these areas, one question for Congress could be whether the progress made to date is a function of temporary budget pressures, the personalities of current/recent leadership, or institutional change in the acquisition culture and process. To the extent that recent progress is a result of budget pressures or current leadership, such progress may be temporary. The answer to this question may not be apparent until more new programs get underway, such as the next generation bomber, the *Ohio*-class submarine replacement program, or possibly the Army Multi-Purpose Vehicle (M113 armored personnel carrier replacement).

21. Senator INHOFE. Mr. Schwartz, what about requirements creep?

Mr. SCHWARTZ. See response to question #20, above.

22. Senator INHOFE. Mr. Schwartz, are we doing a better job of preventing additional requirements being added throughout the acquisition process?

Mr. SCHWARTZ. A number of countries have undertaken efforts to reform or improve their defense acquisition systems, resulting in novel and innovative approaches to acquisitions. Some analysts have suggested that the United States can benefit from looking at the defense acquisition practices of other countries.

While there may be lessons to be drawn from the acquisition practices of other countries, it is worth noting the vast difference in scale between DOD and other militaries, including the:

1. comparative size of the defense acquisition workforce,
2. number of complex and challenging acquisitions undertaken by DOD, and

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[14] Department of Defense, "DOD News Briefing with Secretary Gates and Adm. Mullen from the Pentagon," press release, June 6, 2011, http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4747.

[15] See CRS Report R43566, Defense Acquisition Reform: Background, Analysis, and Issues for Congress, by Moshe Schwartz.

[16] For the full text of the press conference, see http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4396.

[17] Ibid. See also Tony Capaccio, "Lockheed F–35's Cost Declines by $4.3 Billion, Pentagon Says," Bloomberg, May 23, 2013.

3. significantly larger acquisition budget of DOD.

Put in context, DOD obligated more money on just contracts in fiscal year 2012 ($360 billion) than the combined value of the five largest non-U.S. total defense budgets in the world ($335 billion).[18] Some policies that appear effective in smaller acquisition organizations or in less complex procurements may not prove to be as effective when pursued on the scale of DOD.

Another challenge in adopting foreign practices is the difference in the organizational structure of DOD compared to that of most other countries. Title 10 of the U.S.C. endows the Military Services with a substantial role in the acquisition process. This is in marked contrast to the structure established in many other countries, including most European countries, where there is a centralized defense acquisition organization. Policies that work in a centralized acquisition organization may not be transferable to or as effective in the service-oriented structure of DOD.

Some analysts have suggested that DOD should emulate the approach taken by such countries as United Kingdom, France, Sweden, Australia, Israel, and Germany, and create a centralized (joint) acquisition organization. Some of these analysts argue that just as Goldwater-Nichols created a jointness in the operational forces, it is time to extend the principles of Goldwater-Nichols to the acquisition sphere and create a joint acquisition organization. Such an approach was outlined in H.R. 965, Independent Defense Procurement Corps Act of 1989.[19]

Others have taken the opposite view, arguing that the Military Services should be endowed with more acquisition authority, at the expense of the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics. This position is consistent with those analysts and officials from other countries who are not persuaded that a centralized acquisition organization is inherently more efficient or effective.

Below is a list of selected countries that some analysts or officials have suggested provide examples of approaches to defense acquisitions that can be emulated by DOD.

Israel[20]

The acquisition of goods and services for the Israeli military is generally executed by the Ministry of Defense's Directorate of Procurement and Production. The directorate is organized into five main divisions:

1. Air,
2. Land,
3. Sea,
4. Information and Telecommunication, and
5. Maintenance and Services.

Each of these divisions corresponds to and works closely with its operational counterpart. Requirements are developed by the relevant service, not by the Directorate of Procurement and Production. A separate organization, the Directorate for Research and Development (R&D), focuses on R&D programs and can set its own operational requirements.

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[18] The five largest 2012 defense budgets were China ($102.4 billion), United Kingdom ($60.8 billion), Russia ($59.9 billion), Japan ($59.4 billion), and Saudi Arabia ($52.5 billion). Source: The International Institute for Strategic Studies, The Military Balance 2013, the annual assessment of global military capabilities and defense economics, London, 20113, p. 41.

[19] Section 101 of the bill read as follows:

Congress finds the following:

(1) It is essential that Congress act to establish an independent procurement system for DOD that will minimize abuses and provide high quality, competitively priced, and effectively designed defense products.

(2) The frequent movement of individuals from the private sector to DOD, and from DOD to the private sector, fosters real and perceived conflicts of interest in defense acquisition.

(3) The parochial interests of each military department often lead to duplication of effort and higher costs.

(4) There should be an independent, well-trained, and well-paid team of professionals who have chosen the Independent Procurement Corps as a stable career path and who represent the public interest and the legitimate needs of DOD in all negotiations with defense contractors in all matters related to the procurement of property and services required by DOD, including research, development, production, and management.

[20] Information provided to CRS by an official at the Embassy of Israel in Washington, December 12, 2013. Information also based on discussions with Israeli officials throughout 2012.

Some analysts and officials have suggested that the Israeli requirements and acquisition process allows for more rapid development and fielding of systems, when warranted.[21]

Sweden[22]

The Defense Materiel Administration (FMV) is the centralized organization that procures goods and services for the Swedish military. The FMV consist of six divisions.

1. Systems and Production,
2. Logistics and Procurement,
3. Storage, Service, and Workshops,
4. Tests and Evaluation,
5. GRIPEN (Strategic Projects), and
6. Commercial Operations.

Some analysts have suggested that the United States should emulate the pay structure used by the FMV to attract and retain its acquisition workforce. According to defense analyst Ronald Fox, Sweden addresses the challenge of:

> Attracting and retaining senior people—military and civilian—by a special law that allows an added salary increase for crucial acquisition positions. Thus, a Swedish colonel serving as a PM can receive a significantly higher salary than other colonels and even the director general of the agency. This incentive provides prestige and draws highly-qualified, experienced people to senior acquisition positions.[23]

The same policy applies to all FMV personnel in the acquisition workforce, including technical experts and PMs. Pay and benefits, which are influenced by the complexity of the task and the performance of the individual, are more flexible than DOD's GS or uniform pay structures. According to the Swedish Government:

> Pay determination shall be individual, differentiated, and adjusted to market conditions for all categories of personnel. It is the responsibility of each manager to ensure that his/her employees are evaluated and awarded based on performance. . . . In the pay review the individual evaluation shall be based on whether the employee has achieved the expected result and fulfills the competency requirements for his/her position.[24]

France

In 1961, France became one of the first nations to consolidate all defense acquisition under one bureau, the Direction Générate de l'Armement (DGA-General Directorate for Armament), which is responsible for virtually all aspects of weapon system development (including exports). Some analysts have argued that the French approach to defense acquisition can provide lessons in improved acquisition performance. One report found that cost overruns in French weapon acquisitions:

> Tend to be relatively minor in scope; on the order of 5 to 10 percent per weapons platform, versus an average overrun of 26 percent per platform in the United States.[25]

The report argues that three related factors are substantially responsible for cost control:

1. hard budget constraints;
2. technical knowledge and experience of the acquisition workforce, coupled with a more collaborative relationship between the military department and industry; and

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[21] One example is Israel's Iron Dome system, which was developed and deployed within a timeframe that was faster than generally possible in the current DOD acquisition process.

[22] Based on information and documentation provided to CRS by an official of the Defense Materiel Administration, November 29, 2013 (unless otherwise cited). Documents available upon request.

[23] J. Ronald Fox, Defense Acquisition Reform, 1960–2009: An Elusive Goal (2011), p. 204.

[24] Documentation provided by the Defense Materiel Organization.

[25] Ethan B. Kapstein and Jean-Michel Oudot, "Reforming Defense Procurement: Lessons from France," De Gruyter Business and Politics, vol. 11, no. 2 (August 2009). A policy brief written summarizing the full abstract was written by the author and issued by the Center for News New American Security. The polity brief can be found at: see http://www.cnas.org/files/documents/publications/CNAS%20Policy%20Brief%20-%20defense%20acquisition_l.pdf.

CRS has not determined the extent to which this comparative analysis adjusts, as appropriate, for size, complexity, or technological advances in weapon programs. The report points out that the methodology used by GAO to determine 'average' cost growth of 26 percent is unknown. As a result, the authors "look at both the arithmetic and geometric averages in our account of the French case, and thus the spread in averages from 5 to 10 percent."

3. empowering PMs.

Another difference between the U.S. and French system is the role of the legislative branch. The French legislature does not exert as much influence on individual weapon system budgets as does the U.S. Congress.

Australia[26]

The Defense Materiel Organization (DMO), established in 2000, is the centralized organization responsible for the acquisition of goods and services for the Australian military. In 2012 to 2013, the DMO was responsible for 40 percent of the Australian military's budget. According to the Australian Government, since the establishment of a centralized acquisition organization:

- on average, projects are delivered under budget (using 98 percent of available funds); and
- average schedule slips have decreased from 50 percent to 30 percent in 2007; the number of projects delivered on time has doubled.

One unique feature of the DMO is that it provides independent cost, schedule, and risk analysis to the military and civilian government, providing independent analysis from those executing the acquisition programs (the DMO does not weigh in on capability requirements). According to government documentation,

> DMO is responsible for delivering military equipment to the Australian Defense Forces according to the cost, schedule, and specifications agreed by the government. To be properly held to account for doing so, DMO needs to be able to provide independent advice to government on matters which it remits.

Another unique feature of the Australian system is the role of Gate Review Boards. Gate Reviews are the rough equivalent to DOD milestones. Gate Reviews are conducted by Gate Review Boards. Each board is made up of:

1. Senior DMO management;
2. DMO officials independent of the program in questions; and
3. Independent non-DMO officials.

The board conducts in-depth analysis of the program and the chair of the board provides guidance to the PM and the senior executive responsible for approving the program's readiness to advance to the next acquisition phase. Australian officials have indicated that this process has been very successful in improving the performance of the acquisition process.

INTELLECTUAL PROPERTY RIGHTS

23. Senator INHOFE. Mr. Etherton, Mr. Schwartz, and Mr. Berteau, is DOD doing enough to intellectual property (IP) rights of commercial industry when acquiring their products?

Mr. ETHERTON. DOD relies on the commercial sector to research and develop goods and services at private expense. At the same time, DOD is under great pressure to compete as many of its procurement actions as possible. In my view, pressures to increase the potential for competition have led DOD to pressure contractors to provide rights in IP with little or no limitation on DOD's right to use the IP in follow-on procurements. In some cases, DOD policies on IP delivery are changing mid-program with respect to commercial products that were developed 100 percent at private expense.

In addition, section 815 of the NDAA for Fiscal Year 2012 will allow DOD the right to use commercially-developed IP utilized (but not necessarily developed) in the performance of a contract in order to facilitate greater competition. The aggressiveness of current DOD policy on the delivery of IP rights to the government combined with uncertainty about the ability of a contractor to protect its IP in the future are leading some in industry to reconsider continued investment in technology applications for defense and to exit from the defense market altogether. In my view, Congress and DOD need to address these issues in a more balanced fashion that weighs the short-term need for competition against the long-term need for access to affordable, cutting-edge innovation from a diverse industrial base.

[26] Based on discussions with officials from the Australian Senate and Embassy of Australia, December 2013, and documentation provided to CRS December 13, 2013. Documents available upon request.

Mr. SCHWARTZ.[27] An inherent tension exists in the Federal acquisition process between DOD's operational needs and its fiduciary responsibilities to ensure that it can properly field, support, maintain, upgrade, replace, and dispose of products (and parts) over the life of a product that it acquires, on the one hand, and a company's need to protect the IP that forms the foundation for the product and which often accounts for a substantial share of the value of the company. It is hard to overstate the importance of IP to most companies. For example, according to Ocean Tomo, LLC, a financial services company, intangible assets (such as IP and trade secrets) accounted for 81 percent of the total value of S&P 500 companies in 2009, up from approximately 17 percent in 1975. Accordingly, a company may be reluctant to disclose such data to the Federal Government which, in turn, might disclose the data to one or more of the company's competitors.

Congress has sought to address IP issues for many years. In order to incentivize the commercialization of federally-funded R&D, for example, Congress enacted the Stevenson-Wydler Technology Innovation Act of 1980 and the Bayh-Dole Act of 1980. These acts, and subsequent amendments over the years, have sought to bring greater clarity and effectiveness of ownership, licensing, and use of IP developed, in part or in whole, through Federal funding.

Companies often create IP while conducting R&D and commercializing products. Depending on a variety of factors, including the role of Federal R&D funding, the Federal Government maintains certain rights over some types of IP, such as patents, that companies create.[28] The rights to other types of IP, such as technical data, may be subject to negotiation during the Federal acquisition process.[29]

Federal agencies, such as DOD, may seek to ensure access to all of the IP (including patents and technical data) related to a specific acquisition to ensure it can continue production of a product or component regardless of the original provider's ability or willingness to produce the product. Some assert that having access to the technical data—such as design drawings, specifications, and standards—may help to increase competition, ensure availability, and lower costs for follow-on contracts for maintenance, operations, and upgrades. In DOD, lack of sufficient data rights was identified as a contributing factor to receipt of only one potential supplier for many contract solicitations.[30] DOD has been implementing new policies and procedures to increase the number of contracts that receive multiple offers, including improving access to technical data. GAO found such efforts likely to be helpful, but recommended that DOD focus on acquiring technical data rights earlier in the acquisition process.[31]

From the perspective of the contractors, DOD's increased efforts to secure technical data rights can lead to tension, especially in existing contracts for ambiguous or limited rights. According to one stakeholder, some DOD agencies have "begun demanding IP rights without properly compensating the contractor."[32] To companies, this IP represents a valuable investment, which may help them secure future contracts with the government and to compete in commercial markets.

Mr. BERTEAU. CSIS currently has a research project that is identifying barriers to the use by DOD of innovation from commercial industry. The issue of access to and protection of IP rights has often been cited as a barrier to access for commercial products, technology, and processes. At present, CSIS is still assembling data and developing findings and recommendations for this research project. However, initial findings show that there are issues that may discourage commercial firms from pursuing government contracts, including IP issues, export controls, cost accounting standards, and a culture that sometimes views commercial firms as not part of the national security enterprise. That indicates that DOD needs more attention to this issue. I note that, subsequent to the hearing, DOD has added efforts to address these concerns to the draft version of Better Buying Power 3.0. As for the CSIS report, upon completion of the research and publication of the final report, we will be happy to provide the results to the committee.

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[27] This response was authored by John F. Sargent, Jr. and Frank Gottron.

[28] For additional information on Federal patent rights, see CRS Report R41114, The Hatch-Waxman Act: Over a Quarter Century Later, by Wendy H. Schacht and John R. Thomas.

[29] See DFARS Subpart 227.7102–2.

[30] U.S. GAO, Defense Contracting: Early Attention in the Acquisition Process Needed to Enhance Competition, GAO–14–395, May 2014.

[31] U.S. GAO, Defense Contracting: Early Attention in the Acquisition Process Needed to Enhance Competition, GAO–14–395, May 2014.

[32] Sandra I. Erwin, "DOD Clashes with Suppliers Over Data Rights," National Defense Magazine, January 2014, http://www.nationaldefensemagazine.org/archive/2014/January/Pages/DODClashesWithSuppliersOverDataRights.aspx.

QUESTION SUBMITTED BY SENATOR ROGER F. WICKER

TECHNOLOGY DOMAIN AWARENESS INITIATIVE

24. Senator WICKER. Secretary Kendall, the DOD Information Analysis Centers' Technology Domain Awareness Initiative (TDAI) is a very important acquisition reform effort that seeks to capture lessons learned and rapid innovative practices. As DOD will have to make financially tough choices and continue to scrutinize its finite resources, will DOD commit to funding the TDAI and ensure that the investments made in innovation will continue to be available for future acquisition decisions?

Mr. KENDALL. The TDAI is funded under DOD's Information Analysis Centers (IAC), within the Defense Technical Information Center (DTIC)—PE0605801KA/002. The President's budget submission for fiscal year 2015 provides sufficient funds for DTIC and its IACs to pursue the TDAI. I am committed to ensuring lessons learned/knowledge are available to help with future acquisition decisions.

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

FRAGMENTATION IN ACQUISITION PROCESS

25. Senator AYOTTE. Mr. Sullivan, GAO cites several explanations for defense acquisition program delays and cost growth. One of them is fragmentation in DOD's three key acquisition decisionmaking processes: requirements determination, resource allocation, and the acquisition management system. Can you describe this fragmentation problem, as you see it?

Mr. SULLIVAN. Previously, GAO has found that DOD defines warfighting needs on a service-by-service and individual platform basis and through fragmented acquisition processes. This fragmentation undermines DOD's ability to adequately address joint warfighting needs and contributes to DOD's commitment to more programs than it has resources to support. In turn, unhealthy competition for funding within DOD has developed and works against the creation of balanced portfolio of weapon system development programs that are affordable, feasible, and of value to the warfighter. Requirements are reviewed and validated by the Joint Staff on a continuous basis, and unsynchronized with DOD's budgeting processes which are aligned by military department, rather than joint capability areas. Budget decisions are often made years ahead of acquisition programs obtaining requisite knowledge, such as that gained from testing, and reflect overly optimistic cost estimates and capabilities. This is in contrast to the private sector where an integrated portfolio management approach is used to ensure customer needs, available resources, and strategic objectives are aligned to better support the development programs they undertake.

26. Senator AYOTTE. Secretary Kendall, what are you specifically doing to address the fragmentation problem in the acquisition process?

Mr. KENDALL. I believe the fragmentation problem refers to the separation of acquisition, requirements, and budgetary processes. I have worked very closely with the Vice Chairman of the Joint Chiefs and the Services to align the requirements and acquisition processes, which must work closely together. Either I or a senior member of my staff attends all JROC meetings to represent the acquisition perspective on program requirements. We articulate any technical, cost, or schedule risk concerns at those meetings. As I conduct Defense Acquisition Board reviews for programs for acquisition decisions, a Joint Staff representative sits beside me. The Better Buying Power acquisition improvement initiatives we have been implementing for the last 4 years include initiatives to improve the cooperation of the requirements and acquisition communities at senior service levels through Configuration Steering Boards and provider forums. Continuous interactions between these two communities lead to informed acquisition and requirements decisions and it is something that I will continue to emphasize. I think we have made excellent progress at improving these relationships, but I also believe there is still some room for additional progress. With regard to the budgeting process, acquisition has a strong role in the budgeting process at the DOD level. I sit on the Deputy's Management Action Group which conducts program and budget reviews for DOD. I have the full support of the Deputy Secretary to bring any issues before this body, including program executability, compliance with acquisition decisions, or affordability concerns. I am concerned that in some cases the Service Acquisition Executives in the military departments may not have as strong a role in their Services' budget processes. I am in the process of discussing this matter with the leadership of the military departments. Data I have seen only recently shows a strong correlation between program cost increases and tight budget environments. I believe this correlation is due at

least in part to the temptation to take chances and be optimistic during the budgeting process in order to preserve marginally affordable programs in our budgets. We are in a very tight budget environment today. As I review programs for acquisition, requirements, and budget decisions, I will be especially attentive to the possibility of excessive risk taking in our program plans and budgets.

27. Senator AYOTTE. Secretary Kendall, how can we better shape incentives to encourage better acquisition outcomes?

Mr. KENDALL. Incentives are an important way to motivate and reward our acquisition workforce. The three incentive types we have are professional recognition, career advancement through assignments or promotions, and monetary awards. These can be used to encourage better acquisition outcomes by recognizing our best acquisition personnel and providing continued development through additional assignments. In general, I would like to have more of all of these incentives utilized and more flexibility in how we employ them.

28. Senator AYOTTE. Secretary Kendall, what are the current incentives that are used or could be used to retain talented civilian and uniform acquisition officials and officers?

Mr. KENDALL. We use the tools that we have. Acquisition officials are covered by DOD's military and civilian awards and incentives. Annual ratings-based monetary awards subject to Office of Management and Budget/Office of Personnel Management caps and DOD guidance are available. Components may also provide appropriate retention incentives and have used the Defense Acquisition Workforce Development Fund for incentives such as recruitment bonuses, student loan repayment, and tuition assistance on a limited basis. Our flexibility to reward and motivate our best performers is a far cry from the tools available to industry. Nevertheless, I'm proud of the dedication, commitment, and performance of our workforce.

29. Senator AYOTTE. Secretary Kendall, are monetary awards given as incentives?

Mr. KENDALL. Limited monetary awards are used to recognize employees who comprise DOD's Acquisition Workforce. Acquisition officials are covered by DOD's standard awards and incentives. We use annual ratings-based monetary awards subject to Office of Management and Budget/Office of Personnel Management caps and DOD guidance. Components also may provide appropriate retention incentives and have used the Defense Acquisition Workforce Development Fund for incentives such as recruitment bonuses, student loan repayment, and tuition assistance, on a limited basis.

30. Senator AYOTTE. Secretary Kendall, if monetary awards are given, how often are they given?

Mr. KENDALL. Standard awards and incentives are given annually subject to Office of Management and Budget/Office of Personnel Management caps and DOD guidance.

31. Senator AYOTTE. Secretary Kendall, if monetary awards are given, how much is given?

Mr. KENDALL. As an example, in fiscal year 2012, 74,528 individual cash awards were made within the 136,714 civilian members, totaling $88,470,874. In fiscal year 2013, 37,566 individual cash awards were made within the 135,513 civilian members, totaling $42,639,649. That averages out to $1,187 per person in fiscal year 2012 and $1,135 per person in fiscal year 2013. It should be noted that awards are highly skewed toward our best, and not the average performer.

32. Senator AYOTTE. Secretary Kendall, if monetary awards are not currently given, why not?

Mr. KENDALL. Members of the acquisition workforce can and do receive monetary awards to recognize their contributions to DOD's mission where appropriate and when funds are available. Acquisition officials are covered by DOD's standard awards and incentives. We use annual ratings-based monetary awards subject to Office of Management and Budget/Office of Personnel Management caps and DOD guidance.

33. Senator AYOTTE. Secretary Kendall, are additional authorities needed to be able to offer incentives?

Mr. KENDALL. DOD currently has the necessary authority to provide incentives to members of its acquisition workforce. In general, I would like to have more flexibility in using the available incentives.

34. Senator AYOTTE. Secretary Kendall, what other incentives could be used?

Mr. KENDALL. The three incentive types we have are professional recognition, career advancement through assignments or promotion, and monetary awards. In general, I would like to have more of all of these and more flexibility in how we employ them.

35. Senator AYOTTE. Secretary Kendall, how can Congress help with this?

Mr. KENDALL. Remove the threat of sequestration. The uncertainty about future budgets, job security, furloughs, and advancement is a major disincentive to our workforce.

ACCOUNTABILITY

36. Senator AYOTTE. Secretary Kendall, what consequences are there for PMs when acquisition programs fall short due to poor program management?

Mr. KENDALL. In appropriate situations, a full range of consequences are administered by senior acquisition leadership to correct problems. This includes relieving PMs who are not performing adequately.

ACQUISITION WORK-AROUNDS SUCH AS THE RAPID EQUIPPING FORCE

37. Senator AYOTTE. Secretary Kendall, over the last 13 years of war, the Services have developed various acquisition work-arounds to field equipment to our warfighters more quickly. The Army developed the Rapid Equipping Force (REF) on the Army staff to bypass normal Army acquisition processes to get lifesaving weapons systems to our troops more quickly. The other Services have developed similar organizations and processes. How would you assess the performance of organizations like the REF over the last decade?

Mr. KENDALL. Over the last 10 years, DOD created a number of Quick Reaction Capability (QRC) organizations with new processes and funding mechanisms to address the challenges inherent with more standard processes and to integrate DOD action to address urgent needs. These organizations were required because existing mechanisms in the Military Services were not able to meet urgent joint warfighting requirements in a timely manner. For example, the Army's REF is able to meet urgent requirements rapidly using a highly tailored Defense Acquisition System process to equip limited quantities of systems to allow Army units to adapt to specific operating environments or conditions. Much of the REF's speed of action relies on providing "good enough" solutions—REF equipment does not have to pass the more stringent worldwide environmental and sustainability requirements as those for fielded items as their intent is for short-term use.

In addition to the Army's REFs, organizations created included the Warfighter Senior Integration Group (WSIG), JRAC,[33] Joint Improvised Explosives Device Defeat Organization (JIEDDO), the Intelligence, Surveillance, and Reconnaissance Task Force (ISR TF), and the Mine Resistant Ambush Protected Vehicle Task Force (MRAP TF). More recently, DOD established Department-wide expectations for Urgent Operational Needs (UON) of all DOD components and created common definitions for UONs, Joint Urgent Operational Needs (JUON), and Joint Emergent Operational Needs (JEON). JEONs are capability gaps with the potential to result in loss

[33] Originally established as the "C–SIG" in Secretary of Defense Memorandum, "Establishment of the Counter-Improvised Explosive Device Senior Integration Group (C–SIG)," November 25, 2009, which was superseded by Secretary of Defense Directive-Type Memorandum (DTM) 11-006, "Establishment of the Senior Integration Group (SIG) for the Resolution of Joint Urgent Operational Needs (JUON)," June 14, 2011, and more recently established as the WSIG in DOD Directive 5000.71, "Rapid Fulfillment of Combatant Commander Urgent Operational Needs," August 24, 2012.

Originally established in 2004 to address Immediate Warfighter Needs and recertified as the Executive Secretariat and Joint Rapid Acquisition Cell, in DOD Directive 5000.71, August 24, 2012.

JIEDDO was established in Deputy Secretary of Defense Memorandum, "Establishment of the Joint Improvised Explosive Device Defeat Organization (JIEDDO)," January 18, 2006, and DOD Directive 2000.19E, "Joint Improvised Explosive Device Defeat Organization (JIEDDO)," February 14, 2006.

Operational ISR Task Force (ISR TF) established in Secretary of Defense Memorandum, "Operational Intelligence, Surveillance, and Reconnaissance Task Force," April 18, 2008. In accordance with Deputy Secretary of Defense Memorandum, "Organizing the Department of Defense to Provide Quick Reaction Capability," September 6, 2013, the ISR TF was aligned within the Office of the Under Secretary of Defense for Intelligence. This alignment was completed on March 31, 2014.

of life or critical mission failure where operations are not yet currently underway, but are anticipated or pending. A recent example was the Field Deployable Hydrolysis System, developed as a JEON in 2013, before any agreement to destroy Syrian chemicals was in place, and recently deployed aboard the *Cape Ray*. DOD, working with Congress, requested several flexible funds (the Iraqi Freedom Fund, the Overseas Contingency Operations Transfer Fund, the Joint IED Defeat Fund, the MRAP Fund, and the JUON Fund), and when these funds were not available or insufficient for DOD purposes, DOD used reprogramming authority to provide the resources needed. Additionally, Secretary of Defense "Rapid Acquisition Authority" was established by Congress to enable the Secretary of Defense to address appropriation funding imbalances, up to $200 million annually, to allow the Services to attack any capability gap likely to result in combat casualties.

These QRC organizations, using the inherent authorities with the Defense Acquisition System, with strong leadership support (e.g., Vice Chief of Staff of the Army for the REF, Secretary of Defense and Deputy Secretary of Defense for the JIEDDO, the MRAP TF, the ISR TF, and the WSIG, etc.), and ample funding, met near-term critical warfighter needs, preventing casualties and mission failure.

38. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, what are some of the successes of organizations like the REF?

Mr. KENDALL. QRC organizations, such as the REF, have been successful in two important ways.

First, within the Defense Acquisition System, they have repeatedly demonstrated the ability to utilize the authorities they have available to expedite action and provide capabilities requested by our warfighters. The QRC organizations have brought together teams that have been able to successfully execute acquisition actions using the many waiver, deviation, and other authorities needed to rapidly acquire and equip capabilities. These teams have learned to manage the risk of not delivering the perfect capability, delivering a capability which is not tested for all possible operational environments, and initiating and completing action often with very limited statements of requirements. These QRCs have accepted risk in efforts to reduce the risk of mission failure or more casualties for our warfighters.

Second, capabilities that were not previously available, or available in insufficient quantities, were acquired (including, when required, necessary development) and fielded to our warfighters. The QRC organizations have had many successes, too numerous to go into in a short answer. The JIEDDO has delivered a wide range of capabilities to our warfighters to address the Improvised Explosive Device (IED) threat. The MRAP TF delivered over 20,000 MRAP vehicles that demonstrably saved lives and reduced casualties. The ISR TF, shortly after being chartered by Secretary of Defense Gates, was the driving force for providing significantly more ISR capabilities for our warfighters, improving the ability to conduct military operations. Each of these organizations facilitated our surge in Iraq and later in Afghanistan.

Other QRC organizations, such as the REF, have also had significant successes in supporting our warfighters. One such example deals with pelvic protection. On February 28, 2011, an Army Battalion Task Force in Afghanistan submitted a REF 10-liner requesting pelvic ballistic protection. The REF acquired available United Kingdom Tier 1 pelvic protection—silk boxer shorts designed to prevent debris from blast events to become embedded in soft tissues, thus mitigating infection. At approximately the same time, the Marine Corps requested, in an Urgent Universal Needs Statement, similar capabilities. From April 25 to May 5, 2011, the Army conducted various assessments to identify both Tier 1 and Tier 2 ballistic pelvic protection. Recognizing the Joint nature of this requirement, U.S. Forces-Afghanistan initiated on May 30, 2011, a JUON for the Tier 1 and Tier 2 capabilities. The Joint Staff validated this requirement and on June 21, 2011, the JRAC assigned the JUON for action. JIEDDO funded the initial procurement in response to the JUON and thousands of the Tier 1 and Tier 2 pelvic protection capabilities were delivered beginning in September 2011. Reports were later received in February 2012 and in the summer of 2012, indicating that the pelvic protection saved lives and, even in the case of multiple amputees, protected the ability to become a parent. Each of these QRCs, individually as well as working closely together, have had innumerable successes such as this, saving lives, preventing casualties, and enabling military missions to be accomplished.

Mr. SULLIVAN. We have conducted some work in the past on various DOD programs and activities which are intended to rapidly respond to urgent warfighters' needs. Over the course of the wars in Iraq and Afghanistan, DOD was challenged to quickly develop and provide new equipment and capabilities to address evolving threats. To meet urgent operational needs identified by the warfighter, DOD had

to look beyond traditional acquisition procedures, expand the use of existing processes, and develop new processes and entities designed to be as responsive as possible to urgent warfighters' requests. Through these efforts, which evolved over time, DOD was able to field needed capabilities to help counter IEDs, improve intelligence and surveillance activities, and enhance command and control on the battlefield. In 2010, however, we reported that there were several challenges impacting DOD's ability to rapidly respond to urgent needs. For example, we found that funding was not always available when needed to acquire and field solutions, and some attempts to meet urgent needs involved immature technologies or technologically complex solutions which could lead to longer timeframes for fielding solutions to urgent needs. In addition, in 2011, we identified cases of fragmentation, overlap, and potential duplication of efforts among DOD's urgent need processes and entities. We made several recommendations to DOD to promote a more comprehensive approach to planning, management, and oversight of its efforts to fulfill urgent needs, and DOD concurred with these recommendations. For example, in 2012, DOD revised guidance to formally establish the roles and responsibilities of the WSIG as a standing DOD-wide forum that would serve as DOD's authority to oversee, prioritize, and direct actions to facilitate the rapid response and resolution of urgent needs. Further, in November 2013, DOD revised its policy and procedures for the Defense Acquisition System (DODI 5000.02), which, among other things, incorporates procedures for accelerated acquisition programs and responding to urgent needs when warranted.

39. Senator AYOTTE. Secretary Kendall, what is the future for these organizations as we transition in Afghanistan?

Mr. KENDALL. Decisions have been made with respect to QRC organizations. In order to continue to fulfill urgent needs, DOD must retain many of the capabilities developed to address rapidly evolving threats during the wars in Iraq and Afghanistan. DOD must also evolve its authorities for financial flexibility for future contingency operations, even as flexible funding accounts associated with the present war in Afghanistan decrease or are eliminated. DOD has made the decision to retain or transition, at significantly reduced manning levels, key joint organizations created to enable the fielding of quick reaction capabilities. This decision impacts the WSIG, the JRAC, the JIEDDO, and the ISR TF.

DOD has realigned, reduced, remissioned, and streamlined its QRCs to provide a coherent, comprehensive, and effective capability for anticipating and quickly reacting to operational surprise. The JRAC has been realigned and streamlined to directly support the WSIG, its Executive Secretariat, to assist in maintaining senior leader visibility on DOD's progress in fulfilling urgent combatant command requirements. JIEDDO has been significantly reduced and remissioned to defeat threat network use of network-enabling improvised weapons. The ISR TF has been reduced in size and transitioned into the Office of the Under Secretary of Intelligence, where it will continue to focus on rapid response and rapid fielding of ISR assets. These QRCs form an integrated, fully-coordinated effort for rapidly responding to DOD's support of urgent combatant commander requirements. The MRAP TF was previously disestablished and its functions transitioned to the Military Services. The Military Services have unique operational needs of their own and each will retain a Service capability to meet those needs. While significantly reduced in size, these organizations will continue to provide the essential capabilities required for rapid response.

With respect to the REF, the Army carefully considered the Senate Armed Services Committee Report on the 2013 NDAA advising that DOD consider maintaining key wartime elements used to improve and compress the Defense Acquisition System process to enable agile response to future threats. As a result of this advice and the 20-month Army Headquarters Transformation Focused Target Review Area (AHT FTRA) on REF realignment, the Army decided that the capabilities of the REF must be rendered enduring. On January 30, 2014, the Under Secretary of the Army approved the implementation plan for the stabilization of the REF, which transfers its operations under the authority of the Commander of the Training and Doctrine Command and its acquisition functions under Program Executive Office-Soldier, while maintaining both in one unique Army organization. This maintains a wartime capability for rapid response by providing resources for unique or emerging requirements through REF 10-Liner requests. The REF would be positioned to support any residual force in Afghanistan or new small contingency operations. Absent any small contingency, the REF would maintain its wartime capabilities by equipping, in a similar manner, advanced or emerging technology, in limited quantities, to the Army's deployed, regionally-aligned forces or other deployed or contin-

gency units. The AHT FTRA recommended target or critical-level of funding for the REF would keep this wartime capability available.

40. Senator AYOTTE. Secretary Kendall, how are we going to incorporate their best practices into the traditional acquisition processes?

Mr. KENDALL. Yes, fundamentally, DOD has one acquisition system. That system strongly encourages "tailoring" to achieve optimal results for a specific program. The various QRC organizations have, in most instances, highly tailored the programs to optimize action for speed and to accept risk. In addition, the QRC processes have abbreviated requirements validation processes and ready access to funding.

The Deputy Secretary of Defense issued an interim DOD Instruction 5000.02, "Operation of the Defense Acquisition System," on November 26, 2013. The interim instruction emphasizes that the programs should be tailored to the needs of the acquisition. Several models are provided for the common situations associated with a particular acquisition. One model, based in part on our lessons learned from best practices of the various QRC organizations, is an Accelerated Acquisition Program model. It applies for acquisition programs where fielding will require no more than 2 years and schedule considerations dominate over cost and technical risk considerations. To ensure that it is well understood that rapid acquisition associated with an urgent need can be accomplished, the Interim Instruction incorporates a very highly tailored acquisition model that is optimized for rapid fielding of capabilities (Enclosure 13 of the Interim Instruction).

In the case of the Army's REF, on March 7, 2014, the Army Acquisition Executive (AAE) approved an Acquisition Decision Memorandum assigning program executive office, soldier as the Milestone Decision Authority and provided the concept to support the REF which ensures: (1) flexibility and speed focusing on the needs of soldiers; and (2) separate base funding firewalled from any other use than REF efforts. Additionally, the AAE provided clarification of the Milestone Decision Authority's responsibilities designed to maintain speed of action for the REF using the tailored DAS while ensuring appropriate oversight and visibility of REF efforts to identify those that should transition to enduring capabilities.

41. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, I often hear that it is much easier to contract with SOCOM than it is with the Services. What can the Services learn about acquisition from SOCOM contracting?

Mr. KENDALL. SOCOM's relative ease to contract stems from SOCOM's lean command and acquisition authority chain, and less complex acquisitions. First, many of SOCOM's major acquisitions are limited to ACAT III and non-developmental items. SOCOM often seeks Special Operations Forces (SOF)-peculiar solutions that are fulfilled by a specialized and focused industry, thereby facilitating clear communication of requirements and rapid appreciation of the operational context. The stakeholders in the acquisition process (J8 for requirements and testing, J4 for sustainment, and Comptroller for funding) all fall under the direction of the SOCOM Commander, allowing for greater unity of purpose for the scope of SOF-peculiar acquisitions pursued by the command. This unity of purpose extends to the command's ability to clearly articulate requirements and expectations to industry partners. While SOCOM follows all the same laws and regulations as the Services, SOCOM is small by comparison with a very flat acquisition structure. Title 10, U.S.C., section 167, assigns acquisition authority to the Commander of SOCOM, who in-turn delegates this authority to SOCOM's Acquisition Executive, then to the Director of Procurement, who warrants the respective Contracting Officer. This streamlined structure allows for coordination and timely approvals at all levels.

Mr. SULLIVAN. SOCOM's approach to acquisition management has several features that may contribute to the efficiency and effectiveness of its acquisition function. First, in acquiring weapon systems, SOCOM has emphasized the need for "80 percent" solutions that provide improved capabilities incrementally to the warfighter in reasonable timeframes, rather than major development efforts that require advanced technologies and years of R&D. The vast majority of SOCOM's acquisition programs are smaller Acquisition Category III level in size (less than $185 million for research, development, test, and evaluation, and less than $835 million for procurement), have short acquisition cycles, and use modified commercial off-the-shelf and nondevelopmental items or modify existing service equipment and assets. Second, SOCOM officials have told us that they focus on careful tailoring of program documentation and oversight requirements in order to improve the efficiency of its acquisition processes. Finally, SOCOM plans, funds, acquires, and sustains weapon systems all under one roof. Specifically, all the key entities involved in the acquisition life-cycle process—requirements developers, comptroller, contracting personnel, logistics planners, and program offices—are colocated and report to a single four-

star SOCOM commander. Our prior work has shown that one cause of poor acquisition outcomes is the fragmentation of DOD's key decisionmaking processes for acquiring weapon systems. The key processes—requirements determination, resource allocation, and the acquisition management system—are often led by different organizations, making it difficult to hold any one person or organization accountable for saying "no" to an unrealistic requirement or for tempering optimistic cost and schedule estimates. SOCOM's centralized structure and decisionmaking authority may help it to avoid the problems associated with DOD's fragmented decisionmaking processes for major weapon system acquisitions. While SOCOM's approach can provide useful lessons learned, their approach may not scale up to address the breadth and complexity of weapon system acquisitions conducted across DOD.

ARMORED MULTI-PURPOSE VEHICLE

42. Senator AYOTTE. Secretary Kendall, I understand that the Army has stated that the Armored Multi-Purpose Vehicle (AMPV) is one of its top five priorities. Have you reviewed the request for proposals (RFP) for this program?

Mr. KENDALL. I have reviewed the RFP for APMV program and approved its release to industry in November 2013.

43. Senator AYOTTE. Secretary Kendall, are you confident that the RFP supports full and open competition?

Mr. KENDALL. The RFP is consistent with the AMPV acquisition strategy, and supports a full and open competition for an engineering and manufacturing development contract award.

44. Senator AYOTTE. Secretary Kendall, do you believe the RFP should move forward on the current schedule?

Mr. KENDALL. Yes. Source selection activities are ongoing and are expected to support a Milestone B decision in December of this year.

45. Senator AYOTTE. Secretary Kendall, why do you believe the AMPV is important for the Army's Armored Brigade Combat Teams going forward?

Mr. KENDALL. The AMPV will replace the legacy M113 family of vehicles, which account for 32 percent of Armored Brigade Combat Team's combat vehicle fleet. The AMPV will provide the necessary force protection and mobility improvements, as well as space, weight, power, and cooling capabilities necessary to accept the Army's inbound network, features the M113 lacks and which are essential to the mission. These improvements will allow the AMPV to operate effectively as part of the Armored Brigade Combat Team formation and will provide commanders with vital capabilities to maneuver and command across the full battlefield. The AMPV vehicle variants will support five mission roles, including: General Purpose, Mortar Carrier, Mission Command, Medical Evacuation, and Medical Treatment.

SMALL BUSINESSES

46. Senator AYOTTE. Secretary Kendall, in your prepared statement, you say that small businesses provide an excellent source of competition in part because they do not have the overhead burdens of some larger prime contractors. From a national security perspective, in terms of ensuring we have the technological and industrial capacity in the United States to provide our troops the best and most advanced weapons in the world and in terms of promoting competition and saving tax dollars, what is the value of having a vibrant and growing population of small defense contractors?

Mr. KENDALL. A vibrant and growing population of small defense contractors provides DOD with innovation, flexibility, agility, and high value. A healthy small business industrial base of suppliers also increases competition, which leads to cost savings for DOD and the taxpayers. All of these elements contribute to our national security.

47. Senator AYOTTE. Secretary Kendall, how does DOD define a small business?

Mr. KENDALL. FAR Part 2 defines small business as follows: "Small Business Concern means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121 (see 19.102). Such a concern is 'not dominant in its field of operation' when it does not exercise a controlling or major influence on a national basis

in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration must be given to all appropriate factors, including volume of business, number of employees, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreements, facilities, sales territory, and nature of business activity. (See 15 U.S.C. 632.)" This definition governs with respect to DOD acquisition.

48. Senator AYOTTE. Secretary Kendall, what percentage of DOD prime contracts is with small businesses?

Mr. KENDALL. The percentage of DOD prime contracts awarded to small businesses is calculated each fiscal year. The chart below shows the past decade up through fiscal year 2013, the most recent year for which data has been released by the Small Business Administration.

SMALL BUSINESS PROGRAM PERFORMANCE HISTORY

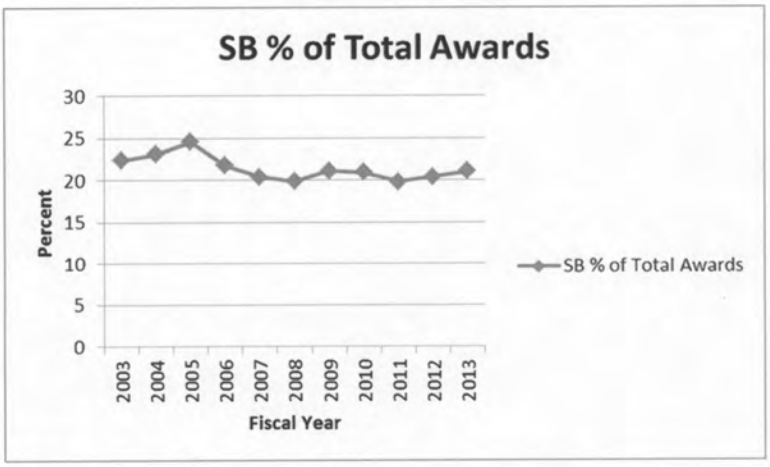
Prime Contract Awards

[In billions of dollars]

Fiscal Year	Total Awards	Small Business Awards	Percent of Total
2013	$229.20	$48.40	21.1
2012	275.00	56.10	20.4
2011	289.80	57.40	19.8
2010	291.90	61.10	20.9
2009	302.40	63.90	21.1
2008	314.60	62.50	19.9
2007	269.30	55.00	20.4
2006	235.00	51.30	21.8
2005	219.30	53.90	24.6
2004	194.10	44.80	23.1
2003	187.50	42.00	22.4

49. Senator AYOTTE. Secretary Kendall, how has the percentage of DOD prime contracts with small businesses changed over time?

Mr. KENDALL. The percentage of DOD prime contracts awarded to small businesses has fluctuated over the last decade between a high of 24.6 percent in fiscal year 2005 and a low of 19.8 in fiscal year 2011. Since then, it has trended upward to 21.1 percent in fiscal year 2013, the most recent year for which data has been released by the Small Business Administration.



50. Senator AYOTTE. Secretary Kendall, what are you specifically doing to increase the percentage of prime contracts with small businesses?

Mr. KENDALL. DOD, through its Office of Small Business Programs (OSBP), continuously reinforces DOD's commitment to small businesses through a supportive and proactive approach. We provide leadership and guidance to the military departments and defense agencies, emphasizing the importance of small business utilization in our efforts to meet the needs of the Nation's warfighters.

Leadership

The Secretary of Defense and I have established policies and issued memoranda emphasizing the importance of achieving our small business goals and including small businesses as a key part of our industrial base. In addition, I implemented the DOD Better Buying Power 2.0 Initiatives that will drive improvements in small business focus areas. These improvements include promoting effective competition through increasing small business roles and opportunities, increasing small business participation by more effective use of market research, and improving the professionalism of the total acquisition workforce through stronger qualification requirements. I conduct monthly meetings with DOD Component Acquisition Executives, heads of contracting activities, and the Director, DOD OSBP to monitor and address the impacts of significant internal changes and initiatives on small business utilization. I implemented the Prompt Payment initiative for DOD, which accelerates billions of dollars in payments to small business prime contractors.

Workforce

I designated the Director, DOD OSBP, as functional leader of the small business Defense Acquisition Workforce.

Peer Reviews

I instituted DOD OSBP reviews of acquisition strategies and participation in peer reviews for acquisitions of services exceeding $1 billion. This is intended to ensure that the Better Buying Power initiatives are implemented, and small businesses are utilized, to the maximum extent practicable.

Accountability

We are in the forefront with a performance requirement addressing support for and attainment of small business contracting goals for senior executives and personnel responsible for formulating and approving acquisition strategies and plans.

51. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, can we do more to increase the percentage of prime contracts with small businesses?

Mr. KENDALL. DOD, through its OSBP, continually reinforces DOD's commitment to small businesses through a supportive and proactive approach. We constantly strive to do more to increase the percentage of prime contracts with small businesses through an array of methods:

Programs

- The Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) programs offer potential to serve a wider array of DOD needs and support commercialization into the broader marketplace. SBIR/STTR awards equate to prime contracts to small businesses, which help to meet DOD needs while developing small businesses in our industrial base.
- The Rapid Innovation Program (RIP) reduces barriers for small businesses and non-traditional suppliers. More than 90 percent of RIP awards are made to small businesses to meet the most urgent needs of DOD, helping to increase prime contracts to small businesses while supporting our forces.
- The Mentor-Protégé Program incentivizes eligible mentors to support and develop new protégés, thereby adding more qualified small businesses to our industrial base.
- The Indian Incentive Program provides incentives to prime contractors that use Indian-owned subcontractors, acting as an economic multiplier for Native American communities while adding more qualified small businesses to our industrial base.

Policy, Guidance, and Compliance

We continue to ensure that acquisition personnel have the most up-to-date policies and guidance, and we monitor compliance with the Federal Acquisition Regulation and Small Business Act requirements.

Market Research

We can undertake to increase the prime contract awards to small businesses by utilizing the DOD MaxPrac methodology to identify potential small business opportunities for specific supplies/services.

Standardized Forecast

We can develop comprehensive forecasts that will cultivate communication between DOD and industry, and enable small businesses to have advanced knowledge of potential DOD requirements for planning purposes.

Training

We can continue to develop and improve acquisition workforce training.

Mr. SULLIVAN. Maximizing contracting opportunities for small businesses has been a longstanding policy of the Federal Government. To help ensure that small businesses receive a share of Federal procurement contract dollars, Congress has set an annual government-wide goal of awarding not less than 23 percent of prime contract dollars to small businesses. In practice, the experience of small businesses in receiving prime contracts has varied. Federal agencies have achieved the goal of 23 percent in some years, but have fallen short in other years. In some cases, such as the government's strategic sourcing contract for office supplies, small businesses have received the majority of the contracts awarded. Contract bundling is an area of concern for many small businesses, but we have found that the accuracy of the data on contract bundling may be limited. In addition, under the Small Business Act, all Federal agencies with procurement powers are required to establish an Office of Small and Disadvantaged Business Utilization (OSDBU) to advocate for small businesses. In 2011, we made a recommendation directing procuring agencies that were not in compliance to meet the Small Business Act requirement that OSDBU directors report to agency heads or deputy heads to help ensure that small business contracting receives attention from top management at Federal agencies. A number of agencies we found not to be in compliance have yet to take action on this recommendation. Going forward, GAO staff would be glad to brief committee staff on recommendations we have made to SBA for strengthening its impact in this area.

52. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, how can Congress help increase the percentage of prime contracts with small businesses?

Mr. KENDALL. The most important step that Congress can take to increase the percentage of prime contracts with small businesses is to ensure stability and confidence in the marketplace by establishing and adhering to a budget and passing appropriate funding measures in a timely fashion. Factors such as sequestration negatively impact small businesses because they are challenged by limited capital structures and available liquidity. Small businesses are more dependent than large ones on government programs and consistent cash flow. It is critical to create an environment where small businesses can participate without the risk of potential reductions in requirements and even possible termination of contracts due to conditions caused by legislative delays and extreme budget shortfalls.

Mr. SULLIVAN. See response to question #51.

SOLE-SOURCE CONTRACT AWARDS

53. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, recently, GAO issued a report that stated: "In 2013, the Department of Defense awarded contracts for about $308 billion for products and services, of which 43 percent was awarded without competition." I understand sole-source awards must be accompanied by a written justification that addresses the specific exception to full and open competition. Do you review these justifications?

Mr. KENDALL. As I review MDAP and MAIS programs for major milestones or to approve acquisition strategies, I do review any recommendation to use sole-source contracting. I do not normally review formal justifications for sole-source contract awards. Consistent with the policies, procedures, and authorities in DFARS 206.3—Other Than Full and Open Competition, authority to review and approve justifications for other than full and open competition has been established with the military departments or delegated to the senior procurement executives of the defense agencies.

Mr. SULLIVAN. GAO does not play a role in approving justifications for noncompetitive awards. Approval of justifications within DOD varies based on the total expected dollar value of the award. Specifically, under the FAR, awards valued below $650,000 are approved by the contracting officer and awards valued between $650,000 and $12.5 million must be approved by the competition advocate for the

procuring activity. Awards valued between $12.5 million and $85.5 million are reviewed by the head of the procuring activity, while awards valued above $85.5 million are approved by the DOD senior procurement executive. GAO has analyzed selected contract files, including the written justifications for sole-source awards, to better understand the reasons for noncompetitive awards. We relied on this analysis in producing the following reports:

- GAO, Defense Contracting: Early Attention in the Acquisition Process Needed to Enhance Competition, GAO–14–395 (Washington, DC, May 5, 2014).
- GAO, Defense Contracting: DOD's Use of Class Justifications for Sole-Source Contracts, GAO–14–427R (Washington, DC, Apr. 16, 2014).
- GAO, Federal Contracting: Noncompetitive Contracts Based on Urgency Need Additional Oversight, GAO–14–304 (Washington, DC, Mar. 26, 2014).
- GAO, Defense Contracting: Actions Needed to Increase Competition, GAO–13–325 (Washington, DC, Mar. 28, 2013).
- GAO, National Defense: DOD's Implementation of Justifications for 8(a) Sole-Source Contracts, GAO–13–308R (Washington, DC, Feb. 8, 2013).
- GAO, Defense Contracting: Competition for Services and Recent Initiatives to Increase Competitive Procurements, GAO–12–384 (Washington, DC, Mar. 15, 2012).
- GAO, Defense Contracting: Improved Policies and Tools Could Help Increase Competition on DOD's National Security Exception Procurements, GAO–12–263 (Washington, DC, Jan. 13, 2012).
- GAO, Federal Contracting: Opportunities Exist to Increase Competition and Assess Reasons When Only One Offer is Received, GAO–10–833, (Washington, DC, Jul. 26, 2010).

54. Senator AYOTTE. Secretary Kendall, what percentage of sole-source justifications do you reject?

Mr. KENDALL. Recently, I have rejected two cases of limited competition or sole-source approaches in Service programs. As I review program acquisition strategies, I look for every opportunity to include competition. Competition is our most effective way to control costs. When direct competition isn't possible or cost effective, I still require programs to find ways to introduce competition through open systems and modular designs. I do not keep records of these decisions.

55. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, what are the barriers to opening up service contracts to competition?

Mr. KENDALL. Some barriers which have been identified in the past include: not having the necessary data rights to enable competition, in FMS direction from the buying country to use a specific source, and delays in an ongoing competition that result in the use of sole-source bridge contracts. DOD continues to work to breakdown these barriers and increase competition across all acquisitions.

DOD achieved a 73 percent competition rate for all service contracts in fiscal year 2013, with one portfolio group, construction, reaching 90 percent. Increasing competition in service acquisitions will continue to be a priority. DOD is working on a new "Acquisition of Services" Instruction, which establishes and implements a formal management and oversight structure for the procurement of contract services. The Instruction will also establish policy, assign responsibilities, and provide direction on all aspects of services acquisition, including competition.

Competition is a cornerstone of our acquisition system and the benefits of competition are well-established.

Mr. SULLIVAN. Several key factors influence competition for service contracts. For support services related to DOD weapons programs, we have found that the lack of access to proprietary technical data and a heavy reliance on specific contractors for expertise can limit, or even preclude the possibility of, competition. Even when technical data are not an issue, the government may have little choice other than to rely on the contractors that were the original equipment manufacturers, and that, in some cases, designed and developed the weapon system. In addition, program officials play a significant role in the contracting process, particularly in developing requirements and interfacing with contractors. According to contracting officials we have spoken with, program officials may have a preference for the incumbent contractors and are often insufficiently aware of the amount of time needed to complete acquisition planning, which may hinder opportunities to increase competition.

U.S. DEFENSE INDUSTRIAL BASE

56. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, from a national security perspective, how would you characterize the health of the U.S. defense industrial base?

Mr. KENDALL. As DOD continues to decrease R&D and production spending, there is growing stress on our industrial base. In addition, insufficient near-term demand for certain products will keep some companies below their minimum economic sustaining rates, making it financially challenging to keep workers with unique, technical expertise in advanced skills. In addition, sequestration and prolonged uncertainty could limit capital market confidence in the defense industry, undermining companies' willingness or ability to continue to invest in their defense portfolios. Continued uncertainty will hit smaller, innovative, and niche product companies particularly hard due to a lack of capital resources to withstand the turmoil and uncertainty. The impact is significant because 60 to 70 percent of defense dollars provided to prime contractors is subcontracted, often to small innovative firms.

While only a fraction of our industrial base capabilities are truly at risk, the United States is in danger of losing all sources or going down to a single qualified source in some key industrial capabilities vital for our future national security.

I am also concerned that the long times between new program starts on some product types will cause us to lose the experienced design teams in those product types. Reconstituting these teams after years without a new development program will be costly and difficult.

Mr. SULLIVAN. Several key factors influence competition for service contracts. For support services related to DOD weapons programs, we have found that the lack of access to proprietary technical data and a heavy reliance on specific contractors for expertise can limit, or even preclude the possibility of, competition. Even when technical data are not an issue, the government may have little choice other than to rely on the contractors that were the original equipment manufacturers, and that, in some cases, designed and developed the weapon system. In addition, program officials play a significant role in the contracting process, particularly in developing requirements and interfacing with contractors. According to contracting officials we have spoken with, program officials may have a preference for the incumbent contractors and are often insufficiently aware of the amount of time needed to complete acquisition planning, which may hinder opportunities to increase competition.

57. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, what are key gaps, vulnerabilities, or shortcomings in the U.S. defense industrial base?

Mr. KENDALL. Industrial base impact (at all levels of the supply chain) is an important consideration factored into DOD's investment planning and budget preparation. In 2013, DOD implemented its first widespread application of sector-by-sector, tier-by-tier (S2T2) Fragility and Criticality (FaC) assessments with the Military Services and defense agencies. These assessments systematically evaluate the need for program adjustments or investments to sustain specific capabilities in the defense industrial base. The framework allows DOD leadership to better consider industrial capabilities spanning multiple sectors, tiers, Services, and programs as part of DOD's normal budget process. FaC assessments measure the fragility of a capability, the likelihood of losing a capability, and the criticality of a capability—the difficulty of restoring a capability once lost.

The results of the S2T2 fragility and criticality assessment results were critical inputs to the fiscal year 2015 budget request. Some of the industrial base decisions reflected in the fiscal year 2015 President's budget request include investments for Air Force and Navy high-performance jet engine technology development, Army next generation ground combat vehicle design teams, and missile industrial base for production process improvements/automation and material/technology upgrades for enhanced performance.

In addition, DOD initiated a new program in fiscal year 2014, Industrial Base Analysis and Sustainment Support, which will fund projects that preserve critical defense industrial base capabilities through a break in production that would otherwise have to be recreated later at a higher cost to the taxpayers. These projects are rated by the S2T2 FaC criteria. Fiscal year 2014 will fund focused projects for Butanetriol, a solid rocket fuel precursor chemical; Infrared Focal Plane Arrays; Advanced Thrusters for Solid Rocket Propulsion; and Test Facilities for Radiation Hardened Electronics.

DOD has also worked with other government rocket propulsion stakeholders (Services, the National Aeronautics and Space Administration (NASA), and the Office of Science and Technology Policy in the White House) to establish a collaborative body within the joint Army, Navy, NASA, and Air Force construct to address

rocket propulsion industrial base issues. We are leading activities associated with implementing the government's course of action for sustaining the solid and liquid propulsion industrial capability.

Through the Space Industrial Base Council and the Critical Technologies Working Group, DOD is assessing and identifying actions to preserve and sustain essential capabilities, and critical sub-tier vendors, within the broader space industrial base. Risks are identified through annual S2T2 analysis efforts and then coordinated and ranked with interagency space partners for resourcing and action.

DOD is working with the Defense Ordnance Technology Council to address industrial base concerns associated with developing and executing missile fuze and thermal battery risk mitigation activities. We are also developing a strategy to address ammonium perchlorate industrial base issues.

DOD cannot afford to fix all of our industrial base vulnerabilities. In general, we are concerned about maintaining engineering design capabilities and critical item producers.

Mr. SULLIVAN. See response to question #56.

58. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, how has the U.S. defense industrial base changed in the last few years?

Mr. KENDALL. It's no secret what a tough environment our defense industrial base faces today—uncertain budgets put significant pressures on industry. Defense firms are competing with the private sector for science, technology, engineering, and management talent. With fewer programs per sector, and hence less opportunity to work on a variety of new and exciting projects, it is difficult for our defense firms to attract and retain young talent. In addition, the industry faces an ever increasing number of employees at or near retirement age.

Although the fiscal year 2015 President's budget exacerbates defense industrial base fragility, it started when R&D and Overseas Contingency Operations (OCO) began to diminish in 2008 to 2009. Science and technology accounts (6.1, 6.2, and 6.3), which are about 15 percent of the total R&D budget, have been very well-protected, thanks to administration and congressional support, but that puts even more pressure on the rest of the R&D accounts as budgets shrink. In fact, from 2008 to 2015, the non-science and technology R&D accounts (specifically 6.4, 6.5, and 6.7) dropped 36 percent (in constant year dollars) while over the same period, procurement dropped 42 percent.

The impact of these cuts is intensified by a less competitive base due to the consolidation of the 1990s—i.e., fewer companies translate to increased criticality of each firm. The procurement increases that DOD experienced in fiscal year 2004 to 2008 did not fund future development. They were heavily weighted in global war on terrorism/OCO distributions toward sustainment, not on the next generation of platforms. Because future spending levels are still unclear, DOD is reluctant to draw down its force structure any further than is already planned. As such, personnel costs cannot be cut, and operations and maintenance accounts can only be trimmed slightly without hurting the readiness levels of troops preparing to deploy. That means that in the short-term, the bulk of the cuts have fallen disproportionately on R&D and procurement accounts, or in other words, on our industrial base.

The defense industrial structure has changed, in that many key capabilities, to include critical design work, now reside in lower tiers with prime contractors more focused on integration. Primes face additional cost and schedule risk when they integrate supplier-designed and supplier-manufactured subsystems and assemblies because they lack detailed understanding of the relevant technology. In addition, industry in general is becoming more integrated with global commercial markets. Effective global supply chain integration and management are even more critical to program success than in the past. Although globalization brings many benefits to both defense firms and DOD, such as leveraging the R&D efforts of commercial industry that would be impossible to replicate on a defense-unique basis, it also brings increased cross-border flows of information and technology, reducing our technological advantage. Global supply chains and network-based maintenance processes, both with embedded commercial off-the-shelf electronics and software, may also expose DOD to cyber-attack, counterfeiting, malware, et cetera. DOD is working with industry to confront these challenges.

Mr. SULLIVAN. In DOD's most recent annual assessment of industrial capabilities, it stated that the industrial base upon which DOD relies has steadily become more global and diverse, and DOD does not control the supply chain that supports production. GAO has not conducted an assessment of the U.S. defense industrial base or its key sectors, but GAO has conducted audits of certain aspects of the U.S. defense industrial base, including DOD's efforts to monitor the health of its supplier base, counterfeit parts in the supply chain, and the impact of foreign boycotts on

the supplier base (see GAO–09–5; GAO–10–389; GAO–13–159SU). Over the past decade, it appears that prime contractors are doing less development and manufacturing of weapon systems and relying more on subcontractors. As more work is being done at lower tiers, DOD has less visibility and oversight. We also have done work on DOD's supply chain for titanium and rare earths (see GAO–13–539 and GAO–10–617R) and have an ongoing work reviewing DOD's planning and use of waivers for specialty metals and a mandate to review the Army's Bradley Fighting Vehicle industrial base.

59. Senator AYOTTE. Secretary Kendall and Mr. Sullivan, has DOD's reliance on foreign suppliers increased or decreased since 2011? Please provide details.

Mr. KENDALL. Pursuant to title 41, U.S.C., section 8305, DOD annually provides a Report to Congress on purchases from foreign entities. Since fiscal year 2011, DOD has spent less from foreign entities consistent with the overall reduction in all contract spending. The fraction of spending has remained fairly stable. In fiscal year 2011, DOD purchased on contract a total of $374 billion; of that amount, $24 billion was purchased from foreign entities. This equals approximately 6.4 percent of DOD's total spending. In fiscal year 2012, DOD purchased on contract a total of $360 billion; of that amount, $22 billion was purchased from foreign entities. This equals approximately 6.1 percent of DOD's total spending. In fiscal year 2013, DOD purchased on contract a total of $308 billion; of that amount, $19.7 billion was purchased from foreign entities. This equals approximately 6.4 percent of DOD's total spending. In all years, the majority of purchases from foreign entities were for fuel, contracted services, construction, and subsistence in direct support of operations overseas.

Mr. SULLIVAN. DOD relies on foreign suppliers to play a major role in many weapon systems acquisitions. GAO has not conducted an assessment of DOD's reliance on foreign suppliers.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

NEW TECHNOLOGIES AND PATENT INFRINGEMENTS

60. Senator BLUNT. Secretary Kendall, it has come to my attention that when new technologies appear and receive patents, Federal agencies, such as the Defense Advanced Research Projects Agency, may award contracts to companies other than the patent holder. While a complainant has a right to sue in the Court of Claims regarding patent infringement to obtain relief under FAR, these types of suits typically fall beyond the reach of small businesses. What is the appropriate balance between the need to produce new technologies, with the need to properly incentivize small businesses to develop new technologies without fearing its original idea will be outsourced by DOD to a company other than the patent holder?

Mr. KENDALL. FAR 27.102(b) sets forth the general rule that agencies are not authorized to refuse to award a contract on the grounds that a contractor may infringe a U.S. patent. This approach represents a balance of well-established public policies regarding the government's use of U.S. patents (section 1498(a) of title 28, U.S.C.), and full and open competition in procurement contracting (the Competition in Contracting Act (CICA), 10 U.S.C. 2304). More specifically, although a patent owner's allegation of patent infringement by other competing sources does not justify the use of other than full and open competition pursuant to CICA, the patent owner is entitled to "reasonable and entire compensation" for any infringement of that patent by or on behalf of the government (28 U.S.C. 1498(a)). The patent owner may choose from a variety of mechanisms to seek such compensation, including entering into a royalty bearing license agreement with the infringer (with royalties being chargeable to government contracts pursuant to FAR 31.205–37), filing a lawsuit in the Court of Federal Claims, and filing an administrative claim for patent infringement with the relevant Federal agency (e.g., for DOD, pursuant to DFARS 227.70, for which there are no filing fees). These remedies are available to all patent owners. To the extent that a patent owner encounters obstacles in pursuing any of these remedies, those challenges will most likely result from the inherent limitations and complexities associated with owning and enforcing a patent (e.g., proving infringement, defending the validity of the patent, and negotiating for appropriate royalties or damages), rather than arising from any DOD or Federal acquisition policies or practices. This approach balances important public policies and privately held interests.

61. Senator BLUNT. Secretary Kendall, are you concerned that scientists and engineers are compelled to conceal important discoveries and inventions that could make a difference to the economy and national security out of fear that their discoveries will be outsourced by DOD to a company other than the patent holder?

Mr. KENDALL. DOD does not engage in any activity in which a private party's patented technology is "outsourced to a company other than the patent holder." A patent is a public document, and thus open public disclosure of the invention is an inherent element of the nature of patent protection. However, the patent owner is granted legal rights and remedies against any person that infringes the patent, including any unauthorized use or manufacture by or on behalf of the U.S. Government. More specifically, pursuant to 28 U.S.C. 1498(a), a patent owner is entitled to "reasonable and entire compensation" for patent infringement by the government, or by a third party (e.g., a contractor) acting on behalf of the government. In such cases, the patent owner may choose from a variety of mechanisms for compensation, including entering into a royalty bearing license agreement with the infringer (with royalties being chargeable to government contracts pursuant to FAR 31.205–37), filing a lawsuit in the Court of Federal Claims, and filing an administrative claim for patent infringement (e.g., for DOD, pursuant to DFARS 227.70, for which there are no filing fees). These remedies are available to all patent owners. If a private party is unsatisfied with the public disclosure requirements or legal remedies inherent in patent protection, then he or she may elect to pursue some other form of IP protection (e.g., copyright, trade secret). The choice of the form of IP protection is entirely up to the inventor/author, but in all cases, there is opportunity for the public to benefit from products or services making use of the private party's invention or discovery, while preserving the legal rights and remedies for the IP owner against any infringement or unauthorized uses by others.