

**THE LONG-TERM BUDGETARY CHALLENGES
FACING THE MILITARY SERVICES AND
INNOVATIVE SOLUTIONS FOR MAINTAINING
OUR MILITARY SUPERIORITY**

HEARING

BEFORE THE

**COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE**

ONE HUNDRED FOURTEENTH CONGRESS

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**THE LONG-TERM BUDGETARY CHALLENGES
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THURSDAY, SEPTEMBER 15, 2016

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

The committee met, pursuant to notice, at 9:34 a.m. in Room SD-G50, Dirksen Senate Office Building, Senator John McCain (chairman) presiding.

Committee members present: Senators McCain, Inhofe, Wicker, Fischer, Cotton, Rounds, Ernst, Tillis, Sullivan, Graham, Reed, McCaskill, Manchin, Shaheen, Gillibrand, Blumenthal, Donnelly, Hirono, King, and Heinrich.

OPENING STATEMENT OF SENATOR JOHN MCCAIN, CHAIRMAN

Chairman MCCAIN. Good morning. The Senate Armed Services Committee meets this morning to receive testimony on the long-term budgetary challenges facing our military.

I would like to welcome our witnesses: the Chief of Staff of the Army, General Milley; the Chief of Naval Operations, Admiral Richardson; the Commandant of the Marine Corps, General Neller; and the Chief of Staff of the Air Force, General Goldfein. I thank each of you for your years of distinguished service and for your testimony today.

Far too often, Washington is governed by crisis and stop-gap deals like continuing resolutions, omnibus spending bills, and episodic budget agreements that are a poor substitute for actually doing our jobs. It has become an, unfortunately, all too familiar cycle of partisan gridlock, political brinksmanship, and backroom dealing. Is it any wonder why Americans say they are losing trust in government?

Through it all, we lose sight of the fact that the dysfunction of Washington has very real consequences for the thousands of Americans serving in uniform and sacrificing on our behalf all around the Nation and the world. From Afghanistan to Iraq and Syria, from the heart of Europe to the seas of Asia, our troops are doing everything we ask of them. But we must ask ourselves are we doing everything we can for them. Are we serving them with a similar degree of courage in the performance of our duties? The answer I say with profound sadness is we are not. We are not.

Over many years across Presidents and congressional majorities of both parties, Washington has overseen a steady explosion of our national debt. This is just a fact. But five years ago, rather than confronting the real driver of our ballooning debt, which is the unsustainable growth of entitlement spending, we looked the other way. We failed to make tough choices and necessary reforms, and the result was the Budget Control Act which imposed arbitrary caps on discretionary spending, including defense spending for a decade. When we failed to fix the real problem, we doubled down on these reckless cuts with mindless sequestration. In short, we lied to the American people.

The Budget Control Act and sequestration have done nothing to fix our national debt. This is just mathematics. What is worse, the people we have punished for our failure are none other than the men and women of our armed services and many other important agencies. The world has only grown more dangerous over the past five years, but the resources available to our military has continued to decline.

This year's defense budget is more than \$150 billion less than fiscal year 2011. Rising threats and declining budgets have led to shrinking military forces that are struggling to sustain higher operational tempo with aging equipment and depleted readiness, and doing so at the expense of modernizing to deal with the threats of tomorrow.

Our present crisis of military readiness is not just a matter of training. It is also a capacity problem. Our Army, Navy, Air Force, and Marine Corps are too small to train for and meet our growing operational requirements against low-end threats while simultaneously having enough spare capacity to prepare for full spectrum warfare against high-end threats. As it is, our services are cannibalizing themselves just to keep up with the current pace of deployments, as recent media reports about the Air Force and Marine Corps aviation have made clear. The result is that our fighting forces are becoming effectively hollow against great power competitors.

If all of this is not bad enough, there is this. We are only halfway through the Budget Control Act. There are five more years of arbitrary defense spending cuts. It is true that last year's Bipartisan Budget Act provided some much needed relief, but this two-year deal is coming to an end. When it does, those arbitrary caps will return and remain in place through the next President's entire first term.

The Department of Defense and many of us in the Congress believe this would devastate our national defense. Yet, we are fooling ourselves and deceiving the American people about the true cost of fixing the problem. Just consider the Department's current 5-year defense plan is \$100 billion in total above the spending caps set by the Budget Control Act. In addition, roughly \$30 billion of annual spending for base defense requirements is buried in the budget account for emergency operations, requirements that will remain for our military even if our present operations immediately ended, which of course they will not.

What this means is that over the next five years, our Nation must come up with \$250 billion just to pay for our current defense

strategy and our current programs of record. \$250 billion just to do what we are planning to do right now, which I think many of us would agree is insufficient to meet our present, let alone our future challenges. A quarter of a trillion dollars. That is the real hidden cost above our budget caps that we must come up with over the next five years.

Put simply, we have no plan as yet to pay for what our Department of Defense is doing right now, even as most of us agree that what we are doing at present is not sufficient for what we really need. Those needs are great indeed, from maintaining the capability and capacity to wage a generational fight against radical Islamic terrorism, to rebuilding a ready and modernized force, to deter and, if necessary, defeat high-end threats, to modernizing our nuclear deterrent, to investing in the next generation capabilities that will preserve our military technological advantage and ensure our troops never find themselves in a fair fight.

The bottom line is this. From the Budget Control Act caps to the so-called OCO [overseas contingency operations] account, to our increasingly obsolete defense strategy, to the modernization bow wave that is coming for each of the services, we are lying to ourselves and the American people about the true cost of defending the Nation. The result is that our military's ability to deter conflict is weakening, and should we find ourselves in conflict, it is becoming increasingly likely that our Nation will deploy young Americans into battle without sufficient training or equipment to fight a war that will take longer, be larger, cost more, and ultimately claim more American lives than it otherwise would have.

If that comes to pass, who will be responsible? Who is to blame for the increasing risk to the lives of the men and women who volunteer to serve and defend our Nation? The answer is clear. We are, the President and the Congress, Democrats and Republicans, all of us.

With budget debates looming ahead, the question now is whether we will find the courage we have lacked for five long years, the courage to put aside politics, to chart a better course, to adopt a defense budget worthy of the service and sacrifice of those who volunteer to put themselves in harm's way on our behalf.

I am committed to doing everything I can as chairman of this committee to accomplishing this task. I know my colleagues on this committee are too. Despite the odds, I am ever hopeful that together we still can.

Senator Reed?

STATEMENT OF SENATOR JACK REED

Senator REED. Well, thank you very much, Mr. Chairman. Let me join you in welcoming the members of the panel and thank them for their outstanding service to the Nation and ask them to convey our thanks to the men and women who serve so proudly in uniform for the United States. Thank you.

The focus of today's hearing is the long-term budget challenges confronting our Military Services. For 15 years, our armed forces have been in continuous military operations. While our men and women in uniform have performed their duties superbly and doing all that we have asked them to do and more, the intense oper-

ational tempo has had an impact on our soldiers, sailors, airmen, and marines, their training and their equipment. On top of all that, the services have had to grapple with sequestration and constrained budgets, as the chairman has pointed out.

The military leaders before us today have an important task. As they plan their budgets for fiscal year 2018 and beyond, they must anticipate emerging threats for the future and how our military will address and ultimately defeat those threats. As we are reminded on a daily basis, our country is facing many complicated and rapidly evolving challenges that do not offer easy or quick solutions.

For example, we have seen our near-peer competitors learn from our past successes and make advancements of their own, particularly in the areas of precision and long-range strike, anti-access/area denial, space, and cyber. As a result, the Department of Defense has embarked on a third offset strategy to address the steady erosion of U.S. technological superiority and recapture our qualitative advantage over our adversaries.

We welcome our witnesses' thoughts on how their respective services plan to confront these critical issues again in the context of these very difficult budgetary issues.

In addition to anticipating and planning our future threats, our witnesses today must also ensure targeted investments are made to rebuild readiness levels, modernize the force, and maintain the wellbeing of our troops. Over the course of this year, the committee has repeatedly heard testimony on these issues, and I hope that our witnesses can provide this committee an update on the progress that they have made.

Finally, defense budgets should be based on our long-term military strategy which requires the Department to focus at least five years into the future. Last year, Congress passed the 2015 Bipartisan Budget Act [BBA] that established the discretionary funding level for defense spending for fiscal year 2016 and 2017. While the BBA provided the Department with budget stability in the near term, there is no agreement for fiscal year 2018 and beyond. Therefore, without another bipartisan agreement that provides relief from sequestration, the Military Services will be forced to submit a fiscal year 2018 budget that adheres to the sequestration level budget caps and would undermine the investments made to rebuild readiness and modernization and other aspects of our military force.

Not only is the issue one of budgets, but the issue is one of the certainty of knowing that you have budget levels not just for a year but for at least five years. That is another aspect we have to come to grips with.

I will, indeed, welcome the witnesses' thoughts and suggestions as we move forward.

Thank you very much, Mr. Chairman.

Chairman MCCAIN. General Milley?

STATEMENT OF GENERAL MARK A. MILLEY, USA, CHIEF OF STAFF OF THE UNITED STATES ARMY

General MILLEY. Thanks, Chairman McCain—I appreciate that—and Ranking Member Reed and other distinguished members of

the committee for the opportunity to appear before you today to discuss our Army. Thank you for your consistent support and commitment to our Army's soldiers, civilians, and families.

A ready army, as you know, is manned, trained, equipped, and well led as the foundation of the joint force in order to deter and, if deterrence fails, to fight and defeat a wide range of state and non-state actors today, tomorrow, and deep into the future.

Although there are many challenges, as I outline below, the most important of which is consistent, sustained, and predictable funding over time, I still want to be clear. The United States Army is America's combat force of decision, and we are more capable, better trained, better equipped, better led, and more lethal than any other ground force in the world today. We are highly valued by our allies, and we are feared by our enemies. The enemies know full well we can destroy them. We can destroy any enemy. We can destroy them anywhere, and we can destroy them anytime.

But having said that, our challenge today is to sustain the counterterrorist and the counterinsurgency capabilities that we have developed to a high degree of proficiency over the last 15 consecutive years of war for many years in the future, the prediction of which is unknown, and simultaneously rebuild our capability in ground combat against higher-end, near-peer, great power threats.

The Army prioritizes readiness in this NDAA [National Defense Authorization Act] because the global security environment is increasingly uncertain and complex. I anticipate that we will have to continue to prioritize readiness for many years to come. While we cannot forecast precisely when and where the next contingency will arise, it is my professional military view that if any contingency happens, it will likely require a significant commitment of U.S. Army forces on the ground.

The Army is currently committed to winning our fight against radical terrorists during conflict in other parts of the globe. Currently, the Army provides 52 percent of all the global combatant commander demand for military forces, and we provide 69 percent of all the emerging combatant commander demand. Currently, we have 187,000 soldiers committed in 140 different countries globally conducting the Nation's business.

To sustain current operations at that rate and to mitigate the risks of deploying an unready force into future combat operations, the Army will continue to prioritize and fully fund readiness over end strength modernization and infrastructure. In other words, we are mortgaging future readiness for current readiness.

We request the resources to fully man and equip our combat formations and conduct realistic combined arms combat training at both home station and our combat training centers [CTC]. We request continued support for our modernization in five key capability areas that we determined are lagging: aviation, command and control networks, integrated air and missile defense, combat vehicles, and emerging threat programs.

Our near-term innovation efforts are focused on developing overmatch in mobility, lethality, mission command, and force protection with specific emphasis on the following systems: long-range precision fires, missile defense, directed energy weapons, ground vehi-

cles, vertical lift, cyber, electronic warfare, robotics, networks, and active protective systems for both ground and air.

We ask your continued support for our soldiers and our families to recruit and retain the high level and the high quality of soldiers of character and competence that you have come to expect from the United States Army. With your support through sustained long-term, balanced, predictable resources, the Army will fund readiness at sufficient levels to meet current demands, build readiness for contingencies, and invest in the readiness of our future force.

Thank you, Senators, for the opportunity to testify, and I look forward to your questions.

[The prepared statement of General Milley follows:]

PREPARED STATEMENT BY GENERAL MARK A. MILLEY

INTRODUCTION

Today, your Army is globally engaged around the world building partner capacity in Iraq to fight terrorism and we continue to train, advise, and assist the Afghan National Defense Security Forces. We are engaging our partners in Africa, and throughout North and South America and have committed about 100,000 soldiers to sustain regional stability in the Asia-Pacific. In Europe, we are actively reassuring allies, with rotational and permanently stationed forces, in the face of emerging challenges and deterring Russian aggression. In short, the Army is protecting important national security objectives in every region of the world against five significant security challenges: Russia, China, Iran, North Korea, and counter-terrorism.

Predictable and consistent funding is absolutely essential for the Army to build and sustain current readiness and progress toward a more modern, capable future force. We simply cannot sustain readiness or build the Army our Nation needs in the future if we return to sequestration-level funding in fiscal year 2018.

Although there are many challenges as I outline below, I want to be clear—the U.S. Army is America’s combat force of decision and can rapidly deploy to destroy any enemy in the world today.

WHERE WE ARE

Readiness is the Army’s number one priority. Readiness determines our ability to fight and win in ground combat. It is the capability of our forces, as part of the Joint Force, to conduct the full range of military operations to defeat any enemy. Units that are properly manned, trained, equipped, and led are the means by which the Army generates the skillful application of land power with speed and violence of action in order to terminate the conflict on terms favorable to the United States.

While the Army is reducing end-strength, we made a deliberate decision to prioritize readiness, reduce infrastructure maintenance, and decrease funding for modernization. These choices devote resources to today’s fight, but decrease investments for future modernization and infrastructure readiness, and emergent demands.

GLOBAL DEMAND AND MANNING

The Army comprises 33 percent of the DOD force structure and sources 52 percent of DOD’s Combatant Command base demand for forces and 69 percent of emergent demand for forces. While the demand for Army units has been and is expected to remain high, we are reducing military end-strength in all three of our components; Regular Army, Army National Guard, and the Army Reserve.

TRAINING

In the last year, the Army has made significant progress in our core warfighting skills across multiple types of units, but we have much work to do to achieve full spectrum readiness in decisive action operations.

To build sufficient operational and strategic depth, the Army will prepare our formations for the entire range of military operations. All Army training will include elements of the Army Reserve, National Guard, and the Regular Army. Additionally, all units will require multiple iterations of individual and unit home-station ranges, challenging gunnery training, and realistic Combat Training Center rotations.

Our challenge is to balance the requirements of remaining regionally engaged while simultaneously preparing to meet the demands of a globally responsive contingency force. About a third of our Regular Army Brigade Combat Teams are currently ready for high-end combat against a nation state. We will fully fund Combat Training Center rotations and protect home station training to increase training frequency, rigor and readiness across the force.

However, the impacts of reduced resourcing are being felt across the force and throughout Army units and installations world-wide. The increased training tempo required to train to high-end full spectrum tasks to meet warfighting standards must also be balanced against maintaining unit equipment to operational standards.

The last key factor for improving readiness is time. Our goal is to have Regular Army Brigade Combat Teams achieve 60–66 percent full spectrum readiness, and I estimate that it will take the Army approximately four years to achieve that assuming no significant increase in demand and no sequestration levels of funding.

EQUIPPING AND MODERNIZATION

Equipment readiness is a critical component of overall unit readiness. We have deliberately allocated resources to prioritize readiness of equipment for the current fight and we have deferred investments in modernization. Our strategy has been to incrementally improve on existing platforms and we are at risk to lag behind near-peer adversaries in critical capabilities over the mid-term.

Our short-term equipment modernization strategy will continue to focus on the five critical capability areas: Aviation, the Network, Integrated Air and Missile Defense, Combat Vehicles, and Emerging Threats. The Army will invest in programs with the highest operational return and build new systems only by exception. We will delay procurement of our next generation platforms and accept risk to force in the mid-term, but we are committed to preserve some funding for research and development.

LEADER DEVELOPMENT

Our Army thrives in complex and uncertain environments because our soldiers, non-commissioned officers, and officers are well educated, trained and equipped to think, improvise, and adapt to ambiguous and rapidly changing conditions. Our strength is derived not from platforms or high-tech equipment, it comes from our people. We continue to recruit resilient, fit men and women of character and develop them into competent soldiers. Training, educating and compensating our personnel helps to retain the best of the best, which requires appropriate and consistent funding as much as other readiness areas. This emphasis will not change now or in the future as we reduce our end-strength while retaining the best talent within our ranks.

INNOVATION

The Army will work with all stakeholders across the Department of Defense, other services, industry, research laboratories, and civilian innovators to develop new operating concepts and technologies. In particular, we are working with the Strategic Capabilities Office, Defense Advanced Research Projects Agency, and the Defense Innovation Unit Experimental on innovative technologies to improve our current and future capabilities. Our near-term innovation efforts are focused on developing technologies to protect mission critical systems from cyber-attacks and to sustain overmatch in the key areas of: mobility, lethality, mission command, and force protection with specific emphasis on: long-range precision fires, missile defense, directed energy weapons, ground vehicles, vertical lift, cyber, electronic warfare, networks, and active protection systems (ground and air).

ACQUISITION

Our acquisition process must be innovative, agile, and effective to maintain overmatch. Most recently, the Army announced the stand-up of the Army Rapid Capabilities Office to expedite the design, development, evaluation, procurement and fielding of critical combat materiel capabilities to deliver an operational effect within one to five years. The Army remains committed to ensuring that we make the right acquisition decisions and that we improve the acquisition process to maintain a technological advantage over adversaries and provide requisite capabilities to soldiers.

RISK

The Army prioritizes today's readiness and accepts risk in modernization and infrastructure maintenance in the mid and long term.

We continue to implement efficiencies and find innovative ways to preserve funding for our highest priority—increasing readiness. Over the last few years, the Army has significantly reduced headquarters at two-star and above echelons, adopted energy and other efficiencies, and made significant business transformation improvements. Even with these cost saving initiatives, however, we have had to make hard funding choices such as deferring investments in housing modernization, training facilities, and power projection platforms. Our fiscal year 2017 budget request represents the Army's lowest MILCON budget since 1998.

In the current global environment, the Army will continue to meet the demands of the fight against radical terrorism and the predictable demands of our geographic combatant commanders. Absent additional legislation, the sequestration caps set by the Budget Control Act of 2011 will return in fiscal year 2018, forcing the Army to draw down end-strength even further, reduce funding for readiness, and increase the risk of sending under-trained and poorly equipped soldiers into harm's way.

CONCLUSION

Sustaining the high levels of performance our Army has demonstrated since 1775 requires consistent, long term, balanced and predictable funding. Without it, the Army must fully fund current readiness, reduce funding future readiness in modernization and infrastructure maintenance, and continue programmed end-strength reductions.

The U.S. Army has made difficult choices to sustain current readiness for today and to be prepared for tomorrow. We request the support of Congress to predictably fund the Army at balanced and sufficient levels to meet current demands and to build a more capable, modern, ready force for future contingencies.

Chairman MCCAIN. Admiral Richardson?

**STATEMENT OF ADMIRAL JOHN M. RICHARDSON, USN, CHIEF
OF NAVAL OPERATIONS OF THE UNITED STATES NAVY**

Admiral RICHARDSON. Good morning, Mr. Chairman, Ranking Member Reed, distinguished members of the committee, thank you for the opportunity to appear before you today and thank you for your sustained support to our Navy and our Nation.

I have been traveling around a fair amount recently to put eyes onto our Navy around the world. As you know, the problems they face are getting more complex by the day. But your naval team is working hard, and our sailors, marines, and civilians are simply astounding in their skill and dedication. We must focus on them with everything we do to respect their mission and their dedication.

I can describe our current challenges in terms of a triple whammy.

The first whammy, as we have said, is the continued high demand for our naval forces. We just marked the 15th anniversary of 9/11. The past 15 years of high OPTEMPO [operational tempo] in support of the wars has put tremendous wear and tear on our ships and aircraft. It has also taken a toll on the sailors that take those platforms out to sea, on the skilled Navy civilians that build and repair them, and on our family members.

The second whammy is budget uncertainty. Eight years of continuing resolutions, including a year of sequestration, have driven additional cost and time into just about everything that we do. The services are essentially operating in three fiscal quarters per year now. Nobody schedules anything important in the first quarter. The disruption that this uncertainty imposes translates directly into risk to our Navy and our Nation.

The third whammy is the resource levels in the Budget Control and Bipartisan Budget Acts. Funding levels require us to prioritize achieving full readiness only for our deploying units. These are ready for full spectrum operations, but we are compromising the readiness of those ships and aircraft that we will have to surge to achieve victory in a large conflict. We have also curtailed our modernization in a number of areas critical to staying ahead of our potential adversaries.

One more related point. Mr. Chairman, this highlights a point you brought up. Your Navy thrives on long-term stability, and when putting together shipbuilding plans, it is necessary to think in terms of decades. While I know we are mostly here to talk about the current challenges, I feel I must say I was struck by the recent Congressional Budget Office report updating their long-term budget and economic outlook. In it, they predict that within the decade, discretionary spending, which includes defense, will drop to the lowest levels in more than 50 years. It makes crystal clear that it is vital that we all dive in and get to work on this problem now for the security of our country.

In terms of a solution, we must work as partners. On one hand, we must work to set sufficient resource levels and restore stability to the budgeting process. On the other hand, we must ensure—I must ensure that every dollar that the American taxpayer gives the Navy is spent as efficiently and effectively as possible. I am committed to meeting my responsibilities here and in partnering with you as we go forward.

Together with our sister services, your Navy is here to protect our great Nation. Your sailors and civilians continue to do everything that is being asked of them, even as the demands continue to grow. Working together with you, I am committed to finding a way to address these challenges.

Thank you, sir, and I look forward to your questions.

[The prepared statement of Admiral Richardson follows:]

PREPARED STATEMENT BY ADMIRAL JOHN M. RICHARDSON

Mr. Chairman, Ranking Member Reed, and distinguished members of the Armed Services Committee, thank you for the opportunity to discuss the Navy's current and future fiscal needs. I have appeared before you and your colleagues in the Congress multiple times to tell this story over the last 14 months; unfortunately, little has changed during that time. The gap between the demands the Navy is facing and the solutions available to address them is growing, and remains my deepest concern. As has always been true, each of the Military Services seeks to find the best balance between readiness for today's operations and ensuring adequate preparation for the future. The solution required to establish the best balance includes two broad dimensions: how much resources are provided, and how Navy uses those resources to best effect.

Regarding how much resources are provided, there is no question that the fiscal limits imposed by the Budget Control Act (BCA), application of the sequester mechanism, and even the slightly relaxed limits in the Bipartisan Budget Act have made finding this balance much more difficult. The Navy has seen increasing pressure on its budget since President's Fiscal Year (FY) 2014 request. Against that baseline, our funding has been cut by \$30 billion, to include a \$5 billion reduction reflected in the pending fiscal year 2017 proposal.

Reduced funding levels are just one of aspect of the "triple whammy" that the Navy faces. Those cuts come at a time when continued mission demands result in high operational tempo, and there is persistent uncertainty about when budgets will be approved. The combination of these factors has resulted in Navy incurring substantial "readiness debt," just like carrying a debt on a credit card.

The operational demands on the Navy remain high. The maritime security environment is becoming increasingly congested and competitive, when technology is advancing and being adopted at unprecedented rates, and when competition in the information domain is permeating every aspect of our existence. China and Russia are leveraging these trends to expand both their capabilities and capacity, and are making the maritime competition felt both at sea and in the air. North Korea's missile programs continue to advance and their provocations persist. Iranian forces vacillate between professional and more threatening actions on the sea, raising the potential for miscalculation, and ISIL continues to demonstrate its ability to threaten America and its interests.

In response to these challenges, the Navy's sustained operational tempo has been high. To meet demands, the Navy continues to extend deployments and stress our platforms beyond projections. Our analysis from the last 15 years of conflict shows that a seven-month deployment is sustainable. But between late 2013 and the end of 2015, the average deployment for our carrier strike groups was nine months. We are currently taking steps to return to our seven-month goal as rapidly as possible, but the need to support the fight against ISIL recently led us to extend the deployments of the USS *Harry S. Truman* and USS *Theodore Roosevelt* Carrier Strike Groups to eight and eight and a half months respectively.

The effects of this high operational tempo manifest themselves through increased wear and tear on ships, aircraft, and people. As we conduct much-needed repairs, the average amount of work needed for the 34 ships currently in private shipyards is exceeding our projections by 35 percent. For aircraft, our planned maintenance in depot work periods for legacy F/A-18s is taking 345 days to return them to safe flying status, almost double the 180 days we had planned. This results from extended operations and increased use of our systems, which causes material conditions to degrade faster than anticipated. Longer maintenance cycles have operational implications, and often have a cascading effect. Aircraft carrier strike group deployments are just one example: last year, the USS *Dwight D Eisenhower's* scheduled dry dock repairs had to be extended by nine months. In order to meet mission requirements, the USS *Harry S Truman's* maintenance period was cut short so she could deploy in place of *Eisenhower*. The deferred work on the *Truman* will now be rolled into her upcoming maintenance period that begins later this month. For surface combatants, the Congress is currently considering reprogramming actions that will help us to address cost growth and support planned maintenance availabilities for three destroyers in this fiscal year, but sustained budget pressure and higher than expected maintenance volume has already led to delaying an attack submarine maintenance period beyond this fiscal year.

Our people are also feeling the strain. While we continue to meet both our recruiting and retention goals in the aggregate, these numbers mask lower retention for certain heavily stressed specialties like SEALs (26 percent less than the goal from 2013 to 2015) and surface nuclear officers (14 percent less than the goal over the same period). Navy aviation is another area where this is a concern. We are seeing declines in officer retention for multiple grades, and bonuses are not proving fully effective. Though we are still able to meet our manning needs, these trends are particularly worrisome given the projected increases in civilian aviation hiring. This fraying of the team represents a grave threat to our future. We ask a lot of our sailors, and they expect very little in return. At a minimum, we owe them the ability to sustain a personal and family life as they pursue their Navy careers.

Constrained resources, reduced funding levels, combined with operational and related maintenance challenges, have been exacerbated by budget uncertainty. Building and maintaining high-end ships and aircraft requires long term stability and commitment. Without it, costs grow and work takes longer. Skilled workers leave the workforce—many don't return. Private industry defers investments in necessary process improvements. Despite these obstacles, recovery from our current maintenance backlog is underway—but it will take time. We must find a way to restore the trust and confidence that underpin the crucial relationship with our acquisition and maintenance workforce. Our ability to achieve true effectiveness and efficiency has been undermined by budget instability, workforce limitations, and eight—now likely nine—straight years of budget uncertainty and continuing resolutions.

The impact of continuing resolutions is significant. Navy leaders have essentially been managing an enterprise, with a budget the size of a "Fortune 10 Company," in what amounts to three fiscal quarters per year. This compromises our mission, and drives inefficiency and waste into all that we do. For example, a short term continuing resolution requires us to break what would otherwise be single annual contract actions into multiple transactions. This results in a 20 percent increase in the overall number of funding documents for activities like base support and facilities maintenance, and fails to take advantage of savings from contractors who could bet-

ter manage their workload and pass on lower costs to the Navy. These redundant efforts drive additional time and cost into the system, for exactly the same output.

As our first priority, Navy leaders ensure that every single unit we send forward on deployment is fully prepared to conduct its mission. Doing so at current budget levels forces difficult choices about readiness levels of the force we have in reserve, and the resultant length of time that would be needed if we are called upon to “surge” that force in response to a large conflict or emergent contingency. For example, we are falling short in the numbers of ready aircraft and the parts to support them. This means it will take more time and training if there were a need to push them forward in response to a crisis. We have also been forced to rely upon contingency funding to augment our base budget. For example, our fiscal year 2017 budget proposal funds only 20 of the 24 steaming days per quarter for non-deployed unit training and readiness—the four remaining days are reflected in our contingency request. If contingency funding is curtailed, the loss of steaming days will directly impact the surface fleet’s training and readiness to conduct exercises at sea for basic, intermediate, and advanced training.

The Navy’s uncompromising commitment to preserving the readiness of the forces deploying today also affects investments in our future readiness, as reflected in our modernization accounts. Some examples of this tension include lower funding for Counter Electronic Attack Kits to defeat high end threats; continued procurement for next generation F-35C aircraft; additional advanced tactical cryptologic and cryptologic support tools; additional AIM-9X missiles; and a modernized DDG combat system that leverages the latest advances in attack capabilities. These are critical modernization capabilities that are currently not funded at desired levels.

My top modernization priority, and greatest concern, is adequate, stable funding for the Ohio Replacement Program (ORP) while still providing a fleet that will meet other important Navy missions.

In the immediate future, January 2017 is planned to be a major ORP milestone when we transition from research and development to ship construction funding in order to conduct detailed design work. The absence of an approved budget puts at risk this transition, and the Program as a whole. If we cannot find a way to begin this work by the beginning of the calendar year, ORP will almost certainly experience unnecessary cost growth, as well as experience delays that threaten the conduct of an existential mission that we have covered continuously since 1960. I welcome the opportunity to provide any additional information to further explain the imperative of keeping this program on track.

I have other concerns as well. We foresee future shortfalls in our Attack Submarines, Future Surface Combatants (including Destroyers and Frigates), in strike fighter aircraft, and in facilities. We are taking steps to mitigate all of those shortfalls as best we can. For example, a major part of our aviation “get well plan” rests on a multifaceted strategy that involves extending the service lives of the F/A-18s; improving the capabilities of the F/A-18 Super Hornets to address current and emerging threats; getting F-35s built on time, in sufficient numbers, and out to the fleet; and pushing unmanned aircraft out to the flight deck. Our MQ-25 Stingray program is the leading edge of this effort, and I am driving this as quickly as possible so we can capitalize on the step increase in capability unmanned systems will offer us in the future.

Another area of concern is our shore infrastructure. It is aging, and we currently carry a facilities maintenance backlog of over \$5.5 billion—an amount that is growing at \$600 million annually. We are prioritizing funding those projects that resolve safety deficiencies and repair the most mission critical facilities, but this is far short of what is needed to support a reasonable quality of life and work for the sailors, civilians, and families that make up our Navy team.

The other important dimension to closing the gap between mission requirements and solutions is how the Navy uses our resources to best effect. As I’ve previously testified, budget constraints are forcing choices that limit our naval capabilities in the face of growing threats. I look forward to providing any additional support I can to inform discussions about how best to address those constraints, and would be especially grateful for any solution that offered greater budgetary stability.

But I also share some of the responsibility to address the gap between Navy missions and the resources we have to address them. While I do not write the amount of the Navy’s check, I can ensure that we are spending what we get to greatest effect. I see changing how we do business to be faster and more efficient as both a moral and a warfighting imperative.

To that end, I am working to the limits of my authority to bring greater speed to our acquisition process without compromising the discipline ingrained in our practice. We are increasing our emphasis on rapid prototyping and experimentation and simplifying our bureaucracy to the maximum extent possible, seeking input and

ideas not only from within but from our traditional and non-traditional industry partners. This will save money. Even more importantly, it will put capabilities in the hands of our sailors that they need to remain superior to adversaries who are gaining on us in many key technology areas.

Given the pace at which things are changing, I also owe you hard thinking about our future needs and how we can best address them. We are nearing completion of our assessment of future fleet size, composition, and capabilities, which is being updated to reflect contemporary missions and threats. We are also engaged in a wide set of studies, wargames, experimentation, and analysis to think through new ways to ensure the Navy retains our advantage in an environment that is dynamic, uncertain, and accelerating everywhere we look. We have clarified roles and responsibilities for thinking through the near, mid, and far term that will bring greater coherence and rigor to our plans, and are taking a more strategic approach to allocating the resources in support of those efforts. And we are doing all of this at the same time we are reducing our headquarters staffs, consistent with your direction. I am convinced that these adjustments, while painful, will force us to become more creative and effective as we continue to downsize.

In sum, taking all of factors into account, the fiscal year 2017 budget request represents our best proposal to strike the appropriate balance between today and tomorrow, given available funding. The Navy's budget addresses our gaps on a prioritized basis, takes measured steps to improve current readiness, and starts to accelerate investments in some of the capabilities most important to maintaining a competitive advantage over our adversaries.

Looking forward, I remain deeply concerned about the gap between what the American people expect of their Navy now and for the foreseeable future, and the available resources to deliver on those expectations. Your Navy team has always and will always do everything that is asked of them, and every ship and aircraft being sent forward is fully prepared to conduct its mission. The strain on the depots, labs, shipyards, logisticians and others that allow us to maintain this standard—which we will not compromise—is substantial. We are taking every step we can to relieve it. For the Navy, the size of this gap is likely to grow as the nation's strategic challenges increase in number and complexity, and as resources in both the short and longer term remain tight. A return to reliable and predictable budgeting is equally important. To fulfill our responsibility to be effective stewards of the resources we receive, we are doing all that we can to bring to bear the ingenuity and creativity that has characterized your Navy throughout its history. Thank you, and I look forward to your questions.

Chairman MCCAIN. General Neller?

**STATEMENT OF GENERAL ROBERT B. NELLER, USMC,
COMMANDANT OF THE UNITED STATES MARINE CORPS**

General NELLER. Chairman McCain, Ranking Member Reed, distinguished members of the committee, thank you for the opportunity to appear today and talk about your marines. I thank you for your support of marines, sailors that serve with marines, our civilian marines, and our families.

Marines have a unique perspective on readiness based on the intent of Congress. We are the Nation's force in readiness, and being ready is central to our identity as part of the Navy/Marine Corps team.

That said, Mr. Chairman, my understanding of the purpose of this hearing is for the Service Chiefs to provide our best military advice on our current and future readiness challenges. My experience in the Marine Corps has been to make do with what we have been given. That is just the way I was raised, and I have never been comfortable asking for anything more. I also understand there are many competing fiscal requirements that this Congress has to deal with.

However, based on the current top line in the future budget projections and though we are meeting our current requirements, I believe we are now pushing risk and the long-term health of the force

into the future. As an example, we submitted an unfunded priority list of approximately \$2.6 billion, which is the largest we have ever submitted.

The global security environment drives our requirements, and requirements equal commitments. Your marines are as busy and as committed now as during the height of operations in Iraq and Afghanistan. Current OPTEMPO balanced against fiscal reductions, instability of continuing resolutions, and the threat of sequestration during the past few years have driven us to critically review the allocation of our resources in order to meet these commitments.

We, like the other services, make tough choices every day, and we are facing our readiness challenges head on. Our readiness has been to deployed and next-to-deploy units. Current readiness shortfalls in aviation, facility sustainment, future modernization, retention of critical skills, and building the depth on our ready bench forces at home are our primary concerns.

That said, we have not stood idly by in planning for our future. I am confident we have identified our requirements for readiness recovery and improvements, and we are making progress slowly, but progress nonetheless. Our Force 2025 initiative is identifying the requirements of our future Marine Corps, balanced against fiscal reality. Force 2025 addresses current capability shortfalls, sustainment of capacity, and future manpower requirements to fight on the 21st century battlefield.

Fiscal constraints necessarily bring tradeoffs, and to paraphrase one of my predecessors, we will give you the most ready Marine Corps the Nation can afford. The Marine Corps remains good stewards of what we are given, and we will generate the maximum readiness possible with the resources we are provided. We will create and generate a Marine Corps that is agile, ready, and lethal.

Working side by side with Congress, the other services, and our Navy shipmates especially, you can count on your marines to meet and exceed the standards the American people have set for us.

I look forward to your questions.

[The prepared statement of General Neller follows:]

PREPARED STATEMENT BY GENERAL ROBERT B. NELLER

INTRODUCTION

The landscape and pace of the 21st century demands a ready Marine Corps to buy time, decision space, and options for our Nation's leaders. All Marines, past and present, understand the expectations of the American people and their elected leaders—to answer the Nation's call, fight, and win. Marine Corps capabilities and the posture of our force would not be possible without the support and actions of the Congress. A balanced Marine Corps is a force that is healthy, has a sustainable operational tempo, is able to train with the needed equipment for all assigned missions, and has a reasonable quality of life across the force. The result of this balance is optimally trained and equipped forces that deploy when planned, with the ideal quantity of forces (capacity), on the required timeline with a steady reserve of non-deployed forces that can surge to meet large scale contingencies and operational plans. Today's force is capable and our forward deployed forces are ready to fight, but we are fiscally stretched to maintain readiness across the depth of the force in the near term, and to modernize to achieve future readiness.

OUR THREATS

Multi-dimensional security threats challenge all aspects of our national power and security. The evolution and expansion of the information domain, advanced robotics, and improved weapons technologies are causing threats to emerge with increased

speed and lethality. While your Marines and Sailors have been and remain operationally committed in the current fight, our enemies and potential adversaries have not stood idle. They have developed new capabilities which now equal, or in some cases exceed, our own. This unstable and increasingly dangerous world situation is further complicated by a constrained resource environment from which we must continue current operations, reset our equipment, maintain our warfighting readiness, and modernize the force. We continue to make tough choices and balance our available resources to meet current operational commitments and, at the same time, achieve tomorrow's readiness.

OUR READINESS

Marines have a unique perspective on readiness. The Congressional intent to serve as the "Nation's Force-in-Readiness" guides who we are and what we do—being ready is central to our identity as Marines. As a force, we must remain ready to fight and win across the range of military operations and in all five warfighting domains—maritime, land, air, cyber, and space. The emerging technologies and threats of the 21st century demand a modernized force with new capabilities that complement our traditional warfighting skills and equipment. The fiscal reductions and budget instability of the past few years have negatively impacted our current and future readiness. As resources have diminished, the Marine Corps has protected the near-term operational readiness of its deployed and next-to-deploy units in order to meet operational commitments; this has come at a cost. The current operational risk to the Marine Corps is tangible.

AMPHIBIOUS WARSHIPS AND OPERATIONS

Decreased quantity and availability of Navy Amphibious warships, the preferred method of deploying and employing Marine Corps capabilities, have resulted in establishing land-based Special Purpose Marine Air Ground Task Forces (SPMAGTFs) to compensate so the Marine Corps can meet operational commitments and ensure timely response to crises. Where an Amphibious Ready Group/Marine Expeditionary Unit (ARG/MEU) may have been the response force of choice in the past, these SPMAGTFs have been called on to conduct operations in support of Geographic Combatant Commands.

To be the Nation's expeditionary force-in-readiness the Marine Corps must remain a naval combined arms expeditionary force. Our naval heritage is based on more than tradition: it is mandated by law as our primary service responsibility. As the service with the primary Department of Defense Directive and title 10 responsibility for the development of amphibious doctrine, tactics, techniques, and equipment, our capabilities are reliant on the Nation's investment in our partnered Navy programs. This requires the proper balance of amphibious platforms, surface connectors, and naval operating concepts to shape our force explicitly as part of the Joint Force.

The Navy and Marine Corps Team require 38 amphibious warships, with an operational availability of 90 percent, to support two Marine Expeditionary Brigades, and to provide the Nation a forcible entry capability. The Marine Corps fully supports the efforts of the Secretary of the Navy and Chief of Naval Operations to balance amphibious platforms and surface connectors that facilitate operational maneuver from the sea and ship-to-objective maneuver. The Long Range Ship Strategy (LRSS) increases the amphibious warship inventory to 34 by fiscal year 2022.

We appreciate Congress providing the funding to procure a 12th LPD and the funding for a second ship with the same hull form. The LPD and the LXR (using the LPD hull form) represent the Department of the Navy's commitment to a modern expeditionary fleet.

"READY BENCH"

The Marine Corps will continue to prioritize the readiness of deployed and next-to-deploy units over non-deployed units. Our deploying units are ready, while our non-deployed commands lack sufficient resources to meet the necessary personnel, training, and equipment readiness levels to respond today. To meet Congress' intent that we remain the Nation's force-in-readiness, the Marine Corps requires a "ready bench" that is able to deploy with minimal notice and maximum capability. Commitment of regional SPMAGTFs removes regimental-level headquarters and associated ground, aviation, and logistics elements from their parent Marine Expeditionary Force, which commits leadership and forces of what previously was the "ready bench." This requirement does not allow these units the stability or time for additional training, professional development, and readiness to respond to a major contingency.

AVIATION

For several years, our aviation units have been unable to adequately meet our aircrew training requirements, primarily due to Ready Basic Aircraft (RBA) shortfalls. To remedy this critical situation, we have developed an extensive plan to recover or improve readiness across every Type/Model/Series (T/M/S) in the current inventory, while continuing the procurement of new aircraft to ensure future readiness. In executing this plan, we are seeing slow but steady improvements in aviation readiness, but the plan requires sustained funding and time. The recovery and sustainment of our current fleet is necessary to support both training and warfighting requirements. Each T/M/S requires attention and action in specific areas: maintenance, supply, depot backlog, and in-service repairs.

Operational tempo has increased the utilization and stretched the sustainability of our most in-demand aviation assets. To continue to meet operational commitments, we are reducing our MV-22 footprint from 12 to 6, and our KC-130J footprint from 4 to 3 for our SPMAGTFs in CENTCOM and AFRICOM. To reduce risk in the stressed USMC TACAIR force, we have reduced F-18 squadron aircraft levels from 12 to 10.

Over the past year, the Marine Corps committed nearly every MV-22 Osprey pilot to source all of its global commitments, and the increased utilization rates on these airframes affects the longevity of their service life. Exacerbating our concerns in aviation is a potential exodus of pilots and maintenance personnel to join civilian airlines. We anticipate requiring additional fiscal resources in future budgets to provide bonus incentives to remain competitive and keep the talent we have invested in. With the continued support of Congress, Marine Aviation can recover its readiness by re-capitalizing our aging fleet, while at the same time procuring new aircraft to meet our future needs and support our ground forces.

GROUND FORCES

The Marine Corps is also executing readiness initiatives with our ground equipment. Our post-combat reset strategy and Equipment Optimization Plan (EOP) are key components of the overall ground equipment "Reconstitution" effort. The Marine Corps has reset 90 percent of its ground equipment, with 61 percent returned to the Operating Forces and our strategic equipment programs. This strategic war reserve is our geographically prepositioned combat equipment, located both afloat and ashore where it makes the most sense to respond to contingencies. We remain focused on this recovery effort and project its completion in May 2019. This service-level strategy would not have been possible without the continued support of Congress and the hard work of your Marines. That said, our ground forces require modernization to replace legacy capabilities in addition to development of new capabilities to be effective on the modern battlefield.

BASES, STATIONS, AND FACILITIES

Improving the current state of our facilities is the single most important investment to support training, operations, and quality of life. The Marine Corps has developed a Facility Sustainment, Restoration, and Modernization (FSRM) initiative to achieve this requirement. Our 2017 budget proposes funding FSRM at 74 percent of the OSD Facilities Sustainment Model. This reduced funding level is an area of concern because our bases and stations are more than where we work and live—they are platforms from which we train and generate readiness. The sustainment of military construction (MILCON) funding is crucial to managing operational training and support projects. As we transition to new capabilities and realign our forces in the Pacific, adequate MILCON is a key enabler for the Marine Corps' future success.

Readiness is not just in our equipment supply and maintenance, but also in the quality and challenging nature of our training through the mental, spiritual, and physical readiness of Marines and Sailors across the force. Readiness is the result of a variety of factors: commitment of our leadership; standards-based inspections; evaluated drills and training exercises; and an understanding that the call to respond to crises can come at any time. Our Marines and Sailors know we must be ready and able to answer.

TRAINING

Organizing and executing high quality training is not easy. It takes time, deliberate thought, and effort. Our approach to training is to emphasize the basics: combined arms, competency in the use of our weapons and systems, and expeditionary operations; but also to reemphasize operations in a degraded command, control,

communications, computers and intelligence (C4I) environment, camouflage/deception, operations at night, operations in a nuclear, biological and chemical (NBC) environment, and decision-making in rapidly unfolding and uncertain situations. We must provide opportunities to experiment and work with the latest technological advances.

MODERNIZATION

The Marine Corps must continue to evolve. The change we see in the 21st century is as rapid and dramatic as the world has ever known. The Marine Corps' modernization and technology initiatives must deliver future capabilities and sustainable readiness. The Marine Corps must continue to develop and evolve the Marine Air Ground Task Force (MAGTF), ensuring it is able to operate in all warfighting domains. To do so, Marines are re-invigorating experimentation of new concepts in order to advance our capabilities.

The ability to properly plan achieves stability and predictability for our personnel and families, ensures ample time to train, and fosters development of our small unit leaders. Effective planning produces unit cohesion and leadership in our operating forces, and financial predictability for our necessary modernization programs. The Marine Corps' goal is to retain our tactical advantage across the range of military operations with the most capable systems today and in the future. Our end state is to field and operationalize ongoing programs, and continue to develop solutions that will enhance institutional capabilities and retain our tactical advantage across the range of military operations.

Modernization is a key part of our future readiness. The recapitalization of our force is essential to our future readiness with investments in ground combat vehicles, aviation, command and control, and digitally interoperable protected networks. The Marine Corps has important combat programs under development that need your continued support. The Amphibious Combat Vehicle (ACV) will replace our aging Amphibious Assault Vehicle (AAV), which is now more than four decades old. The Joint Strike Fighter will not only replace three aging platforms, but provides transformational warfighting capabilities for the future.

Our ground combat vehicles like the Light Armored Vehicle (LAV) have an average age of 33 years and our M1A1 tanks have an average age of 26 years. The Marine Corps is grateful for Congress' support of our wartime acquisition and reset efforts of the MRAP, HMMWV, and the contracting of the Joint Light Tactical Vehicle (JLTV). The increasingly lean budgets of fiscal year 2016 and fiscal year 2017 will provide increased readiness challenges and cause shortfalls in key areas.

OUR CHALLENGES

As recently as the 1990s, the Marine Corps' operational tempo was relatively predictable and sustainable (1:3 deployment-to-dwell.) Marines were home for approximately 18 months and deployed for 6 months. There was a "healthy bench" of non-deployed forces to surge in time of major contingency, such as Operations Desert Shield and Desert Storm. Since the formal conclusion of Operations Iraqi Freedom and Enduring Freedom, the Marine Corps, like the other Military Services, has not had the benefit of an "interwar" period to reset and reconstitute our force. Fifteen years of continuous combat have created a high operational tempo, adding significant stress on the force, specifically on our people, our equipment (particularly aviation) and our readiness. There has not been a post-war intermission to reset the force.

Today's Marines (and Sailors) are deploying at a rate comparable to the height of our commitment during Operations Iraqi Freedom and Enduring Freedom (1:2 deployment-to-dwell) with an end strength of only 183,500. The stress on our force will continue as we decrease to the currently-planned end strength of 182,000. To mitigate our current operational tempo, return to a sustainable 1:3 deployment-to-dwell ratio, retain necessary combat capability, and grow future capabilities, the Marine Corps will need to be larger, as such our end strength needs to be revisited." Requirements will likely drive the future force to consist of more senior Marines overall. A more senior force will be more expensive to maintain. Without an end strength increase and associated funding we will be forced to trade capacity and/or capability to build the force we believe we will need.

The Marine Corps is now on its way down to 182,000 marines by the end of fiscal year 2017. Although our recruiting force continues to meet our recruiting goals, we are challenged to retain certain occupational fields like infantry and aviation. The 21st century demands capabilities in 5th Generation Fighter Aircraft (F-35), Cyber Warfare, Information Operations, Special Operations, Embassy Security Guards, and the Security Cooperation Group that advises and assists our allies and partner

nations. The Marine Corps must continue to maintain the skill sets we need today, and develop future skill sets with quality Marines.

The character of the 21st century is rapid evolution. Our potential adversaries have evolved, and it is imperative that we keep pace with change. The Marine Corps is no longer in a position to generate current readiness and reset our equipment, while sustaining our facilities and modernizing to ensure our future readiness. The efforts of the 114th Congress provided sufficient resources to support the Marine Corps' near-term readiness, and we thank the Congress for this fiscal stability. However, current funding levels increasingly stretch the Nation's Ready Force. This is not healthy for your Marine Corps or for the security of our Nation as we prepare for future readiness.

Unstable fiscal environments prevent the deliberately planned, sustained effort needed to recover current readiness of our legacy equipment in the near term, and to modernize in the longer term. The harmful effects of "sequestration" are well known and will continue to harm the Marine Corps if they continue. A BBA II budget that allows flexibility in distributing funding cuts according to service discretion is certainly preferable to sequestration, but still does not meet our readiness requirements. A Service Chief manages uncertainty and risk through planning. The 2017 budget has yet to be approved. Decisions in the 2017 budget will affect the 2018 program, which will be impacted by sequestration or BCA caps if the BCA is not repealed.

Threats to our Nation remain constant. The Services have become all too accustomed to Continuing Resolutions (CR). A short-term CR of three months or less is undesirable but manageable, but a longer duration CR dramatically increases risk to an already strained fiscal environment and disrupts predictability and our ability to properly plan and execute a budget and a 5-year program.

CONCLUSION

The Marine Corps will continue to provide trained and ready forces to meet current operational requirements. However, without consistent sustained funding we cannot rebuild and recapitalize our readiness. We have readiness recovery and future modernization plans to address aviation, ground forces, and facilities, bases and stations. We can re-establish our "ready bench" to ensure the Marine Corps has greater depth to respond to crises or contingencies. With the continued support of Congress, the Marine Corps can maintain ready forces today and modernize to generate readiness in the future. The wisdom of the 82nd Congress, and reaffirmed by the 114th Congress, remains valid today—the vital need of a strong force-in-readiness. The Marine Corps remains committed to be ready to go when we are called.

Chairman MCCAIN. Thank you, General.
General Goldfein?

STATEMENT OF GENERAL DAVID L. GOLDFEIN, USAF, CHIEF OF STAFF OF THE UNITED STATES AIR FORCE

General GOLDFEIN. Thank you, Chairman McCain, Ranking Member Reed, and distinguished members of the committee. It is an honor to be here and to be a member of this JCS [Joint Chiefs of Staff] team, serving beside men I have known for years, fought with, and admire.

In the interest of brevity, Chairman, you and Ranking Member Reed asked five key questions in your letter to us requesting this hearing.

You asked, what are the Air Force's modernization needs? We need to maintain stable, predictable funding for the F-35, the KC-46, and the B-21 in order to outpace our adversaries. At the same time, shoulder to shoulder with the Navy, we must modernize our aging nuclear enterprise. While we continue to extend the life of our existing fleets, we need the flexibility to retire aging weapon systems and reduce excess infrastructure in order to afford the technology needed to maintain our advantage, given adversary advancements in satellite-enabled precision, stealth, cruise and ballistic missiles, ISR [intelligence, surveillance, and reconnaissance],

and other anti-access/area denial capabilities that continue to proliferate worldwide.

You asked, how will the Air Force regain full spectrum readiness? It starts with people. Our Bipartisan Budget Act end strength totals 492,000 airmen for fiscal year 2017, 317,000 of which are Active Duty. Based upon current and projected global demands for air power to deter and, if required, defeat challenges presented by China, Russia, Iran, North Korea, and violent extremism, we respectfully request your support to grow our force to 321,000 Active Duty airmen by the end of fiscal year 2017. This remains our top priority in the current budget request.

You asked, how will the Air Force maintain its technological edge? We are laser-focused on fighter, tanker, and bomber recapitalization, nuclear modernization, preparing for a war that could extend into space, increasing our capability and capacity in the cyber domain, and leveraging and improving multi-domain and coalition-friendly command and control as the foundation of future combined arms operation.

You asked, how will your requirements impact the budgetary top line from fiscal year 2018 onward? We will be forced to continually make strategic trades to simultaneously sustain legacy fleets engaged in the current fight while smartly investing in modernization and the future technologies that will be required to meet combatant commander demands in the information age of warfare. Repealing sequestration, returning to stable budgets without extended continuing resolutions, and allowing us the flexibility to reduce excess infrastructure and make strategic trades are essential to success.

Finally, you asked, what solutions are available for mitigating growing costs such as new acquisition authorities or innovative solutions to maintaining our military? As the chief requirements officer, I review every major program to ensure requirements are clearly published and sustained throughout the program and by personally signing documents leading to milestone A and B decisions to ensure we meet cost, schedule, and performance standards for our warfighting commanders. Additionally, we aligned our continuous process improvement efforts with DOD's [Department of Defense] Better Buying Power 3.0 initiatives, as well as Secretary James' Bending the Cost Curve activities.

In summary, all of our portfolios depend on steady, predictable, and timely funding, and the flexibility to make key trades to balance capability, capacity, and readiness. Current global security demands remind us that America's joint team must be ready to engage anytime, anywhere across the full spectrum of conflict, all while defending the Homeland and providing a safe, secure, and reliable strategic nuclear deterrent. America expects it. Combatant commanders require it. With your support, our soldiers, sailors, airmen, and marines will continue to deliver it.

We look forward to your questions.

[The prepared statement of General Goldfein follows:]

PREPARED STATEMENT BY GENERAL DAVID L. GOLDFEIN

INTRODUCTION

In today's world, credible and effective 21st century deterrence demands both properly-sized nuclear capabilities and multi-domain, multi-functional Joint Forces. Across the spectrum of national security challenges the U.S. faces—China, Russia, Iran, North Korea, and Violent Extremism (Terrorism)—controlling and exploiting air, space, and cyberspace is foundational to Joint Force success.

Against any of these global challenges, today's airmen are organized, trained, and equipped to both deter and/or defeat these threats while simultaneously defending the homeland and sustaining a safe, secure, and effective nuclear enterprise. However, satellite-enabled precision, stealth, cruise and ballistic missiles, and other military technology proliferate worldwide. In short, the technology and capability gaps between America and our adversaries are closing dangerously fast.

MODERNIZATION

Our curtailed modernization resulted in procuring approximately 175 fewer fighter aircraft per year than we did 25 years ago. As our challengers employ increasingly sophisticated, capable, and lethal systems, we must modernize to deter, deny, and decisively defeat any actor that threatens our homeland and national interests. In order to stall the shrinking capability gap, the Air Force remains committed to our top three conventional acquisition priorities: the F-35A Joint Strike Fighter, the KC-46A Pegasus, and the B-21 long-range bomber.

At the same time, we are focused on modernizing the nuclear enterprise. The last major recapitalization of U.S. nuclear forces occurred in the 1980s and many of these systems face substantial sustainment and reliability challenges. While these forces are safe, secure, and effective today, significant investment will be required in the coming years to ensure they remain ready and credible for the 21st century.

To address modernization challenges and ensure a reliable nuclear deterrent for the Joint Force, the Air Force requires sustained funding. The fiscal year 2017 budget request supports a number of improvements, including recapitalizing legacy bombers with the B-21, replacing aging Air-Launched Cruise Missiles with the Long Range Standoff weapon, modernizing Intercontinental Ballistic Missiles (ICBMs) with the Ground Based Strategic Deterrent program, and critical investments across the Nuclear Command and Control (NC3) enterprise that are required to integrate and employ all three legs of the nuclear triad.

Additional modernization efforts will allow us to balance new capabilities that can defeat future threats with legacy fleets meeting current threats. In fiscal year 2016, we invested in B-1 service life extension to maintain this strategic capability against evolving threats. In fiscal year 2017, we plan to modernize and sustain the three combat-coded B-1 squadrons with additional precision weapons and digital data links. Additionally, we are approaching our second service life extension on F-16s. High demand for our F-15Cs and F-15Es drove structural fatigue and require consistent funding for repairs.

FULL-SPECTRUM READINESS

The Air Force defines full-spectrum readiness as the right number of airmen—properly organized, trained, equipped, and led—to either lead and/or support Joint Task Forces (JTFs) in both contested and uncontested environments. In order to meet the full requirements of our Defense Strategic Guidance and current operation plans, our combat squadrons must be full-spectrum ready.

To develop airmen properly trained to meet the Joint Force demand signal, we are funding flying hours to their maximum executable level. In addition, we continue to invest in joint and coalition combat exercises such as Red Flag and Green Flag.

Weapon System Sustainment (WSS) costs continue to increase due to the complexity of new systems, the challenges of maintaining old systems, and operations tempo. We fly our aircraft to their full service life and beyond which requires increased investment in preventive maintenance and manpower. WSS thrives on sufficient, stable, and predictable funding which facilitates planning to meet future challenges.

With your help, the Air Force aggressively responded in fiscal year 2016 as a pivot to improve readiness conditions and increased our manning by over 6,000 personnel. However, there is a lag between recruiting airmen and presenting fully-trained airmen to squadrons. The Air Force surged recruiting in fiscal year 2016 and will finish the fiscal year by restoring our Active Duty force to 317,000 airmen. Maintaining the force remains our number one funding priority in fiscal year 2017.

We project airpower from our bases, and our infrastructure must keep up with modernization and recapitalization to sustain a ready force. Today, the Air Force maintains infrastructure that is excess to operational needs. We have 500 fewer aircraft than we had 10 years ago, yet they are spread across the same number of bases. This arrangement is inefficient with aging, unused, and underutilized facilities consuming funding that should be redirected to readiness and modernization. Reducing and realigning Air Force infrastructure would best support Air Force operations. Therefore, we support a new base realignment and closure evaluation.

To put it simply, Defense Strategic Guidance places demands on the capability and capacity of the Air Force that consume its resources in today's fight and exceed our capacity to address readiness requirements for a high-end fight against a near-peer adversary. If airmen are unprepared for all possible scenarios, it could take longer to get to combat, jeopardize our ability to win, and cost more lives.

MAINTAINING THE MILITARY'S TECHNOLOGICAL EDGE

Air forces that fall behind the technology curve fail, and if the Air Force fails, the Joint Force fails. Thus, we must team with our joint partners, labs, and industry to leverage existing technology while developing new technology to maintain our edge. Recently, our Air Combat Command Commander declared F-35A Initial Operating Capability—meaning our Joint Strike Fighters are ready for limited combat. At the same time, our F-22s are in high demand in the Central, Pacific, and European theaters due to the increasingly aggressive and technologically advancing nature of our potential adversaries. Therefore, we must modernize our fleet to stay ahead of the evolving threat with continued investment in the F-35A, along with a request for additional funds to upgrade our F-15Cs with modern sensor and electronic warfare suites, and advanced air-to-air weaponry. Fourth generation fighters play a critical warfighting role as we develop, test, and field fifth generation technology.

TOPLINE: FISCAL YEAR 2018 AND BEYOND

The Air Force will be challenged to sustain legacy fleets and simultaneously invest in developing and procuring the systems required to counter threats in fiscal year 2018 and beyond. Given these challenges, and current funding levels, we initiated a series of in-depth enterprise-wide capability studies of the Air Force's five core missions. Our first effort, Air Superiority 2030, identified a need for increased research and development in advanced capability and capacity. I fully intend to collaborate with Congressional, Department of Defense, and Air Force leaders to build a force capable of achieving our national strategic objectives in the more advanced threat environment of the future.

In today's contests, decision-quality information is paramount—and combatant commanders simply cannot get enough Intelligence, Surveillance, Reconnaissance (ISR). In order to gain and maintain the ISR advantage, the Air Force must find new ways to integrate capabilities across multiple domains (air, land, sea, space, and undersea) and cyberspace. Our next enterprise-wide capability review will explore ISR and multi-domain command and control operations. With the right mix of people, platforms, and resources, we will meet Joint Force requirements across the full spectrum of conflict.

Meanwhile, space and cyberspace threats continue to grow. In space, our Global Positioning System provides the world's gold standard in positioning, navigation, and timing. Our 37 existing Global Positioning System satellites remain healthy, but they are exceeding projected service life. Further, their ability to provide unfettered information is increasingly at risk from our adversaries. To maintain this capability, we requested support to improve anti-jamming and secure access of military Global Positioning Systems. We continue to partner with the Joint Force on the Space Security and Defense Program and the Joint Interagency Combined Space Operations Center (JICSpOC) to develop options for a more integrated and resilient National Security Space Enterprise. To improve offensive and defensive cyber readiness, we remain on track to grow our 30 Cyber Force Mission Teams to 39 fully operational teams in fiscal year 2018 and continue investing in the Joint Information Environment (JIE).

Air Force command and control represents the connective tissue among the Joint Force—providing the essential link between our Joint Force Air Component Commanders and the joint team. The ability to understand changing battlefield conditions and command friendly forces is central to an agile, effective combat force in today's transregional, multi-domain environment.

ACQUISITION AND INNOVATION

The Air Force is committed to acquisition excellence. Our costs are trending downward, we are meeting Key Performance Parameters for our major programs at a rate greater than 90 percent, and we garnered nearly \$10 billion in “should-cost” savings—we are using these savings to secure greater capabilities and additional weapons for our warfighters. But there’s ample room for improvement. We aligned our Air Force continuous improvement efforts to the Department’s Better Buying Power 3.0 initiatives, as well as the Secretary of the Air Force’s “Bending the Cost Curve” effort, all of which are designed to strengthen our ability to innovate, achieve technical excellence, and field dominant military capabilities.

In today’s complex environment, rapid change is truly the new norm. We believe incorporating strategic agility into the Air Force acquisition enterprise is the way to capitalize on this dynamic environment. Therefore, we are focusing on five key areas: 1) strategic planning, prototyping, and experimentation; 2) requirements development; 3) science and technology; 4) modular, open systems architecture; and 5) acquisition workforce development. I am exercising the increased acquisition authorities Congress vested in the Service Chiefs to push these five key focus areas and drive for improved execution of on-going acquisition efforts and formulation of future acquisition strategies.

CONCLUSION

We are grateful for relief from the Budget Control Act caps in fiscal years 2016 and 2017. However, uncertain future budget topline make it difficult to deliberately balance investments to modernize, recover readiness, right-size the force, win today’s fight, and fully execute Defense Strategic Guidance. Therefore, permanent relief from the Budget Control Act—with predictable funding—is absolutely critical to rebuilding Air Force capability, capacity, and readiness across our portfolios. Global developments remind us that America’s Air Force must have the capability to engage anytime, anywhere, across the full spectrum of conflict—all while providing a reliable strategic nuclear deterrent. America expects it; combatant commanders require it; and with your support, airmen will deliver it.

Chairman MCCAIN. Thank you. I thank the witnesses and thank you for your leadership and service to the Nation.

I think we would all agree that the world has changed a lot since the initiation of sequestration. A simple question. Do you feel that you would have resources and ability to defend this Nation against present and future threats if we continue down this path of sequestration, beginning with you, General Milley?

General MILLEY. Under sequestration, no, sir, I do not.

Chairman MCCAIN. Admiral Richardson?

Admiral RICHARDSON. I agree with General Milley, sir. Sequestration will prevent us from doing that.

Chairman MCCAIN. General Neller?

General NELLER. No, sir, we would not have the capability.

Chairman MCCAIN. General Goldfein?

General GOLDFEIN. The same.

Chairman MCCAIN. Thank you.

Admiral Richardson, you talk about in your written statement how our people are feeling the strain. We continue to meet our recruiting and retention goals. But you go on to talk about SEALs. You begin to talk about surface nuclear officers not meeting the goals. Naval aviation is another area of concern. We see declines in officer retention for multiple grades, and bonuses are not proving fully effective.

I guess I would ask, Admiral Richardson, General Neller, and General Goldfein. It is not a matter of money with these young pilots. Is that not true? It is a matter of being able to fly and operate. I mean, when we just talk about solving this problem with bonuses, we are never going to compete with the airlines because they can

always up the ante. But when our pilots are flying less hours a month than Russian and Chinese pilots are, you are going to have a problem. I will begin with you, Admiral Richardson.

Admiral RICHARDSON. Sir, I agree with you. Our pilots join the Navy to fly naval aircraft. That is what they want to do. This is a much bigger problem than money. Money can help up to a point. We want to make sure we adequately compensate all of our people. There is competition, as you say. But at the heart of the matter, this is a highly dedicated team that wants to defend the Nation in high performance aircraft, and that is what they want to do. They want to fly.

Chairman MCCAIN. General Neller?

General NELLER. Sir, I would agree with that. On paper our situation looks a little bit better, but it does not take into account the experience level of those aircrew. But it is all about the best retention thing we can is provide modern, maintainable, ready-to-fly airplanes.

But I would also say it is more than just the aircrew. It is also the maintainers. We are making it now on the backs of those sergeants and those staff sergeants out there that have to do work twice and to get the part from one to put it on the other. I am as concerned about maintainers sticking around. As we go to depots, we compete not just with airlines for aircrew, but we compete with contractors and commercial concerns for the marines that maintain our airplanes.

Chairman MCCAIN. While I have still got you, in your written statement, you said the Marine Corps is no longer in a position to generate current readiness and reset our equipment while sustaining our facilities and modernizing to ensure our future readiness. That is a pretty strong statement, General.

General NELLER. Based on the current fiscal environment, as was stated I believe by all my fellow chiefs, we are all making trades, and those trades require us to accept risk in certain areas. I would like to have our parts support when you look at the aviation particularly, but I could say the same thing about ground equipment. The amount of money we are able to put against parts and supply support is not what we need to maintain our legacy aircraft.

Chairman MCCAIN. General Goldfein?

General GOLDFEIN. Sir, I approach this as a balanced challenge and opportunity, quality of service, and quality of life. Removing financial burdens through aviation bonuses certainly fall in the quality of life category. But what we have found in the past—and we have been through this before because airlines have hired before—is that quality of service is as important as quality of life. Quality of service is making sure that you are given the opportunity to be the best you can be in your chosen occupation. Pilots who do not fly, maintainers who do not maintain, controllers who do not control will walk, and there is not enough money in the treasury to keep them in if we do not give them the resources they need to be the best they can be. In my mind, readiness and morale are inextricably linked. Where we have high readiness, we tend to have high morale because they are given the opportunities to compete. Where we have low readiness, we have our lowest morale.

Chairman MCCAIN. General Milley, in your written statement, you said our goal is to have regular Army brigade combat teams achieve 60 to 66 percent full spectrum readiness, and I estimate that it will take the Army approximately four years to achieve that, assuming no significant increase in demand and no sequestration levels of funding. That is a pretty alarming statement when you look at the potential challenges that we are facing. Do you want to elaborate on that a bit?

General MILLEY. Thanks, Senator.

For 15 consecutive years, the Army has been decisively committed in Iraq and Afghanistan and other counterterrorist/counterinsurgency type operations. In order to do that, we essentially came off of a core warfighting skills of combined arms maneuver against a near-peer or a higher-end threat.

For example—just a couple of examples. An armor officer today, a tank officer, up through, say, the rank of major has very little experience in terms of maneuvering tanks against an opponent who has armor, very little experience in gunnery. Artillery battalions have not fired battalion level fires consistently in a decade and a half. We have to rebuild that, and that is going to take considerable time, effort on our part. We have made a lot of progress, by the way, in the last year.

Chairman MCCAIN. You cannot do it with sequestration.

General MILLEY. Oh, absolutely not. Sequestration will take the rug out from underneath us. Absolutely.

Chairman MCCAIN. Well, you know, I would just like to say before I turn to Senator Reed at your confirmation hearings, I asked you to come before this committee and give us your frank and honest view. I appreciate the testimony here today, and I think it will be very helpful in our efforts to eliminate the effect of sequestration and give you the wherewithal that you need to make sure that we meet the challenges which are, as I said in the beginning, far more significant than they were on the day that sequestration began. We have got a lot of issues, but I appreciate the fact that you have outlined for this committee and I hope for the American people the necessity of us addressing these challenges. I thank the witnesses.

Senator Reed?

Senator REED. Well, thank you very much, Mr. Chairman.

Again, thank you, gentlemen, for your testimony. It is very insightful, very sobering, and also reinforces the point that the chairman made that we just have to move away from sequestration. One of the issues that has been illustrated by your testimony is it is not just the limits on spending. It is the uncertainty. Admiral Richardson, you pointed out that you only operate really three quarters of a year, that one quarter is just sort of standing around wishing and hoping. Can you elaborate a bit?

Admiral RICHARDSON. Well, sir, you know behaviors are modified to adapt to the reality of the last eight years. Big programs that require new funding and that require authorities for new starts—those are all prohibited in a continuing resolution environment. Rather than put those programs in the first quarter and put them all at risk, we just live in a three quarter year. That first quarter is a light touch on just trying to keep things going.

Senator REED. General Milley and then General Neller, General Goldfein, your comments too about this uncertainty factor. In fact, one could argue—let me get your insight—that effectively you are losing lots of money and wasting lots of money because of this uncertainty, not saving anything because of sequestration. Is that fair?

General MILLEY. That is correct, Senator, because if all we are doing is planning things year to year or actually three quarters of a year to three quarters of a year, things like multiyear contracts, developing long-term relationships with industry where they can count on us and so on—that becomes very difficult. What ends up happening is the price per unit goes up. It has built in inefficiency. It has built in cost overruns. It is an un-good situation. It is not good and it needs to end.

Senator REED. General Neller, your comments?

General NELLER. It is very much the same, Senator. We have got some major programs and we would like to have the certainty and be able to tell the vendor that they have got the funding there and we can press them to drive the cost down. If we live year to year or month to month, that is not going to happen.

But in line with what General Goldfein said, I think the force out there—they are watching us. They are looking at us and they want to know what the plan is. People, for all of us, are our center of gravity. That is the one thing we have to protect. We can buy all the planes and ships and tanks and vehicles we want, but this is a volunteer force. This is a recruited and retained force. They watch everything that is going on. These young men and women are very smart, and they want to know that there is commitment that they can count on as they decide whether they are going to continue to stay in.

Senator REED. Thank you, sir.

General Goldfein?

General GOLDFEIN. Thank you, sir.

Just perhaps to add some perspective, if we end up in a long-term continuing resolution [CR], this will be the eighth that we have had to deal with. To give you a scale then for what will happen in the United States Air Force if we go beyond three months into a long-term CR, that will be about \$1.3 billion less that is in the fiscal year 2017 budget. Some immediate impacts: KC-46 will go from 15 to 12 aircraft, and we will be procuring munitions at the fiscal year 2016 rates. In the fiscal year 2017 budget, we were actually able to forecast, based on what we believe we will be dropping in the current fight. That will go away, and so we will be procuring preferred munitions at a lower rate, which not only affects all of us that are engaged in the campaign, but it also affects our coalition partners who are relying on us as well for preferred munitions. We will have 60 acquisition programs that will be affected and 50 MILCON [military construction] projects, to include those that are new mission bed-down will also be affected, that just by a long-term CR.

Senator REED. Thank you.

One of the issues that you all discussed and the chairman has made I think appropriate reference to is the changing situation in terms of unexpected challenges in the last several years. My sense

too is that as we look around, particularly from technology, you are beginning to discover unanticipated costs for legacy systems in addition that we might not even have added into the projection. Is that fair to say, General Goldfein? Then we will go down the panel.

General GOLDFEIN. Yes, sir. What happens is we do what we call a service life extension program, or SLEP. There is actually a reason it is a four-letter word because what we do is we put an aircraft and we shake it and we put it through all kinds of environmental testings. Then we find out what those failure parts are, and then we either buy those parts or we put them in the bench stock and we try to predict what we will need. Then we certify that aircraft will fly to, you know, the next 2,000 hours. The reality is we only fix what we can accurately predict, and then we put these aircraft into depot maintenance. We pull the skin off. What we find are there are things that are breaking that we never predicted.

A classic example. F-15C has a nose wheel steering problem, and we go look for the part and we have not made that part in five years. Then we go out to industry and we find that we have got to hand make now a part that we have not made in years, and that just causes the costs to go up. What we have found over the years is that older aircraft—it is actually not a linear path in terms of cost growth. It actually gets at some point to an exponential growth. Then that cost per flying hour requires us to put more money into sustaining systems longer than putting that money into the modernization which we desperately need.

Senator REED. Thank you. My time has expired. Thank you, gentlemen, again for your service.

Chairman MCCAIN. Senator Inhofe?

Senator INHOFE. Thank you, Mr. Chairman.

You know, General Milley, when you were talking about ground troops, I am reminded of my last year in the House. I was on the House Armed Services Committee. It was 1994 when we had an expert witness sitting out there like you guys are saying in ten years we would no longer need ground troops. I think about often what our needs are going to be in the future and how we are trying to survive today. Looking into the future, yes, you talk about the KC-46 and the need. The KC-135 has been around for 57 years, and it is going to be around for a lot longer. This is not what the other side, the competition does.

I think the chairman is right when he says that he asked for your honest opinion. I do not have and we do not have the credibility to go out to the public and adequately explain the level of risk that we are accepting today and the fact that we are in the most threatened position in my opinion we have ever been. They depend on hearing that from you not from people like me.

When General Dempsey said—and this is some time ago. He 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. Now, that to me was a courageous statement that I have used. People are shocked when they hear it. This is some time ago now.

Winnifield. He made the statement there could be for the first time in my career instances where we would be asked to respond to a crisis, and we will have to say that we cannot. You know, that is a shocker.

When our former colleague, Chuck Hagel, said American dominance of the seas, in the skies, and in space can no longer be taken for granted.

What I am saying is that you folks need to be outspoken. You need to be heard because you are the experts. The public is not aware of the threats that we have.

I want to ask you in a minute a question just on the size of the military but let me give you a couple of—these are quotes from you and other people talking about just the size. General Goldfein, you said our strategic capability advantage over competitors is shrinking and our ability to protect strategic deterrence is being challenged.

Your predecessor, General Welch, said virtually every mission area faces critical manning shortages, and the Air Force risks burning airmen out.

General Milley, you said in light of the threats confronting our Nation, to include Russia, China, North Korea, Iran, ISIS [the Islamic State of Iraq and Syria]—you know, we need to talk about that—the Army has accepted high military risk to meet the requirements of the national security strategy.

General Allen. At today's end strength, the Army risks consuming readiness as fast as it builds it.

I would like to ask each one of you do the realities of the strategic environment today and the foreseeable future call for a change in the size of our military. We will start with you, General Milley.

General MILLEY. Thank you, Senator.

I think the Army has got adequate readiness and adequate size to deal with our current demand which is fighting terrorists, counterinsurgency operation in Iraq, Afghanistan, elsewhere around the world, and to meet the current global combatant commander demand for day-to-day operations.

Senator INHOFE. Now, you are saying the current end strength or that which is projected?

General MILLEY. The current. The day-to-day, what is going on today, the national military strategy, given that we are actively engaged against ISIS, Al Qaeda, and other groups. That is current.

The risk comes if we have a conflict with a near-peer, high-end competitor. Those other contingencies that Secretary of Defense Carter and many others have talked about with China, Russia, North Korea, or Iran, each of which is different operationally and tactically, each of which would require different levels of forces, types of forces, and methods of operation.

But the bottom line is with the size of the U.S. Army today, if one or more of those other contingencies took place, I maintain that our risk would significantly increase, as I mentioned before, and if two of them happen at the same time, I think it is high risk for the Nation.

Senator INHOFE. We understand. Of course, that is not predictable. We do not know.

General MILLEY. Of course, not. But we have to be prepared for it.

Just one last comment. You know, what we want is to deter. Nobody wants to have these wars with near-peer competitors, great

powers. The only thing more expensive than deterrence is actually fighting a war, and the only thing more expensive than fighting a war is fighting one and losing one. This stuff is expensive. We are expensive. We recognize that. But the bottom line is it is an investment that is worth every nickel.

Senator INHOFE. Briefly, Admiral Richardson, size.

Admiral RICHARDSON. Sir, philosophically I could not say it any better than General Milley did. I agree with him.

In terms of the size, we are asking the same question. When I first came in to be the CNO [Chief of Naval Operations], our current fleet size—and there is more to capability than size, but size does matter—is 308 ships. That assessment was done without considering the emergent threat of Russia, without considering the emergent threat of ISIS. We are completing a study this month that gets at a new force structure assessment, and we will be ready to bring that to you very shortly.

Senator INHOFE. You two generally agree with that?

General NELLER. I think it is two things, Senator. First, it is the capacity and the size that you talked about, but it is also—I think it was mentioned by everybody else—the capability sets that we have now. The future fight, if there is one—hopefully there is not, but they deter a future fight. There are capabilities that we do not in the Marine Corps have that we are going to require because we focused on the fight against terrorism in the last 15 years. How big is that force? What do you do? Otherwise, you have to trade because there are capabilities that we have now that we do not want to get rid of. As you trade one capability for another, you either give something up and you accept risk there to get the other capability. Those are the trades that we are in and discussing at this time.

Senator INHOFE. That is right. You have to accept risk. I know that.

There is not time for you to answer that question, but I do have another comment to make concerning you, General Goldfein.

I agree with the fact—and I talked to the pilots. They want to fly more. That is significant. You cannot completely eliminate the fact that it costs \$9 million, if you take someone off the street and make an F-22 pilot out of them. Yet the bonuses—you were talking about what? \$25,000 a year. That has to be considered also I would say.

General GOLDFEIN. Sir, in terms of the fact that we are moving forward for an aviation bonus—

Senator INHOFE. You have to consider that too along with the flying hours because the expense of taking someone and putting them in advanced Air Force training and then you take them all the way up to F-22 capability.

General GOLDFEIN. Yes, sir. As a matter of fact, our studies that we have done show that. We have not adjusted the aviation bonus for a number of years.

Senator INHOFE. That is right.

General GOLDFEIN. We are asking for Congress' support to give us authorization for a higher level based on the data that we have that shows that it will take more than what we offer today to be

able to provide the quality of life incentives to be able to allow them to stay in.

But at the same time, I will tell you I am laser-focused on the quality of service aspect to this because even if I pay them more, if I do not get them in the air, they are going to walk.

Senator INHOFE. You are right.

Thank you.

Senator REED [presiding]. On behalf of the chairman, Senator McCaskill.

Senator MCCASKILL. Thank you.

I want to associate myself with the opening statement of Senator McCain in many ways because I think you all honestly step forward and lead an amazing fighting force. I think we owe the American people honesty about the military budget.

What is going on in the House of Representatives this year is, once again, a phony budget gimmick to pretend that they are somehow being fiscally conservative because they are using the overseas contingency operations fund to fund the base operations of our military. That is dishonest on its face. It is inefficient and ineffective for our military.

General Milley, I would like to bring this home to my State. Obviously, we have Fort Leonard Wood that dates back to World War II in terms of some of its buildings, and we have temporary military construction dating back to that time. We are in an aggressive updating of that facility, which is such a key facility for our Army. I noticed that they even had the nerve to put military construction activities at bases in the United States in the overseas contingency operating fund.

Can you comment about how this impacts your ability on readiness and training when you are being put in a fund that is year-to-year and not certain and you cannot plan with it?

General MILLEY. Sure, Senator. You are exactly right. You cannot plan with it and you cannot just go year to year. Things like multiyear contracts and having relationships with the commercial industry in order to upgrade either weapons, equipment, et cetera.

Now, specifically what you are talking about is infrastructure, which is a key component. We often talk about man, train, and equip sort of thing, but also the infrastructure on Army bases is atrophying and the training ranges are not as modern as they should be, throughput capacities and so on. We have got a laundry list. It is not just in Missouri. It is in many other places. That is of great concern, and we have been robbing that account for quite a few years now in order to maintain readiness in order to pay for the war. That is another area of great concern is that infrastructure.

Senator MCCASKILL. Our men and women that have been deployed—they are not deployed for a half a year. We certainly should not fund their money for half a year.

General Goldfein, I also had an opportunity to go to the 139th Airlift Wing over the last few weeks. You know, it is the top gun of airlift in terms of training. The frustration there is there seems to be a disconnect, and only you and people that you interact with can fix this. That is, these are strategic level courses. We are training people from all over the country at this facility in terms of lift

and internationally I might add, our allies, as you probably well know.

But for some reason, they are having to deal with an annual funding issue instead of getting programmatic funding. I do not get that. I do not get why the National Guard Bureau and the Air Mobility Command cannot get together because you know what they are both doing? They are doing this. One is saying, oh, we are putting it programmatic, and the other is saying, well, we do not have it. It is really frustrating for that excellent facility to have to continue to beat on this door and have nobody answer. I would like your commitment today to look into this and see if you cannot get this resolved once and for all.

General GOLDFEIN. Yes, ma'am. I will just tell you quickly that we had this come also up in the remotely piloted aircraft business. What we found was that because there are so many elements associated with actually getting a CAP airborne and doing a sortie, that we had not gone through and done the work that built the requirements that lay out over an entire year. The wing commanders were having to plug holes and go month to month to month. As a result of that, we put together a team and we are actually working with the Director of the Air National Guard to lay out annual requirements for the MPA [Military Personnel Appropriation] days. Then once we have those annual requirements, then we are going to fund them on an annual basis so that wing commanders will not be there. I will take this on and make sure that that——

Senator MCCASKILL. That would be terrific.

[The information referred to follows:]

Senator, as you know, the C-130H Weapons Instructor Course (WIC) and the Advanced Airlift Tactics Training Center (AATTC), both located at St. Joseph, MO and co-located with the 139th Airlift Wing, add important combat capability to the Total Air Force. We recognize that the C-130H WIC is a core requirement, while AATTC adds further value to the Mobility Air Forces by increasing the warfighting effectiveness and survivability of our mobility team. It is important to note that requirements continue to be evaluated in the Mobility Air Force community and we are actively engaged with the Air National Guard, Air Force Reserve, other services, and allied nations to chart a long-term programmatic path. Specifically, in November, personnel from the National Guard Bureau, Air Force Reserve Command, and Air Mobility Command will visit St. Joseph, MO to assess both WIC and AATTC manpower, funding, infrastructure, and airframe requirements in the near term and future years. Our intent is to develop options to programmatically inform the FY19PB submission and provide an enduring funding construct for the Weapons Instructor Course and the Advanced Airlift Tactics Training Center. The contributions of the Missouri ANG remain important to the success of war fighters in the Mobility Air Forces, as well as the entire USAF, and we share your pride in having them on our team."

Finally for you, General Neller, I am a big, big fan of the Marines. But I was struck when I was at Fort Leonard Wood. I had a chance to visit with recruits who were in the last two weeks of their training. They had done nine weeks. They were in their AIT [Advanced Individual Training] training. I had a chance to visit with these men and women. I was struck how many immigrants were in this training class from South Korea, Honduras, Costa Rica. They had just done a naturalization ceremony on the base for 67 soldiers becoming United States citizens. These people are saying they want to cross the line and die for their country.

When I saw the way that the Muslim soldier was treated in Parris Island, it hurt my heart, and I just want it on the record for

you to commit that you will get to the bottom of this and there will be no question in the Marines that abusing someone because of their ethnicity or their religion is absolutely unacceptable or their gender orientation.

General NELLER. Senator, you have my complete and total commitment to that.

Senator MCCASKILL. Thank you very much.

Thank you, Mr. Chairman.

Senator REED. On behalf of Chairman McCain, Senator Fischer, please.

Senator FISCHER. Thank you, Senator Reed.

Thank you, gentlemen, for being here today.

I am going to pick up a little bit on Senator McCaskill's expression of frustration and expand that. Many times the American people—they hear different stories, different information from different sources, and I would like to highlight part of that today and get your response to that and if you would clarify it.

General Milley, the "Wall Street Journal" published an article by General Petraeus last month, and it was entitled "The Myth of the U.S. Military Readiness Crisis." In it, he characterized the Army's weapons inventory in the following way. While some categories of aircraft and other key weapons are aging and will need replacement or major refurbishment soon, most equipment remains in fairly good shape. According to our sources in the military, Army equipment has, on average, mission capable rates today exceeding 90 percent, and that is a historically high level.

General, do you believe that General Petraeus was correct in this assessment that the equipment and the mission capable rates are what he says they are? What does that tell us or possibly what does it not tell us about the state of the Army?

General MILLEY. Thanks, Senator.

I know General Petraeus well and have got a lot of respect for him, served under him, et cetera, along with Mr. O'Hanlon who is the co-author. Both of them are very talented.

But as you might expect, I do not necessarily agree with that. The title of the article is "Readiness Crisis: A Myth." I do not know if "crisis" is the right word. That is packed with all kinds of emotion. But there are serious readiness challenges in the United States Army today. The operational readiness rates for our key weapon systems are not above 90 percent. They are well below 90 percent in some cases, and that is cause for great concern. They are improving, but they are below 90 percent. 90 percent is the standard, nine out of ten weapon systems ready to go to war at a moment in time. Our weapon systems are not in that condition at this time.

Senator FISCHER. Thank you, sir, for clarifying that.

Also, the column goes on to argue that training for full spectrum operations is resuming. It claims that by 2017 the Army plans to rotate nearly 20 brigades, about a third of its force, through national training centers each year. The Marine Corps plans to put 12 infantry battalions, about half its force, through large training exercises, and the Air Force is funding its training and readiness programs at 80 to 98 percent of what it considers fully resourced levels.

Generals, do you think that accurately portrays your services and their readiness to conduct the full spectrum operations? General Milley?

General MILLEY. It is a partial answer. The flagship training event for an Army unit, an Army brigade combat team, is going to a combat training center at the National Training Center or Joint Readiness Training Center down in Louisiana. A few years ago, we were not doing decisive action operations against higher-end threats. We changed gears about 24 months ago, and about 12 to 18 months ago, we started putting brigades through the paces of going against near-peer competitors unless they were specifically designated to go into Afghanistan or Iraq.

At the end of fiscal year 2017, by the end of next year, 100 percent of our brigade combat teams on Active Duty will have one rotation. It is all about reps. If you were, back in the day, pre-9/11, a typical battalion commander or a major, for example, or a company commander, you would have three, four, five, maybe more rotations through a training center by the time they reached those levels. Today we have an entire generation of officers going into the field grade ranks commanding battalions or even in some cases companies that have very little or no experience at a CTC. By the end of fiscal year 2017, 100 percent of the brigades, but it is a matter of reps. We have to do it over and over again.

The data I have and the forecast we have is by the end of 2018, 24 months from now, we will have nine of our brigades with three rotations, 18 of them with two, and four with one. That is not bad. It is better and all that is good. But there is more to it than just going to the training centers. That is a key part but there is more to it.

Manning levels are holding us back. We have over 30,000 non-available soldiers in the regular Army today. That is a corps, an entire corps not available for medical, legal, and a variety of other reasons. That is not even talking about your training account, basic training, or the overhead it takes to run basic training. Your personnel piece is big, and then equipment maintenance, which you just talked about with OR rates. Those are big. Those are all parts of readiness. That is just readiness with the equipment, the modernization, the systems we have today. Five or ten years from now, there are lots of systems out there that we need to invest in to get them online to be able to deal with a near-peer great power, if in fact that day ever comes.

I do not subscribe 100 percent to what General Petraeus, as much as I respect him, or Michael O'Hanlon wrote. I like them both.

Senator FISCHER. Thank you. I am out of time. But, General Neller and General Goldfein, if you could get that information to me, I would be happy to put that out.

I too respect the service that General Petraeus has given to this country, but I think it is important that we get correct information out to the people of this country so they understand the situation that we are facing with our military.

Thank you.

Senator REED. On behalf of Chairman McCain, Senator Hirono, please.

Senator HIRONO. Thank you very much, gentlemen, for your testimony and for your service and the service of the men and women whom you lead.

Over the course of the many hearings that this committee has had with regard to the negative impacts of sequestration, we have been provided with objective information as to those impacts that causes me to question the article that my colleague just talked about, as much as, of course, we appreciate the service of General Petraeus.

For General Neller, I have been monitoring the progress with the Marine Corps Pacific laydown, including visits to Okinawa, Guam, and CNMI [Commonwealth of the Northern Mariana Islands]. I know that it will be very important to have adequate training facilities.

General, can you talk briefly about the current status and if you have any concerns about the progress so far of the Marine Corps specifically to plan? I just read an article recently about the Governor of CNMI and his position regarding training in Pagan.

General NELLER. Well, Senator, we are still in the execution of the current plan of the Pacific laydown for marine forces. The Futenma replacement facility has been separated from the move from Guam, but from the very beginning our movement to Guam was contingent based on the fact that we could train and maintain our readiness once deployed there. Because of actions of others and environmental impact, right now that is potentially at risk and has pushed the timeline to the right. We are still committed to go to Guam, but to go to Guam, we have to be able to sustain the readiness of the force, whatever that force is that we deploy there.

I am concerned with it. I am watching it. I think there may be some other forces involved in this and that is causing delays in this. There are also still issues on Okinawa about building on to the north of the Futenma replacement facility that are tied up between negotiations between the Government of Japan and their prefecture of Okinawa, and we continue to monitor that.

Senator HIRONO. I share your concerns because there are a number of moving parts with regard to the move out of Futenma and Henoko, and there are now delays there.

I realize that we are doing the buildup necessary for Guam, but we cannot send our troops there unless they have a place to train. CNMI and the discussions that we are having and whatever negotiations we are having with that government is really critical, and I would appreciate your keeping me apprised as we go along. Anything that this committee and I can do to help—

General NELLER. Yes, ma'am, we will certainly do that.

Senator HIRONO. For General Milley and General Goldfein, I want to commend you in your leadership of your respective services, including the National Guard components in your mission. As you know, a combined force of Active, Guard, and Reserve components is imperative to the defense of our country.

At our full committee hearing on cybersecurity this week, the important role that the National Guard plays in contributing to total force requirements was discussed. Can both of you talk about progress in other areas where you will be depending on your Guard components to fulfill Army and Air Force requirements?

General GOLDFEIN. Senator, I will give General Milley a break. We are looking across the entire enterprise of the five core missions that the Air Force does for the joint team in the Nation to look at where we can partner with Air National Guard to leverage that component and the Air Force Reserves across all these mission areas: cyber, intelligence, command and control, nuclear enterprise, conventional air power in terms of both bomber and fighter force. We are looking at all of that. In the mobility portion of our business, you go into a C-17 and ask the question in the cockpit today, okay, who is Guard, who is Active, who is Reserve, and very often all three hands will go up because we are that connected. We have three components. We have one Air Force. We have five missions. We are looking across all of those mission areas.

I predict that cyber will be a growth industry when it comes to including our Air National Guard because it is ideally suited for that mission set. We are looking across the enterprise at ways we can partner and we can increase that.

Senator HIRONO. General Milley?

General MILLEY. Thanks, Senator.

We have made a lot of strides I think in the last year in trying to integrate and enhance the readiness of the National Guard. It is my assessment that we are going to have to significantly improve the readiness of the United States Army National Guard and the Army Reserve.

We are the only service that has over 50 percent of our force structure in the Reserve component, and we have got about 53 percent. A significant chunk of the Army is in the Reserve.

As was designed many, many years ago, the bottom line is the United States Army cannot conduct sustained land campaigns overseas without the National Guard and without the United States Army Reserve. It is not possible. That is the way the system was designed many, many decades ago.

Today what do we rely on? There is a considerable amount of maneuver force in the Army National Guard. We are moving to 26 brigades with this President's budget—maneuver brigades. There is a lot of artillery. There is a lot of combat power in the National Guard, a lot of attack helicopters, and so on. If you look at combat service support, logistics units, about 60 percent, 62 percent of the United States Army's logistics is all in the Reserve component.

The Army, bottom line, could not fight, could not feed itself, could not maneuver, could not conduct any sort of extended land campaign anywhere in the world without the Guard or the Reserve. It is absolutely critical to what we are doing and we need to increase their readiness as well.

Senator HIRONO. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN [presiding]. Senator Sullivan?

Senator SULLIVAN. Thank you, Mr. Chairman.

Gentlemen, I want to thank you for your service. As a matter of fact, somebody stated Secretary Carter, when he testified last time, I know a number of us have had a lot of criticisms with some of the Obama administration's foreign policy and national security. But one area where I want to commend the President is the quality and character of the men and women he has been nominating that

have come before this committee for confirmation to lead our military. I think the four of you exemplify that quality and character, and I just want to commend you for that.

Part of the reason—and the chairman has already touched on it—is the frank and honest views that you have been giving this committee and others since your confirmations and your important positions leading the men and women in uniform of our Nation. I want to commend you on that as well.

General Milley, when you were here a couple months ago, you talked about the issue—and you already restated it—of a near-peer, full-spectrum threat in terms of a conflict. If we had to address that, you stated that the U.S. Army would be at high military risk and you mentioned again to meet our national security strategy. Do you continue to hold that view?

I would like to have each of the other Service Chiefs here give us your assessment of where your service is in terms of risk. I thought it was remarkable. I thought it was courageous of you to say that. The press did not pick up on it, but the fact that the Chief of Staff of the Army was saying high military risk is pretty remarkable. I just want each of the servicemembers in terms of a full-spectrum conflict, the ability to meet that for our Nation's security, where are we in terms of risk for your service?

General MILLEY. Thank you, Senator.

My assessment remains the same. Just as a reminder, what does it mean when I am using that term? I am talking about the ability to accomplish the military tasks assigned to Army units. The ability to do it on time and the ability to do that at an acceptable level of cost expressed in terms of casualties, troops, killed and wounded. But I maintain my same assessment.

Senator SULLIVAN. High military risk.

General MILLEY. That is correct.

Senator SULLIVAN. Admiral Richardson?

Admiral RICHARDSON. Senator, I concur with General Milley. I have sort of forbidden my team to use the word "risk" because it has become so overused that you start to lose a sense of what that means. But it is exactly as General Milley described. If we get into one of those conflicts, we will win, but it is going to take a lot longer than we would like. It is going to cost a lot more in terms of dollars and in casualties.

Senator SULLIVAN. General Neller?

General NELLER. Senator, in short, I agree. We built a force that has been focused on a counterinsurgency fight, and while we have been doing this effectively, our potential adversaries have recapitalized and from ground up built a force that has very significant capability that grows every day. We are in the process now of getting ourselves back and looking at those capabilities we need to match that up.

Would we win? Yes, we would win. But I would associate myself that it would take longer and I think the cost would be higher.

Senator SULLIVAN. You are putting the Marine Corps at high military risk as well.

General NELLER. If we had to do, based on the contingency plans that were one major contingency and then a near simultaneous of a second one, yes.

Senator SULLIVAN. General Goldfein?

General GOLDFEIN. Sir, that is the key for this discussion, which is ready for what. What we are all, I believe, talking about is if the guidance tells us that we have to be simultaneously ready to defeat a near-peer adversary in an anti-access/area denial environment, a near-peer, while at the same time imposing cost in deterring another adversary, while at the same time ensuring your safe, secure, reliable nuclear enterprise, while at the same time defending the Homeland to the level that will be required, then we are at high risk. But you have got to walk down that line—

Senator SULLIVAN. Right. But that is what we expect of you. That is your mission.

Let me just end by mentioning we talk a lot about costs. General Milley mentioned it. I know some of you in the Army and in the Marine Corps—the book by T.R. Fehrenbach is still given to our infantry officers to read, “This Kind of War.” When you talk about costs—maybe this is for General Milley and General Neller—when we are sending less ready units into a near-peer fight, we talk about costs. That sounds like dollars and cents. What is it? Relate that to “This Kind of War.” Relate that to the first summer in 1950 in Korea. The costs were dead Americans in the thousands. Is that not correct?

General MILLEY. Well, that is exactly right. I mean, the butcher’s bill is paid in blood with American soldiers for unready forces. We have a long history of that. Kasserine Pass, Guadalcanal, Tarawa, Task Force Smith in the Korean War. It goes all the way back to Bull Run. Lincoln thought he was going to fight a war for 90 days. Wars are often thought to be short when they begin. They are not. They are often thought to cost less than then they end up costing, and they end up with outcomes and take turns that you never know. It is a dangerous thing.

The best thing I know of is to ensure that you have forces that are sized, trained, manned, equipped, and very, very capable to first prevent the war from starting to begin with, and then once it starts, to win and win fast and win decisively. That is the most humane thing to do when you are engaged in combat. Otherwise, you are expending lives that I do not think are necessary.

In the Korean War, the book you are referring to, in that war, Task Force Smith, the 21st Infantry Regiment, was alerted out of Japan, went forward to the peninsula on relatively short notice, and they were essentially decimated. It was not because they were bad. It was not because they were incompetent. The battalion commander was an experienced World War II guy. It was because they had two 90 millimeter recoilless rifles. Their mortars did not work. Their ammo was not done. The training was not done. They were not properly equipped. They were not in great shape. They were doing occupation duty in Japan. They were sent into combat, into harm’s way unready, and they paid for it. Tens of thousands of others paid for it in those early months, the first six months of Korea. It is not a pretty picture.

Readiness matters. Reps at training centers matter. Equipment matters. Personnel fill matters. To do otherwise for us at this table is the ultimate sin to send someone into combat who is unready.

Senator SULLIVAN. Thank you, Mr. Chairman.

Chairman MCCAIN. That is a risk we are facing right now.
 Senator KING?

Senator KING. Thank you.

General Milley, I think you have delivered the line of the day for me. The only thing more expensive than deterrence is fighting a war, and the only thing more expensive than fighting a war is losing a war. That sort of summarizes the situation.

I would like to ask a couple of questions of you specifically about Afghanistan and then go on to the more general question.

I know the President has modified the troop drawdown schedule in Afghanistan, which I think was an appropriate response to the situation. Were the authorities maintained for the forces that we have there that allow them to act effectively to assist the Afghan forces?

General MILLEY. As I understand it, yes. I am heading over there next month actually, and I will see General Nicholson. But with my JCS hat on, as I understand, the operational authorities are adequate to do his task. But I will double check that and I can get back with you.

[The information referred to follows:]

Based on my conversations with Commanders on the ground, the authorities are appropriate and allow them to effectively assist our Afghan partners.

Senator KING. The second question is related. Are the NATO [North Atlantic Treaty Organization] commitments that have been, in a sense, proportional to ours being maintained?

General MILLEY. I believe yes, but let me get you a better answer than that. Let me get you a specific answer.

Senator KING. I would appreciate it. Thank you.

[The information referred to follows:]

Yes. As a proportion, non-U.S. NATO Allies and partners will increase their commitments to Afghanistan relative to the United States. As reported at the NATO Summit in Warsaw just two months ago, our Allies reconfirmed NATO's long-term commitment to Afghanistan's stability. They declared that NATO will extend its Resolute Support Mission to train, advise, and assist the Afghan security forces beyond 2016: pledged to sustain funding through 2020; and agreed to strengthen and enhance the Enduring Partnership with Afghanistan. While the US will draw down its own Afghanistan presence by 14 percent, all 38 other NATO Allies and partners involved in the Resolute Support Mission have committed to provide either the same number of troops as in 2016 or increase their presence beyond 2016.

This hearing has focused a lot on money, and I think it is appropriate. There should be some context. In 1967, defense spending was 8.6 percent of GDP [Gross Domestic Product]. In 1991, it was 5.2 percent. Today it is 3.3 percent. I think often the public and all of us get caught up in these big numbers of \$560 billion, but the reality is our commitment to defense has fallen dramatically in the last 45 years in part because of a perception that the world was getting safer and in part because of budgetary issues.

The other thing I would point out is that net interest on the national debt today is more than a third of the military budget, and we are at an all-time low in interest rates. That is going to only go up, which will tend to make the budget be strained even more.

I just think we need to be talking to the American people about the fundamental responsibility of any government, which is to keep its people safe, and that the dramatic reduction in the commitment that we have made to defending this country.

The follow-up point, of course, which has been made previously, is that since 2011 and the Budget Control Act, we have had Syria, ISIS, South China Sea, Ukraine, the North Korea nuclear development, and cyber. To maintain a rigid budget structure in the light of those changes, it just seems to me is dumb. We are trying to protect this country. We have new threats.

It is similar to the discussion we have had, Mr. Chairman, about the troop levels in Afghanistan. We have got to respond to circumstances on the ground, and the circumstances have dramatically changed in the last five years in terms of threats that this country faces.

The other point that has been made by Ranking Member Reed. Certainty is as important as amount. I think you testified to that. The other way we are not serving the public is by the absolutely ridiculous process around here of not adopting budgets, doing continuing resolutions, getting you the money in the middle of the year, which does not allow you to plan, does not allow you to do the capital planning and the long-term planning that you need to do.

I realize I have talked a long time without a question. I am going to add one more point.

The other piece of this financial burden that we are facing is the nuclear recapitalization, and I have got some slides that I think make this clear that to me are rather dramatic. What we are facing is a very large bulge, if you will, in the commitment, and if we do not make some additional overall way of dealing with that issue, it is going to eat up everything else. We are not going to be able to maintain aircraft or develop the ships that we need because all the money is going to go into that. I just point this out. It has been 40 years since there has been a recapitalization, and we are heading into a—we have got to have some special way of accounting for this, it seems to me. It does not mean borrow for it. But it does mean fund it in some way. Otherwise, it will crowd out the necessity of modernization across the rest of the enterprise.

If you can find a question in there, gentlemen, you are welcome to it. Admiral?

Admiral RICHARDSON. Senator, I will jump on that because between General Goldfein and I—and we are lockstep on trying to solve this problem in every way we can. I think that that bulge talks to a number of the points that you made.

One, as General Milley said, it is much cheaper to deter a war, and this is what this program is all about. This is about deterrence.

Senator KING. It is a theory that has worked for us for 80 years.

Admiral RICHARDSON. It has been absolutely effective for 80 years not only nuclear war, of course, but also conflict worldwide. If you look at sort of before and after, it is a startling difference.

The other point is that each of these recapitalizations, the first one in the 1960s, then in the 1980s, and then now, we are getting that mission done for less. Each of those peaks is subsequently smaller.

Then to your point, we can get that peak even smaller if we have predictable funding in place. We are going to recapitalize the undersea leg with 12 submarines. If we get that to predictable funding to buy that package in a block, we could get those 12 sub-

marines probably for the cost of 10 or 11. You can see real savings that come through this predictability.

But I want to go back to my first point. It is absolutely essential that we get this done because without that deterrent effect—we think things are bad now—it would be much worse.

Senator KING. Thank you, gentlemen. Thank you all for your service and for your outstanding testimony here today. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Graham?

Senator GRAHAM. Thank you, Mr. Chairman.

Let us see if we can summarize here.

All of you agree that a long-term CR is bad for the military.

General GOLDFEIN. Yes, sir.

Senator GRAHAM. When I hear my House colleagues wishing for a long-term CR, you do not wish for that.

General GOLDFEIN. No.

Senator GRAHAM. Okay.

To my House colleagues, the OCO account. Do you all have a problem with what they are doing, taking OCO money to fund the military?

General GOLDFEIN. Sir, I will tell you that our preference is a stable, long-term budget that we can plan on.

Senator GRAHAM. Do you think OCO funding is not stable?

General GOLDFEIN. It is one-year funding. It does not give us long-term stability.

Senator GRAHAM. Does everybody agree with that? You would prefer not to go that route.

Why do they do this? They do not want to bust the caps. They do not want to take on the right and tell them you all are crazy. You know, this sequestration is not working.

Have you all talked to the President about this? Have you told the President what you are telling us about the state of the military under sequestration? Have you had a conversation with the commander-in-chief telling him what you just told us, General Milley?

General MILLEY. I have not personally had a conversation with the President.

Senator GRAHAM. What about the Navy?

Admiral RICHARDSON. No, sir, not personally.

Senator GRAHAM. What about the Marines?

General NELLER. No, sir, not personally.

Senator GRAHAM. What about the Air Force?

General GOLDFEIN. No, sir.

Senator GRAHAM. What are you doing at the White House, Mr. President? You are threatening to veto a bill that would increase defense spending because it does not have non-defense increases. I will make some suggestions to you. Go tell the President what you are telling us.

I absolutely see the flaws in what the House is doing. I cannot believe the commander-in-chief is sitting on the sidelines and watching this happen, taking a laissez-faire attitude that if you send me a bill that increases defense spending without increasing non-defense spending, I will veto it. I find that as repugnant as what the House is doing.

Okay. By the end of 2021, we will be spending what percent of GDP on defense if sequestration is fully implemented? Does anybody know? 2.3 percent. Check the math. Senator King made a very good point.

Do you see by the end of 2021, given the threats we face as a Nation, it is wise to cut defense spending in half in terms of historical numbers?

General GOLDFEIN. No, sir.

Senator GRAHAM. Do you, General?

General NELLER. No, sir, I do not.

Admiral RICHARDSON. No, sir.

General MILLEY. No, sir.

Senator GRAHAM. Well, somebody should ask, how could your Congress and your President allow that to happen. I ask that all the time. I do not have a really good answer.

If sequestration goes back into effect in 2017, are we putting people's lives at risk because of the effects of sequestration in terms of training?

General MILLEY. Yes, sir.

General GOLDFEIN. Yes, sir.

Senator GRAHAM. Well, does anybody else listen to these hearings but us? How do you live with yourself? I say that. I include me. I am part of this body. I voted against sequestration, but that is no excuse. Do you want to do revenue to fix it? I will do revenue. But what I am not going to do is keep playing this silly game.

When you rank threats to our military from nation states and terrorists, would you say sequestration is a threat to our military?

General GOLDFEIN. Yes, sir.

General MILLEY. Sure.

Senator GRAHAM. Would you agree with me, General, that the Congress is going to shoot down more planes than any enemy that we can think of in the near term?

General GOLDFEIN. Potentially.

Senator GRAHAM. Do you agree with me that we are going to park more marines and take them out of the fight than any enemy we can think of in the near term here, General, with sequestration?

General NELLER. Sir, nobody is going to park us. We are going to fight, but we will be at risk.

Senator GRAHAM. What is your budget in terms of personnel cost?

General NELLER. We pay about 61 percent of the green TOA [total obligation authority] for personnel.

Senator GRAHAM. Let us just walk through that real quickly. 60 percent of your budget is personnel.

General NELLER. Yes, sir.

Senator GRAHAM. If sequestration goes into effect, are you going to lose marines?

General NELLER. Yes, sir, we will.

Senator GRAHAM. Okay. They will be out of the fight.

How many ships will the Navy have if sequestration is fully implemented, Admiral?

Admiral RICHARDSON. Sir, hard to say, but fewer than the 308.

Senator GRAHAM. They say 278. Is that about right?

Admiral RICHARDSON. That is in the ball park.

Senator GRAHAM. The Congress is going to sink how many ships?

Admiral RICHARDSON. Sir, I might take you on with the word 'sink,' but it will be——

Senator GRAHAM. Okay. Well, whatever. They are not going to be there.

Admiral RICHARDSON. Thirty.

Senator GRAHAM. How many brigades are we going to wipe out, General, in the Army?

General MILLEY. Our estimation is we will lose between 60,000 and 100,000 troops if sequestration comes out.

Senator GRAHAM. Would you agree with me when you rank the threats to the military, you would have to put Congress and the President in that mix if we do not fix sequestration?

General MILLEY. I will not judge either——

Chairman MCCAIN. You are not required to answer that question.

[Laughter.]

General MILLEY. I am not judging the President or Congress.

Chairman MCCAIN. Senator Blumenthal?

Senator BLUMENTHAL. Thank you, Mr. Chairman.

Chairman MCCAIN. I would remind the witnesses. There are certain questions that you are not required to answer.

[Laughter.]

Senator BLUMENTHAL. I was about to say that I was going to reask that question, but it would probably reach the same result.

I just want to say how much I respect your service, and I think we all do. Regardless of the demanding and tough questions that have been asked, we approach this as a collegial effort working together with men and women who have devoted their lives to the service of our Nation with extraordinary distinction and bravery. That goes for you and all who serve with you. I just want to begin with my profound thanks for your service.

Admiral, I want to talk a little bit about submarines. I know that we are moving toward building two submarines a year, *Virginia*-class. In your testimony, you briefly note your concern for the future shortfall in our attack submarines. What is the Navy's strategy to deal with that shortfall when the desired 48-boat minimum in 2025 reaches a low point in 2029 of 41, potentially placing our Nation in jeopardy? Do we have a strategy to address that shortfall?

Admiral RICHARDSON. Sir, we do. First, that shortfall highlights sort of a fundamental element of shipbuilding plans, which is that you have got to think long-term. Some of these things are very difficult to correct in the short term. It just takes time to build submarines and there are capital investments as well.

But we are building two per year. We are going to continue to do that. We are also going to look to every possible way to extend the life of the current *Los Angeles*-class submarines that are carrying much of the burden today so that we can fill in that trough as much as possible. We are building two *Virginia*-class submarines a year. We are going to examine continuing that as we bring the Ohio replacement program online, particularly in the year 2021. If you put that submarine in place, it actually starts to fill in a good percentage of that trough. Then we will look forward

to more creative deployment options so that we get more out of every submarine. We will use all of these methods together to try and minimize the effect of that trough, but we are not going to be able to erase it.

Senator BLUMENTHAL. Your point about the importance of planning I think is profoundly important, little understood by the American people who often think we can snap our fingers and turn on the spigot for submarines. But we know and so do the dedicated men and women at Electric Boat in Groton that planning requires investment in skill training and the defense industrial base that consists of those men and women who in many ways are as vital as the men and women in uniform because they build the platforms, the submarines, that make our projection of power possible around the world. Would you agree?

Admiral RICHARDSON. I would completely agree. In terms of their talent and the skill level, I wish we could take every American through that facility up at Electric Boat and the same at all of our shipbuilding facilities just to see what America can do when it puts its mind to it. It is stunning.

But as we ramp up to build the Ohio replacement, the biggest challenge is the workforce and bringing those skilled laborers on. I agree with you 100 percent. It is a team effort, and it is a tough job.

Senator BLUMENTHAL. I hope you will come back. I have been privileged to go through Electric Boat with you. I know Senator Reed has on many occasions as well. This investment—it is not spending. It is investment in our future—I think is really vital.

Likewise, General Milley, on the Blackhawks, as you know, the National Commission on the Future of the Army issued aviation recommendations earlier this year, and these recommendations create some budgetary tension with the aviation restructure initiative the Army proposed in 2014. I am concerned that the planned UH-60 Blackhawk procurement, which is a vital modernization initiative for the Active Army and National Guard across the Nation, will be reduced to pay for other programs. As you move forward with the Army aviation fiscal year 2018–2022 budget, are revisions being made to assure that future aviation modernization plans will be sustained in light of the commission's recommendation?

General MILLEY. Aviation is one of our top priorities. It is one of the ones I mentioned in my opening statement, Senator. absolutely we are committed to improving the modernization, and we have got several initiatives underway.

With respect to the National Commission, we have put some of the aviation requirements into the UFR [unfunded requirements], into the unfinanced requirement list. Others we are funding. We think the commission did great work, and we intend to implement their recommendations to the extent we can.

Senator BLUMENTHAL. Thanks.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Ernst?

Senator ERNST. Thank you, Mr. Chair.

Gentlemen, thank you for being here today. It is a privilege to be in the same room with you.

We do have a lot of difficulties coming up, especially with sequestration, and I do not think I can be any more eloquent than Senator Graham.

Admiral, I would like to start with you. I do understand the Navy is facing some significant budgetary challenges, and this is true of all of our services. However, I was able to visit one of your ships earlier this year, and I was stunned to learn about the requirement for up-to-date paper charts aboard U.S. Navy ships and the low priority of celestial training. I did send a letter to the Navy on this topic about two months ago, as of yesterday, and I am still waiting for a written response.

But what I would like to know from you, what steps are you taking to increase basic nautical and celestial navigation training for your sailors and remove dependency from electronic devices? The way I understand it, they do use an off-the-shelf product that other civilian navigators use, as well as a program that is specific to the Navy. They just do not get those up-to-date downloads, and they do not have the paper charts necessary. Maybe you can fill me in a little bit.

Admiral RICHARDSON. Well, with respect to navigation, it is something that, obviously, we take very seriously every moment that we are underway and looking into the future.

With respect to minimizing our vulnerability to electronic navigation, global positioning system [GPS], and those sorts of systems, really a multifaceted approach. We have started teaching celestial navigation, and so those types of courses are back in the curriculum at the Naval Academy and other places. We can use technology to move us beyond the sextant in terms of proficiency and accuracy there.

One of the things that I am working hard with our industrial base partners is there are other ways to get precision navigation and timing into our systems, which is so critical not only for navigation, but also for weapon system performance and everything across the board. That is an area of emphasis as well. These would be systems that would be independent of GPS and potentially more precise than GPS. We are working very hard across the full spectrum.

Senator ERNST. Okay. That is very encouraging. We cannot forget that we need to stay a little bit old school.

Admiral RICHARDSON. We have got to stay in the channel, ma'am.

Senator ERNST. That is right. Outstanding. Thanks, Admiral. I appreciate that.

General Goldfein, I recently did have the opportunity to visit one of my Iowa Air National Guard units, 185th Air Refueling Wing, in Sioux City. One of the things I noticed was the pilot shortage. They continue to talk about that. I know the chairman has already addressed this issue. But what I would like to maybe know from you is, is there a solution for the Guard and Reserve force as well? What can we do to better enable them with our pilot shortage?

General GOLDFEIN. Ma'am, actually it is a very similar solution to what we look at in the Active Duty because the motivations are the same and the same pilot who joins because very often, as you know, a lot of the Air National Guard actually came from the Ac-

tive Duty. The important part for us is to ensure that they are getting the same opportunities to train in the Air National Guard as they have in the Active Duty.

Like General Milley said for the Army, the Air Force is structured in a way as well that we could not do the job that we are required to do without the Air National Guard, the Air Force Reserves, and the Active component all working together. Especially in the mobility community is where we are actually the most connected in terms of these associations and how we get together to get the mission done.

Actually what I mentioned in terms of quality of service, making sure they have the hours to fly, that they have the resources they need to be able to be competitive, at the same time, we also provide the financial incentives they need to stay. All those come together. That is going to improve our retention rates, and we are fully committed to that.

Senator ERNST. Wonderful. Thank you very much.

Just very briefly, in March, the Army announced a new associated units pilot program partnering National Guard and Reserve components with an Active brigade combat team. My understanding is that this could greatly increase the readiness of our Reserve forces and reduce costs.

General Milley, do you have any updates on how this program is working so far? Again, sir, very briefly, please.

General MILLEY. Yes. We have got 14 associated units right now in the pilot program. We do think and hope that it will increase the readiness of the Guard, along with increased CTC rotations and increased requests for man-days. In combination, all of those things will help increase the readiness of the National Guard.

Senator ERNST. Outstanding. We love our Guard folks, do we not?

General MILLEY. Absolutely.

Senator ERNST. Okay. Thank you, sir.

Thank you, Mr. Chair.

Chairman MCCAIN. Senator Tillis?

Senator TILLIS. Thank you, Mr. Chair.

General Goldfein, thank you for being here. I would note I was here for your opening comments. I had two concurrent committee meetings I had to run to. But you said something I think made me reflect on the 440th, and I am not going to focus on it except to say you were saying you need the flexibility to get to shed excess infrastructure if you are going to address some of your budget constraints. I think the 440th was a classic example of that because I know very well that there were at least five or six other sites that were either statutorily protected or protected by BRAC [Base Realignment and Closure] that in your opinion would have been a better, more appropriate way to get to the target that you were hitting. I understand the pressure you are under.

Hopefully, we will repeal sequestration, but if we do not, we need to find some other ways to provide you with flexibility to weather this storm.

I have one question for you, and it really has to do with the NDAA from fiscal year 2016 which has I think a requirement to

retain 1,900 aircraft. How are you going to comply with that requirement, or can you?

General GOLDFEIN. Sir, actually in this FYDP [Future Years Defense Program], we will comply with that. The next FYDP afterward is going to be a challenge because as we bring on new weapon systems, given all the other challenges we face, being able to maintain the 1,900 is going to be a challenge as we also increase investment in some other key areas that the Nation requires—

Senator TILLIS. I am not sure I see how you do it. We should probably, outside of this committee hearing, talk about shedding light on that versus putting a requirement in there that I do not think you are going to be able to achieve.

To the Commandant, General Neller, I have spent a fair amount of time down in North Carolina at Cherry Point, and I have had a number of discussions up here. I continue to hear about challenges facing readiness for your aircraft, and then you have the second and third order effects on challenges for pilot flying time, training time.

How would you assess the current state of readiness? Give me an idea of what the trend lines look like.

General NELLER. The current state of readiness for Marine aviation is dependent upon what model type series, but in the aggregate, it is improving but it is not where we need it to be. It is below an acceptable level. We are not flying enough. We do not have enough ready basic aircraft, and that means the aircraft that we fly get turned faster and so they are harder to maintain. We are at our flight hour program, not that we are flying a lot of hours, but that is also where we get our parts.

We are not where we want to be. I do not think we are going to be where we want to be. Assuming consistent, stable funding, if we can increase the parts support funding, it will happen faster. If we can get new airplanes sooner, it will happen faster. But the trend line is up, slightly up.

Senator TILLIS. I tell you one thing I saw down at Cherry Point where really the rubber hits the road and you are down there and you see these repair operations. The way that it works, they can go so far with certain repairs, and then they are either waiting for parts or they are relying on some other part of the supply chain to finish the repairs. We got planes that could probably be ready to go but for changes in some of the processes, some other things that we may need to do to provide you with the flexibility or the funding to do it. I know that has to do with funding in some of the accounts that have been depleted over time. We have got to shed light on that as we go into planning for next year.

General Milley, you made a comment about we are mortgaging our future readiness to be ready today. I mean, we are creating a debt. Would you mind getting into specific examples of what that looks like?

General MILLEY. Well, specifically with respect to the budget, we have, over many, many years now, undercut or reduced our S&T [science and technology] and R&D [research and development] parts in the modernization accounts. That part of the budget, that part of the pie has been reduced over time. That is the part of the pie that is future readiness because 10 years from now, 15 years

from now, those R&D projects, those S&T projects—they become real weapons or real equipment. That is what I am talking about. That part of the pie has been reduced.

We are trying to, in this President's budget, make some hard choices as a service given a top line and given basically a fixed amount on the compensation piece of it to try to balance the readiness today versus modernization, S&T, and infrastructure, et cetera for tomorrow. These are hard, tough choices. In the Army's piece of it, we are preferencing, we are biasing today's readiness because of the gaps from the last 15 years. We got to get them back up to speed because of the threats we have all been talking about.

Senator TILLIS. Well, thank you all for your service. I thank Senator McCain for opening his question about your position on the deleterious effects that sequestration is going to continue to have. If we take nothing away from this, we have to be unified and end this ridiculous way to budget and protect our Nation. Thank you all.

Thank you, Mr. Chair.

Chairman MCCAIN. Senator Donnelly?

Senator DONNELLY. Thank you, Mr. Chairman.

Thank you all for being here.

In 2014, the Jacob Sexton Military Suicide Prevention Act was signed into law through the fiscal year 2015 NDAA. It was the first bill I introduced after joining the Senate, and it is named after a Hoosier soldier we lost to suicide in 2009. Last year was the fourth straight year we lost more servicemembers to suicide than to combat.

My colleague, Senator King, is sponsoring a showing of a movie, "Thank you for Your Service," which touches upon this very subject. When we talk about taking care of our troops, when we talk about readiness, when we talk about maintaining the strongest fighting force the world has ever known, I cannot think of anything more fundamental than ensuring the physical and mental health of our men and women in uniform.

The Sexton Act mandated that each of the services provide a robust mental health assessment to every servicemember, Active or Guard or Reserve, every year. I would like to know how each of your branches are doing in implementing this requirement. General Milley, if you could touch on that.

General MILLEY. Thank you, Senator.

Within the Army we are seeing in the last year an improvement, meaning a reduced number of suicides, slight but significant enough to be noticeable across the force. That is important. All the efforts that we have done with your help and Congress' help and lots of folks' help over the last several years we think are showing leading indicators of improvement in suicide, which we recognize is a component of readiness because it is a tragic event.

Specific to your question, we are implementing through MEDCOM [U.S. Army Medical Command] annual mental health assessments for the force in the regular Army. I would have to check on the Guard and Reserve on how that is being done. But we are doing that throughout the force.

[The information referred to follows:]

In 2014, the Army began incorporating the annual Mental Health Assessment into the routine annual Periodic Health Assessment, which is utilized by all three components (Active Army, Guard and Reserve). These assessments are completed concurrently. The Mental Health Assessment questionnaire may be reviewed by a behavioral health provider or the medical provider completing the Periodic Health Assessment. The review is followed by a person-to-person encounter as required in Department of Defense Instruction 6490.12, and section 1074n of title 10, United States Code.

The new Department of Defense Periodic Health Assessment will provide an optional opportunity for a Behavioral Health provider to review the Mental Health Assessment portion only, while a healthcare provider will complete the rest of the Periodic Health Assessment. Periodic Health Assessment completion is carefully tracked throughout the Army.

The Mental Health Assessment is also fully integrated into the Deployment Health Assessment program with a person-to-person pre-deployment mental health assessment and three post-deployment mental health assessments as directed in section 1074m of title 10, and implemented in Department of Defense Instruction 6490.12, Mental Health Assessments for Service Members Deployed in Connection with a Contingency Operation.

We also do routine post-deployment health assessments. If you go to Iraq, Afghanistan, come back, we do TBI [traumatic brain injury] checks. We have got a lot of programs right now throughout the force to focus on the very thing that you are talking about. We are taking it serious, and we think we are making some improvement.

Senator DONNELLY. Thank you.

Admiral Richardson and General Neller, I know you are a team in many ways on this. If you could touch upon it.

Admiral RICHARDSON. Sir, exactly the same commitment. We are on track to implement that completely in compliance with your intent. We share your deep commitment to the mental health of our sailors.

With respect to the other measures to prevent, we find that the more that we can make our sailors feel like a member of a team that they have got, a network of support that they can fall back on, that seems to be one of the most effective things. That, in combination with an assessment, we hope to turn this thing downward.

Senator DONNELLY. Thank you.

General Neller?

General NELLER. According to the senior medical officer, who is a Navy admiral that is for the Marine Corps, we are in the process of implementation. He estimates on the active side by the end of fiscal year 2017, it will be implemented. The Reserve will probably take longer just because of the nature of their drilling on weekends and having access. But as far as filling out the questionnaire online and then having a care provider contact them and have a conversation with all the intentions of the legislation and the law, we are planning on being fully implemented by the end of fiscal year 2017, Senator.

Senator DONNELLY. Thank you so much.

General Goldfein?

General GOLDFEIN. Sir, I will just say we are in the same boat, and we will be fully implemented by about the mid part of fiscal year 2017.

But I will also add we are taking a little bit different approach as well. It is fairly new. We are actually taking the SOCOM [Special Operations Command] approach that they have approached it

with. Their approach is if we would take an aircraft on the schedule at a certain periodic time to do periodic maintenance and then take an aircraft off the schedule at longer periods of time to do depot maintenance and make sure they are in good shape and put them back in the fight, why would we not do the same thing for airmen? We are actually looking at taking your initiative to the next level, which is a periodic maintenance schedule for the human to increase performance. That takes the stigma off because if you are having to go in based on a schedule and everybody is having to do it, we think it will have profound effects.

Senator DONNELLY. Okay.

Admiral Richardson, you were kind enough to visit Crane Naval Base. It is integral to several modernization efforts we have going, most prominently the Ohio replacement program. How does our pattern of reliance on continuing resolutions impact your ability to modernize the Navy?

Admiral RICHARDSON. Sir, I think that we all sort of feel this pain in some way or another. This continuing resolution business really undercuts the trust and confidence that we have with our suppliers, with the industrial base that are so key to providing not only at the ship level, particularly in the strategic deterrent business, but also down at the component level. When you disrupt that trust and confidence, when you double the amount of contracts that you have to write just to get through the year, when you prevent the ability to buy things in blocks over a long period of time, the only thing you are doing is increasing cost, increasing time, and that translates to increasing risk to our warfighter.

Senator DONNELLY. Thank you all for your hard work and dedication.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Manchin?

Senator MANCHIN. Thank you, Mr. Chairman.

I thank all of you for your service and for being here today.

The one question I wanted to ask—and I know it has been batted around quite a bit, but the United States Air Force—I will start, General Goldfein, with you, but it is really for all of you. Standing tradition of leadership and coalition building, which you all do, and it is evident today in the significant role in the 20-nation air coalition aligned against ISIL [Islamic State of Iraq and the Levant], which you all have done quite effectively. As you may know, only four of our fellow NATO coalition members spend at least two percent of their GDP on defense spending. The target for NATO countries—there are 28, and it should be at two percent. There is only five, including the U.S. That leaves 23 that do not seem to care or make any attempt whatsoever. I cannot figure why that condition was even put in if it was not intended to be kept or met.

I think I would just like to hear your all's assessment of this and what effect it is having. I know there have been some wild political statements made about what would be done. I do not subscribe to any of that. But I am thinking why do we still have that condition if we are not going to force anyone or there is no retribution if you do not. How is it affecting I think, sir, is what I would ask.

General GOLDFEIN. Sir, I will just tell you the Secretary has been over there and talking to NATO significantly about their contribu-

tion and increasing their investment in defense. that was certainly something I think all of us at the table would want to see not only in the air domain but in all the domains.

One of the areas that we are focused on in the Air Force specifically over the next several years is coalition-friendly command and control because the information age of warfare is more about data sharing. It is more about information sharing, and it is more about being able to connect into a common network and architecture. Technology has increased security over time and has actually made that harder. As we partner with not only our NATO allies but other allies and partners around the globe, being able to have them connect into a common framework, a common network, share information, and be able to fight as a coalition is going to become more important in the future, not less.

Senator MANCHIN. I know that, but I am just saying how much of a strain does that put? We know with our challenges we have financially and everybody else's challenges around the world. But if they are basically able to just neglect that, thinking we are going to do all the heavy lifting, which we have done and I understand, but also come up with the financial wherewithal to do it too. Is there anything that we could do that kind of—do you see any movement in a positive direction? I mean, I understand Germany kind of takes the lead on this and the rest of them follow Germany. If Germany does not take it serious, it is not going to happen.

General GOLDFEIN. Sir, one of the areas that would be very helpful I think—and we have had this conversation. I know I do it as an air chief, as a global air chief, and my partners here do as well—and that is, you know, we call something high-demand, low-density, and then we tend to admire it over time. We do the best we can to be able to increase the density or decrease the demand, but it does not often happen. It would be very helpful if our NATO partners and others could actually contribute in those key mission areas and enablers, which would raise the bar for everyone as opposed to sometimes what they choose to invest in.

Senator MANCHIN. Would anybody else have any comments?

General NELLER. Senator, I would just add that, first, this is not a new problem. I was a NATO officer in the 1990s, and after the end of the Cold War, they took a peace dividend and they have not reinvested.

Second, our military counterparts—they want to participate and they want to play, and they play within their capability. I think we need to provide them opportunities to do that, whatever their percentage of GDP is for investment.

Lastly, I think it is changing. I think it is changing. I think the world environment and the strategic environment you see particularly in Europe is causing them to recognize that they have underinvested particularly if the Eastern European countries are going the point. I think there will be some change. I think we should encourage them. I think if there are foreign sales, that we should facilitate their purchase of U.S. equipment, which would increase our interoperability. Then whatever way, whether it is FMS [foreign military sales] or their own money, we encourage them to increase their capability.

Admiral RICHARDSON. Sir, I will just add onto that.

First, just like General Neller said, my counterparts in NATO—they are as frustrated as anybody about this. They want to be full participants in securing not only their nation but Europe and contributing to global security and stability. To that end, again, the importance of American leadership to provide an example, be there is another thing that they comment on consistently. As a team, whether it is equipment interoperability, command and control, they want to participate and they are as frustrated at these policy decisions as anybody.

Senator MANCHIN. General?

General MILLEY. As you know, Senator, we have had a long history in Europe with Army. We have still got 30,000 troops over there doing a lot of exercises. We are putting out APS [active protection system] systems, et cetera.

With respect to the NATO partner spending, et cetera, what I have read is that their defense spending is actually increasing with many of these countries lately, perhaps not at two percent yet, but Lithuania, Latvia, Estonia, Poland, even Germany, Sweden, Finland, Norway, to include the U.K. [United Kingdom] recently—they are reversing some of these trends because of what they have seen in Ukraine, in Crimea, and elsewhere. They are investing and they are expanding.

The key now is interoperability and work as a team.

NATO is a critical alliance. There has been a long peace in Europe since 1945, so going on seven decades. Part of that is because of nuclear weapons but also because 300,000 soldiers stood on a wall up until 1989–1990, but also because of those European allies all shoulder to shoulder facing down the Soviet Union. That alliance is key. It is critical, and I think it is mutually interdependent between us and them in order to achieve effect on any kind of future battlefield.

Senator MANCHIN. I will just finally wrap up real quick. If this is one of the conditions that the NATO member nations had when they formed NATO, how many other conditions are not being met?

There is no enforcement, no policing. There is no retribution. I mean, it just seems that if you are not going to do anything, why do we have it there? They are going to say do not worry about that. The Americans will pick it up. They will pay.

You know, you understand when we go to our constituents, it is pretty hard to explain why is it there if you are not going to make them do something, if there is no retribution. I am not saying we are not going to help, not going to defend. But maybe, you know, the World Bank, interest rates, things of this sort that gives them privileges being a NATO member, that there might be a little bit of a penalty. It might give them a little bit of a push. I am understanding it is not from the military. It must be coming from the policymakers and state departments.

But thank you all again for your service. I really appreciate it.

Senator REED [presiding]. Thank you.

On behalf of Chairman McCain, Senator Wicker, please.

Senator WICKER. Thank you, sir.

For General Neller, on April 6th, Secretary Stackley testified that the required number of amphibious ships necessary to provide the lift of two Marine expeditionary brigades to conduct joint forc-

ible entry operations is 38 ships. But he also said that number is fiscally constrained to 34 ships, with an operational availability of 90 percent.

We often hear about combatant commander requirements concerning amphibious ships.

General, you are the man who provides the marines who operate off those ships. What is the right number in your opinion? What mix of ships should that include, sir?

General NELLER. Well, Senator, you are correct. The combatant commanders—if we could meet all the requirements, it would take 50 ships. The fiscally constrained requirement is 38 with 90 percent availability. Right now, we are at 31. We are going to go to 34 by 2022.

Senator WICKER. We will get to 34?

General NELLER. We will get to 34 by 2022.

Senator WICKER. Where would that leave us? What would that not permit us to do, sir?

General NELLER. It will not give us, based on the average availability, the ability to embark two Marine expeditionary brigades which is the minimum requirement for forcible entry.

Ultimately we will get to 38, but it will be beyond multiple FYDPs, I believe 33, and then it will start to go down if we do not sustain it.

What is the right mix? The right mix is ideally a minimum of 12 big deck amphibs that can handle F-35 and Osprey, 12 LPD-17 class, and then a 12 other comparable hull forms, ideally either an LPD-17 repeat or what we are calling the LXR, which uses the LPD-17 hull form as its base.

Senator WICKER. That is only 36.

General NELLER. You have also got two LHA(R)s and other ships that would get you to 38. We have two non-well deck, big deck ships which would actually get you 14 big decks.

Senator WICKER. Between the LDP-28 and the LXR, can you get more ship at less cost if the schedule is accelerated?

General NELLER. Well, first, Senator, I thank the Congress for giving us the 12th LPD.

But absolutely. It is similar to what the CNO [Chief of Naval Operations] said about submarines. Anything that we block buy and that we can give the shipyard, whatever shipyard it is, certainty where they can get the workforce, they can train the workforce and they can learn as they build the ships, they can build these ships faster for less money. If we were to block buy five LPD-17 replacements or LXR, we could probably get three and a half ships for the cost of five. But that is a big number. I know Mr. Stackley would agree with that. It goes with any type of ship or any type of platform, whether it is an airplane. The more we can provide certainty to not just to the primary vendor but all the subs that build the parts, we can drive the cost down, and the workforce gets better. They get smarter. They get faster.

Senator WICKER. Thank you, sir.

General Milley, about Afghanistan, my understanding of our goal in Afghanistan is to participate in a sustained partnership with the elected leadership there. I would observe that we have had a sustained partnership for decades with our friends in Europe and a

successful sustained partnership in Korea. Although there is not much kinetic warfare going on in Korea at this point, we are there. We have had a sustained partnership, and I think it has been successful for the people there and for Americans also.

What is the understanding in your opinion of the Afghan people about our purpose in being there and our long-term relationship?

General MILLEY. Senator, thanks.

As you know, I have got a fair amount of time in Afghanistan.

In general, the Afghan people are very supportive of the United States military being there. They would be fearful of us withdrawing completely, at least in the near term.

What we are trying to do is working by, with, and through the Afghan Security Forces, who have been built up to a significant size now—what we are trying to do is train, advise, assist them in order to maintain stability against their enemy, their internal enemies, so that the government and the other elements of the campaign plan, the economy, and rule of law, et cetera can be sustained over time. I think that is going to take a considerable length of time. The attitude of the Afghan people is, at least from my experience, that they would prefer that we continue to stick with them. I think that is our plan, our current U.S. Government plan, and I think that is also the NATO plan is to continue to sustain that effort.

Senator WICKER. I for one concur in your conclusion there, sir.

Is it unsettling to the Afghan people when they hear that we might leave early?

General MILLEY. I would say yes, but I think that we, the United States, and NATO have been very firm in our commitment now, and we have said what we are going to have going forward. I think that the government, the military, and the people understand that message, that we are not going to abandon Afghanistan.

Senator WICKER. Mr. Ranking Member, I understand we have had some discussion about sequestration. But my understanding is no one has asked these panelists if they are designing a FYDP that reflects the return to sequestration. I realize I am a bit over my time, but I think it would be important for us to hear. I know they are horrified at the thought of sequestration returning.

But if each of you could tell us, are you designing a future years defense plan to reflect going back to sequestration? General Goldfein?

General GOLDFEIN. Sir, we are not.

Senator WICKER. You are not?

General GOLDFEIN. We are not.

Senator WICKER. But you are aware it is the law of the land.

General GOLDFEIN. Yes, sir. We absolutely are.

Senator WICKER. Okay.

General Neller?

General NELLER. Sir, we are not designing one, but we have had discussions about what might be the consequences and some actions we could possibly have to take if it went into effect.

Senator WICKER. Admiral Richardson?

Admiral RICHARDSON. Sir, I would say our design is based on providing the security that the Americans expect of the United States Navy. But we have always got to start that conversation

with the sequestration levels, which puts us in a terrific bind to be able to meet that mission.

Senator WICKER. No FYDP, though, that actually reflects the draconian things that you would have to implement.

Admiral RICHARDSON. No, sir. We would have to adapt.

Senator WICKER. Finally, General Milley.

General MILLEY. We have done some preliminary planning, Senator. I understand what the order of magnitude actions that would have to take place in the event of full sequestration. However, no, we have not developed a POM [Program Objective Memorandum] or a FYDP to that level of detail that would be submitted to the President and the Congress.

Senator WICKER. Well, I certainly we can avoid it, but as I said years ago, Senator Reed, it is the law of the land and it surprised us all the last time when we got to that point and it actually went into effect. I hope we can avoid it.

Thank you all for your service.

Senator REED. Thank you very much.

On behalf of the chairman, Senator Shaheen, please.

Senator SHAHEEN. Thank you, Mr. Chairman.

Thank you all very much for being here and for your service to our country.

I apologize. I had two other hearings this morning. I am sorry that I missed much of the discussion. I am sure you may have already answered this question, but I think it is important to ask again.

As I have traveled around the month of August, when we were not here in Washington, and met with businesses, one of the things I consistently heard from many of our businesses in New Hampshire—and we have a significant number that have contracts with the Department of Defense that provide equipment and technology to our military—was concern about two things. One was about the budgeting process and about the fact that we are going in again with no budget for the upcoming year and a short-term continuing resolution. Hopefully, we will have a longer-term budget after the election. The other was about the reduced investment in research and development.

Can I ask you to speak to what the impact is not just of your budgets in the military but also of the industrial base that supports our military that we need to maintain if we are to keep our technological edge? General Goldfein, I see you nodding. Maybe you could begin?

General GOLDFEIN. Yes, ma'am. You know, the impact to industry, when we cannot provide some stable budget and projection for them, probably hits them the hardest in their technical workforce. What I see as a rather technical force is when I am talking to a company that is building, for instance, let us just say, an air-to-air or an exquisite air-to-ground missile or munition, they have got to keep a certain amount of that workforce engaged over time. Then when I go to them with one-year budgets and tell them my procurement quantities now are going to be here and the next year, because of trades, they are going to be down here, and I go jack them around back and forth, it causes an incredible challenge for industry to be able to sustain their workforce that we need. That

does not even go into at what point do I go to them and say because of the global security environment, I need you to surge and build even more capability and produce more weapons over the period of time. what they tell me is, hey, we got rid of that workforce because you told me that you were coming down this year. Everything that we deal with in terms of an unstable budget and one-year budgets actually gets accelerated into industry as well.

Senator SHAHEEN. You alluded to the impact that has on our national security and our ability to be prepared. But can I get you to elaborate a little more on that?

General GOLDFEIN. Well, ma'am, it goes to what kind of weapon systems that we need to modernize. For the Air Force, like all the services, we have got aircraft that have already exceeded their service life or are at the end of their service life and they have got to be replaced. We rely on industry to be able to support us with our acquisition programs going forward. If we do not have stable budgets, if we do not have the research and development dollars to be able to develop that technology for the future, then what happens to us is we continue to push that to the right. Like General Milley said, you start mortgaging the future to pay for the current readiness in the fight you have.

The other challenge you have is as the aircraft age over time, they actually become more and more expensive to fly. You take even more of those dollars that you need for research, development, and modernization, and you shift them left into sustainment of older weapon systems. This all adds up to an increased risk.

Senator SHAHEEN. Thank you.

Admiral RICHARDSON. Ma'am, if I can pile onto that—

Senator SHAHEEN. Please.

Admiral RICHARDSON.—in support of my fellow chief. This is really a team effort, and this message of stability is critical because it is not just government R&D but those businesses that you visited—they are investing their own dollars in IRAD [independent research and development]. They need to know if they are going to get anything back on that investment. When we do not give them that signal of stability and confidence, they are simply not going to invest. They are going to cash out and they are going to be out of the business.

The other thing is that particularly with technology changing so quickly today—and Senator Reed highlighted it in his opening statement—what used to be long-term future, that is becoming a more short-term future. We are not talking decades into the future anymore. We are talking single digits of years because things are moving so fast in directed energy, additive manufacturing, electronic magnetic maneuver warfare, artificial intelligence, biotechnologies. We have got to keep on the step with this because we are not the only team out there looking to capture these capabilities.

Senator SHAHEEN. Thank you. Well, hopefully that is an admonition to Congress that we get our act together and produce a budget and some certainty for the long term.

Mr. Chairman, could I ask one more question?

Senator REED. Senator King will have one too if you let him. You go first.

Senator SHAHEEN. Okay.

I know this on budget, but I just came from a hearing in the Foreign Relations Committee on Afghanistan, and I heard Senator Wicker asking about Afghanistan. I wanted to ask you all about the special immigrant visa program for the Afghans because, as I am sure you are aware, it is about to expire, and Congress so far has declined to extend that program. Therefore, we have several thousand Afghans in the pipeline who it is questionable whether they will get visas, and many of them are under immediate threat or their families are being threatened. Can I ask you to speak to the importance of that program to our men and women on the ground and why it would be important for Congress to extend it? General Milley, do you want to start?

General MILLEY. Yes. Thank you, Senator.

Lots, hundreds of thousands, of Afghans work for us, the United States military since 9/11, since we went in in 2001. They have been interpreters. They have been analysts. They have been doing a lot of things. Many of them have asked to become American citizens and get visas, et cetera. I personally would be in favor of extending that because those are brave men and women who have fought along our side, and there are American men and women in uniform who are alive today because of a lot of those Afghans were putting their life on the line, for their own country, to be sure, but with us. Now they want to become American citizens. I for one would like to afford them that opportunity.

Senator SHAHEEN. Thank you.

Would anybody else like to add? General Neller?

General NELLER. Yes, Senator. We saw a similar thing in Iraq and the very same thing that General Milley described where they are out there shoulder to shoulder with marines, soldiers, sailors, and airmen risking their lives and sharing the risk and providing great services to keep our citizens alive, our folks alive. I used to interview them myself and make sure they understood that this is not what you might have seen on TV but you are going to come here, you are going to work because you have an opportunity.

I think there is a proper vetting process. I know commanders up to the rank of flag and general officers are involved in this. I signed off on all of these myself. I know there are background checks. I fully support, with the proper vetting process, that this program be allowed to continue.

Senator SHAHEEN. Thank you all very much.

Thank you, Mr. Chairman.

Senator REED. On behalf of Chair McCain, Senator King, please.

Senator KING. Just briefly, Senator.

One of the privileges of serving on this committee is the relationship that we have with our services, and one of those relationships is the military fellows that are assigned to our offices. Today marks probably the last hearing for Lieutenant Commander Dennis Wishmeyer, a naval officer who has served in my office for this year. I just want to recognize the importance of that program, recognize the work that Lieutenant Commander Wishmeyer has made. If I have asked good questions, they have been his. If I have asked stupid questions, they are mine. I just wanted to provide that recognition.

Thank you, Mr. Chairman.

Senator REED. He must have been here today, Senator King.

On behalf of Chairman McCain, let me thank you, gentlemen, for your testimony, forthright and very sobering. Thank you for your service individually and please extend our thanks and gratitude to the men and women that you lead so proudly.

With that, I would adjourn the hearing.

[Whereupon, at 11:45 a.m., the hearing was adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

FUTURE MODERNIZATION VISION AND STRATEGY

1. Senator MCCAIN. I assume each of your services has a vision for how your force should be configured ten years from now with respect to warfighting capacity and capability, and accompanied by a modernization strategy to meet the needs of the combatant commanders. Can you each describe the major components of your respective Service's modernization vision, and the strategy you will follow to achieve that vision?

General MILLEY. The vision is an agile, adaptive Army that is lethal, professional and technically competent with a decisive edge over potential near-peer state adversaries. To achieve this, the Army must achieve an affordable balance between modernization, readiness, and manpower. Right now we are out of balance, with Army modernization paying the bills to build readiness—we have no other choice.

Based on the current fiscal constraints, in the near- to mid-term the Army will guide equipment modernization efforts through five components: 1) Protect—Protecting Science and Technology investments is key to ensuring the next generation of breakthrough technologies can be rapidly applied to existing or new equipment designs; 2) Invest—The Army continues iterative reviews of capability gaps to ensure proper alignment of limited resources with mission requirements and Army priorities; 3) Modernize—the Army must incrementally modify or modernize existing systems to extend service life and maintain an advantage at each echelon; 4) Sustain—Returning Army equipment to the required level of combat capability remains central to regenerating and maintaining near-term readiness; and 5) Divest—The Army divestment process seeks to identify equipment and systems that are excess, obsolete or no longer required to reduce and eliminate the associated sustainment costs.

For the long-term we are in the process of identifying the characteristics of the future battlefield, the attributes our soldiers will require to fight and win on that battlefield, rewriting our doctrine and, finally, determining what critical capabilities we require to fight and win in that environment. We will have a phased approach as we are investing in the development and fielding of new combat capabilities while divesting others.

Admiral RICHARDSON. The Navy vision for the future force has two components: a "fleet design" and a "fleet architecture". "Fleet design" is how the Navy fights and wins, expressed through concepts, doctrine, and tactics, techniques, and procedures. "Fleet architecture" refers to the activities that support the fleet design, which include:

- Presence, surge forces, and force packages
- The processes through which forces are prepared for and recover from deployment
- Bases and facilities that support or host material components of the fleet
- Material components of the fleet, such as ships, aircraft, unmanned vehicles, personnel, weapons, and sensors.

In order to achieve this vision, I have identified leads for fleet design and architecture for the near-, mid-, and far-terms. In general, I have designated U.S. Fleet Forces Command as the supported command for the "present-to-five year" time horizon; OPNAV N9 for the "three-to-ten year" time horizon; and OPNAV N3/N5 for "eight years and beyond" time horizon. These leads are currently taking stock of the myriad ongoing activities across the Navy that inform our thinking about fleet design and architecture. They are responsible for aggregating the inputs from studies, war games, experiments, and other exploratory activities into strategies, concepts of operations, requirements, or additional study both within and across time frames.

General NELLER. In September, we began a detailed DOTMLPF-C analysis of the appropriate end strength for the Marine Corps as part of our Marine Corps Force

2025 (MCF 2025) efforts. This analysis will provide the associated costs, risks, and abilities associated with various courses of action.

Assuming 182K end strength, Marine Corps Force 2025 emphasizes improving information warfare capability and capacity to allow our operational commanders the ability to fight in five domains and protect our ability to command and control. Additionally, we will increase our inventory of marines with special skills (e.g. intelligence, electronic warfare, and cyber) that are frequently called upon to make repeated deployments without even the minimum reset time. In order to do this, we will have to make tough decisions between modernization and readiness, along with force structure trades. However, some of the risk can be mitigated in certain circumstances by our Reserve component or the joint force.

General GOLDFEIN. The Air Force has refocused its process to have our strategy drive our plan and our plan drive our program. While a primary focus remains balancing our investments in capability, ensuring sufficient force capacity, and maintaining the readiness of our current force, our new strategy, planning, and programming process (SP3) provides a comprehensive and actionable pathway toward building the future force. This framework is designed to provide our leaders with the long-term outlook (10–30 years out) needed to analyze future challenges and assess our modernization priorities. Those priorities are then translated into programmatic actions in the short- to mid-term (1–5 years), balanced against competing internal (e.g. readiness, capacity, etc.) and external considerations (e.g. current operational requirements, fiscal constraints, etc.) and subsequently submitted to Congress in the form of the President’s Budget. This ensures our continued ability to meet near-term challenges while developing the force of tomorrow.

DEFENSE MODERNIZATION “BOW WAVE”

2. Senator MCCAIN. Considering the additional acquisition authorities Congress provided the Service Chiefs in the Fiscal Year 2016 National Defense Authorization Act, and is proposing in the Fiscal Year 2017 NDAA, what specific actions will you take regarding your Service acquisition programs that could help you successfully navigate through the magnitude of the impending defense modernization “bow wave” we are facing in the next decade?

General MILLEY. To navigate through the magnitude of impending Army defense modernization “bow wave” I am leveraging the authorities provided to me in the fiscal year 2016 NDAA by reinvigorating the Army Requirements Oversight Council (AROC). The AROC was changed from a staff centric to a commander centric forum. The AROC is the primary forum in which I exercise my requirements authorities and question assumptions. I review all categories of requirements for major acquisition programs and concur in programs’ cost, schedule, technical feasibility, and performance tradeoffs before the programs’ Milestone A and B decisions. I use the AROC to review proposed tradeoffs in the above areas with active participation from key stakeholders. The AROC has been instrumental in driving improvements in requirements analysis; resulting in cost savings, reduced acquisition timelines, and informed risk management.

Also, to support execution of my new authorities, and with the Secretary’s approval, I directed a significant Army Staff re-organization pilot effort by realigning requirements and resourcing functions under a single three-star general, the G–8. My staff is also examining long-standing processes and actively making changes to solidify requirements and shorten acquisition timelines. For instance, our Analysis of Alternatives process has been restructured and will be initiated earlier in the requirements generation process. The Army also announced the stand-up of the Army Rapid Capabilities Office to expedite the design, development, evaluation, procurement and fielding of critical combat materiel capabilities to deliver an operational effect within one to five years. Most recently, we combined two existing processes into a new, single process, the Strategic Portfolio Analysis Review (SPAR). The SPAR reviews capabilities across a 30-year period to prioritize existing and emerging capabilities against a near-peer pacing threat that are aligned with Army priorities and resourcing. The assessment will provide in-depth analysis the Secretary and I need to make difficult requirements decisions within a constrained resource environment.

As a result of these initiatives, I anticipate that some requirements will be deferred, some programs will be accelerated, some programs may be terminated and some current equipment will be divested. In the aggregate, the Army cannot maintain aging equipment that is no longer relevant and execute over 700 programs within the resource constrained environment that stretch our fielding timelines over decades to make them affordable. If we plan on defeating near-peer threats, maintaining our technological edge, and addressing modernization challenges we must

use these initiatives to streamline our processes. In the long-term, these initiatives will enable the Army to better navigate its future modernization challenges.

Admiral RICHARDSON. The 2016 NDAA has increased my ability to exercise ownership of the Navy acquisition process. Ownership includes four key elements: authority, technical expertise, responsibility, and accountability. I'm taking a number of steps to better execute our requirements, acquisition, and budget processes in ways that will directly impact the warfighter. I'm committed to improving execution, transparency, and integration in acquisition, with the goal of increasing effectiveness, confidence and speed.

These efforts include an even more rigorous implementation of the Navy Gate Review and Resources, Requirements, Review Boards processes to better manage trades between cost, schedule, technical feasibility and performance; my early involvement and approval of Concepts of Operations and Concepts of Employment approval; a stronger role for analytically-based concepts and analysis; and more accountable timelines and tracking of requirements and acquisition decisions and documentation.

I am also working to include discussions with industry as early as possible to better understand the "knee in the curve" above which additional cost yields only marginal capability enhancements. This collaboration will help ensure only technically feasible and affordable requirements are pursued.

I am taking steps to streamline the requirements and acquisition processes for more concise, clear, and timely capability and acquisition documents. In support, I'm also taking steps to increase training, qualification, and career path management for our Navy requirements officers and professionals.

Finally, I am convinced that we must deliver technological advances, warfighting capability, and operational capacity to the fleet more quickly. The Rapid Prototyping, Experimentation and Demonstration (RPED) initiative to improve agility of capabilities and expertise through prototyping and experimentation will result in more realistic and informed requirements and deliver technological advances to the Fleet more quickly. For technologies that are mature and ready to transition to production, we are establishing Maritime Accelerated Capabilities Office (MACO) programs to employ more tailored processes and decentralized decision making, which will cut the timelines for delivering new programs to our warfighters.

General NELLER. The fiscal year 2016 NDAA redefined the Service Chief role in the acquisition process with a focus on the authorities, responsibilities and accountability associated with defining the service as a customer of the Defense Acquisition System and the chief as the customer's direct and accountable representative. Under section 801 of the fiscal year 2016 NDAA, the Commandant acknowledged responsibility for improving our acquisition outcomes and identified five fundamental focus areas shaping our actions in this commitment: leadership, people, streamlining processes, role of Service Chief and impact of funding stability. Subsequently, the report responding to the section 808 requirement to identify actions taken and planned to link and streamline requirements, acquisition and budget processes identified in greater depth and breadth the Marine Corps initiatives advancing this commitment. The pending legislation for the fiscal year 2017 NDAA essentially carries on the comprehensive focus on acquisition reform. While the particulars may be negotiable on the Hill at present, the underlying mandate remains clear—to drive innovation to meet the warfighting needs and ensure accountability to deliver military capabilities on time, on budget, and fulfilling stated requirements.

The Marine Corps modernization strategy is well-served by the combined acquisition improvement initiatives of Congress, the Department of Defense, Department of the Navy and the Marine Corps. In our continued efforts to achieve better program outcomes, we recognize the critical need to, first, get the requirement right. Our approach begins with strengthening the decision support foundation. We have anchored future capability development in two fundamental concept documents. They are the Commandant of the Marine Corps Fragmentary Order or FRAGO 01/2016: Advance to Contact issued in January 2016, and the Marine Corps Operating Concept dated September 2016. These documents will serve as the institutional mooring to continuously inform our capability development and budget programming decisions. As reported in our response to the fiscal year 2016 NDAA section 808, our requirements definition employs a capabilities based assessment (CBA) process for the necessary analytical rigor at a strategic level to guide force development and set priorities for investments to build the future Marine Corps. In coordination with organizations across the Marine Corps, the Deputy Commandant for Combat Development and Integration (DC CD&I), as the requirements process owner, leads the annual CBA to produce the Marine Corps Enterprise Integration Plan (MCEIP). This plan drives future capability development and associated investments aligned to CMC's strategic objectives. The CBA/MCEIP process provides

the enterprise discipline to deliberately translate our warfighting concepts into modernization investments while designing our programs for success.

Specifically, FRAGO 01/2016 requires that the Commanding General, Marine Corps Combat Development Command (the DC CD&I under a different "hat" that integrates training as well) will drive our capability development process to ensure all materiel and non-materiel solutions will be "born MAGTF," (Marine Air-Ground Task Force) optimizing the MAGTF as our principal warfighting formation, known for its adaptability by scalable task organization. The FRAGO also specifies that we continue developing our concepts to take advantage of the capabilities of the F-35 Joint Strike Fighter and all of our emerging aviation platforms, particularly in regard to sensor fusion and electronic warfare. We are committed to pursue technologies that enhance our warfighting capabilities such as unmanned aerial systems and robotics, artificial intelligence and autonomous technologies that provide tactical and operational advantage.

The recently published Marine Corps Operating Concept (MOC) further strengthens our requirements foundation by its unflinching recognition of the challenge ahead. It emphasizes upfront that the Marine Corps is currently not organized, trained, and equipped to meet the demands of a future operating environment characterized by complex terrain, technology proliferation, information warfare, the need to shield and exploit signatures, and an increasingly non-permissive maritime domain. The MOC challenges us to "overcome enduring obstacles to leverage and sustain commercial-off-the-shelf systems." An affordable 70 percent solution now is better than an outdated solution ten years from now. For improved capabilities in the high-demand, speed-of-light warfighting function "Command and Control," for example, we must drive innovation by combining a mission perspective with commercial developments that allow information providers to collaborate on a situationally dependent architecture that lets information users opt-in to access or create tailored data streams. We will be vigilant to take more and better advantage of commercial-off-the-shelf network and data solutions.

Future modernization efforts face the steep challenge of keeping up with globalized, rapid technology growth and proliferation. This demands the agility to accelerate the acquisition process when appropriate. In this regard, we are working with the Department of the Navy to create a menu of appropriate accelerated means to respond to the urgent materiel priorities of the operating forces. Within the Marine Corps we are establishing a Rapid Capabilities Office. This is a collaborative effort integrating our warfighting lab, requirements, and acquisition experts. Specifically of relevance to this QFR, The RCO will enable the procurement of promising capabilities, through a tailored acquisition process, while maintaining the ready capability to inform future and ongoing requirements and resource planning for potential transition to the traditional acquisition process. Our acquisition professionals are ready to work the required capabilities within the year of execution, specifically with emergent technology that appears to offer significant military utility.

Our success in transforming the force for the future will also depend on the collaborative ties we form. Specifically, we are strongly partnered with US SOCOM and the Army through formal venues, such as the Army-Marine Corps Board and ongoing objective-driven discussion, e.g., our series of regular staff talks between the Marine Corps and the Special Operations Forces requirements and acquisition leadership. As these USMC-SOF staff talks are getting underway, they have the potential to yield quick wins, such as a tailored abbreviated acquisition program, and expanded access to our innovative requirements transition tool. Focused engagement with Industry will likewise serve to strengthen our ability to modernize our systems. For example, we recently kicked off the Marine Corps Infantry Equipping Challenge. We are engaging Marine Corps stakeholders and industry to identify innovative (COTS & Non-developmental Items) capabilities specifically tailored to our infantry marines in order to rapidly evaluate and field COTS & NDI technologies supporting their entire mission set.

Another illustration of our effort to more effectively engage the industrial base is the recent release by the Department of the Navy of a special notice to industry calling for white papers on technologies that will be demonstrated in April. This is part of the aforementioned menu of accelerated acquisition means. This project is known as the Ship-to-Shore Maneuver Exploration and Experimentation Task Force in cooperation with the Deputy Assistant Secretary of the Navy for Research, Development, Test and Evaluation. It will explore the potential for what may be rapidly prototyped to help with more rapid ship-to-shore maneuver. We must define the art of the possible in this regard, whether small boats with small teams to move ashore quickly; robotics; manned-unmanned teaming; or unmanned aircraft systems able to pass information, for example. After the demonstration, the government will select

technologies assessed good enough to sign a Cooperative Research and Development Cooperation Agreement.

In addition to the foregoing, we are:

- Working with the Service Acquisition Executive to define in-depth the role of the Principal Military Deputy as central to the Commandant's acquisition decision support under fiscal year 2016 NDAA.
- Executing an Organizational Design Review of our ground weapon and IT systems acquisition hub (Marine Corps Systems Command), including its substantial realignment to implement MAGTF portfolio management.
- Conducting an Acquisition Workforce Review to identify the optimal allocation of acquisition personnel in and outside the acquisition community; to be completed by the end of fiscal year 2017.

As the Commandant emphasized in his 26 May transmittal of the 808 report, "We remain committed to the challenge of innovating our acquisition processes and tools to produce 21st Century military capabilities apace with the changing global security, fiscal and technology environments." The above provide a representative sampling or snapshot of this leadership heading today, while nonetheless noting that we continue actively exploring, experimenting and developing solutions with the characteristic, forward-looking sense of mission urgency that drives our Corps as the nation's expeditionary force in readiness.

General GOLDFEIN. The first action is to revamp our capability development activities by reinvigorating Development Planning. Accomplishing this action, in concert with experimentation, will produce empirical data to inform Air Force strategic decisions about how to move from nearer-term, stove-piped planning toward longer-term, multi-domain integrated capability planning. We will also strengthen our capability development by sharpening our focus on prototyping and experimentation efforts. Our focus on prototyping and experimentation efforts will inform critical decisions on operational utility, technical feasibility, producibility, and programmatic risks and accelerate the fielding of advanced capabilities to operational forces.

The second action is to insert agility and continuous improvement into our standard acquisition processes. Our acquisition policy and processes teams will review opportunities to tailor acquisition regulatory requirements with the objective of delivering the needed capability to the warfighter in the shortest practical time while balancing risk, ensuring affordability and supportability, and providing adequate information for decision making.

Third, we will refine our affordability assessment process to inculcate responsible and sustainable investment decisions through the formal examination of the long range implications of today's capability requirement choices.

Fourth, we will acquire systems using a modular open system approach which will accelerate replacements and/or upgrades to capabilities and allow for open competition to more vendors. This open systems approach, coupled with efforts to improve partnership with Industry, allows us to insert speed and flexibility in product development to facilitate rapid innovation and quicker technology updates.

Underpinning all of these actions is our emphasis on fully implementing Bending the Cost Curve (BTCC) which is focused on expanding our dialogue with industry throughout the acquisition life cycle and expanding competition among traditional and non-traditional industry partners. We will strengthen our ability to innovate, achieve technical excellence and field dominant military capabilities by implementing AT&L's Better Buying Power initiatives as well as the Secretary's Bending the Cost Curve initiative.

3. Senator MCCAIN. The Air Force is the service most affected by the impending modernization investment "bow wave" of the 2020s, peaking at over half of the Department of Defense's modernization investment requirement in a single year at approximately \$35 billion. When you consider all of your many modernization imperatives such as the F-35A fighter, KC-46A tanker, B-21 bomber, JSTARS recap, T-X trainer replacement, Ground Based Strategic Deterrent, Long Range Standoff weapon; the list goes on and on ... How will you approach this seemingly insurmountable funding challenge?

General GOLDFEIN. Without additional topline, the Air Force cannot fund everything and adequately address the pending acquisition bow wave; consequently we will be forced to sequence programs over time and take risk in conventional capacity, capability, and readiness.

ARMY MODERNIZATION

4. Senator MCCAIN. The preponderance of the combat equipment resident in our Army today was designed and built in the era of the Reagan defense build-up. Not-

withstanding Army efforts to overhaul its equipment and upgrade operational effectiveness of its combat assets, do you believe your mission equipment inventory, from both a capacity and capabilities perspective, is keeping pace with the capabilities that other armies around the world, friendly or otherwise, are developing and fielding?

General MILLEY. It really depends on the specific capability you are referring to, in some areas we maintain overmatch and in a few areas we have already been surpassed. For an “overall answer,” our near peer state competitors are rapidly closing the gap in several key areas, increasing risk. Today’s Army is a decisive combat force, the world’s best, which can rapidly deploy and destroy any enemy in the world. However, the size of the Army has decreased and for the last fifteen years we have optimized the Army to focus on counterinsurgency, counter-terrorism, and irregular warfare. At the same time, near peer competitors have modernized their forces for higher end warfare. Additionally, absent legislation, the sequestration caps set by the Budget Control Act of 2011 will return in Fiscal Year 2018 forcing the Army to draw down end-strength even further, further reduce funding for modernization, and increase the risk of sending under-trained and poorly equipped soldiers into harm’s way.

In the future, the Army will operate on a highly contested and lethal battlefield in multiple domains across multiple regions simultaneously. Adversaries will attempt to degrade, disrupt, and deny our ability to operate in the land, cyber, air, space, and maritime domains. The Army is prioritizing investments to counter the threat against mission critical systems from cyberattacks and to sustain overmatch in the key areas of mobility, lethality, mission command, and force protection. We are placing specific emphasis on long-range precision fires, missile defense, directed energy weapons, ground vehicles, vertical lift, cyber, electronic warfare, networks, and active protection systems for both ground and air. Because the resources required to invest for the future are in direct competition with the resources required to upgrade and improve our current combat systems the Army is falling behind and is at risk of losing technical superiority and overmatch.

INNOVATION AND SERVICE COMPETITION

5. Senator MCCAIN. In the report of the 1994 Commission on Roles and Missions, Commission Chairman John White wrote that “... while DOD needs to increase jointness throughout the system, it is necessary to place a high value on broad Service competition,” to produce “innovation in weapon systems, forces, doctrine, and concepts of operations that yield the dramatically superior military capabilities we need.” Yet, in the ensuing two decades our armed forces divested much of their warfighting capacity, took a “procurement holiday” from modernizing and recapitalizing our most critical defense weapons systems, and ultimately drove a strategy change from a two major regional conflict force to something far less. In your opinions, is this outcome merely a symptom of declining defense budgets, or is it a product of the way our entire defense system is organized and allocates increasingly scarce resources?

General MILLEY. It is probably a bit of both. The “system” rightfully allocates resources against what the leadership of the Defense Department believes are the most critical capability gaps and the more constrained the resources become, the harder the decisions on which critical capabilities are resourced and where we choose to assume risk. The easy decisions were made years ago—resourcing decisions made today are truly which critical capability gets funded and which do not. Additionally, because we have focused our combat development efforts on irregular warfare for the last 15 years we are behind in the modernization investments of our current and emerging near-peer threats and face losing overmatch in several key areas. National defense continues to be very expensive, but the alternatives are even more so.

Admiral RICHARDSON. The primary driver of current reduced warfighting capacity and modernization is the “triple whammy” of reduced funding levels, high operational tempo, and persistent budget uncertainty. The combination of these factors has resulted in a significant “readiness debt”, both in equipment and in personnel, just like carrying debt on a credit card.

Since the Budget Control Act of 2011 was passed, defense funding has been significantly reduced and the defense strategy has been revised to meet the realities of year-after-year reductions to the defense budget. For the Navy specifically, this has resulted in weapons, aircraft and modernization reductions, as well as underfunding of military construction and base operating programs. In addition, the Navy has been required to defer some depot level maintenance which has had a direct impact on Navy’s overall readiness. Although operational tempo and demand for

Navy units remain high, there has not been any corresponding fiscal relief to help offset the wear and tear that our units continue to experience. As a result, we see the effects of extended deployments in the degraded material condition of our ships and aircraft. The budget uncertainty also causes cost growth and program delays because building and maintaining high-end ships and aircraft requires long term stability and commitment.

At the same time, the Navy must continuously look for ways to maximize every dollar that has been authorized and appropriated to support the defense of our nation. The enhanced Service Chief authorities provided by the fiscal year 2016 National Defense Authorization Act increased my authority in the Navy's acquisition system and, coupled with previous requirements and budgetary responsibilities, enable improvements in performance and agility. Thoughtful changes that improve collaborative decision making and oversight without creating excessive micromanagement or redundancy are welcomed, and I am working to make such changes.

General NELLER. Declining budgets impact our ability to field a capable future force and hinder our ability to equip that force with robust capabilities to ensure battlefield success. We must dedicate the resources to be able to field the needed capabilities and technologies to win today and more importantly transform our force with the winning edge capabilities for tomorrow's fight. For the Marine Corps, it is particularly challenging as our military personnel costs account for 61 percent of the Marine Corps' "green" baseline budget request. Of the remainder, 27 percent is for O&M, nine percent is for modernization, and three percent is for military construction. Additionally, costs continue to rise while the budget declines. For example, the cost to equip and clothe a basic rifleman is currently 5.7 times of what the cost was in 2000 (this figure accounts for inflation and does not include night vision goggles). In the meantime, many of our weapons systems continue to age and oftentimes cannot compete with our adversaries' technology.

Within that relatively small modernization investment, there are some big ticket, high priority items for the Marine Corps-like the amphibious assault vehicle (AAV) survivability upgrade which will continue to provide a ship to shore self-deploying capability bridge until we have replacement for our 40 year old AAVs. The amphibious combat vehicle (ACV 1.1) is our first step in an incremental approach to replacing those AAVs. Common Aviation Command and Control System (CAC2S) and Ground/Air Task-Oriented Radar (G/ATOR) provide an ability to control our air-space enabling freedom of action to employ our organic weapons with the speed and tempo that makes the Marine Air Ground Task Forces successful. Communication Emitter Sensing and Attack Systems (CESAS) II, Intrepid Tiger II, Network on the Move (NOTM), and MQ-21 Blackjack unmanned aerial vehicle (UAV) are some of the new capabilities that we must buy to support the Information Warfare (IW) enablers. These investments are just a few of our highest priority capabilities and come at the expense of the other 150+ programs in need of sustainment and modernization. In most cases the lower priority programs are underfunded, not procured to the full authorized acquisition objective (AAO), or not sustained at a level that would be expected for the Nation's crisis response force.

The operating environment is rapidly changing due to the actions of increasingly aggressive and capable peer competitors that are demonstrating high end (to include space and cyber) capabilities across the range of military operations (ROMO). These potential adversaries are, for example, capable of creating combined arms dilemmas using information, cyber, deception, unmanned ISR and long range precision fires in highly advanced and lethal ways. The Marine Corps must not only modernize, but also change in order to deter conflict, compete and, if necessary, fight and win against such foes. Consequently, we have identified several areas where significant modernization efforts, to include new capabilities and additional structure, will be required if the USMC intends to be able to fight and win as a Naval Force in contested littoral environs against such highly capable foes. The Corps' leadership is convinced that the threat is not emergent, rather, it is upon us. The nation needs its Corps of Marines to move out on modernization, and to make prudent and timely changes.

While we continue to accept risk as we prioritize our modernization efforts, we are often thwarted by the lack of stability in funding. Innovation is at the forefront of our pursuits, because we understand that we must adapt all our systems to the challenges at hand. Therefore, we appreciate the continued and redoubled Congressional support to not only support and help stabilize our budgets but, equally important, to continue working with the Department of Defense, Department of Navy and the Marine Corps on collaboratively improving how we equip our Marines to fight and win our nation's battles.

General GOLDFEIN. Actually the outcome reflects both budgets and organization. We are mindful of the fiscal situation and recognize that our organizations must

contribute to the government-wide deficit reduction as a national security imperative. Our ability to make proper investments to modernize and sustain the capabilities of the Air Force is tied to the economic health of the United States. Nonetheless, we must respond to a changing strategic environment that has evolved over the past two decades. Since 2001, 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, 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. Any budget increases that occurred during this time were primarily consumed by operational expenses, not procurement. Moreover, we made strategic trades to support the counter-VEO (violent extremism operations) campaign. For instance, we reduced investment in 'high-end' capability to pay for capacity and readiness, build the ISR enterprise, and maintain legacy fighter force structure. Additionally, while budgets have tightened, health care costs have continued to increase. We must now make strategically informed choices that build a future force focused on the challenges posed by China, Russia, Iran, North Korea, and violent extremism.

INNOVATION AND SERVICE COMPETITION

6. Senator MCCAIN. What would you recommend as the way forward to reversing this trend?

General MILLEY. Absent additional legislation, the sequestration caps set by the Budget Control Act of 2011 will return in Fiscal Year 2018, forcing the Army to draw down end-strength even further, further reduce funding for modernization, and increase the risk of sending under-trained and poorly equipped soldiers into harm's way. To move forward with any certainty, the threat of sequestration must be eliminated. Sequestration is an impediment to good planning and represents a threat to the Department's ability to develop and maintain the military capabilities and forces we need to support the broader national security strategy. The support of Congress to predictably fund the Army at balanced and sufficient levels to meet current demands and to simultaneously build a more capable, modern, ready force for future contingencies is imperative.

Admiral RICHARDSON. Constrained resources, reduced funding levels, combined with operational and related maintenance challenges, have been exacerbated by budget uncertainty. Building and maintaining high-end ships and aircraft requires long-term stability and commitment. Without it, costs grow and work takes longer. Skilled workers leave the workforce and do not return, while private industry defers investments in necessary process improvements. Despite these obstacles, recovery from our current backlog is underway, but it will take time. We must find a way to restore the trust and confidence that underpin the crucial relationship with our acquisition and maintenance workforce. Our ability to achieve true effectiveness and efficiency has been undermined by budget instability, workforce limitations, and eight straight years of budget uncertainty and continuing resolutions.

The solution will require that we work as partners to set sufficient resource levels and restore stability to the budgeting process, and also ensure that every dollar that the American taxpayer gives the Navy is spent as efficiently and effectively as possible. I am committed to meeting my responsibilities here and in partnering with you as we go forward.

General NELLER. We need to continue to strive for greater flexibility within our acquisition process, so that we can modernize our equipment, and provide our Marines the resources needed to win our battles. Our nation has a world premier fighting force, however, our equipment has been depleted by nearly 15 years of constant battles, without the requisite maintenance and or replacements. Our aviation community is particularly vulnerable when it comes to lack of required maintenance and or upgrades.

We will continue to budget within our TOA. But in order to maximize that funding we must look for efficiencies and opportunities to incorporate evolving technologies. One of the ways we can achieve this is by participating in joint acquisition efforts, such as the JLTV, to reduce the per item cost and achieve more flexibility with developing variants to an item.

The acquisition process, however, can be cumbersome when we are trying to keep pace with changes in technology and weaponry advances. Recognizing this, we whole heartedly support streamlining the acquisition process. This was addressed in my May 2016 "Report to Congress on Linking and Streamlining Marine Corps Requirements, Acquisition, and Budget Processes" (per fiscal year 2016 NDAA section 808). It highlights the need for a menu of options by which we can increase the respon-

siveness to our capability needs, including agile adjustments to environment changes. The optimal system must build-in process flexibility. Flexible examples that could serve as models in addressing the optimal system design include the categorical tailoring process of our Abbreviated Acquisition Program (AAP), our cyber process streamlining, and rapid prototyping.

The 808 report describes rapid prototyping as a 21st century solution to fast-track development and fielding of maturing technologies and engineering innovations. This epitomizes to a significant degree the challenge and opportunity of streamlining processes as a key element in improved acquisition system design.

We are incorporating open architecture and modular designs in our prototyping efforts, and will continue to require open architecture and modularity in our formal acquisition programs, to further enable rapid prototyping at the system and component levels and ensure technology advancements can be quickly prototyped, demonstrated and fielded. By designing our platforms and systems using open architectures, we are confident that rapid upgrades can occur that will achieve significant performance improvements at significantly less cost.

As we identify emerging requirements in our weapons procurement programs, we are often frustrated by the lack of funding flexibility and stability. The practice of reprogramming funds is necessary to achieve flexibility in the execution of programs. In order to optimize the funding we receive, raising the below-threshold reprogramming limits for appropriations would allow increased resilience and responsiveness to unpredictable changes.

Finally, inherent in improving our weapons procurement process is also protest reform. Protests add program delays, financial costs, and lost opportunity costs for the government. Again, our 808 report details what we believe are thoughtful options for improvement. Our ability to evolve and adapt to a rapidly changing battlefield will ensure our Marines success. We must not only be prudent with our investment dollars, we need to also streamline a system that will ensure we field a modern capability for the current and future fight—not an outdated capability from yesterday's fight.

General GOLDFEIN. For our part, we are reinvigorating development planning at the AF enterprise level to build-in agility and formulate truly innovative strategic choices. Our capability development efforts will foster the necessary close relationship between our operational, science & technology, acquisition, and requirements disciplines.

Our efforts are aligned to initiatives which are designed to strengthen our ability to innovate, achieve technical excellence, and field dominant military capabilities. As a case in point, war in the information age will consist of multiple nodes operating in a network that can exist both physically and virtually across all domains. In particular we need to be able to fuse data, collected from all assets, to get decision-quality information to decision-makers faster than our adversaries. This will require open architecture systems across the multi-domain environment. We are focused on improving capability development as part of a joint force for the joint fight and the Nation.

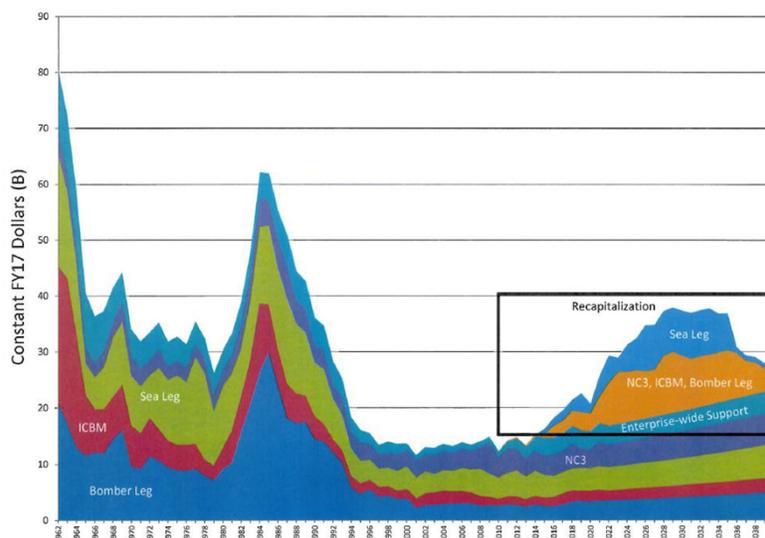
NUCLEAR ENTERPRISE MODERNIZATION

7. Senator MCCAIN. According to recent estimates from the Department of Defense, the cost to operate, maintain, and modernize the Department's nuclear forces will be \$234 billion between fiscal year 2017 and 2026. These costs will increase as the *Ohio*-class Replacement Program, B-21 bomber, and the Ground Based Strategic Deterrent (the Minuteman ICBM replacement program), all get into the heart of their procurement and fielding portions of their acquisition life cycles. Yet, it is also a fact that nuclear modernization will comprise only about 12–14 percent of all DOD acquisition programs, so it is part of a much larger modernization investment “bow wave.” As your services comprise the three legs of our nation's nuclear triad, and if you consider the Department's modernization investment “bow wave” of costs peaking at the same time, how are you going to approach the challenge of funding the nuclear enterprise amongst all of your non-nuclear force requirements?

Admiral RICHARDSON. My top modernization priority, and greatest concern, is adequate, stable funding for the Ohio Replacement Program (ORP) while still providing a fleet that will meet other important Navy missions. ORP is paramount to our ability to strengthen naval power at and from the sea, and is foundational to our survival as a nation. In order to procure these vessels without impacting remaining procurement plans, the Navy will continue to need additional resources for ship construction beyond the Future Years Defense Program, not unlike those that occurred during the construction of the *Ohio*-class in the 1980s. To minimize overall impact to other department programs, the Navy is pursuing an incremental funding

profile for the lead and second OR SSBN. The Navy is also leveraging over 50 years of submarine design and operational experience to improve affordability and deliver the OR SSBN in the most cost-effective manner. These improvements in affordability allow the Navy to reduce the overall cost of the nuclear modernization compared to those incurred in the 1960s and 1980s. The Navy greatly appreciates Congressional support in overcoming the challenges posed by funding ORP and the procurement authorities provided in the fiscal year 2016 National Defense Authorization Act that enhance affordability.

Nuclear Enterprise Recapitalization



General GOLDFEIN. The Air Force is committed to funding the nuclear enterprise at the appropriate level to ensure continued safe, secure, and reliable operations, as well as required nuclear modernization, including Nuclear Command, Control, and Communications (NC3). Of particular note, the commander, Air Force Global Strike Command is the single accountable officer to the Chief of Staff and Secretary of the Air Force for all aspects of the nuclear mission. We have established NC3 as a Weapon System and have outlined NC3 milestones and programming actions. The Air Force's long term planning budget includes a significant level of funding for the nuclear enterprise, based on previous program estimates. As actual cost projections are refined, the Air Force Strategic Planning and Corporate Process will revise the long-term planning budget in accordance with established processes. The Air Force will address any program shortfalls as part of the Air Force Corporate Process, and may request additional Total Obligation Authority to meet funding obligations.

QUESTIONS SUBMITTED BY AYOTTE

CHILD DEVELOPMENT CENTERS (CDC)

8. Senator AYOTTE. Admiral Richardson, in April, despite the best efforts of those at Portsmouth Naval Shipyard (PNSY), there were at least 163 families waiting for childcare at the PNSY CDC with average wait times of almost 300 days. According to information I received this month from the Navy, average wait times for children in category 2 remain above 300 days and average wait times for children in category 1 have actually worsened since April when the Navy testified that a temporary solution, military learning classrooms (MLCs), would be installed by the end of this fiscal year. Now, the Navy has informed my office that these MLCs will not be installed until May 2017. What explains the eight month delay in installing MLCs?

Admiral RICHARDSON. The Navy is committed to providing quality child development programs at Portsmouth Naval Shipyard (PNSY) and at Navy installations around the world to enable readiness and help Navy families balance the competing demands of work and family life. We have worked diligently to expand the childcare program PNSY by installing Mobile Learning Centers (MLCs). During the planning and design phase for this effort, the local public works staff determined the best solution for PNSY families was to purchase MLCs specifically constructed to meet Navy childcare specifications and to install those facilities on underdeveloped land close enough to the existing CDC to allow for convenient drop off and pick up. This course of action triggered environmental compliance, land permitting and contracting requirements that took several months to complete. The PNSY team successfully completed all required steps and awarded the contract for MLCs in September. The MLCs are scheduled to be in full operation no later than May 2017.

9. Senator AYOTTE. Admiral Richardson, what can the Navy do to expedite the installation of the MLCs?

Admiral RICHARDSON. I assure you the Navy is doing everything we can to expedite this process, ensuring that we also produce the highest quality childcare solutions for our families. We awarded a contract for the installation of MLCs on Sept. 20, 2016. They are scheduled to be in full operation by May 2017. Commander, Navy Installations Command will continue to provide updates to Congress on the status of childcare at Portsmouth Naval Shipyard.

10. Senator AYOTTE. Admiral Richardson, in the meantime, what is the Navy doing to provide PNSY the resources it needs to address unacceptable wait times and wait lists at the CDC and to make life better for the workers at the shipyard?

Admiral RICHARDSON. The Navy has prioritized the addition of PNSY in the Department of Defense's MilitaryChildCare.com system, which provides a single gateway for military families to find comprehensive information on military-operated or military-approved child care programs worldwide. PNSY families can access real-time availability and wait times for all military child care options based on their individual family priority.

QUESTIONS SUBMITTED BY SENATOR DEB FISCHER

READINESS: STATE OF FULL-SPECTRUM TRAINING

11. Senator FISCHER. The Wall Street Journal published an article, co-authored by General David Petraeus and Michael O'Hanlon, last month titled: The Myth of a U.S. Military 'Readiness' Crisis. It claims that "by 2017 the Army plans to rotate nearly 20 brigades—about a third of its force—through national training centers each year. The Marine Corps plans to put 12 infantry battalions—about half its force—through large training exercises. The Air Force is funding its training and readiness programs at 80 percent to 98 percent of what it considers fully resourced levels." Does this accurately portray the state of your service and its readiness to conduct full-spectrum operations?

General MILLEY. I respect both General Petraeus and Mr. O'Hanlon, however, I do not entirely subscribe to the conclusions made in their article. While the Army is facing serious readiness challenges, I would not characterize it as a "crisis." Furthermore, while large-scale collective training like that executed at the Combat Training Centers (CTCs) is essential, it is not the only critical component of readiness.

Hard, realistic home-station training is a fundamental building block of readiness, and is essential to preparing units for CTCs. Demanding home-station training, coupled with the near-peer hybrid threat scenarios experienced at CTCs, is critical to narrow the generational divide in high-end warfighting experience between pre-9/11 and current field grade officers and senior noncommissioned officers.

With respect to numbers of CTC rotations, the Army intends to increase Decisive Action, full spectrum operations, Brigade Combat Team (BCT) rotations from 19 in fiscal year 2017 to 21 in fiscal year 2019. Increasing CTC rotations will permit greater repetitions across the Total Force. Units and leaders must get repetitions to be fully trained, and this will take time.

Another critical aspect of readiness is manning. Significant decreases in end-strength across all Army components—Regular, Guard, and Reserve—compounded by elevated non-availability rates, are causing manning challenges. While the Army is working aggressively to decrease soldier non-availability within units, the overall smaller size of the force makes this a greater challenge.

In addition to manning and training, a ready Army requires modern equipment to win. An unintended consequence of the current fiscal environment is that the Army is not modernizing the force at the desirable rate and risks falling behind near-peer adversaries.

Lastly, a ready Army must have leaders of character who are technically and tactically proficient, adaptive, innovative, and agile. It takes time to develop leaders who can effectively train and ready their units, and successfully lead them in the demanding and unforgiving crucible that is ground combat.

General NELLER. While the training that infantry battalions and attached units receive at the Integrated Training Exercise (ITX) contributes to unit readiness, these forces constitute less than half of the Marine Corps' forces, which task-organize to deploy and fight as Marine Air Ground Task Forces (MAGTFs). The Marine Corps is meeting its Global Force Management Allocation Plan (GFMAP), contingency, and "New Normal" requirements, but at the cost of readiness for non-deployed forces, modernization, and infrastructure sustainment—all of which lead to a degraded ability to generate forces per Operational Plan timelines. There has not been a sufficient decrease to operational tempo at the unit level that would permit training to full spectrum operations, and that will not improve as the Active Duty end-strength is reduced to 182,000.

Acute readiness issues exist in Marine Corps aviation units. Other readiness concerns are: (1) training lapses in advanced warfighting capabilities such as Marine Expeditionary Force-level combined arms maneuver, anti-air warfare, and amphibious and prepositioning operations; (2) personnel shortages from filling Joint Manning Document and Individual Augment billets; (3) shortages of critical enlisted leaders; and (4) the limited operational availability of amphibious warships and maritime prepositioning force platforms, which restricts core mission amphibious training to that of only our Marine Expeditionary Units (MEUs).

General GOLDFEIN. No it does not. Air Force full spectrum readiness is at historic lows. The Air Force operational training enterprise is unable to surge and quickly return the combat force to higher readiness due to three key constraints: chronic manpower shortfalls; limited capacity to train; and sustained operational tempo.

Chronic Manpower Shortfalls: Until the Air Force can solve its manpower shortfalls, "national training center" style training will only have a limited impact on improving full-spectrum readiness. Current and projected aircraft maintenance and pilot shortfalls will continue until the Air Force can recruit, train, and field critical manpower shortfalls necessary to recover its full capacity to train to full-spectrum readiness. This is why we have made increasing our end-strength a budget priority.

Limited Capacity to Train: The Air Force currently cannot generate enough sorties to meet both overseas contingency missions and required flight training requirements. Our primary limiting factor is the lack of sufficient maintenance personnel to generate sorties. Additional limiting factors include tasks that take priority over full-spectrum training to include directed partial-unit taskings (i.e. Theater Security, Regional Assurance, Training Support), and continued low intensity combat operations (i.e. Afghanistan, Iraq, Syria).

Sustained Operational Tempo: Our Air Force has become highly proficient in counter-insurgency air operations. Sixteen years of continuous low-intensity combat operations have honed the skills of our kinetic, mobility, support, intelligence, and space forces; however this has come at the expense of full-spectrum readiness. The Air Force simply does not have the capacity to continue both the current pace of today's combat operations and simultaneously rebuild full-spectrum readiness.

QUESTIONS SUBMITTED BY SENATOR DAN SULLIVAN

FREEDOM OF NAVIGATION IN THE ARCTIC REGION

12. Senator SULLIVAN. Admiral Richardson, if tasked by the President, how would the U.S. Navy conduct a year-round surface FONOP in the Arctic?

Admiral RICHARDSON. The Navy currently provides year-round capability and presence in the Arctic primarily through undersea and air assets. Surface ship operations, including Freedom of Navigation Operations (FONOPs) to challenge excessive maritime claims, would be executed only after assessments of the specific operating environment and application of Operational Risk Management (ORM) principles to account for risk factors including sea ice, wind, ice accumulation on equipment, and impacts to communications and satellite coverage.

The Navy also works in close coordination with interagency partners in order to support the National Strategy for the Arctic Region. The Navy would likely partner

with the U.S. Coast Guard to leverage their extensive experience in the Arctic region to conduct surface ship operations, including FONOPs.

13. Senator SULLIVAN. Admiral Richardson, if Russia decided to deny access to vital U.S. or international shipping in the Arctic region, could the U.S. Navy conduct a surface FONOP year-round to challenge that act?

Admiral RICHARDSON. Freedom of the seas is a national priority. The Navy will support access for the safe, secure, and free flow of resources and commerce in the Arctic Region. The Navy is prepared to respond to a wide range of challenges and contingencies if necessary in order to maintain stability in the region.

U.S. military forces conduct Freedom of Navigation Operations (FONOPs) to challenge a coastal state's excessive maritime claim in order to preserve the global mobility of U.S. forces. As the Secretary of Defense has said, we will continue to fly, sail, and operate wherever international law allows, including in the Arctic region, to protect the U.S. national security interest in preserving global mobility of U.S. military and civilian vessels.

The Navy currently provides year-round capability and presence in the Arctic primarily through undersea and air assets. Surface ship operations, including FONOPs, would be executed only after specific assessments of the operating environment and application of Operational Risk Management (ORM) principles to account for risk factors including sea ice, wind, ice accumulation on equipment, and impacts to communications and satellite coverage. The Navy would likely partner with the U.S. Coast Guard to leverage their extensive experience in the Arctic region to conduct surface ship operations, including FONOPs.

The Navy's strategy in the Arctic emphasizes low-cost, long-lead time activities, keeping pace with the changing environmental conditions. Although a gradual opening of the Arctic is predicted, the region's frequent harsh weather and sea conditions are significant limiting factors for shipping in the Arctic region.

14. Senator SULLIVAN. Admiral Richardson, when was the last time that the U.S. conducted a FONOP in the Arctic?

Admiral RICHARDSON. The last time the United States challenged excessive maritime claims in the Arctic was in 1964, when U.S. forces conducted oceanographic surveys in areas previously claimed by the former Soviet Union as historic waters. Additionally, the Navy has over six decades of experience operating in the Arctic with our submarine forces. The Navy currently provides year-round capability and presence in the Arctic primarily through undersea and air assets.

15. Senator SULLIVAN. Admiral Richardson, should the U.S. Navy have that capability?

Admiral RICHARDSON. As the Secretary of Defense has said, we will continue to fly, sail, and operate wherever international law allows, including in the Arctic region, to protect the U.S. national security interest in preserving global mobility.

The Navy currently provides year-round capability and presence in the Arctic primarily through undersea and air assets. The Navy also works in close coordination with interagency partners in order to support the National Strategy for the Arctic Region. The Navy would likely partner with the U.S. Coast Guard to leverage their extensive experience in the Arctic region to conduct surface ship operations, including FONOPs.

The Navy is taking a deliberate, measured approach to achieve our strategic objectives in the Arctic, as outlined in our Arctic Roadmap. We will continue to study, assess and make informed decisions on Arctic operating requirements and procedures to keep pace with the changing environmental conditions.

16. Senator SULLIVAN. Admiral Richardson, the U.S. stopped doing surface FONOPs in the SCS for three years, an absence that China capitalized upon to build militarized islands in sovereign seas of other nations. Does the same principle of Freedom of the Seas—and the FONOPs that help preserve it—apply just as much to the Arctic as to the SCS?

Admiral RICHARDSON. Yes, the United States is committed to upholding all the rights, freedoms, and lawful uses of the sea and airspace guaranteed to all nations under international law. As the Secretary of Defense has said, we will continue to fly, sail, and operate wherever international law allows, including in the South China Sea and the Arctic region, to protect the U.S. national security interests in preserving global mobility.

In support of this commitment, U.S. military forces conduct Freedom of Navigation Operations (FONOPs) to challenge coastal States' excessive maritime claims in order to preserve the global mobility of U.S. forces. U.S. military forces execute

FONOPs with respect to a wide range of excessive maritime claims, irrespective of the coastal State asserting those excessive claims.

The United States conducted FONOPs against the excessive maritime claims of various South China Sea claimants in fiscal years 2012 through 2016. FONOPs are reflected in the annual Department of Defense Freedom of Navigation (FON) Reports. The U.S. Navy also maintains a consistent presence in the South China Sea through presence operations.

QUESTIONS SUBMITTED BY SENATOR MAZIE HIRONO

GENERAL FLAG OFFICER REDUCTIONS

17. Senator *Hirono*. General Milley, Admiral Richardson, General Neller, and General Goldfein, both House and Senate-passed versions of the Fiscal Year 2017 National Defense Authorization Act look to reduce the number of General and Flag Officer positions in the services. One version prohibits component commands under combatant commands from being led by an officer in a grade above Lieutenant General or Vice Admiral. What are your thoughts on the proposed reductions in the number of general and flag officers as well as the timeframe provided to implement these changes? Are there possible impacts including those at the second and third levels which could impact readiness and the effectiveness of our military forces? Would you have concerns with an implementation of these reductions and restrictions without the time to adequately study, plan and manage them?

General MILLEY. The proposed reductions in the number of general and flag officers, which would be taken without regard to the mission of each general officer, would diminish the influence and authority the services need to conduct their statutory functions and provide services to the joint force. These actions will also lessen the services' capacity to assist combatant commanders' in shaping the strategic environment, influencing foreign counterparts, and expanding force capacity in response to contingency requirements. Any reduction of general and flag officer grades should be predicated on a thorough analysis of mission requirements and scope of responsibilities to ensure military leadership has the appropriate grade and experience for their scope of responsibility. Implementing the changes on an expedited timeframe would prevent the thorough analysis necessary.

Admiral RICHARDSON. At a time when we are facing a wide array of security challenges in the most complex security environment ever, a dramatic change in our military's leadership structure would introduce instability and adversely affect the Nation's warfighting capabilities. Reductions to the leadership structure should only be done after a more detailed study of the full range of consequences is completed.

As written, the proposed legislation could result in the reduction of the grades of the Commander, U.S. Fleet Forces Command; Commander, U.S. Pacific Fleet; Commander, U.S. Naval Forces Europe/Africa, the Vice Chief of Naval Operations or Naval Reactors. These commands have 4-star leaders because of their wide-ranging spans of responsibility and control; large personnel and budget portfolios; and, to a lesser extent, but important one, their diplomatic roles. Reductions in flag officer ranks need to be carefully weighed against the potentially adverse impacts on foreign military cooperation, diplomatic ties, and mission accomplishment. Any reductions may be viewed by our allies and rivals as a lessening of the Navy's commitment to global maritime security.

General NELLER. The Marine Corps opposes the Senate provision that would reduce the authorized number of Active Marine Corps General Officers (GOs) from 61 to 47 and Reserve Marine Corps GOs in an active status from 10 to 7. We also oppose the timeframe allowed to implement this reduction.

The Marine Corps is our Nation's force in readiness. We require the right leadership structure to support our evolving warfighting role. This reduction would leave critical senior leadership billets unfilled or under filled, negatively impacting the leadership, capabilities, and readiness of the Marine Corps.

The reduction will also impact GO management, causing significant promotion stagnation and a substantial loss of talent that will take decades to recreate. As the Marine Corps is the smallest service with the fewest GOs and lowest leader-to-led ratio, a blanket percentage reduction will be significantly more difficult to absorb without negative impacts to the Corps.

A thorough study of Department of Defense senior military leadership should be undertaken prior to making any reductions, especially in light of current efforts to reduce Senior Executive Service and headquarters-element civilians.

General GOLDFEIN. The 2017 NDAA language regarding general and flag officer reductions is a complex proposal that requires in-depth Department analysis prior

to implementation. The USAF supports DOD's efforts to conduct a detailed review of General and Flag Officer requirements to mitigate arbitrary reductions that would have negative impact on readiness and experience. The USAF also believes that any adjustment to GO authorizations should consider the probable impact to operational capability in terms of both effectiveness and efficiency. Until a detailed Department analysis has been conducted, we cannot say how we would implement the aforementioned changes. It should be noted that the proposed HASC NDAA language prohibiting component commands under combatant commands from being led by an officer in a grade above Lieutenant General or Vice Admiral would eliminate five 4-star general officer positions in the USAF. These positions include the commander of AF Global Strike Command (AFGSC), AF Space Command (AFSPC), Air Mobility Command (AMC), Pacific Air Forces (PACAF), and US Air Forces Europe and US Air Forces Africa (USAFE/AFAFRICOM). These cuts along with other proposed cuts in GO authorizations would have a significant and adverse impact on the experience, readiness, and representational duties of our senior leaders in the areas of air, space, cyberspace, ISR, and nuclear operations. Moreover, it would further erode the assurances we have provided our allies and partners in USAFE and PACAF who rely on our regional leadership.

18. Senator *Hirono*. General Milley, it is important to have a strong and stable presence in the Asia-Pacific region in light of the actions of China in the South China Sea and the unpredictable threats posed by North Korea. The House-passed version of the fiscal year 2017 NDAA prohibits component commands under combatant commands from being led by four-star officers. How would this change affect the forces in US Army Pacific? How would this provision, if enacted, affect our strength and presence in the Pacific? How do you think other countries in the region would interpret the change of the Commanding General of US Army Pacific being reduced from four to three-stars?

General MILLEY. The Commander, U.S. Army Pacific (USARPAC) position was upgraded from a three to four star general in July of 2013 in support of the administration's declared "Rebalance to Asia." At that time, this upgrade was explained as a sign of the U.S. commitment to our allies in Asia and a recognition that a four star general will have more influence in many Asian nations where armies are the predominant Military Service. Because of the emphasis placed on the importance of this upgrade, downgrading that position to a three-star command would signal to our partners and allies in the Asia-Pacific region that the United States is less serious about its commitment. The Asia-Pacific region is a strategic priority given China's demographic growth, expanding economic influence, and modernizing military. Maintaining a four-star commander at USARPAC sends a message to allies and partners in the Asia-Pacific Region that the United States is committed to building and maintaining a robust network of like-minded states that contribute to sustaining the rules-based regional order while deterring those states that seek to reform it. Furthermore, a three star USARPAC Commander would not garner the same level of access to senior government leaders in partnered Pacific countries as does the current four star Commander. The USARPAC Commander is also designated as the theater Joint Force Land Component Commander (JFLCC) for U.S. Pacific Command (PACOM) USARPAC Command, and provides critical mission command capabilities for a full range of combat and non-combat military operations throughout the PACOM Area of Responsibility.

19. Senator *Hirono*. Admiral Richardson, it is important to have a strong and stable presence in the Asia-Pacific region in light of the actions of China in the South China Sea and the unpredictable threats posed by North Korea. The House-passed version of the fiscal year 2017 NDAA prohibits component commands under combatant commands from being led by four-star officers. How would this change affect the Pacific Fleet where about 60 percent of our Navy's ships operate? How would this provision, if enacted, affect our strength and presence in the Pacific? How do you think other countries including allies, friends and potential adversaries in the region would interpret the change of the Commander of the Pacific Fleet being reduced from four to three-stars?

Admiral RICHARDSON. Commander, U.S. Pacific Fleet is responsible for production and consumption of readiness on a vast scale. As the Theater Joint Force Maritime Component Commander to U.S. Pacific Command, the Pacific Fleet Commander leverages a four-star command structure that provides strategic and operational integration, de-confliction, synchronization, and mitigation oversight in an AOR geographically larger, and with higher human population, than the rest of Global Combatant Commander areas of responsibility combined. The Commander oversees complex, and sophisticated operational missions and responses across the region, while

commanding 3-star subordinates (Commanders of Seventh Fleet, Third Fleet, and Fleet Marine Force Pacific) who collectively lead the world's largest expeditionary force and the most capable forward deployed Naval force on earth. The Commander is responsible for U.S. Navy engagements with 36 nations including five nations with whom the US shares mutual defense treaties. Additionally the Pacific Fleet Commander oversees the man, train, and equip responsibilities of three Type Commanders (Commanders of Naval Air Forces, Surface Forces, and Submarine Forces Pacific) as well as the regional responsibilities of Commanders of U.S. Naval forces in Japan, Korea, Singapore, and Guam. With missions, functions and tasks incorporating 140,000 personnel, an annual budget of \$13 billion, and ships, aircraft, equipment and infrastructure valued at over \$500 billion, the U.S Pacific Fleet Commander's range and depth of responsibility is without peer in the United States Navy.

In the case of the Commander, U.S. Pacific Fleet, the reduction of the service component commander pay grade from a four-star Admiral (O-10) to a three-star Vice Admiral (O-9) would undermine the Nation's credibility, reduce our ability to influence world events, increase strategic and operational risk, and weaken the Navy's ability to execute U.S. national security objectives in the Pacific Fleet Area of Responsibility (AOR). Our current Navy rank structure in the Pacific is a direct reflection of the variety, magnitude, and consequence of the challenges faced in this region, combined with the preponderance of the U.S. Navy's combat power located in the region, and culminating in a level of responsibility and required authority far beyond the span of responsibility of a three-star Flag Officer. At its outset, a pay grade reduction would serve to discourage our allies and partners and embolden our potential adversaries with a strong signal that will be interpreted as a retreat from our commitment to America's Rebalance to the Indo-Asia-Pacific, and a withdrawal from our long standing commitment to the region's security, stability, and prosperity.

Overall, Commander, Pacific Fleet has a 4-star leader because of its wide-ranging span of responsibility and control; large personnel and budget portfolios; and, its diplomatic role. Reductions in flag officer ranks need to be carefully weighed against the potentially adverse impacts on foreign military cooperation, diplomatic ties, and mission accomplishment. Any reductions may be viewed by our allies and rivals as a lessening of the Navy's commitment to global maritime security.

In the 71 years since World War II, our allies and partners in the Indo-Asia-Pacific have counted on the U.S. Navy to anchor, with highly capable combat-ready forces, the framework of norms, standards, rules and laws on which their security and prosperity depend. The U.S. Navy requires a four-star Admiral at Pacific Fleet in order to maintain and ensure our Nation's role as the region's preeminent maritime power and leader.

