

**THE IMPACT OF THE BUDGET CONTROL ACT
OF 2011 AND SEQUESTRATION ON NATIONAL
SECURITY**

HEARING
BEFORE THE
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
ONE HUNDRED FOURTEENTH CONGRESS
FIRST SESSION

—————
JANUARY 28, 2015
—————

Printed for the use of the Committee on Armed Services



Available via the World Wide Web: <http://www.fdsys.gov/>

—————
U.S. GOVERNMENT PUBLISHING OFFICE

95-604 PDF

WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON ARMED SERVICES

JOHN McCAIN, Arizona, *Chairman*

JAMES M. INHOFE, Oklahoma	JACK REED, Rhode Island
JEFF SESSIONS, Alabama	BILL NELSON, Florida
ROGER F. WICKER, Mississippi	CLAIRE McCASKILL, Missouri
KELLY AYOTTE, New Hampshire	JOE MANCHIN III, West Virginia
DEB FISCHER, Nebraska	JEANNE SHAHEEN, New Hampshire
TOM COTTON, Arkansas	KIRSTEN E. GILLIBRAND, New York
MIKE ROUNDS, South Dakota	RICHARD BLUMENTHAL, Connecticut
JONI ERNST, Iowa	JOE DONNELLY, Indiana
THOM TILLIS, North Carolina	MAZIE K. HIRONO, Hawaii
DAN SULLIVAN, Alaska	TIM Kaine, Virginia
MIKE LEE, Utah	ANGUS S. KING, JR., Maine
LINDSEY GRAHAM, South Carolina	MARTIN HEINRICH, New Mexico
TED CRUZ, Texas	

CHRISTIAN D. BROSE, *Staff Director*
ELIZABETH L. KING, *Minority Staff Director*

CONTENTS

JANUARY 28, 2015

	Page
THE IMPACT OF THE BUDGET CONTROL ACT OF 2011 AND SEQUESTRATION ON NATIONAL SECURITY	1
Odierno, GEN Raymond T., USA, Chief of Staff of the Army	4
Greenert, ADM Jonathan W., USN, Chief of Naval Operations	13
Welsh, Gen. Mark A., III, USAF, Chief of Staff of the Air Force	21
Dunford, Gen. Joseph F., Jr., USMC, Commandant of the Marine Corps	27
Questions for the Record	77

**THE IMPACT OF THE BUDGET CONTROL ACT
OF 2011 AND SEQUESTRATION ON NA-
TIONAL SECURITY**

WEDNESDAY, JANUARY 28, 2015

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

The committee met, pursuant to notice, at 9:30 a.m. in room SD-106, Dirksen Senate Office Building, Senator John McCain (chairman) presiding.

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

OPENING STATEMENT OF SENATOR JOHN McCAIN, CHAIRMAN

Chairman MCCAIN. The hearing will come to order.

I will ask all spectators who are here to observe the hearing today to observe the courtesy of allowing us to hear from the witnesses and for the hearing to proceed. Of course, if you decide to disrupt the hearing, as you usually do, we will have to pause until you are removed. I do not see what the point is, but I would ask your courtesy to the witnesses and to the committee and to your fellow citizens who are very interested in hearing what our distinguished panelists who have served our country with honor and distinction have to say. I hope you would respect that.

So we will move forward.

The Senate Armed Services Committee meets today to receive testimony on the impacts of the Budget Control Act of 2011 (BCA) and sequestration on U.S. national security. I am grateful to our witnesses not only for appearing before us today but also for their many decades of distinguished service to our country in uniform. I also appreciate their sincere and earnest attempts over many years to warn Congress and the American people of what is happening to their Services, the brave men and women they represent, and our national security if we do not roll back sequestration and return to a strategy-based budget. We look forward to their candid testimony on this subject today.

Such warnings from our senior military and national security leaders have become frustratingly familiar to many of us. Despite an accumulating array of complex threats to our national interests, a number of which arose after our current 2012 strategy was developed and then adjusted in the 2014 Quadrennial Defense Review

(QDR), we are on track now to cut \$1 trillion from America's defense budget by the year 2021.

While the Ryan-Murray budget agreement of 2013 provided some welcome relief from the mindlessness of sequestration, that relief was partial, temporary, and ultimately did little to provide the kind of fiscal certainty that our military needs to plan for the future and make longer-term investments for our national defense, and yet, here we go again. If we in Congress do not act, sequestration will return in full in fiscal year 2016, setting our military on a far more dangerous course.

Why should we do this to ourselves now? Just consider what has happened in the world in just this past year:

Russia launched the first cross-border invasion of another country on the European continent in 7 decades.

A terrorist army with tens of thousands of fighters, the Islamic State of Iraq and Syria (ISIS), has taken over a swath of territory the size of Indiana in the Middle East. We are now on track to having nearly 3,000 U.S. troops back in Iraq, and we are flying hundreds of airstrikes a month against ISIS in Iraq and Syria.

Yemen is on the verge of collapse, as an Iranian-backed insurgency has swept into Sana'a and al Qaeda continues to use the country's ungoverned spaces to plan attacks against the West.

China has increased its aggressive challenge to America and our allies in the Asia-Pacific region where geopolitical tensions and the potential for miscalculations are high.

Of course, just last month, North Korea carried off the most brazen cyberattack ever on U.S. territory.

Let us be clear. If we continue with these arbitrary defense cuts, we will harm our military's ability to keep us safe. Our Army and Marine Corps will be too small. Our Air Force will have too few aircraft, and many of those will be too old. Our Navy will have too few ships. Our soldiers, sailors, airmen, and marines will not get the training or equipment they need. It will become increasingly difficult for them to respond to any of a number of contingencies that could threaten our national interests around the world.

We have heard all of this from our top military commanders before. Yet, there are still those who would say never fear. The sky did not fall under sequester. What a tragically low standard for evaluating the wisdom of Government policy.

The impacts of sequestration will not always be immediate or obvious. But the sky does not need to fall for military readiness to be eroded, for military capabilities to atrophy, or for critical investments in maintaining American military superiority to be delayed, cut, or canceled. These will be the results of sequestration's quiet and cumulative disruptions that are every bit as dangerous for our national security.

I will say candidly that it is deeply frustrating that a hearing of this kind is still necessary. It is frustrating because of what Dr. Ash Carter, President Obama's nominee for Secretary of Defense, said before this committee 2 years ago. I quote Dr. Carter.

"What is particularly tragic is that sequestration is not a result of an economic emergency or a recession. It's not because discretionary spending cuts are the answer to our Nation's fiscal challenge; do the math. It's not in reaction to a change to a more peace-

ful world. It's not due to a breakthrough in military technology or a new strategic insight. It's not because paths of revenue growth and entitlement spending have been explored and exhausted. It's purely the collateral damage of political gridlock."

I would also like to echo what General James Mattis told this committee yesterday: "No foe in the field can wreck such havoc on our security that mindless sequestration is achieving."

America's national defense can no longer be held hostage to domestic political disputes totally separated from the reality of the threats we face. More than 3 years after the passage of the BCA, it is time to put an end to this senseless policy, do away with budget-driven strategy, and return to a strategy-driven budget. Our troops and the Nation they defend deserve no less.

Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman. Thank you for calling this very important hearing and for your very timely and insightful remarks.

I would also like to welcome our witnesses and thank these gentlemen for their extraordinary service to the Nation and to the soldiers, sailors, marines, and airmen that they every day represent and lead. Thank you.

This hearing takes place as the administration and Congress continue to wrestle with two intersecting policy problems and debate on how to solve them.

Because of sequester, we have a strategic problem, which Senator McCain has illustrated very well. Every senior civilian and military leader in the Department of Defense (DOD) has told us that if defense budgets continue to be capped at sequestration levels, we will likely not be able to meet the national defense strategy without an unacceptable level of risk.

As Senator McCain has indicated, we face a variety of new and continuing threats around the world, from the Ukraine to Syrian, to Yemen, and beyond. If we do not address the problem of sequestration, we will severely limit the range of available military options to address these threats and protect our national interests.

For the last 3 years, in numerous rounds of congressional hearings and testimony, our witnesses have described the increased strategic risk and damaging impact of BCA top-line caps and sequestration restrictions on our military readiness, modernization, and the welfare of our servicemembers and their families. I am sure that we will hear a similar message today.

Compromise and difficult choices will be required to provide sequestration relief for DOD and for other critical national priorities, including public safety, infrastructure, health, and education.

Mr. Chairman, I know you are committed to working with our Budget Committee to find a way to work through these challenges, and I am eager to help in this effort. In the meantime, I look forward to the testimony of our witnesses.

Thank you.

Chairman MCCAIN. Thank you, Senator Reed.

Just for a moment, since a quorum is now present, I ask the committee to consider a list of 41 pending military nominations. All of

these nominations have been before the committee the required length of time.

Is there a motion to favorably report these nominations?

Senator REED. So moved.

Chairman MCCAIN. Second?

Senator MANCHIN. Second.

Chairman MCCAIN. All in favor, say aye. [Chorus of ayes.]

The ayes have it.

[The list of nominations considered and approved by the committee follows:]

MILITARY NOMINATIONS PENDING WITH THE SENATE ARMED SERVICES COMMITTEE WHICH ARE PROPOSED FOR THE COMMITTEE'S CONSIDERATION ON JANUARY 28, 2015.

1. In the Air Force, there are 31 appointments to the grade of brigadier general (list begins with Tony D. Bauernfeind) (Reference No. 24).

2. In the Air Force, there is one appointment to the grade of lieutenant colonel (Rodrick A. Koch) (Reference No. 73).

3. In the Air Force, there is one appointment to the grade of lieutenant colonel (James F. Richey) (Reference No. 74).

4. In the Marine Corps, there are three appointments to the grade of lieutenant colonel (list begins with Morris A. Desimone III) (Reference No. 78).

5. In the Marine Corps, there are two appointments to the grade of lieutenant colonel (list begins with Steven P. Hulse) (Reference No. 79).

6. In the Marine Corps, there is one appointment to the grade of lieutenant colonel (Brian L. White) (Reference No. 81).

7. In the Marine Corps, there are two appointments to the grade of lieutenant colonel (list begins with Steven R. Lucas) (Reference No. 83).

Total: 41.

Chairman MCCAIN. Welcome to all of our witnesses, and we will begin with you, General Odierno.

STATEMENT OF GEN RAYMOND T. ODIERNO, USA, CHIEF OF STAFF OF THE ARMY

General ODIERNO. Thank you, Chairman McCain, Ranking Member Reed, other distinguished members of the Senate Armed Services Committee. Thank you for allowing us the opportunity to talk about this important topic today.

As I sit here before you today as sequestration looms in 2016, I am truly concerned about our future and how we are investing in our Nation's defense. I believe this is the most uncertain I have seen the national security environment in my nearly 40 years of service. The amount and velocity of instability continues to increase around the world. The Islamic State in Iraq and the Levant's unforeseen expansion, the rapid disintegration of order in Iraq and Syria have dramatically escalated conflict in the region. Order within Yemen is splintering. The al Qaeda insurgency Shia expansion continues there and the country is quickly approaching a civil war.

In north and west Africa, anarchy, extremism, and terrorism continue to threaten the interest of the United States, as well as our allies and partners.

In Europe, Russia's intervention in the Ukraine challenges the resolve of the European Union and the effectiveness of the North Atlantic Treaty Organization.

Across the Pacific, China's military modernization efforts raise concerns with our allies and our regional interests while the cycle of North Korean provocation continues to increase.

The rate of humanitarian and disaster relief missions, such as the recent threat of Ebola, heightens the level of uncertainty we face around the world, along with constant evolving threats to the homeland.

Despite all of this, we continue to reduce our military capabilities. I would like to remind everyone that over the last 3 years, we have already significantly reduced the capabilities of the U.S. Army and this is before sequestration will begin again in 2016. In the last 3 years, the Army's Active component end strength has been reduced by 80,000, the Reserve component by 18,000. We have 13 less Active component brigade combat teams. We have eliminated three active aviation brigades. We are removing over 800 rotary wing aircraft from the Army inventory. We have already slashed investments in modernization by 25 percent. We have eliminated our much-needed infantry fighting vehicle modernization program, and we have eliminated our Scout helicopter development program. We have significantly delayed other upgrades for many of our systems and aging platforms.

Readiness has been degraded to its lowest level in 20 years. In fiscal year 2013 under sequestration, only 10 percent of our brigade combat teams were ready. Our combat training center rotations for seven brigades were canceled, and almost over a half a billion dollars of maintenance has been deferred, both affecting training and readiness of our units. Even after additional support from the BBA, today we only have 33 percent of our brigades ready to the extent we would expect them to be if asked to fight. Our soldiers have undergone separation boards, forcing us to involuntarily separate quality soldiers, some while serving in combat zones.

Again, this is just a sample of what we have already done before sequestration even kicks in again in 2016. When it returns, we will be forced to reduce another 70,000 out of the Active component, another 35,000 out of the National Guard, another 10,000 out of the Army Reserve. We will cut an additional 10 to 12 brigade combat teams. We will be forced to further reduce modernization and readiness levels over the next 5 years because we simply cannot draw down end strength any quicker to generate the required savings.

The impacts will be much more severe across our acquisition programs, requiring us to end, restructure, or delay every program with an overall modernization investment decrease of 40 percent. Home station training will be severely underfunded, resulting in decreased training levels. Within our institutional support, we will be forced to drop over 5,000 seats from initial military training, 85,000 seats from specialized training, and over 1,000 seats in our pilot training programs. Our soldier and family readiness programs will be weakened, and our investments in installation, training, and readiness facility upgrades will be affected, impacting our long-term readiness strategies.

Therefore, a sustainable readiness will remain out of reach with our individual and unit readiness rapidly deteriorating between 2016 and 2020.

Additionally, overall the mechanism of sequestration has and will continue to reduce our ability to efficiently manage the dollars we, in fact, do have. The system itself has proved to be very ineffi-

cient and increases costs across the board, whether it be in acquisition or training.

So how does all of this translate strategically? It will challenge us to meet even our current level of commitments to our allies and partners around the world. It will eliminate our capability on any scale to conduct simultaneous operations, specifically deterring in one region while defeating in another. Essentially for ground forces, sequestration even puts into question our ability to conduct even one long, prolonged, multi-phased, combined arms campaign against a determined enemy. We would significantly degrade our capability to shape the security environment in multiple regions simultaneously. It puts into question our ability to deter and compel multiple adversaries simultaneously. Ultimately, sequestration limits strategic flexibility and requires us to hope we are able to predict the future with great accuracy, something we have never been able to do.

Our soldiers have done everything that we have asked of them and more over the past 14 years, and they continue to do it today. Today our soldiers are supporting five named operations on six continents with nearly 140,000 soldiers committed, deployed, or forward-stationed in over 140 countries. They remain professional and dedicated to the mission, to the Army, and to the Nation, with the very foundation of our soldiers and our profession being built on trust.

But at what point do we, the institution, and our Nation lose our soldiers? trust to trust that we will provide them the right resources, the training and equipment, to properly prepare them and lead them into harm's way, trust that we will appropriately take care of our soldiers and their families and our civilians who so selflessly sacrifice so much? In the end, it is up to us not to lose that trust. Today they have faith in us, trust in us to give them the tools necessary to do their job. But we must never forget our soldiers will bear the burden of our decisions with their lives.

I love this Army I have been a part of for over 38 years. I want to ensure it remains the greatest land force the world has ever known. To do that, though, it is our shared responsibility to provide our soldiers and our Army with the necessary resources for success. It is our decisions, those that we make today and in the near future, that will impact our soldiers, our Army, and the joint force and our Nation's security posture for the next 10 years. We do not want to return to the days of a hollow Army.

Thank you so much for allowing me to testify today and I look forward to your questions.

[The prepared statement of General Odierno follows:]

PREPARED STATEMENT BY GEN RAYMOND T. ODIERNO, USA

Chairman McCain, Ranking Member Reed, and other distinguished members, thank you for inviting us to speak this morning about the impacts and challenges of sequestration on the military.

I want to begin by thanking each member of the committee for their unwavering support and commitment to U.S. Army soldiers, civilians, and families, particularly while we remain committed around the globe with the specter of strategic uncertainty ever present. The Nation's investment in our Armed Forces over the past decade has proven decisive in ensuring the success of American service men and women to achieve our national security objectives.

For nearly 4 years now, you have charged me with leading our Nation's Army and providing my best military advice. Sequestration is the single greatest barrier to the effectiveness of our Armed Forces—to its Training, Readiness, and Modernization. I assure you that ending sequestration is the most prudent measure we can take for ensuring that our military is able to meet the demands of global security now and in the future. Today, the Army is meeting every mission, just as it always has, but at a long-term cost to our people, our facilities, and our equipment.

CONSEQUENCES OF FISCAL YEAR 2013 SEQUESTRATION

As I have already testified, the abrupt nature of sequestration in fiscal year 2013 has significantly impacted every aspect of the Army, from training to readiness to family programs. Although the Bi-Partisan Budget Act (BBA) gave us some relief from sequestration, the reduced spending levels in fiscal year 2014 and fiscal year 2015 have forced us to reduce our training, jeopardize readiness, defer needed maintenance upgrades, and delay or cancel much-needed procurement programs. Should sequestration or sequester funding levels return in fiscal year 2016, the Army will have to further limit the readiness of forces around the world while slashing Army modernization, extending and postponing maintenance cycles, and standing by as the conditions of our facilities deteriorate.

Fiscal year 2013 sequestration compelled the Army to take drastic measures:

- Combat Training Center (CTC) rotations for seven brigade combat teams (BCT) were cancelled—the equivalent of two divisions—that were not slated to deploy to Afghanistan or serve in the Global Response Force. The seven BCTs funded for collective training at a CTC in preparation for an Afghanistan deployment were trained for the Train and Assist mission required for that theater; they were not prepared for any other contingency operation;
- Approximately \$716 million of fiscal year 2013 equipment reset (maintenance) was deferred into fiscal year 2014 and fiscal year 2015 and contributed to a backlog of 172 aircraft awaiting maintenance;
- The reset of nearly 700 vehicles, almost 2,000 weapons, over 10,000 pieces of communications equipment, Army Prepositioned Stocks and numerous doddier equipment and clothing items was postponed;
- In our aviation program, procurement of a new Armed Aerial Scout helicopter could not be afforded requiring the development of new organizational concepts to mitigate our shortfalls in Aerial Reconnaissance;
- Implementation of the Aviation Restructure Initiative;
- Modernization of our Apache helicopters was delayed from fiscal year 2013 to fiscal year 2014 and fiscal year 2015;
- System upgrades for unmanned aerial vehicles were delayed and cancelled;
- Modernization of Air Defense Command and Control systems were delayed at a time North Korea risks increased in North East Asia;
- New basic research grants in fiscal year 2013 and affected grants at more than 120 universities in 38 States were halved;
- From the end of fiscal year 2013 through fiscal year 2014, boards convened to separate up to 30 percent of the captains from year groups 2006, 2007, and 2008, the majority of whom have served multiple deployments in combat;
- Approximately 197,000 civilian employees were furloughed, 48 percent of whom are Veterans, forcing them to take a 20-percent pay cut for 6 weeks; and
- Base sustainment funds were reduced by \$2 billion, a 70 percent drop from historic levels of funding.

In sum, the Army has adjusted to the realities of sequestration and sequestration level-funding since fiscal year 2013. But despite our expectations, the demands for Army forces have increased rather than decreased around the world. In my 38 years of service, I have never seen a more dynamic and rapidly changing security environment than the one we face now. We no longer live in a world where we have the luxury of time and distance to respond to threats facing our Nation. Instead, we face a diverse range of threats operating across domains and along seams—threats that are rapidly changing and adapting in response to our posture.

SEQUESTRATION IN AN EVOLVING GLOBAL SECURITY ENVIRONMENT

As the Army draws down, we have had to reduce and reorganize our force structure and involuntarily separate quality soldiers, including some while they were serving in a combat zone. In the last 12 months, we reduced the size of the Active component from 532,000 to 503,000, with end strength set to fall to 490,000 in fiscal

year 2015; and then to 450,000. Similarly, the end strength in our Army National Guard is set to fall to 335,000 and the Army Reserve to 195,000. But if sequestration returns, we will need to reduce end strength even further to 420,000 in the Active component by fiscal year 2020; and 315,000 in the National Guard and 185,000 in the Army Reserve, both by fiscal year 2019. Yet, the reality we face is that the demand for Army forces throughout the world is growing while the size of the force is shrinking.

Today, we are increasingly called upon to meet the demands of combatant commanders. We continue to support our partners in Afghanistan. We have returned to Iraq to advise and assist Iraqi Security Forces as they fight the Islamic State of Iraq and the Levant (ISIL). We have deployed forces to Jordan and throughout the Middle East, where terrorism continues to spread and destabilize the region. In West Africa, more than 2,000 soldiers are providing humanitarian assistance to combat the Ebola epidemic, while another 1,000 soldiers are actively engaged in supporting partners as they combat extremism in the Horn of Africa. In Europe, Army forces have been deployed to Poland, Estonia, Latvia, and Lithuania since last spring to counter Russian aggression and assure our European allies. We stand beside these Allies who have recently been shaken by attacks in Paris. Across the Pacific, thousands of Army forces are supporting operations whether in Thailand, the Philippines, or Malaysia; Australia, Indonesia, or Korea. Around the world, we are training alongside allies and partners to help them develop professional and capable armies; and at home we are supporting civil authorities while defending our critical networks against cyber attacks.

With each one of these diverse missions, units rely on tailored teams of experts, logistics capabilities, transportation, intelligence, and communication support to accomplish the mission. In sum, we remain fully engaged with nearly 140,000 soldiers committed, deployed, or forward-stationed conducting 5 named operations on 6 continents in nearly 140 countries, with 9 of our 10 division headquarters employed across the globe. But in spite of the range of threats facing our Nation, sequestration remains the law of land, and we are reducing our capacity and capability.

RETHINKING PAST ASSUMPTIONS

For the past 3 years, we have developed several budget strategies in response to fiscal constraints that we knew we were going to face. In 2012, we worked very hard on drafting strategic guidance within the Pentagon based on the budget prior to sequestration—guidance that was approved by the President and discussed with Congress.

We made some assumptions in that budget that must now be revisited. We assumed we could accept risks in Europe. Now, we face major security issues in Europe ranging from increasing Russian aggression to a rise in soft target attacks by terrorist networks. We made decisions based on the fact that we were coming out of Iraq and Afghanistan and did not anticipate sending people back into Iraq. We made an assumption that although we knew we had a long fight against extremist organizations around the world, we could focus our budget primarily on defeating al Qaeda. We now have emerging extremist networks that are destabilizing regions around the world in ways we did not foresee. Over the last year, we witnessed the growing threat and gruesome toll of ISIL.

We assumed that future conflicts will be short in duration. But the threats we face today cannot be solved quickly. Defeating ISIL will require years of sustained international commitment. Without persistent pressure and focus, groups such as ISIL will continue to ravage populations and undermine regional stability. So we must recognize that the operating environment has changed. It is important to now have a new discussion as we consider the impacts and potential risks of sequestration based on the world we live in and not the one we wish it to be.

With an increase in threats around the world that have rendered some of our planning assumptions optimistic, we must acknowledge that the fiscal year 2016 post-sequestration spending cap, which was set almost 4 years ago, has not kept pace or accounted for an increasingly complex and dangerous world. We are now operating on multiple continents simultaneously. With the velocity of instability increasing around the world, continuing unrest in the Middle East, and the threat of terrorism growing rather than receding—witness the recent tragedies in Paris and Nigeria—now is not the time to be dramatically reducing capability and capacity.

If we are forced to take further endstrength reductions beyond the planned levels in the President's budget due to sequestration, our flexibility deteriorates, as does our ability to react to strategic surprise. We are witnessing firsthand mistaken assumptions about the number, duration, location, and size of future conflicts and the

need to conduct post-stability operations. These miscalculations translate directly into increased military risk.

LONG-TERM IMPACTS OF SEQUESTRATION

A return to sequestration-level funding would require the Army to size and equip the force based on what we can afford, not what we need, increasing the risk that when called to deploy, we will either not have enough soldiers or will send soldiers that are not properly trained and equipped. As I have stated before, if the discretionary cap reductions from sequestration occur, the Army will be at grave risk of being unable to fully execute the Defense Strategic Guidance requirements.

In fiscal year 2014, we operated with almost \$10 billion less in funding than in fiscal year 2012, which is a major reduction. The 2014 budget, with the support of Congress, provided us some relief while enabling us to reinvest in readiness. But in fiscal year 2015, we have significantly less funding than we executed in 2014 and frankly we are going to be challenged to maintain the readiness of our force. Any readiness we do generate in fiscal year 2015 is coming at the expense of our long-term modernization and sustainment. Future reductions devastate the delicate balance between end strength, readiness, and modernization. Although the 2014 Bipartisan Budget Agreement and Overseas Contingency Operations (OCO) funding provided some welcome relief in fiscal year 2014 and fiscal year 2015, sequestration has debilitated readiness and severely reduced modernization and manpower. The Army has in effect mortgaged its future to buy back partial readiness today.

Through fiscal year 2015 to fiscal year 2018, as we draw down and restructure the Army into a smaller force, the Army will have significantly degraded readiness and extensive modernization program shortfalls. The Army will only start to regain balance between end strength, readiness, and modernization in fiscal year 2020, albeit for a much smaller Army—not until fiscal year 2023 do we begin to achieve required readiness and reinvest in modernization programs. Until then, we will have to undertake even more significant reductions in force structure and end strength at the cost of readiness and modernization, which will further frustrate our ability to fully execute the defense strategy.

Force Structure and End Strength

The Army is preparing to drawdown to 980,000 (450,000 Active component, 335,000 Army National Guard, and 195,000 U.S. Army Reserve). But if sequestration returns, Total Army end strength will fall an additional 60,000 to 920,000 (420,000 Active component; 315,000 Army National Guard; 185,000 U.S. Army Reserve). The impacts of these reductions will be spread across the Total Army. These are not cuts we want to make but rather cuts we are compelled to make.

We have already cut 11 BCTs from our force structure, and we will reduce an additional 4 Active component BCTs from the fiscal year 2015 total of 32 (to 28) to achieve a 450,000 Active component force. But, despite operational requirements to support the strategic guidance, a return to sequestration will cut another 2 BCTs (to 26) from the Active component and 2 BCTs (to 24) from the Army National Guard; as well as associated enablers.

The Army has to date worked deliberately to mitigate the impacts of sequestration-level funding on U.S. installations by cutting Europe and Korea-based forces and enlarging U.S.-based BCTs. However, despite efforts to implement these efficiencies, we are now compelled to reduce military and civilian personnel at U.S. installations across the country. We are reducing the size of every headquarters by 25 percent by fiscal year 2019. Duty positions and personnel requirements at every installation will be reduced to mission critical levels only. Across the Army, the impacts will be broad and deep.

The Army released a Supplemental Programmatic Environmental Assessment (SPEA) assessing the impacts of sequestration driving Active component end strength to 420,000 soldiers; it identified 30 installations with the potential to lose 1,000 or more Active component soldiers and Army civilians. These force cuts have severely impacted communities across the United States. The breadth and adverse effects of future force cuts and forced involuntary separations of thousands of soldiers will accelerate under full sequestration each year through fiscal year 2020.

Readiness

To maintain a high level of sustained readiness, it is critical that the Army receive consistent and predictable funding. Sequestration puts the Army on a path of accelerated and much deeper cuts to our forces while debilitating readiness and reducing modernization and manpower. Funding fluctuations force the Army to train and maintain the force in fits and starts, which is cost inefficient and damaging to long-term readiness.

The impacts of continued sequestration will endure for at least a decade. It is going to be the next Chief and the Chiefs after that who must respond to the long-term and hidden impacts of sequestration. Readiness is not something that we can just fund piecemeal—once in a while and year to year. It has to be funded consistently over time. If not, it is fleeting, and it goes away. As we approach 2016, we can't take end strength out any faster without impacting our ability to conduct operations already committed. The Army will only be able to meet priority Global Force Management missions, and must rely on OCO funding to maintain any additional readiness for emergent needs. Under sequestration, sustainment readiness remains extremely reliant on OCO funding to mitigate risk to the program. In fiscal year 2013, the Army deferred \$323.3 million in Depot Maintenance and was only recently funded through the Army's fiscal year 2015 OCO submission. The Army must also accept additional risk by deferring the emplacement of the Southwest Asia Army Prepositioned Stocks (APS) Fires and Sustainment brigades, an important element of the Army's revised APS strategy, for 2 years. The rolling sequestration impacts on readiness thus handcuff our strategic flexibility.

The Bipartisan Budget Act allowed us to buy back some training readiness in 2014 and increased funding for some training support system enabling capabilities. In fiscal year 2014, the Army completed 19 rotations at the CTCs, including 6 rotations for deploying BCTs and 13 decisive action training rotations (12 Active component and 1 Reserve component BCTs). We restored two of four cancelled CTC Rotations. But due to sequestration, the Army cancelled two Reserve component rotations. Comparatively, even though we received some relief from sequestration in fiscal year 2014 and fiscal year 2015, just a third of our BCTs—23 of 66—are trained in their core mission capabilities in Decisive Action and Unified Land Operations. Reducing CTCs erodes the capacity of our formations from conducting Combined Arms Maneuver. CTCs are the culmination of a comprehensive training and readiness cycle for our BCTs, enabling them to deploy worldwide at a moment's notice.

Although the Army attempts to mitigate the impacts on training readiness, we must continue to implement the Contingency Force model of fiscal year 2015 in order to maintain readiness for the 24 of 60 BCTs that will receive sufficient funding to conduct training at CTCs and home station. The remaining 36 BCTs will be limited to minimum Individual/Crew/Squad resourcing levels through sufficient Training Support Systems (TSS). In short, sequestration forces the Army to ration readiness. But regardless of funding levels, we have committed to keeping CTCs a priority. That means our home station training goes unfunded except for brigades going to CTCs.

At the soldier level, Institutional Training will also take a significant reduction that will take years to recover. Already strained, the Army will further reduce Specialized Skill Training by 85,007 seats (65 percent drop) and fund only the most critical courses resulting in 47,659 seats funded out of 199,212 seats (23.9 percent). Furthermore, this causes a training backlog that will take years to reduce, hindering units' abilities to train and negatively affecting unit readiness. Ultimately, this further reduces the Army's ability to meet combatant commander needs for critical capabilities and skills.

Installations across the Army where soldiers train and families live are severely impacted under current law. To contain the impacts of sequester-level funding, we have assumed significant risk within installations by relegating the impacts to installation support. These impacts will be further magnified as we mitigate readiness shortfalls. If sequestration level funding returns in fiscal year 2016, Base Operations Support will be decreased by \$1 billion. No installation will be untouched by the reductions. This reduction will eliminate jobs and contract funding for grounds maintenance, pest control, custodial services, and refuse collection at all garrisons. Family programs, such as child and youth services and MWR services, will have to be reduced or fees increased to absorb this reduction.

The reduced funding levels required by sequestration, should it occur again in fiscal year 2016, would only afford funding for life, health, and safety issues. The costs accumulate and for every year of sequestration level funding, it takes 2–3 years to address facility maintenance backlogs with facility sustainment reduced by over \$750 million. The cuts also reduce funding available for installation security by \$162 million, directly reducing the capability of security forces at all installations worldwide and resulting in a loss of uniformed personnel available for other missions as they assume the critical base security role. Network Services and information assurance will have to be reduced by almost \$400 million. This reduction will decrease the Army's ability to protect itself from cyber attacks across all spectrums. The fact is that traditional efficiency-seeking initiatives are not keeping pace with the decline of spending power in the defense budget.

Modernization

The Army has already undertaken significant cost cutting efforts and reduced personnel and equipment requirements during the first 2 years of sequestration. In the triad of impacts to sequestration, Army modernization suffers the most. Modernization accounts have been reduced by 25 percent and every program affected; maintenance deferred; and the defense industrial base increasingly skeptical about investing in future innovative systems needed to make the force more agile and adaptive.

As part of the balancing process, the Army has already made difficult choices in dropping the Armed Aerial Scout, Unmanned Ground Vehicle upgrades, the Mounted Soldier System, and Ground Combat Vehicle program. Under sequestration, planned upgrades to our current systems, such as UH-60 Blackhawk, Abrams, Bradley, and Stryker would be reduced or slowed (e.g. Stryker DVH upgrades will cease) leaving our soldiers more vulnerable, especially if deploying as part of a smaller force where technology optimizes soldier performance and capabilities. Over 270 acquisitions and modernization programs have already been impacted by sequestration, and more than 137 additional programs may also be affected under continued sequestration.

The Army is unable to protect upgrades and procurement on top of an already depleted capital investments portfolio at sequestration level funding. These modernization disruptions will stop development and production in critical programs that enable a smaller force to accomplish diverse missions. Under sequestration, the Army will have to stop the 4th Double-V Hull Brigade conversion; slow the Patriot system upgrade; halt the procurement of one new MQ-1C Gray Eagle Company and the accelerated fielding of another, both of which are needed to address the increased UAV demand in Syria and Iraq; delay the Aerial Intelligence Surveillance and Reconnaissance 2020 strategy by several years; reduce and extend the active electronically scanned array radar development; and delay development of Radar-on-the-Network for Patriot and Terminal High Altitude Area Defense-integration until fiscal year 2022, which is a vital capability protecting our homeland from missile threats.

In fiscal year 2014, we also continued our Aviation Restructuring Initiative. Our current aviation structure is unaffordable, so the Army's plan avoids \$12.7 billion in costs while sustaining a modern fleet across all components, although there is no funding for an Armed Aerial Scout replacement. We cannot afford to maintain our current aviation structure and sustain modernization while providing trained and ready Aviation units across all three components. Therefore, we are supporting the comprehensive review of our strategy. ARI will ultimately allow us to eliminate obsolete airframes, sustain a modernized fleet, and reduce sustainment costs while maintaining all aviation brigades in the Reserve component.

Modernization enables a smaller, agile, and more expeditionary Army to provide globally responsive and regionally engaged forces demonstrating unambiguous resolve. But sequestration adversely impacts the Army's ability to modernize and field critical capabilities that improve operational readiness of aging equipment. Predictable and consistent funding is required to modernize on the current timeline, meet the evolving threat, and fully execute Defense Strategic Guidance requirements. The cumulative cuts in modernization programs threaten to cede our current overmatch of potential adversaries while increasing future costs to regain or maintain parity if lost.

Army Operating Concept: Win in a Complex World

Even as the Army confronts the many challenges wrought by sequestration, we continue to seek efficiencies while adapting to the complexities of an evolving and unstable security environment. It is imperative that our Army adapts to the future Joint operating environment, one that consists of diverse enemies that employ traditional, unconventional, and hybrid strategies which threaten U.S. security and vital interests. In October of last year, we introduced the new Army Operating Concept, Win in a Complex World. This concept recognizes the changing world around us.

The Army Operating Concept reinforces our five strategic priorities:

1. Develop adaptive Army leaders for a complex world;
2. Build a globally responsive and regionally engaged Army;
3. Provide a ready and modern Army;
4. Strengthen our commitment to our Army profession; and
5. Sustain the premier All-Volunteer Army.

The Army Operating Concept describes the Army's contribution to globally integrated operations. It recognizes the need for Army forces to provide foundational capabilities required by the combat commanders and to synchronize and integrate ef-

fects across land and from land into the air, maritime, space, and cyberspace domains.

The Army Operating Concept ensures that we are prepared to lead Joint, Inter-organizational, and Multinational Teams in complex security environments through a dedicated “Campaign of Learning” under Force 2025 Maneuvers to assess new capabilities, design, and doctrine. This enables expeditionary capabilities and enhances agility. We are assessing key capabilities such as manned-unmanned teaming, operational energy and expeditionary command posts. The Army Operating Concept represents a cost-effective way to enhance readiness, improve interoperability, and modernize the force. It is also a cost-effective way to assess and demonstrate joint and multi-national interoperability and readiness.

We are rethinking how the Army operates to “Win in a Complex World,” and we ask Congress to enable us to adapt to meet what is demanded of us at home and abroad.

CONGRESSIONAL ACTION

As I have detailed above, the impacts of sequestration today and in the near future continue to be bleak. If Congress does not act to mitigate the magnitude and method of the reductions under the sequestration, the Army will be forced to make blunt reductions in end strength, readiness, and modernization. We cannot take the readiness of our force for granted. If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives. It is our shared responsibility to ensure that we never send members of our military into harm’s way who are not trained, equipped, well-led, and ready for any contingency to include war. We must come up with a better solution than sequestration.

As Congress continues to work through the challenges of passing a budget and of confronting sequestration, we ask that you consider the following actions to allow us to deal with these cuts in a cost-effective way that meets strategic demands.

Relief from Sequestration

Relief from sequestration’s immediate impacts has already proven effective, but under current law, there is no flexibility within the budget to adjust to these effects. The fiscal year 2014 Balanced Budget Act resulted in the Army managing the impacts to which I testified in November 2013. Without relief from sequestration, the Army cannot meet defense strategic requirements, and we will be on a path to a hollow Army.

Predictable Funding

Sequestration and continuing resolutions disaggregate Army budgets and make responsible planning almost impossible. Funding fluctuations force the Army to train and maintain the force in fits and starts, which is cost inefficient and damaging to long-term readiness. As a result, things cost more and take longer to get. Modernization efforts are disrupted and training is inefficient. Predictable funding enables the Army to minimize costs by sustaining training across the Total Army at home-station; and by maximizing agility and adaptability at combined arms training exercises, and as part of other joint, multinational exercises.

Support for Cost-Saving Reforms

Sequestration’s debilitating impacts will be compounded if we are denied the flexibility to manage these smaller budgets. The Army has made tough choices and needs congressional support for compensation reform, force restructuring, and a cost-saving Base Realignment and Closure (BRAC).

Compensation Reform

We are extremely grateful for the high quality care and compensation our Nation has shown to our service men and women over the last decade. Military manpower costs remain at historic highs and consume 46 percent of the Army budget. As we go forward, we must develop compensation packages that reduce future costs but at the same time recognize and reward our soldiers and their families for their commitment and sacrifice. If we do not slow the rate of growth of soldier compensation, it will consume a higher, disproportionate percentage of the Army budget.

Force Restructuring

As we move forward, the shaping and restructuring of the Total Army is necessary to ensure we have the right mix of talent and skills to support our Army for the future. These are crucial to us in order to maintain our professional and capable uniformed and civilian workforce.

BRAC

To offset the wide impact of sequestration, the Army supports another round of BRAC in fiscal year 2019. As the Army's end strength, force structure, and funding decline, hundreds of millions of dollars are wasted maintaining underutilized buildings and infrastructure at installations we no longer need. If we do not make the tough decisions necessary to identify inefficiencies and eliminate unused facilities, we will divert scarce resources away from training, readiness, and family programs, and the quality of our installation services will suffer.

CONCLUSION

We are developing a leaner, smaller Army that remains the most highly-trained and professional All-Volunteer land force in the world; one that is uniquely organized with the capability and capacity to provide expeditionary, decisive landpower to the Joint Force, and is ready to perform the range of military operations in support of combatant commanders to defend the Nation and its interests at home and abroad, both today and against emerging threats.

The choices we must make to meet sequestration-level funding are forcing us to reduce our Army to a size and with limited capabilities that I am not comfortable with. If we follow this path to its end, we will find a hollow Army. For those that present the choice as one between capacity and capability, I want to remind them that for the Army, soldiers are our capability. The Army must train and equip soldiers to achieve decisive strategic results on the ground. If the funding dictates a smaller Army, then we must be prepared for both reduced capacity and reduced capability.

If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives. The lack of funding for readiness places the burden of our decisions on the shoulders of our soldiers. I have a great concern about that burden. It is our shared responsibility to ensure that we never send members of our military into harm's way who are not trained, equipped, well-led, and ready for any contingency, to include war.

Today, we have the best Army in the world because we stand on the shoulders of those who came before us. It is our charge, Congress and DOD working together, to ensure that by the end of this decade, we still have the best Army as part of the greatest Joint Force in the world. Thank you for allowing me to testify today and for listening to our concerns.

The strength of our Nation is our Army.

The strength of our Army is our Soldiers.

The strength of our Soldiers is our Families.

This is what makes us Army Strong!

Chairman MCCAIN. Thank you, General.

Admiral Greenert.

**STATEMENT OF ADM JONATHAN W. GREENERT, USN, CHIEF
OF NAVAL OPERATIONS**

Admiral GREENERT. Chairman McCain, Ranking Member Reed, and distinguished members of the committee, thank you for the opportunity to testify about the impact of sequestration on our Navy thus far and the impact of a potential return to that in 2016.

Mr. Chairman, presence remains the mandate of our Navy. We must operate forward where it matters and we need to be ready when it matters. I have provided a chart to show you where it matters around the world to us and where it matters to our combatant commanders that we be.

Now, recent events testify to the value of forward presence. For example, when tasked in August, the USS *George H.W. Bush* strike group relocated from the Arabian Sea to the north Arabian Gulf and was on station within 30 hours ready for combat operations in Iraq and Syria. Navy and Marine strike fighters from the carrier generated 20 to 30 combat sorties per day and for 54 days rep-

resented the only coalition option, strike option, to project power against ISIL.

The United States shipped trucks that arrived in the Black Sea to establish a U.S. presence and reassure our allies within a week after Russia invaded the Crimea.

Over a dozen U.S. ships led by the USS *George Washington* strike group provided disaster relief to the Philippines in the wake of the super typhoon Hayan just about a year ago.

The USS *Fort Worth* and the USS *Sampson* were among the first to support the Indonesian-led search effort for the AirAsia aircraft recovery.

Mr. Chairman, we have been where it matters when it matters with deployed forces.

However, due to sequestration in 2013, our contingency response force—that is what is on call from the United States—is one-third of what it should be and what it needs to be. Sequestration resulted in a \$9 billion shortfall in 2013 below our budget submission. This shortfall degraded fleet readiness and created consequences from which we are still recovering.

The first round of sequestration forced reductions in afloat and shore operations. It generated ship and aircraft maintenance backlogs, and it compelled us to extend unit deployments.

Now, since 2013, our carrier strike groups, our amphibious ready groups, and most of our destroyers have been on deployments lasting 8 to 10 months or longer. This comes at a cost of our sailors' and our families' resiliency. It reduces the performance of the equipment and it will reduce the service lives of our ships.

Navy's fleet readiness will likely not recover from the ship and aircraft maintenance backlogs until about 2018. Now, that is 5 years after the first round of sequestration. This is just a small glimpse of the readiness price that is caused by sequestration.

Although the funding levels provided to us under the Bipartisan Budget Act of 2013—they were \$13 billion above sequestration—those budgets were \$16 billion below the resources we described in our submission as necessary to sustain the Navy. So now to deal with these shortfalls, we slowed—that means we just pushed out—modernization that we had scheduled to be done during this Future Years Defense Plan. We reduced procurement of advanced weapons and aircraft. We delayed upgrades to all but the most critical shore infrastructure.

The end result has been higher risk, particularly in two of the missions that are articulated in our Defense Strategic Guidance. That is our defense strategy, and I also provided a copy of that. It has a synopsis of the 10 missions and what is the impact of sequestration. The missions with the highest risk are those missions requiring us to deter and defeat aggression and the mission to project power despite an anti-access area denial challenge.

Now, a return to sequestration in 2016 would necessitate a revisit and a revision of our defense strategy. We have been saying this for years. That would be a budget-based strategy for sure. We would further delay critical warfighting capabilities, further reduce readiness of contingency response forces, the ones that are only at a one-third level, and perhaps forgo our stretched procurement of ships and submarines and further downsize our munitions.

In terms of warfighting, the sequestered Navy of 2020 would be left in a position where it could not execute those two missions I referred to. We go from high risk to we cannot execute those missions, and we would face higher risk in five additional missions of those 10. So that is 7 out of 10. More detail on the impact, as I just described, is on a handout in front of you and it is outlined in my written statement, which I request be added for the record.

Now, although we can model and we can analyze and we can quantify warfighting impacts, as General Odierno said, what is less easy to quantify is sequestration's impact on people. People underwrite our security. We call them our asymmetric advantage. They are the difference in the Navy for sure between us and even the most technologically advanced navy close to us. We have enjoyed meeting our recruiting goals, and until recently, our retention has been remarkable.

However, the chaotic and indiscriminate excursion of sequestration in 2013—it really left a bitter taste with our sailors, with our civilians, and with our families. The threat of looming sequestration, along with a recovering economy, is a troubling combination to me. We are already seeing disconcerting trends in our retention, particularly our strike fighter pilots, our nuclear trained officers, our SEAL's, cyber warriors, and some of our highly skilled sailors in information technology, our Aegis radar, and our nuclear fields.

These retention symptoms that I just described remind me of the challenges that I had as a junior officer after the Vietnam War period on the downsize, and it reminds me of when I was in command of a submarine in the mid-1990s downsize, periods that took decades to correct. However, the world was more stable then, Mr. Chairman, than it is today, and I would say we cannot create that same circumstance. Sequestration will set us right on that same course that I just described and, frankly, I have been before. As General Odierno said, I do not think we need to go there again.

Now, the shipbuilding and related industrial base also stand to suffer from a sequestered environment. Companies, not necessarily the big primes, but the companies that make the key valves, the key circuit cards, and the things that put us together, make us the great sea power we are might be forced to close their businesses, and it takes a long time to build a ship and longer yet to recover from the losses of these skilled workers or the materials that some of these companies provide. The critical infrastructure in this vital section of our Nation's economy is key to sea power.

So, Mr. Chairman, I understand the pressing need for our Nation to get the fiscal house in order. I do. It is imperative we do so, I say, in a thoughtful and a deliberate manner to ensure we retain the trust of our people—we have to retain that trust—and to sustain the appropriate warfighting capability for your Navy, the forward presence, and its readiness. So unless naval forces are properly sized, modernized at the right pace with regard to the adversaries that we might have, ready to deploy with adequate training and equipment, and capable to respond in the numbers and at the speed required by the combatant commanders, they will not be able to answer the call.

I look forward to working with this committee, with Congress to find the solutions that will ensure that our Navy retains the ability

to organize, to train, and to equip our great sailors and marines and soldiers and airmen and Coast Guardsmen in defense of this Nation. Thank you.

[The prepared statement of Admiral Greenert follows:]

PREPARED STATEMENT BY ADM JONATHAN GREENERT, USN

Chairman McCain, Senator Reed, distinguished members of the committee, thank you for the opportunity to testify about the effects of sequestration on our Navy to date and the potential impacts of reverting back to the sequestration-level discretionary caps imposed by the Budget Control Act of 2011 (BCA) in fiscal year 2016.

In this statement, I will describe the lingering consequences of sequestration in 2013, the current situation resulting from the Bipartisan Budget Act of 2013 (BBA), and specific impacts to readiness and modernization should we revert back to the sequestration-levels in fiscal year 2016. I will also assess specific mission risks and critical assumptions I use to base my assessments.

CONTINUING IMPACT OF SEQUESTRATION IN FISCAL YEAR 2013

Sequestration in fiscal year 2013 resulted in a \$9 billion shortfall in Navy's budget, as compared to the President budget for 2013 submission. This instance of sequestration was not just a disruption, it created readiness consequences from which we are still recovering, particularly in ship and aircraft maintenance, fleet response capacity, and excessive carrier strike group (CSG) and amphibious ready group (ARG) deployment lengths. As I testified before this committee in November 2013, the continuing resolution and sequestration reductions in fiscal year 2013 compelled us to reduce both afloat and ashore operations, which created ship and aircraft maintenance and training backlogs. To budget for the procurement of ships and aircraft appropriated in fiscal year 2013, Navy was compelled to defer some purchases to future years and use prior-year investment balances to mitigate impacts to programs in fiscal year 2013 execution. The most visible impacts occurred in Operations and Maintenance funded activities. Specific impacts to Navy programs:

- Cancelled five ship deployments;
- Delayed deployment of USS *Harry S. Truman* strike group by 6 months;
- Inactivated, instead of repaired, USS *Miami*;
- Reduced facilities restoration and modernization by about 30 percent (to about 57 percent of the requirement);
- Reduced base operations, including port and airfield operations, by about 8 percent (to about 90 percent of the requirement);
- Furloughed civilian employees for 6 days, which, combined with a hiring freeze and no overtime, reduced our maintenance and sustainment output through lost production and support from logisticians, comptrollers, engineers, contracting officers, and planners; and
- Cancelled fleet engagements and most port visits, except for deployed ships.

While the Navy was able to reprioritize within available resources to continue to operate in fiscal year 2013, this is not a sustainable course for future budgets. The actions we took in 2013 to mitigate sequestration only served to transfer bills amounting to over \$2 billion to future years for many procurement programs—those carryover bills were addressed in Navy's fiscal year 2014 and fiscal year 2015 budgets. If we were sequestered again, we would be forced to degrade current and future fleet readiness since sources available to mitigate in fiscal year 2013 are no longer available.

Shortfalls caused by the fiscal year 2013 sequestration remain in a number of areas and the Navy is still working to recover from them. For example, we have not yet recovered from shipyard maintenance backlogs. We are working through shipyard personnel capacity issues to determine when ships can be fit back into the maintenance cycle and are balancing that against operational demands on the ships to ensure we meet the global force management requirement for combatant commands. The result of maintenance and training backlogs has meant delayed preparation for deployments, forcing us, in turn, to extend the deployments of those units already on deployment. Since 2013, our ships have deployed beyond the traditional 6-month deployment—many CSGs, ARGs, and destroyers (DDG) reaching 8–9 months or longer. This comes at a cost to the resiliency of our people, sustainability of our equipment, and service lives of our ships.

Maintenance and training backlogs have also reduced Navy's ability to maintain required forces for contingency response to meet combatant command operational

plan requirements. Although the requirement calls, on average, for three additional CSGs and three additional ARGs to deploy within 30 days for a major crisis, Navy has only been able to maintain an average of one group each in this readiness posture. Root causes can be traced to the high operational tempo of the fleet, longer than expected shipyard availabilities, and retirements of experienced shipyard workers, but the fiscal year 2013 sequestration exacerbated the depth of this problem and interfered with our efforts to recover.

With a stable budget and no major contingencies for the foreseeable future, I estimate that we will recover from the maintenance backlogs that have accumulated from the high operational tempo over the last decade of war and the additional effects of sequestration by approximately 2018, 5 years after the first round of sequestration. This is a small glimpse of the readiness “price” of sequestration.

CURRENT SITUATION

The President’s budget for fiscal year 2014 (PB–2014) was the last budget submission to fully meet all the missions of the Defense Strategic Guidance (DSG). The DSG and Quadrennial Defense Review are the foundation of our current planning, programming, and budgeting. Congress’ passage of the BBA averted about \$9 billion of an estimated \$14 billion reduction we would have faced under sequestration. It enabled us to fund all planned ship and aircraft procurement in fiscal year 2014, but cumulatively the shortfalls increased risk in Navy’s ability to execute DSG missions. The BBA still left a \$5 billion shortfall below the PB–2014 submission in our investment, operations and maintenance accounts. The shortage in funding compelled us to reduce procurement of weapons (many missile types) and aircraft spare parts, defer asymmetric research and development projects, cancel repair and maintenance projects for facilities ashore, and defer procurement of maintenance/material support equipment for the fleet.

The recent passage of the National Defense Authorization Act for Fiscal Year 2015 and Consolidated and Further Continuing Appropriations Act averted about \$4 billion of the estimated \$15 billion reduction that Navy would have faced under sequestration; an \$11 billion shortfall remains (as compared to PB–2014). We are again able to fund all planned ship and aircraft procurement in fiscal year 2015. This enabled us to continue the refueling and complex overhaul of the USS *George Washington* (CVN 73). This carrier and her associated air wing are critical to maintaining power projection, presence and contingency response capacity. Having the additional global presence resident in this carrier and air wing will decrease the demand placed on the remaining carrier fleet, thus reducing the operating tempo impact on the ship, aircraft, and their crews.

Navy balanced its portfolio to mitigate the \$11 billion shortfall by making choices between capability, capacity, cost, and risk. We were compelled to further reduce the capacity of weapons and aircraft, slow modernization, and delay upgrades to all but the most critical shore infrastructure. As I described in my testimony to this committee in March 2014, the fiscal year 2015 budget represented another iterative reduction from the resources we indicated were necessary to fully resource the DSG missions, making Navy less ready to successfully Deter and Defeat Aggression and Project Power Despite Anti-Access/Area Denial (A2/AD) Challenges. Continuing along this budget trajectory means by 2020 (the DSG benchmark year), Navy will have insufficient contingency response capacity to execute large-scale operations in one region, while simultaneously deterring another adversary’s aggression elsewhere. Also, we will lose our advantage over adversaries in key warfighting areas such as Anti-Surface Warfare, Anti-submarine Warfare, Air-to-Air Warfare, and Integrated Air and Missile Defense.

RETURN TO SEQUESTRATION STARTING IN FISCAL YEAR 2016

A return to sequestration in fiscal year 2016 would necessitate a revisit and revision of the DSG. Required cuts will force us to further delay critical warfighting capabilities, reduce readiness of forces needed for contingency response, forego or stretch procurement of ships and submarines, and further downsize weapons capacity. We will be unable to mitigate the shortfalls like we did in fiscal year 2013 because prior-year investment balances were depleted under fiscal year 2013 sequestration.

The revised discretionary caps imposed by sequestration would be a reduction of about \$10 billion in our fiscal year 2016 budget alone, as compared to PB–2015. From fiscal year 2016–2020, the reduction would amount to approximately \$36 billion. If forced to budget at this level, it would reduce every appropriation, inducing deep cuts to Navy Operation and Maintenance, investment, and modernization accounts. The Research, Development, Test, and Evaluation accounts would likely ex-

perience a significant decline across the Future Years Defense Program (FYDP), severely curtailing the Navy's ability to develop new technologies and asymmetric capabilities.

As I testified to this committee in November 2013, any scenario to address the fiscal constraints of the revised discretionary caps must include sufficient readiness, capability, and manpower to complement the force structure capacity of ships and aircraft. This balance would need to be maintained to ensure each unit will be effective, even if the overall fleet is not able to execute the DSG. There are many ways to balance between force structure, readiness, capability, and manpower, but none that Navy has calculated that enable us to confidently execute the current defense strategy within dictated budget constraints.

As detailed in the Department of Defense's April 2014 report, "Estimated Impacts of Sequestration-Level Funding," one potential fiscal and programmatic scenario would result in a Navy of 2020 that would be unable to execute 2 of the 10 DSG missions due to the compounding effects of sequestration on top of pre-existing fiscal year 2013, 2014, and 2015 resource constraints. Specifically, the cuts would render us unable to sufficiently Project Power Despite Anti-Access/Area Denial Challenges and unable to Deter and Defeat Aggression. In addition, we would be forced to accept higher risk in five other DSG missions: Counterterrorism and Irregular Warfare; Defend the Homeland and Provide Support to Civil Authorities; Provide a Stabilizing Presence; Conduct Stability and Counterinsurgency Operations; and Conduct Humanitarian, Disaster Relief, and Other Operations. (Table 1 provides more detail on mission risks.) In short, a return to sequestration in fiscal year 2016 will require a revision of our defense strategy.

Critical assumptions I have used to base my assessments and calculate risk:

- Navy must maintain a credible, modern, and survivable sea-based strategic deterrent;
- Navy must man its units;
- Units that deploy must be ready;
- People must be given adequate training and support services;
- Readiness for deployed forces is a higher priority than contingency response forces;
- Capability must be protected, even at the expense of some capacity;
- Modernized and asymmetric capabilities (advanced weapons, cyber, electronic warfare) are essential to projecting power against evolving, sophisticated adversaries; and
- The maritime industrial base is fragile—damage can be long-lasting, hard to reverse.

The primary benchmarks I use to gauge Navy capability and capacity are DOD Global Force Management Allocation Plan presence requirements, Combatant Commander Operation and Contingency Plans, and Defense Planning Guidance Scenarios. Navy's ability to execute DSG missions is assessed based on capabilities and capacity resident in the force in 2020.

The following section describes specific sequestration impacts to presence and readiness, force structure investments, and personnel under this fiscal and programmatic scenario:

Presence and Readiness

A return to sequestration would reduce our ability to deploy forces on the timeline required by global combatant commands in the event of a contingency. Of the Navy's current battle force, we maintain roughly 100 ships forward deployed, or one-third of our entire Navy. Included among the 100 ships are 2 CSG and 2 ARG forward at all times. CSGs and ARGs deliver a significant portion of our striking power, and we are committed to keeping, on average, three additional CSGs and three additional ARGs in a contingency response status, ready to deploy within 30 days to meet operation plans (OPLANs). However, if sequestered, we will prioritize the readiness of forces forward deployed at the expense of those in a contingency response status. We cannot do both. We will only be able to provide a response force of one CSG and one ARG. Our current OPLANs require a significantly more ready force than this reduced surge capacity could provide, because they are predicated on our ability to respond rapidly. Less contingency response capacity can mean higher casualties as wars are prolonged by the slow arrival of naval forces into a combat zone. Without the ability to respond rapidly enough, our forces could arrive too late to affect the outcome of a fight.

Our PB-2015 base budget funded ship and aviation depot maintenance to about 80 percent of the requirement in fiscal years 2016-2019. This is insufficient in maintaining the Fleet and has forced us to rely upon Overseas Contingency Operations funding to address the shortfall. Sequestration would further aggravate exist-

ing Navy backlogs. The impacts of these growing backlogs may not be immediately apparent, but will result in greater funding needs in the future to make up for the shortfalls each year and potentially more material casualty reports, impacting operations. For aviation depot maintenance, the growing backlog will result in more aircraft awaiting maintenance and fewer operational aircraft on the flight line, which would create untenable scenarios in which squadrons would only get their full complement of aircraft just prior to deployment. The situation will lead to less proficient aircrews, decreased combat effectiveness of naval air forces, and increased potential for flight and ground mishaps.

Critical to mission success, our shore infrastructure provides the platforms from which our sailors train and prepare. However, due the shortfalls over the last 3 years, we have been compelled to reduce funding in shore readiness since fiscal year 2013 to preserve the operational readiness of our fleet. As a result, many of our shore facilities are degrading. At sequestration levels, this risk will be exacerbated and the condition of our shore infrastructure, including piers, runways, and mission-critical facilities, will further erode. This situation may lead to structural damage to our ships while pierside, aircraft damage from foreign object ingestion on deteriorated runways, and degraded communications within command centers. We run a greater risk of mishaps, serious injury, or health hazards to personnel.

Force Structure Investments

We must ensure that the Navy has the required capabilities to be effective, even if we cannot afford them in sufficient capacity to meet the DSG. The military requirements laid out in the DSG are benchmarked to the year 2020, but I am responsible for building and maintaining capabilities now for the Navy of the future. While sequestration causes significant near-term impacts, it would also create serious problems that would manifest themselves after 2020 and would be difficult to recover from.

In the near term, the magnitude of the sequester cuts would compel us to consider reducing major maritime and air acquisition programs; delaying asymmetric capabilities such as advanced jammers, sensors, and weapons; further reducing weapons procurement of missiles, torpedoes, and bombs; and further deferring shore infrastructure maintenance and upgrades. Because of its irreversibility, force structure cuts represent options of last resort for the Navy. We would look elsewhere to absorb sequestration shortfalls to the greatest extent possible.

Disruptions in naval ship design and construction plans are significant because of the long-lead time, specialized skills, and extent of integration needed to build military ships. Because ship construction can span up to 9 years, program procurement cancelled in fiscal year 2016 will not be felt by the combatant commanders until several years later when the size of the battle force begins to shrink as those ships are not delivered to the fleet at the planned time. Likewise, cancelled procurement in fiscal year 2016 will likely cause some suppliers and vendors of our shipbuilding industrial base to close their businesses. This skilled, experienced, and innovative workforce cannot be easily replaced and it could take years to recover from layoffs and shutdowns; and even longer if critical infrastructure is lost. Stability and predictability are critical to the health and sustainment of this vital sector of our Nation's industrial capacity.

Personnel

In fiscal year 2013 and 2014, the President exempted all military personnel accounts from sequestration out of national interest to safeguard the resources necessary to compensate the men and women serving to defend our Nation and to maintain the force levels required for national security. It was recognized that this action triggered a higher reduction in non-military personnel accounts. If the President again exempts military personnel accounts from sequestration in fiscal year 2016, then personnel compensation would continue to be protected. Overall, the Navy would protect personnel programs to the extent possible in order to retain the best people. As I testified in March 2014, quality of life is a critical component of the quality of service that we provide to our sailors. Our sailors are our most important asset and we must invest appropriately to keep a high caliber All-Volunteer Force. We will continue to fund sailor support, family readiness, and education programs. While there may be some reductions to these programs if sequestered in fiscal year 2016, I anticipate the reductions to be relatively small. However, as before, this would necessitate higher reductions to the other Navy accounts.

CONCLUSION

Navy is still recovering from the fiscal year 2013 sequestration in terms of maintenance, training, and deployment lengths. Only one-third of Navy contingency re-

sponse forces are ready to deploy within the required 30 days. With stable and consistent budgets, recovery is possible in 2018. However, if sequestered, we will not recover within this FYDP.

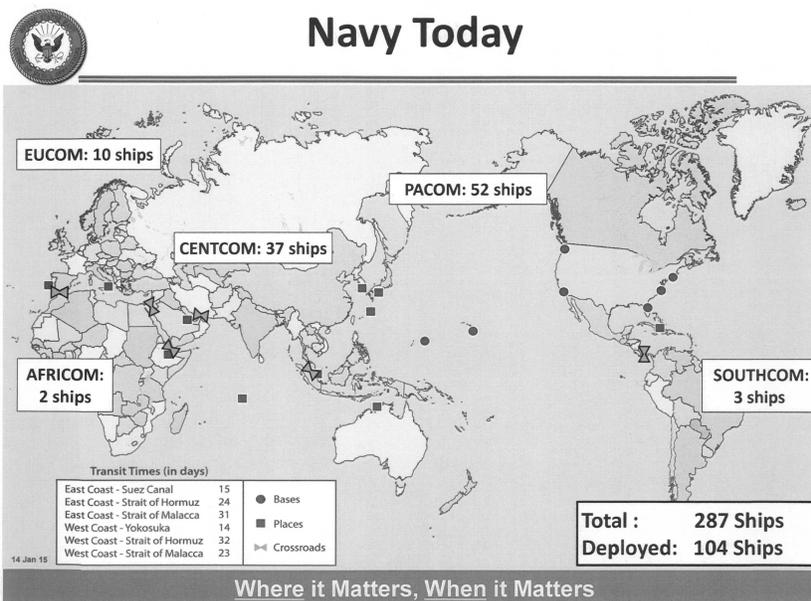
For the last 3 years, the Navy has been operating under reduced top-lines and significant shortfalls: \$9 billion in fiscal year 2013, \$5 billion in fiscal year 2014, and \$11 billion in fiscal year 2015, for a total shortfall of about \$25 billion less than the President’s budget request. Reverting to revised sequester-level BCA caps would constitute an additional \$5–\$10 billion decrement each year to Navy’s budget. With each year of sequestration, the loss of force structure, readiness, and future investments would cause our options to become increasingly constrained and drastic. The Navy already shrank 23 ships and 63,000 personnel between 2002 and 2012. It has few options left to find more efficiencies.

While Navy will do its part to help the Nation get its fiscal house in order, it is imperative we do so in a coherent and thoughtful manner to ensure appropriate readiness, warfighting capability, and forward presence—the attributes we depend upon for our Navy. Unless naval forces are properly sized, modernized at the right pace, ready to deploy with adequate training and equipment, and capable to respond in the numbers and at the speed required by combatant commanders, they will not be able to carry out the Nation’s defense strategy as written. We will be compelled to go to fewer places, and do fewer things. Most importantly, when facing major contingencies, our ability to fight and win will neither be quick nor decisive.

Unless this Nation envisions a significantly diminished global security role for its military, we must address the growing mismatch in ends, ways, and means. The world is becoming more complex, uncertain, and turbulent. Our adversaries’ capabilities are diversifying and expanding. Naval forces are more important than ever in building global security, projecting power, deterring foes, and rapidly responding to crises that affect our national security. A return to sequestration would seriously weaken the U.S. Navy’s ability to contribute to U.S. and global security.

Quadrennial Defense Review Objectives	Defense Strategic Guidance Missions	Navy Ability to Execute
Project Power and Win Decisively	Project power against a technologically capable adversary	Major challenges to achieve warfighting objectives in denied areas: <ul style="list-style-type: none"> • Inadequate power projection capacity • Too few strike fighter, command/control, electronic warfare assets • Limited advanced radar and missile capacity • Insufficient munitions
	Execute large-scale ops in one region, deter another adversary's aggression elsewhere	Limited ready capacity to execute two simultaneous large scale ops: <ul style="list-style-type: none"> • 2/3 of required contingency response force (2 of 3 Carrier Strike Groups and 2 of 3 Amphibious Readiness Groups) not ready to deploy within 30 days
	Conduct limited counterinsurgency and other stability operations	Increased risk due to: <ul style="list-style-type: none"> • Reduced funding to Navy Expeditionary Combat Command • Reduced ISR capacity (especially tactical rotary wing drones)
	Operate effectively in space and cyber space	This mission is fully executable in a sequestered environment <ul style="list-style-type: none"> • Navy continues to prioritize cyber capabilities
Protect the Homeland	Conduct globally-distributed counter terrorism and irregular warfare operations	Increased risk due to: <ul style="list-style-type: none"> • Fewer sea base options and less ISR capacity (drones) • Reduced funding to Navy Expeditionary Combat Command
	Conduct humanitarian assistance and disaster relief	Increased risk due to: <ul style="list-style-type: none"> • Reduction in operations, maintenance, and flying hour accounts
	Defend the Homeland and provide support to civil authorities	Increased risk due to: <ul style="list-style-type: none"> • Reduction in operations, maintenance, and flying hour accounts
	Maintain a safe, secure, effective nuclear deterrent	This mission is fully executable in a sequestered environment <ul style="list-style-type: none"> • Navy's top budget priority in any fiscal scenario
	Prevent the proliferation and use of nuclear, biological, and chemical weapons	This mission is fully executable in a sequestered environment
Build Security Globally	Provide a stabilizing presence to influence events, reassure allies, and respond to crises	Increased risk due to: <ul style="list-style-type: none"> • Less ships forward • Decline of steady state presence & contingency response forces

Table 1: Mission Impacts to a Sequestered Navy



Chairman MCCAIN. Thank you.
General Welsh.

STATEMENT OF GEN. MARK A. WELSH III, USAF, CHIEF OF STAFF OF THE AIR FORCE

General WELSH. Thank you, Mr. Chairman, Ranking Member Reed, and members of the committee. It is always an honor to be here. It is a special honor to sit before you today with three people I consider to be friends and mentors and literally heroes.

My pride in our Air Force and the airmen who give it life has not changed since the last time I appeared before you, but what has changed is that we are now the smallest Air Force that we have ever been.

Chairman MCCAIN. Repeat that again. Repeat that. We are now the smallest Air Force—

General WELSH. We are now the smallest Air Force we have ever been, Mr. Chairman.

When we deployed to Operation Desert Storm in 1990, the Air Force had 188 fighter squadrons. Today we have 54 and we are headed to 49 in the next couple of years. In 1990, there were 511,000 active duty airmen alone. Today we have 200,000 fewer than that. As those numbers came down, the operational tempo went up. Your Air Force is fully engaged. All the excess capacity is gone and now, more than ever, we need a capable, fully ready force. We simply do not have a bench to go to, and we cannot continue to cut force structure, as we have been doing for the last few years, to pay the cost of readiness and modernization or we will risk being too small to succeed in the tasks we have already been given.

But BCA level funding will force us to do exactly that. We will have to consider divestiture of things like the KC-10 fleet, the U-2 fleet, the Global Hawk block 40 fleet, and portions of our airborne command and control fleet. We would also have to consider reducing our MQ-1 and MQ-9 fleet by up to 10 orbits. The real-world impact of those choices on current U.S. military operations would be significant. In the intelligence, surveillance, and reconnaissance (ISR) mission area alone, 50 percent of the high altitude ISR missions being flown today would no longer be available. Commanders would lose 30 percent of their ability to collect intelligence and targeting data against moving vehicles on the battlefield, and we would lose a medium altitude ISR force, the size of the one doing such great work in Iraq and Syria today. The Air Force would be even smaller and less able to do the things that we are routinely expected to do.

I would like to say that that smaller Air Force would be more ready than it has ever been, but that is not the case, 24 years of combat operations have taken a toll. In fiscal year 2014 and 2015, we used the short-term funding relief of the Balanced Budget Act to target individual and unit readiness and the readiness of our combat squadrons has improved over the past year. Today just under 50 percent of those units are fully combat-ready—under 50 percent. Sequestration would reverse that trend instantly. Just like in fiscal year 2013, squadrons would be grounded. Readiness rates would plummet. Red and green flag training exercises would have to be canceled. Weapon school classes would be limited, and our aircrew members' frustration and their families' frustration will rise again just as the major airlines begin a hiring push expected to target 20,000 pilots over the next 10 years.

We also have a broader readiness issue in that the infrastructure that produces combat capability over time, things like training ranges, test ranges, space launch infrastructure, simulation infrastructure, nuclear infrastructure, have all been intentionally underfunded over the last few years to focus spending on individual and unit readiness. That bill is now due. But BCA caps will make it impossible to pay. The casualty will be Air Force readiness and capability well into the future.

I would also like to tell you that your smaller Air Force is younger and fresher than it has ever been, but would not be true either. Our smaller aircraft fleet is also older than it has ever been. If World War II's venerable B-17 bomber had flown in the first Gulf War, it would have been younger than the B-52, the KC-135, and the U-2 are today. We currently have 12 fleets—12 fleets—of airplanes that qualify for antique license plates in the State of Virginia. We must modernize our Air Force. We want to work with you to do it within our top line. It certainly will not be easy and it will require accepting prudent operational risk in some mission areas for a time.

But the option of not modernizing really is not an option at all. Air forces that fall behind technology fail, and joint forces that do not have the breadth of the airspace and cyber capabilities that comprise modern air power will lose.

Speaking of winning and losing, at the BCA funding levels, the Air Force will no longer be able to meet the operational require-

ments of the Defense Strategic Guidance. We will not be able to simultaneously defeat an adversary, deny a second adversary, and defend the homeland. I do not think that is good for America no matter what angle you look at it from.

We do need your help to be ready for today's fight and still able to win in 2025 and beyond. I believe our airmen deserve it. I think our joint team needs it, and I certainly believe that our Nation still expects that of us.

I would like to offer my personal thanks to the members of this committee for your dedicated support of airmen and their families. I look forward to your questions.

[The prepared statement of General Welsh follows:]

PREPARED STATEMENT BY GEN. MARK A. WELSH III, USAF

Chairman McCain, Ranking Member Reed, and members of the committee, it is an honor to appear before you. Thank you for your continued support of our Air Force, our airmen, and their families.

In November 2013, I spoke to this committee about sequestration and asked that you:

“... pass funding bills that give us stability, both in the near term and the long term. If not, we'll have these same conversations year after year. Help us be ready now ... and still able to win in 2023. Let us focus on combat capability, on our five core missions, and on global vigilance, global reach, and global power for America. Our airmen deserve it, our joint team needs it, and our Nation expects it.”

My pride in our airmen and the remarkable way they accomplish our five core missions of: (1) air and space superiority; (2) intelligence, surveillance, and reconnaissance (ISR); (3) rapid global mobility; (4) global strike; and (5) command and control has not changed since my last testimony. Nor has my plea to this committee for the leadership, resources, funding stability, and decision flexibility required to keep America's Air Force formidable.

What have changed are the global operational environment and the demand signals created for the Air Force and other Services; the level of effort in Iraq and Syria that is much greater than planned; the continuing requirement for Air Force support in Afghanistan; a resurgent and aggressive Russia and the need for U.S. military presence to assure allies and deter further aggression; an unraveling Libya and Yemen; an increase in counterterrorism activity on the African continent; an increasing domestic terrorism concern that has already manifested itself in Europe; and technological advances by both Russia and China that could dramatically narrow capability gaps between our Air Force and any air force using their new systems.

Sequestration imposed sudden and significant budget cuts and restrictions without any reduction in operational requirements while we were still fully engaged in combat operations. Since sequestration took effect, Air Force operations have not slowed down.

AIR FORCE OPERATIONS IN 2014

In calendar year 2014, our combat air forces flew 19,959 close air support sorties in Operations Enduring Freedom and Inherent Resolve. In support of U.S. Central Command alone, airmen flew 35,163 intelligence, surveillance, and reconnaissance (ISR) missions, identified 1,700 improvised explosive devices, helped remove over 700 high value enemy combatants from the battlefield, responded to 1,500 troops-in-contact events, disseminated 18 million images, analyzed 4 million signals intelligence reports, and collected more than 1.6 million hours of full motion video. Over the last 7 months, 24 percent of those ISR missions directly supported Operation Inherent Resolve against the Islamic State.

While Syria, Iraq, and Afghanistan dominated the headlines, airmen never took their eyes off the rest of the globe. Since June, they've conducted 1,518 ISR missions in support of other combatant commands. Airmen launched 25 space missions, 9 of which were National Security Space missions. Their hard work this year brought the total number of consecutive successful Evolved Expendable Launch Vehicle space launches to 79. Air Mobility airmen flew 79,445 airlift sorties supporting operations on every continent. As the linchpin to the U.S. military's ability to rapidly

project power, Air Force tanker crews flew 29,892 sorties worldwide and offloaded over 172 million gallons of fuel to joint and coalition air forces. Aeromedical evacuation crews airlifted 6,075 wounded soldiers, sailors, airmen, marines, and injured civilians around the globe.

IMPACT OF SEQUESTRATION

Many of the accomplishments of our airmen in 2014 would not have been possible at sequestered levels of funding. As you will remember, when sequestration took effect in 2013 we grounded 31 flying squadrons (including 13 combat-coded squadrons), furloughed most of our 180,000 civilian airmen, and made deep cuts to flying hours, weapon system sustainment, facility sustainment, training, and equipment. Our facilities and base infrastructure suffered, and we faced a \$12 billion back-log in much needed facility maintenance. We deferred maintenance, repair, and upgrades to our operational training ranges and decreased their ability to support high-end combat training. Sequestration caused months of aircraft maintenance backlog and reduced advanced pilot training, things that can only be corrected with time and additional resources. We deferred critical long-term investment in nuclear infrastructure, black and white world test infrastructure, and space launch infrastructure.

The Bipartisan Budget Act (BBA), the limited, short-term budget relief that Congress provided for fiscal years 2014 and 2015, started the long process of readiness recovery after more than 20 years of overseas combat engagement. BBA did two things for us: first, it removed the threat of sequestration for those fiscal years which would have resulted in immediate across the board reductions, where we had no ability to prioritize the reductions based on mission needs. Second, the BBA provided funding levels higher than sequestration levels, although it still left us with difficult choices to make. Because of BBA, we began to recover Airmen's individual readiness for the full spectrum of missions we provide the joint force; started to regain ground on aircraft and facility maintenance; invested in our nuclear Force Improvement Program; increased funding in our training ranges; and sustained our priority investments in the F-35, the KC-46, and the Long-Range Strike Bomber; three programs that will be essential to joint mission success in 2025 and beyond. It was not enough, but it was a start. A return to sequestered levels of funding in fiscal year 2016 will reverse any progress we made in addressing our infrastructure and facility maintenance and exacerbate our problems with readiness and modernization. It will also make it impossible for us to meet the operational requirements of the Defense Strategic Guidance.

IMPACT TO READINESS

Nuclear

Air Force nuclear forces remain safe, secure, and effective, but only sustained, significant investment in our nuclear infrastructure will prevent long-term readiness problems. The Air Force has investment plans for facilities and large military construction programs to address findings from the recent Nuclear Enterprise Reviews. All require resources over time to realize. Those resources will not be available at sequestered funding levels. Sequestration level funding would leave all nuclear enterprise military construction projects unfunded except a \$95 million Weapon Storage Facility project at F.E. Warren Air Force Base. Sustainment and recapitalization of legacy facilities would also be crippled. In short, sequestration level funding counters our commitment to get healthier and threatens our ability to ensure nuclear readiness and unquestionable deterrence in the future.

Individual Readiness

We will work very hard to maintain the short-term individual readiness of our force by cutting only small percentages of our flying hour program and weapon system sustainment account. A 4- to 5-percent cut in Training and Exercise accounts will be unavoidable. That cut is the equivalent of one Weapons School and a 50 percent reduction in Red and Green Flag exercises. At our current pace of operations, we expect individual readiness to decrease only slightly in fiscal year 2016. But in order to minimize impacts to individual readiness, we will be forced to cannibalize other accounts, and exacerbate other, long-term institutional readiness issues, such as the readiness of our Total Force for the high-end fight that Weapons School, Red Flag and Green Flag are designed to emulate.

Depots

Funding our Depot workforce at sequestered levels will result in over 1.8 million fewer work hours and potentially impact over 2,000 jobs. The impact of that on unit/individual readiness is very difficult to measure, but it is certainly not insignificant.

Global Mobility

Sequestration level funding will further degrade global access and engagement. The majority of our mobility air forces, the backbone of our Nation's Global Reach and the Air Force's Rapid Global Mobility mission, reside in the Air Reserve Components (ARC). A full 73 percent of our tactical airlift, and 66 percent of our tanker fleet, is assigned to either Air National Guard or Air Force Reserve units. The ARC still has not fully recovered from fiscal year 2013 sequestration. If we return to sequestered funding levels, the ARC will absorb a large percentage of the mobility force's Flying Hour Program cuts in fiscal year 2016, further delaying combat readiness and capacity to support national requirements. The ability of their aircrew members to regain/retain proficiency will also be challenged by reduced man-day funding levels.

Weapons

Sequestration funding levels will intensify significant weapons shortfalls. We are already thousands of weapons below our stockpile requirements. Direct attack munitions remain well below acceptable inventory levels and the high demand of current operations, as well as Foreign Military Sales to our allies and coalition partners further depletes the remaining inventory. The industrial base has almost no capacity to "surge" in case of a new conflict and we cannot afford to have that industrial base atrophy. Weapons expenditures in support of Operation Inherent Resolve since August of 2014 total more than \$215 million. Since 2012, Hellfire expenditures in Operations Inherent Resolve, Enduring Freedom, and Freedom Sentinel increased nearly 500 percent, and procurement has not kept pace. An additional \$180 million added in fiscal year 2015 (1,700 missiles) helped, but only pushed the problem to the right by 1 year. Under sequestration funding levels, Hellfire and Joint Direct Attack Munition (JDAM) procurement would plummet 61 percent (3,197 weapons) and guidance kit procurement would fall 19 percent (24,474 kits). Sequestration level funding would delay the munition requirement recovery by an additional 5 to 15 years, and in the case of the JDAM, a preferred weapon, even longer.

Our overall readiness as a force is already significantly impacted by the size and age of our current aircraft fleet. It is now the smallest and oldest in the history of our Service. It is also the least ready—less than half of our combat coded units are fully combat capable. As Secretary James and I testified a year ago, a return to sequestered levels of funding in fiscal year 2016 will multiply the number of very tough choices we will be forced to make in our fiscal year 2016 POM recommendations. All of them impact our ability to do the jobs the Nation, and the Joint Force, expect of us.

Possible fiscal year 2016 sequestration level actions that directly impact readiness include:

- Divest the KC-10 fleet (cuts 13 percent of available refueling booms and 21 percent of fuel capacity)
 - Airpower could be late to the fight. Sustaining operations would be difficult, especially in the Pacific.
- Divest the U-2 fleet (reduces high-altitude ISR capacity by 50 percent)
 - Decreases high altitude airborne imagery collection by 70 percent; eliminates high-altitude multi-spectral capability; leaves a State Department critical treaty mission (Olive Harvest) unsupported.
- Divest the RQ4 Block 40 fleet
 - Reduces CENTCOM and PACOM intelligence collection on ground moving targets by 6,000 hours per year.
- Divest a portion of the E-3 AWACS aircraft fleet
 - Further degrades our ability to meet combatant commander requirements for airborne command and control.
- Reduce the MQ1/MQ-9 fleet by 10 orbits
 - Reduction is equivalent to the level of medium altitude ISR activity supporting air operations in Syria and Iraq today.

We cannot repair readiness without people and we do not plan to cut airmen to pay a sequestration bill. We are fully engaged in operations around the world and simply cannot get smaller and still meet the demand of current and projected oper-

ations. Sequestration level funding would drive Total Force end strength down by nearly 10,000 personnel. The Air Force is at a Red Line for personnel strength now; further reductions will cause us to become too small to succeed. If we return to sequestered funding levels, we will choose to further reduce modernization and recapitalization investment instead of cutting people.

IMPACT ON MODERNIZATION

For the Air Force, and the Joint Force, to be successful over time, we must very carefully balance readiness, capability, and capacity. Over the last 10 to 15 years, the Air Force chose to trade capacity (force structure) for both readiness and capability (modernization). But in the warfighting business, quantity has a quality all its own. The Air Force has downsized our force structure as far as we can go and in many areas must surge to do the jobs we have been asked to be ready to do. Because we have not been allowed to take any significant savings in personnel accounts, or to close installations, reductions to meet sequestered funding limits will continue to come from readiness, force structure or modernization accounts. Since cutting more capacity (force structure), beyond what is necessary to wisely build tomorrow's Air Force, is a bad idea, what sequestration level funding will do is drive a choice between "ready and capable now" and "ready and capable in the future." It is a false choice ... we must be both for the Joint Force to be successful—sequestration may make that impossible. The following paragraphs contain examples of specific modernization program impacts at sequestered levels of funding.

Nuclear

A sequestration level budget would cut roughly 66 percent of currently planned funding intended to modernize nuclear systems and infrastructure. This would include weapons storage areas at two intercontinental ballistic missile (ICBM) bases; the UH-1N recapitalization; modernization programs for bombers and nuclear weapon components; and long-term risk reduction for future modernization programs. We will be prepared to discuss details during the fiscal year 2016 posture hearings, but these cuts would severely challenge legacy facility/system sustainment, recapitalization for things like ICBM and cruise missile replacements, and F-35 Dual Capable Aircraft certification.

F-35

Sequestration level funding would likely require the Air Force to defer a number of aircraft from the fiscal year 2016 buy (Low Rate Initial Production 10—delivers in 2018). It could also delay development of Software Block 3F, with an accompanying possibility of a delay to Full Operational Capability and Dual Aircraft Capability efforts.

Science and Technology (S&T)

Sequestration level funding will reduce Air Force S&T funding by an estimated \$223 million in fiscal year 2016 and by approximately \$1.08 billion over the FYDP. This will delay or terminate approximately 100 contracts across the following technology areas: air dominance; directed energy; manufacturing; human systems; munitions; propulsion; structures; cyber; sensors; and space technologies.

Adaptive Engine Transition Program

At sequestered funding levels, we will be hard pressed to continue this program. It has the potential to produce fuel savings of up to 25 percent on every aircraft we fly in the future, but we will likely not have the investment dollars we need to continue it in the near term. This may have a devastating impact on the industrial base.

RQ-4 Block 30

In addition to divestment of the RQ-4 Block 40 fleet, a sequestration level budget will delay approximately \$110 million in investments for RQ-4 Block 30 reliability, viability, and sensor enhancements. These are the enhancements needed to replace current U-2 capabilities.

Facilities

In addition to the specific program impacts above, sequestration level will force us to cut 24 military construction projects and 126 other facility restoration and modernization projects across the Air Force and at combatant commands.

The bottom line is that the sequestration level of funding will have a very clear impact on the Air Force's ability to develop the force required to train and operate efficiently and successfully execute our core missions against a capable, well-equipped adversary in 2025 and beyond.

IMPACT ON MISSION

There are three critical assumptions that underlie this assessment:

1. The Defense Strategic Guidance remains the same. Should it change, I would need to reassess the impacts of sequestration level funding against the new Defense Strategic Guidance tasking.
2. Current combatant command operational plans, force requirements, and response timelines remain unchanged. Again, should they change, I would need to reassess.
3. Budget Control Act caps and the mechanism of sequestration remain as currently stipulated in law.

With those assumptions, the mission risk is clear. The impacts on readiness and modernization outlined above would result in an Air Force that, at sequestered levels of funding, cannot successfully execute all Defense Strategic Guidance requirements. We will not have sufficient force structure to meet the fundamental requirement to simultaneously Defeat an adversary, Deny a second adversary, and Defend the Homeland. I would be happy to discuss this in more depth in a classified forum.

IN CLOSING

The U.S. Air Force is still the best in the world. When the bugle calls, we will answer, and we will win. But the vulnerabilities sequestration introduces into our force will encourage our adversaries, worry our allies, limit the number of concurrent operations we can conduct, and increase risk to the men and women who fight America's next war.

Thanks to the members of this committee for your persistent support of our military. We need your continued help to be ready for today's operations . . . and still able to win in 2025. Please give us the stable funding profiles we need to focus on combat capability, on our five core missions, and on global vigilance, global reach, and global power for America. Our airmen deserve it, our joint team needs it, and our Nation still expects it.

Chairman MCCAIN. Thank you.
General Dunford.

**STATEMENT OF GEN. JOSEPH F. DUNFORD, JR., USMC,
COMMANDANT OF THE MARINE CORPS**

General DUNFORD. Chairman McCain, Ranking Member Reed, and distinguished members of the committee, thank you for the opportunity to appear before you today. I am honored to represent your marines and testify on the impact of sequestration.

I would like to begin by thanking the committee for your steadfast support for the past 13 years. Due to your leadership, we fielded the best trained and equipped Marine Corps our Nation has ever sent to war.

I know this committee and the American people have high expectations for marines as our Nation's naval expeditionary force-in-readiness. You expect the marines to operate forward, engage with partners, deter potential adversaries, and respond to crises. When we fight, you expect us to win. You expect a lot of your marines and you should.

This morning, as you hold this hearing, your marines are doing just what you expect them to be doing. Over 31,000 are forward-deployed and engaged. Mr. Chairman, I have captured what those 31,000 are doing in my statement. I just ask that that be accepted for the record in the interest of time.

Our role as the Nation's expeditionary force-in-readiness informs how we man, train, and equip the Marine Corps. It also prioritizes the allocation of resources that we receive from Congress. Before I address what would happen if a BCA level of funding with sequestration, let me quickly outline where we are today.

As we have experienced budget cuts and fiscal uncertainty over the past few years, we prioritized the readiness of our forward-deployed forces. But in order to maintain the readiness of our forward-deployed forces, we have assumed risk in our home station readiness, modernization, infrastructure sustainment, and quality of life programs. As a result, approximately half of our nondeployed units, those who provide the bench to respond to the unexpected, are suffering personnel, equipment, and training shortfalls. In a major conflict, those shortfalls will result in a delayed response and/or additional casualties.

We are investing in modernization at an historically low level. We know that we must maintain at least 10 to 12 percent of our resources on modernization to field a ready force for tomorrow. To pay today's bills, we are currently investing 7 to 8 percent. Over time, that will result in maintaining older or obsolete equipment at higher cost and more operational risk.

We are funding our infrastructure sustainment below the DOD standard across the Future Years Defense Program. At the projected levels, we will not be properly maintaining our enlisted barracks, training ranges, and other key facilities.

While we can meet the requirements of the Defense Strategic Guidance today, there is no margin, and even without sequestration, we will need several years to recover from over a decade of war and the last 3 years of flat budgets and fiscal uncertainty. In that context, BCA funding levels with sequester rules will preclude the Marine Corps from meeting the requirements for the Defense Strategic Guidance. Sequester will exacerbate the challenges we have today. It will also result in a Marine Corps with fewer Active Duty battalions and squadrons than would be required for a single major contingency. Perhaps as concerning, it will result in fewer marines and sailors being forward deployed and in position to immediately respond to crises involving our diplomatic posts, American citizens, or interests overseas.

While many of the challenges associated with sequestration can be quantified, there is also a human dimension to what we have been discussing today, and the other chiefs have addressed that. Our soldiers, sailors, airmen, and marines and their families should never have to face doubts about whether they will be deployed without proper training and equipment. The foundation of the All-Volunteer Force, as General Odierno has said, is trust. Sequestration will erode the trust that our young men and women in uniform, civil servants, and families have in their leadership. The cost of losing that trust is incalculable.

Given the numerous and complex security challenges we face today, I believe DOD funding at the BCA level with sequestration will result in the need to develop a new strategy. We simply will not be able to execute the strategy with the implications of that cut.

Thank you once again for the opportunity to appear before you this morning, and I look forward to your questions.

[The prepared statement of General Dunford follows:]

PREPARED STATEMENT BY GEN. JOSEPH F. DUNFORD, JR., USMC

Chairman McCain, Ranking Member Reed, and member of the committee, thank you for the opportunity to appear before you today on this important matter. The Marine Corps is the Nation's expeditionary force-in-readiness. Congress specifically and uniquely structured the organization and prescribed the role of the Marine Corps as a "... balanced force-in-readiness, air and ground ... to suppress or contain international disturbances short of large scale war." To that end, marines serve forward to shape events, manage instability, project influence, respond to crises, and when necessary, serve as the initial response force that enables heavier contingency forces to deploy from the United States. Marines are expeditionary-partnered with the Navy, we come from the sea, to operate ashore, but without dependence on fixed bases or facilities. Our role as America's 9-1-1 force informs how we man, train, and equip our force. It also drives how we prioritize and allocate the resources we are provided by Congress.

Today, there are over 31,000 marines forward engaged conducting a full range of theater security and crisis response missions. Marine Expeditionary Units are embarked and underway aboard Amphibious Ready Groups as part of a strong Navy-Marine Corps team. These combined arms air-ground-logistics forces, consisting of approximately 2,400 marines and sailors, are capable of responding rapidly to a wide range of forward presence and stability missions. Marines are currently conducting security cooperation activities in 29 countries across the globe. Marines are deployed to Iraq supporting Operation Inherent Resolve and in Afghanistan supporting Operation Freedom's Sentinel. They are on alert status in Moron, Spain, and Sigonella, Italy—ready to respond to crises across Africa and Europe. Over 22,000 marines are west of the international dateline in the Pacific building partnership capacity, strengthening alliances, deterring aggression, and preparing for any contingency. Marines are routinely serving at 175 embassies and consulates around the globe and currently reinforcing security with additional forces at our embassies in Iraq to deploy, or have recently returned from deployment. Our operational tempo since September 11, 2001, has been high and remains high today. We expect this trend to continue.

Your marines are proud to be the Nation's ready force. They are proud that they were the force of choice for immediate response during the Fukushima nuclear disaster in Japan, the earthquake in Turkey, the flood in Pakistan, the devastating tsunami in the Indian Ocean basin, and the Ebola epidemic in West Africa. Marines are proud of their recent role in safely evacuating American citizens in South Sudan and Libya. They are proud of their performance in Iraq and Afghanistan. With the support of Congress, they are committed to remaining ready and continuing a tradition of innovation, adaptation, and winning the Nation's battles.

Maintaining the readiness of our forward deployed marines during a period of fiscal uncertainty has come at a cost. To meet our responsibilities as the Nation's 9-1-1 force, we prioritized near-term readiness while assuming risk in our home station readiness, modernization, infrastructure sustainment, and quality of life programs. Today, approximately half of our home station units are at an unacceptable level of readiness. Our investment in the future is less than what we believe is required, and we are funding our infrastructure sustainment below the Department of Defense standard. We have significantly reduced many of the programs that have allowed us to maintain morale and family readiness through over a decade of war. We are also maintaining a very challenging level of deployment-to-dwell time. Our operating forces are deploying for up to 7 months and returning home for 14 or less months before redeploying.

While we can meet the requirements of the President's Defense Strategic Guidance (DSG) today, there is no margin. We have yet to fully appreciate the impact of cuts that have been made to Marines Corps' share of this cut has caused us to make difficult decisions that have significantly degraded our ability to respond to a major contingency today and adversely affected our ability to maintain a ready force for tomorrow. The sequestration cuts to date, combined with a sustained high level of operations, will challenge our future ability to be the Nation's force-in-readiness.

The Marine Corps views readiness through the lens of the five pillars of readiness: high quality people, near-term unit readiness, capability and capacity to meet combatant commanders' requirements, infrastructure sustainment, and modernization. The sequestration cuts to date, and the challenges associated with an increasingly dangerous and uncertain world, have precluded us from maintaining balanced readiness even as we stretch to meet the DSG requirements. However, the possibility of an extended period of severely reduced funding as a result of sequestration coupled with the inefficient manner in which those cuts must be applied will pre-

clude the Marines Corps from meeting the requirements of the DSG and the requirements of the geographic combatant commanders. We will continue to protect near-term unit readiness at the expense of other areas, but our capacity for crisis and major contingency response will be significantly reduced. In short, the full weight of the sequestration reductions will preclude the Marine Corps from meeting its full title 10 responsibilities and adequately preparing for the future.

The Marine Corps continues to evaluate the long-term impacts of the sequestration reductions. The fiscal challenges we already face today will be exacerbated and significant additional challenges will be forced on all the Services. Through thorough analysis, we have determined that the Marine Corps will assume additional significant risk in long-term modernization and infrastructure sustainment as well as further detrimental impacts to readiness. The Marine Corps' capacity to meet operational requirements in the long-term will be reduced. We expect that we will be forced to further reduce our Active component force resulting in an unacceptable deployment to dwell ratio of less than 1:2 for most of our key operational units and their critical enablers. Our non-deployed units will not be ready to fight. Other probable impacts include:

- Further delay of major acquisition programs.
- Forced sustainment of aged legacy systems resulting in increased operations and support costs and higher defense bills.
- Risk to the realignment to the Pacific.
- Infrastructure sustainment funding would be cut well below current standards (less than 70 percent of the model requirement vice 90 percent) creating increased costs sooner for the American public.
- Morale and family support services would be further reduced or eliminated including child care and family readiness. This will lead to foreseeable morale issues and quality of life degradation.

As Commandant, I am also sensitive to the impacts that a sequestered budget will have on your marines, sailors, and civilians. Beyond the specific and tangible challenges described above is the human cost. Sequestration will create great uncertainty in the force. It is important that our people know they will have the resources to get the job done. It is important that they know they will have the training, equipment, support, family services, and quality of life they need and deserve. The impacts of sequestration, in all these areas, will chip away at their confidence. Our servicemembers should be singularly focused on accomplishing their mission. They, and their families, should never have to face doubts of whether they will be deployed in harm's way without the best training and equipment our Nation can afford. The foundation of the All-Volunteer Force is trust—sequestration will erode the trust that our young men and women in uniform, civil servants, and families have in their leadership. The cost of losing that trust is incalculable.

The American people have come to expect their marines to do what must be done in "any clime and place" and under any conditions. They expect us to respond quickly and win. To meet their expectations, I will ensure that the Marine Corps will provide the most ready crisis response forces our Nation can afford. I will do my best to manage the institutional risk we will incur with the resources that are made available. However, the support of Congress and the American people is a critical requirement for your Corps of Marines to remain the Nation's expeditionary force-in-readiness. I most strongly urge that we avoid sequestration.

Lastly, as a member of the Joint Chiefs of Staff, I want to reinforce Chairman Dempsey's recent comments related to sequestration. I share his and my fellow Service Chiefs' concerns that, under the full effects of sequestration, we will have less capability and capacity to bring options to our National Command Authority, our elected leaders and the American people. When our Nation has options, we have strategic flexibility. When our options are limited, we create strategic risk. We want to be forward-engaged to reduce the risk of going to war and don't ever want our young men and women in a fair fight—we want them to have a decisive edge over any adversary. In the context of today's strategic landscape, sequestration will cause great harm to the security of our Nation.

Chairman McCAIN. Well, thank you and I thank you all for very compelling statements. I hope that all of our colleagues and, in fact, all the American people could hear the statements and see the statements that you made today, our most respected members of our society.

I would also have an additional request, and that is that if you could provide for the record, all of you, a list of some of the deci-

sions you would have to make if sequestration continues to be enacted and there is no amelioration of the situation that you are in.

[The information referred to follows:]

General ODIERNO. A return to sequestration-level funding would require the Army to size and equip the force based on what we can afford, not what we need, increasing the risk that when called to deploy, we will either not have enough soldiers or will send soldiers that are not properly trained and equipped. As I have stated before, if the discretionary cap reductions from sequestration occur, the Army will be at grave risk of being unable to fully execute the Defense Strategic Guidance requirements.

SEQUESTRATION IMPACTS TO FORCE STRUCTURE AND END STRENGTH

The Army is already preparing to drawdown to 980,000 (450,000 AC, 335,000 ARNG, and 195,000 USAR). But if sequestration returns, Total Army end strength will fall an additional 60,000 to 920,000 (420,000 AC; 315,000 ARNG; 185,000 USAR). The impacts of these reductions will be spread across the Total Army. These are not cuts we want to make but rather cuts we are compelled to make.

We have already cut 11 Brigade Combat Teams (BCTs) from our force structure, and we will reduce an additional 4 AC BCTs from the fiscal year 2015 total of 32 (to 28) to achieve a 450,000 AC force. But, despite operational requirements to support the strategic guidance, a return to sequestration will cut another 2 BCTs (to 26) from the AC and 2 BCTs (to 24) from the ARNG; as well as associated enablers.

The Army has to date worked deliberately to mitigate the impacts of sequestration-level funding on U.S. installations by cutting Europe and Korea-based forces and enlarging U.S.-based BCTs. However, despite efforts to implement these efficiencies, we are now compelled to reduce military and civilian personnel at U.S. installations across the country. We are reducing the size of every headquarters by 25 percent by fiscal year 2019. Duty positions and personnel requirements at every installation will be reduced to mission critical levels only. Across the Army, the impacts will be broad and deep.

The Army released a Supplemental Programmatic Environmental Assessment assessing the impacts of sequestration driving AC end strength to 420,000 soldiers; it identified 30 installations with the potential to lose 1,000 or more Active component soldiers and Army civilians. These force cuts have severely impacted communities across the United States. The breadth and adverse effects of future force cuts and forced involuntary separations of thousands of soldiers will accelerate under full sequestration each year through fiscal year 2020.

SEQUESTRATION IMPACTS TO READINESS

To maintain a high level of sustained readiness, it is critical that the Army receive consistent and predictable funding. Sequestration puts the Army on a path of accelerated and much deeper cuts to our forces while debilitating readiness and reducing modernization and manpower. Funding fluctuations force the Army to train and maintain the force in fits and starts, which is cost inefficient and damaging to long-term readiness.

The impacts of continued sequestration will endure for at least a decade. It is going to be the next chief and the chiefs after that who must respond to the long term and hidden impacts of sequestration. Readiness is not something that we can just fund piecemeal—once in a while and year to year. It has to be funded consistently over time. If not, it is fleeting, and it goes away. As we approach 2016, we can't take end strength out any faster without impacting our ability to conduct operations already committed. The Army will only be able to meet priority Global Force Management missions, and must rely on OCO funding to maintain any additional readiness for emergent needs. Under sequestration, sustainment readiness remains extremely reliant on OCO funding to mitigate risk to the program. In fiscal year 2013, the Army deferred \$323.3 million in Depot Maintenance and was only recently funded through the Army's fiscal year 2015 OCO submission. The Army must also accept additional risk by deferring the emplacement of the Southwest Asia Army Prepositioned Stocks (APS) Fires and Sustainment brigades, an important element of the Army's revised APS strategy, for 2 years. The rolling sequestration impacts on readiness thus handcuff our strategic flexibility.

The Bipartisan Budget Act allowed us to buy back some training readiness in 2014 and increased funding for some training support system enabling capabilities. In fiscal year 2014, the Army completed 19 rotations at the Combat Training Centers (CTCs), including 6 rotations for deploying brigade combat teams (BCTs) and 13 decisive action training rotations (12 Active component and 1 Reserve component

BCTs). We restored two of four cancelled Combat Training Center (CTC) Rotations. But due to sequestration, the Army cancelled two Reserve component rotations. Comparatively, even though we received some relief from sequestration in fiscal year 2014 and fiscal year 2015, just a third of our BCTs—23 of 66—are trained in their core mission capabilities in Decisive Action and Unified Land Operations. Reducing CTCs erodes the capacity of our formations from conducting Combined Arms Maneuver. CTCs are the culmination of a comprehensive training and readiness cycle for our BCTs, enabling them to deploy worldwide at a moment's notice.

Although the Army attempts to mitigate the impacts on training readiness, we must continue to implement the Contingency Force model of fiscal year 2015 in order to maintain readiness for the 24 of 60 BCTs that will receive sufficient funding to conduct training at CTCs and home station. The remaining 36 BCTs will be limited to minimum Individual/Crew/Squad resourcing levels through sufficient Training Support Systems (TSS). In short, sequestration forces the Army to ration readiness. But regardless of funding levels, we have committed to keeping Combat Training Centers a priority. That means our home station training goes unfunded except for brigades going to CTCs.

At the soldier level, Institutional Training will also take a significant reduction that will take years to recover. Already strained, the Army will further reduce Specialized Skill Training by 85,007 seats (65 percent drop) and fund only the most critical courses resulting in 47,659 seats funded out of 199,212 seats (23.9 percent). Furthermore, this causes a training backlog that will take years to reduce, hindering units' abilities to train and negatively affecting unit readiness. Ultimately, this further reduces the Army's ability to meet combatant commander needs for critical capabilities and skills.

Installations across the Army where soldiers train and families live are severely impacted under current law. To contain the impacts of sequester-level funding, we have assumed significant risk within installations by relegating the impacts to installation support. These impacts will be further magnified as we mitigate readiness shortfalls. If sequestration level funding returns in fiscal year 2016, Base Operations Support will be decreased by \$1 billion. No installation will be untouched by the reductions. This reduction will eliminate jobs and contract funding for grounds maintenance, pest control, custodial services, and refuse collection at all garrisons. Family programs, such as child and youth services and MWR services, will have to be reduced or fees increased to absorb this reduction.

The reduced funding levels required by sequestration, should it occur again in fiscal year 2016, would only afford funding for life, health, and safety issues. The costs accumulate and for every year of sequestration level funding, it takes 2–3 years to address facility maintenance backlogs with facility sustainment reduced by over \$750 million. The cuts also reduce funding available for installation security by \$162 million, directly reducing the capability of security forces at all installations worldwide and resulting in a loss of uniformed personnel available for other missions as they assume the critical base security role. Network Services and information assurance will have to be reduced by almost \$400 million. This reduction will decrease the Army's ability to protect itself from cyber attacks across all spectrums. The fact is that traditional efficiency-seeking initiatives are not keeping pace with the decline of spending power in the defense budget.

SEQUESTRATION IMPACTS TO MODERNIZATION

The Army has already undertaken significant cost cutting efforts and reduced personnel and equipment requirements during the first 2 years of sequestration. In the triad of impacts to sequestration, Army modernization suffers the most. Modernization accounts have been reduced by 25 percent and every program affected; maintenance deferred; and the defense industrial base increasingly skeptical about investing in future innovative systems needed to make the force more agile and adaptive.

As part of the balancing process, the Army has already made difficult choices in dropping the Armed Aerial Scout, Unmanned Ground Vehicle upgrades, the Mounted Soldier System, and Ground Combat Vehicle program. Under sequestration, planned upgrades to our current systems, such as UH-60 Blackhawk, Abrams, Bradley, and Stryker would be reduced or slowed (e.g. Stryker DVH upgrades will cease) leaving our soldiers more vulnerable, especially if deploying as part of a smaller force where technology optimizes soldier performance and capabilities. Over 270 acquisitions and modernization programs have already been impacted by sequestration, and more than 137 additional programs may also be affected under continued sequestration.

The Army is unable to protect upgrades and procurement on top of an already depleted capital investments portfolio at sequestration level funding. These mod-

ernization disruptions will stop development and production in critical programs that enable a smaller force to accomplish diverse missions. Under sequestration, the Army will have to stop the 4th Double-V Hull Brigade conversion; slow the Patriot system upgrade; halt the procurement of one new MQ-1C Gray Eagle Company and the accelerated fielding of another, both of which are needed to address the increased UAV demand in Syria and Iraq; delay the Aerial Intelligence Surveillance and Reconnaissance 2020 strategy by several years; reduce and extend the Active Electronically Scanned Array (AESA) radar development; and delay development of Radar-on-the-Network for Patriot and THAAD-integration until fiscal year 2022, which is a vital capability protecting our homeland from missile threats.

In fiscal year 2014, we also continued our Aviation Restructuring Initiative. Our current aviation structure is unaffordable, so the Army's plan avoids \$12.7 billion in costs while sustaining a modern fleet across all components, although there is no funding for an Armed Aerial Scout replacement. We cannot afford to maintain our current aviation structure and sustain modernization while providing trained and ready Aviation units across all three components. Therefore, we are supporting the comprehensive review of our strategy. ARI will ultimately allow us to eliminate obsolete airframes, sustain a modernized fleet, and reduce sustainment costs while maintaining all aviation brigades in the Reserve component.

Modernization enables a smaller, agile, and more expeditionary Army to provide globally responsive and regionally engaged forces demonstrating unambiguous resolve. But sequestration adversely impacts the Army's ability to modernize and field critical capabilities that improve operational readiness of aging equipment. Predictable and consistent funding is required to modernize on the current timeline, meet the evolving threat, and fully execute Defense Strategic Guidance requirements. The cumulative cuts in modernization programs threaten to cede our current overmatch of potential adversaries while increasing future costs to regain or maintain parity if lost.

CLOSING

As I have detailed above, the impacts of sequestration today and in the near future continue to be bleak. If Congress does not act to mitigate the magnitude and method of the reductions under the sequestration, the Army will be forced to make blunt reductions in end strength, readiness, and modernization. We cannot take the readiness of our force for granted. If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives. It is our shared responsibility to ensure that we never send members of our military into harm's way who are not trained, equipped, well-led, and ready for any contingency to include war. We must come up with a better solution than sequestration.

Admiral GREENERT. A return to sequestration in fiscal year 2016 would necessitate a revisit and revision of the defense strategy. As I have testified before, sequestration would significantly reduce the Navy's ability to fully implement the President's defense strategy. The required cuts would force us to further delay critical warfighting capabilities, reduce readiness of forces needed for contingency responses, further downsize weapons capacity, and forego or stretch procurement of force structure as a last resort. Because of funding shortfalls over the last 3 years, our fiscal year 2016 President's budget represents the absolute minimum funding levels needed to execute our defense strategy. We cannot provide a responsible way to budget for the defense strategy at sequester levels because there isn't one.

Today's world is more complex, more uncertain, and more turbulent, and this trend around the world will likely continue. Our adversaries' are modernizing and expanding their capabilities. It is vital that we have an adequate, predictable, and timely budget to remain an effective Navy. Put simply, sequestration will damage the national security of this country.

General WELSH. The fiscal year 2016 President's budget supports our critical needs to execute the defense strategy, but we made tough choices in capacity and capability/modernization. The Office of Management and Budget has provided direction through the Office of the Secretary of Defense that the Air Force does not support any reductions to the President's budget. Without a repeal of sequestration the Air Force will simply not have the capacity required to fully meet the current Defense Strategic Guidance. Therefore, support of the President's budget and repeal of 2013 Budget Control Act (BCA) is essential. If forced into BCA funding levels in fiscal year 2016, we would, out of necessity divest entire fleets, reduce quantities for procurement of weapons systems, and reduce readiness accounts. Potential impacts include:

- Divest RQ-4 Block 40 fleet and cut Block 30 modifications

- Reduce MQ-1/MQ-9 ISR capacity by 10 CAPs—equivalent to current operations in Iraq/Syria
- Retire KC-10 fleet—15 in fiscal year 2016 and 59 total across Future Years Defense Program
- Defer second Presidential Aircraft Recapitalization
- Reduce Flying Hours, Weapon System Sustainment, range support and munitions
- Reduce quantities for fighter recapitalization (F-35As) by 14 aircraft in fiscal year 2016
- Reduce investments in Space programs, Cyber Mission Areas, Nuclear Enterprise, and Science and Technology
- Terminate Adaptive Engine Program
- Divest seven E-3s in fiscal year 2016
- Divest U-2

Bottom line—stable budgets at a higher level than BCA are critical to long-term strategic planning, meeting the Defense Strategic Guidance, and protecting the Homeland.

General DUNFORD. Any discussion regarding how the Marine Corps would implement a sequester or reduce its budget request to a Budget Control Act level would need to be part of a larger conversation about the priorities of the Department and the defense strategy. Decisions regarding the appropriate size of the Marine Corps, and the resources required, need to be made with a full understanding of the expectations of the Corps at a severely reduced funding level.

Chairman McCAIN. I guess the only other comment I would like for you to answer because I would like all my colleagues to be able to have time to answer questions is the old line about those of us that ignore the lessons of history. General Odierno, you made reference to it. When General Shy Meyer came before this committee and said that we had a hollow Army—I know that my friend, Senator Reed, remembers that also. We were able to recover hardware-wise and ships and airplanes and guns, but it took a lot longer than that to restore the readiness and even the morale of members of our military. And all four of you made reference to it.

But I would like you to perhaps elaborate a little bit on the personnel side of this because it seems that there is always the best and the brightest that leave first when you are a pilot that cannot fly and you are on a ship that does not leave port and you are in a Marine Corps or Army outfit that does not exercise and does not have equipment. So maybe each of you could give a brief comment about this intangible that makes us the greatest military on earth. I will begin with you, General Odierno.

General ODIERNO. Thank you, Senator.

The center of everything we do is our soldiers. The Army is our soldiers, and without them and their capabilities, our ability to do our job becomes very, very difficult. It is something that happens over time. My concern is when you are funding readiness, you are funding leader development. You are funding the development of our young soldiers. You cannot just do that episodically. You have to do it in a sustained manner because it is a continuous learning cycle that allows them to execute the most difficult and complex missions that we face. In today's world, those missions are becoming more complex and more difficult.

My concern is as they see that maybe we are not going to invest in that, they start to lose faith and trust that we will give them the resources necessary for them to be successful in this incredibly complex world that we face. I think sometimes we take for granted the levels of capability that our soldiers bring and the investment

that we have made into their education and training, which is central to everything that we do, and we cannot lose sight of that.

Unfortunately, with sequestration, we are going to have to reduce that over the next 4 to 5 years for sure because we cannot take end strength out fast enough to get to the right balance because of our commitments that we have. So, therefore, you have to then look at readiness, training, and modernization. We are losing cycles of this training that develops these young men and women to be the best at what they are and the best at what they do. So for us, we can never ever forget that.

Admiral GREENERT. Mr. Chairman, I bring something to everybody's attention. When we had sequestration, we said, well, we exempted personnel as if, hey, that is good. That means they got paid, but that does not mean that they got—that is kind of their quality of life and we gave them their housing allotment and all. That is good. But the quality of their work, which is what you are alluding to, when they go to work and what the General was alluding to—they are not proficient at what they do. Therefore, they are not confident. And as a sailor, you are out to sea. You are on your own. You have to have that confidence, know that you can be proficient.

You alluded to pilots. You kind of have a have and a have-not. If you are deployed, you are flying 60 hours a week sometimes. If you are not deployed, you may be flying 10 hours a week, and some of that, by the way, may be in the simulator. So you are sitting around the classroom looking out the window at your strike fighter Hornet. It looks really great, but it is on the tarmac. That is not why you joined. The same goes at sea if you are a destroyer man and the same in the submarine. So you are not operating.

That becomes behavioral problems eventually because the idle mind is the devil's workshop. So we are out and about. Our alcohol problems go up. I alluded to it. I saw it in command. I saw it as a junior officer, and this is what happens. Then that gets to family problems. It just starts cascading.

So you bring all that together. We have an All-Volunteer Force that wants to contribute and they want to do things. They want to be professionally supported in that regard.

Thank you.

Chairman MCCAIN. General Welsh?

General WELSH. Chairman, during the first round of sequestration, our civilian airmen felt like we committed a breach of faith with them. They have still not recovered completely from that, and if it happened again, it would be absolutely horrible and I believe we would see the effect immediately in retention.

I cannot emphasize enough my agreement with what John just said about people not joining this business to sit around. Pilots sitting in a squadron looking out at their airplanes parked on the ramp certainly feel like a hollow force, whether we define it that way or not. The same thing with the people who want to fix those airplanes, load weapons on them, support them from the storage areas. They join to be really good at what they do. In fact, all they want is to be the best in the world at whatever it is they do. All of our people are that way. If they do not think that we will educate them and train them and equip them to do that and to fill that

role, then they will walk. They are proud of who they are. They are proud of who they stand beside, and they are proud of what they represent. And when they lose that pride, we will lose them, and if we lose them, we lose everything.

Chairman MCCAIN. And also, we are going to have, as you made reference to, a significant draw from the airlines as the Vietnam era pilots retire from the airlines. I think that is an additional issue that we are going to have to face up to anyway without sequestration.

Admiral GREENERT. We see it today, sir.

General DUNFORD. Mr. Chairman, thank you.

You alluded to the hollow force in the 1970s, and like the other chiefs, I was on Active Duty during that time. I was a platoon commander. We had an organization of about 190,000 marines, but we did not have proper manning. We did not have proper training. We did not have proper equipment, and where we saw the impact was in poor reenlistments. We saw it in discipline rates. We saw it in poor maintenance of our equipment and the lack of professionalism. We were unable to maintain the quality of people that we wanted to have and, quite frankly, I know myself and many of my counterparts at the time had a very difficult decision to stay in the Marine Corps. Many of us only made the decision to stay once the Marine Corps started to turn around in the 1980s. As you alluded to, it actually took 5 to 7 years, even after we started to make an investment, for the morale to catch up.

The thing that I would add to what the other chiefs have said, though, is that I think most of us would not have been able to predict the quality of the All-Volunteer Force and its ability to sustain now over 13 years at war. There is nothing that has allowed that force to sustain except for intangible factors. It has not been how much we have paid them. It has been their sense of job satisfaction, their sense of purpose, their sense of mission and, as I alluded to in my opening statement, their sense of trust. I think I probably speak for all the chiefs. None of us on our last tour on Active Duty want to be a part of returning back to those days of the 1970s when we did have, in fact, a hollow force. I think we are fortunate that we were not tested at that time.

Chairman MCCAIN. Senator Reed?

Senator REED. Thank you very much, Mr. Chairman, and thank you, gentlemen, again for your testimony and for your great service to the Nation.

You have already reduced end strength. You have already reduced training. You have already reduced maintenance. You have already stretched out acquisition programs, et cetera. Whatever we do, I think you will manage, which presents the interesting problem that we could be in a period of a steady accelerating but invisible decline until a crisis, and then the reckoning will be severe. So we have to, I think, take appropriate action now, and the chairman's leadership is absolutely critical in that.

But let me just go and ask you individually. With all these cuts you have already made, with all the losses, looking forward, what are the one or two capabilities that you will see leaving or lost if sequester goes into effect? I will ask each of you gentlemen. General Odierno?

General ODIERNO. I often get asked the question, Senator, what keeps me up at night. The number one thing that keeps me up at night is that if we are asked to respond to an unknown contingency, I will send soldiers to that contingency not properly trained and ready. We simply are not used to doing that. The American people and we expect our soldiers to be prepared and that they have had the ability to train, that they understand their equipment, they have been able to integrate and synchronize their activities so they are very successful on the ground. That is the one thing that I really worry about as we move to the future.

The second thing is our ability to do simultaneous things. We are coming to the point now where we will be able to do one thing. We will be able to do it pretty well, but that is it. But this world we have today is requiring us to do many, many things, maybe smaller, but many, many things simultaneous. I worry about our ability to do that.

Senator REED. Admiral Greenert, please.

Admiral GREENERT. We are at a time of modernization. So our benchmark is the year 2020 and our ability to do these missions that I referred to. For the Navy, a lot of those missions require joint access to areas around the world against an advanced adversary. So what I am talking about, as I look in the future, is perhaps the inability—we will fall further behind in what I call electromagnetic maneuver warfare. It is an emerging issue. It is electronic attack, the ability to jam, the ability to detect seekers, radars, satellites, and that business. We are slipping behind and our advantage is shrinking very fast, Senator.

Also anti-air warfare. Our potential adversaries are advancing in that. We are losing that. If we do not have that advantage, we just do not get the job done in the 2020 timeframe.

The undersea domain. We dominate in it today. But again, we have to hold that advantage, and that includes the *Ohio* replacement, the sea-based strategic deterrent, in addition to anti-submarine warfare.

So it is about access and the ability to get that access where we need.

Cyber is also another one that we talk about a lot.

Lastly, I cannot underestimate the fact that we are good and we will continue. As General Dunford said, our forces we put forward we will put forward and they will be the most ready. But we are required to have a response force, a contingency force. We owe that to the combatant commanders. It has to be there on time and it has to be proficient. We are not there today, and we will just never get there if we go to sequestration. We will remain at about one-third of what we need to be.

Thank you.

Senator REED. Thank you.

General Welsh, if you could be succinct.

General WELSH. Infrastructure that gives you long-term capability, training ranges, test facilities, those kind of things over time. We have not been investing. It will cost us the ability to operate in the future. Multiple simultaneous operations. We simply do not have the capacity anymore to conduct that, particularly in areas like ISR, air refueling, et cetera. The capability gap is closing, as

John mentioned, between the people trying to catch up with us technologically and they have momentum. If we let the gap get too close, we will not be able to recover before they pass us.

Space and nuclear business. In the space business, we cannot forget that that is one of the fastest growing and closing technological gaps. In the cyber arena, if we do not try and get ahead in that particular race, we will be behind for the next 50 years, as everybody else has been behind us in other areas.

Those are my biggest concerns.

Senator REED. Thank you.

Commandant?

General DUNFORD. Thank you, Senator Reed.

The two capability areas. First would be our ability to come ship to shore. We are in a vehicle right now that is over 40 years old, and replacing that is both an issue of operational capability as well as safety.

Also our airframes. The AV-8 and the F-18 are both over 20 years old. Once again, an issue of both operational capability and safety.

But I would say, Senator—and you alluded to it—that my greatest concern, in addition to those two capability areas, is actually the cumulative effect of the cuts that we have made to date and the cuts that we would make in the future. Quite frankly, every day I am still finding out second- and third-order effects of the cuts that have been made to date in the sequestration that was put in effect in 2013.

Senator REED. Thank you very much.

Further complicating your lives and our lives is that this is a focus today on DOD, but the ramifications go across this Government and the impacts will roll back on you. One of the more obvious examples is if the State Department is subject to sequestration, they will not be able to assist you in the field. General Mattis, who was brilliant yesterday in his testimony, said last March that if you do not fund fully the State Department, then I need to buy more ammunition. So that is one effect.

But there are even more subtle effects. We provide Impact Aid to the Department of Education. They administer it. If the Department of Education is subject to sequestration, then there will be an impact. In fact, Secretary of Education Duncan before the Appropriations Committee last year said the Killeen Independent School District in Texas, which has 22,000 federally connected children, including 18,000 military dependents in Fort Hood, would lose an estimated \$2.6 million.

So we have to take not only a view towards DOD but across the whole Government because you all talked about retaining troops. When those young soldiers down at Fort Hood do not think their education opportunities for their children are as good as they were, they are going to vote with their feet.

So that is not your responsibility. That is our responsibility. This has to be a comprehensive solution to this issue because it will affect you in so many different ways. You, as General Dunford, will be waking up getting complaints about how the schools are bad and I am leaving. That is not title 10.

So, gentlemen, thank you for your service and your testimony.

Chairman MCCAIN. Senator Wicker?

Senator WICKER. Thank you, gentlemen. This is very profound testimony today and very helpful to us.

There are members of this committee who are also going back and forth today to the Budget Committee hearing. We have a debt problem in this country. General Mattis spoke about it yesterday with another distinguished panel. No nation in history has maintained its military power if it failed to keep its fiscal house in order. So we are balancing a spending problem we have in the Government overall with really, frankly, the lack of funds in DOD that you have talked about today.

General Odierno, you said in your 40 years or so of service, this is the most uncertain time you have seen as a professional military person.

Admiral Greenert, this is the fewest number of ships we have had since World War I. Is that correct?

Admiral GREENERT. That is correct, sir.

Senator WICKER. General Welsh, as an Air Force veteran myself, it is astonishing to hear that this is the smallest Air Force ever in the history of the United States.

General WELSH. Since we were formed in 1947, yes, sir.

Senator WICKER. Right.

General Dunford, in talking about sequestration, you say it is the funding levels and also it is the rules of sequestration. So I thought I would start with you and then we would go back up the panel here.

If we were able a little more easily and quickly to give you flexibility within the funding levels and some relief from the rules, to what extent would that help you in the short run or in the long run?

General DUNFORD. Thanks, Senator, for that question.

Just the funding caps alone would reduce our overall budget by about \$4 billion to \$5 billion a year from where we were in President's budget 2012. So that is for us about 18 to 20 percent. It would certainly be better if we did not have the rules associated with sequestration. What I can guarantee you, Senator, is whatever amount of money Congress provides to the U.S. Marine Corps, we will build the very best Marine Corps we can. But even at the BCA levels without sequestration, we will reduce the capacity to the point where we will be challenged to meet the current strategy.

Senator WICKER. General Welsh, to what extent would flexibility within these very low levels be somewhat of a help?

General WELSH. Senator, I think all of us understand that our Services and DOD has to be part of the debt solution for the Nation. We do not live in a mushroom farm and not believe that that has to be true.

The things that we would need, though, with any kind of reduced levels of funding as we have been looking at is stability and predictability in funding over time and then the ability to make the decisions that will let us shape our Services to operate at those funding levels that are less than predicted.

For the Air Force, if you look back to the 2012 budget, which is where we kind of came out of and said, okay, we can execute this new Strategic Guidance, the 2012 budget projected then for fiscal

year 2016 was \$21 billion more per year than we will have at BCA levels. \$21 billion a year requires some very tough decisions to be made, some very hard and unpopular decisions to be made, but without the ability to make those decisions, we will continue to be stuck not sure of where we are going in the future.

Senator WICKER. The clock is ticking away on that predictability. Is it not, General?

General WELSH. Yes, sir, it is.

Senator WICKER. Admiral?

Admiral GREENERT. My colleagues have spoken to the number, that is, the dollar value. But I would say if the verb 'sequestered'—that is an algorithm. All accounts—and we have been through this—they get decremented, and then we spend months reprogramming with your help up here on the Hill. We lose months. We lose 4, 5, 6 months on a program like for us the *Ohio* replacement program where we do not have time. So shipbuilding gets held up. Projects get held up. People are not hired. That loses that trust with industry. So precluding getting sequestered is helpful and continuing resolutions have a similar effect in that we are not doing any new projects and some of these are pretty critical as we go into the years and need to modernize.

General ODIERNO. Senator, the first comment I would make is over the last 2 years, we have been given money above the level of sequestration. In the Army, we are still only 33 percent ready. So, yes, flexibility will give us the ability to manage insufficient funds in our department, but that is all it does. It allows us to better manage because today we have had to extend all our aviation programs. So the cost for every Apache has gone up. The cost for every UH-60 has gone up. The cost for every CH-47 has gone up because we have had to extend the programs longer and longer and longer. So we are paying more money per system. So we are inefficient with the less dollars we have. So that even exacerbates the readiness problems even more. So flexibility would help, but it is not going to solve the problem we have, which is a problem of insufficient funds to sustain the right level of readiness.

Senator WICKER. Thank you.

Let me just ask briefly. There was a decision we were going to pivot to Asia-Pacific. To what extent were the Joint Chiefs of Staff consulted on that? We have eastern Europe. We have Russia. We still have the Middle East and everything going on there. It does not seem to have calmed down as some people thought. To what extent was this a Pentagon decision that we could even have a repivot to Asia-Pacific and afford it?

Admiral GREENERT. That was part of our discussions. We had numerous discussions with the White House and within the Pentagon when we did the Defense Strategic Guidance in 2012. So that was one of kind of the foundations of that strategy. So I would say, Senator, I felt we had a good discussion on what we call the rebalance to Asia-Pacific.

General ODIERNO. I would just comment I agree with that. We had thorough discussions and we thought the rise of China—this was 2012—was very important, and we had to be able to have the capability to respond potentially to that and also the problems with North Korea and other problems in the Asia-Pacific. We made some

assumptions about where we would be in the rest of the world. Those have not quite played out the way we thought with Iraq, ISIS, and specifically Russia and their increased aggression.

The strategy is still good. We just have to recognize that there are some additional threats out there that we did not expect and that we are going to have to deal with those. That increases the risk as we look at sequestration and other budget cuts.

Senator WICKER. Thank you, gentlemen.

Chairman MCCAIN. Senator Donnelly?

Senator DONNELLY. Thank you, Mr. Chairman.

Thank you all for your service.

General Welsh, I wanted to ask you in regards to our nuclear mission. It is a very, very critical mission obviously. What impact is sequestration going to have on your efforts in this area?

General WELSH. Sir, two specific areas I think are at the top of the list. The first is that nuclear infrastructure I mentioned before. We are at a point in time where we have to start modernizing and recapitalizing some of that infrastructure in terms of facilities that were built 50 years ago now. We have an investment plan designed. It is prepared to be put into place. We actually have it in the President's budget this year. If we go to sequestration, all of the facility maintenance and new buildings that we have put into that proposal will fall off the table except for a single weapons storage area at one of the bases. So that is the first point.

The second one is that we do have a requirement as a Nation to make decisions on what do we want to recapitalize and modernize in terms of nuclear weapons and nuclear command and control capability over the next 15 to 20 years. It affects the Air Force and the Navy. The decisions on that need to be made in the near future. Sequestration and BCA caps will limit the amount of things you can do in that arena, and they will make those decisions more important to make earlier so we do not waste money leading into the time when those things have to be done.

Senator DONNELLY. Admiral, how will this affect the plans you have for the *Ohio* class?

Admiral GREENERT. I get back to the verb. If we are sequestered, we lose months, as I was saying before, hiring engineers. We are on a very tight timetable to start building the first *Ohio*-class in 2021. So that is kind of one piece. We have to continue to do that. The sea-based strategic deterrent, including the *Ohio*-class replacement, is my number one program.

But in fiscal years 2017 through 2020, we have \$5 billion invested as advanced procurement for the first *Ohio*-class which in 2021 is \$9 billion built, on top of the shipbuilding plan that we have now. Very difficult to do. We have to do it, though, Senator, so we will have to continue to work in that regard.

Senator DONNELLY. Thank you.

I obviously have the same concern you all do on our warfighting capabilities. When you look at the difficulties in Syria and Iraq and that area, what are the kind of things we are not able to do there that you look and you go if we were doing this and this, it would really help move the ball forward? Where are you being placed in a tighter spot right now? General Odierno, if you would give us a start.

General ODIERNO. Well, I would just say it is—the first thing is this fight against ISIL in Iraq and Syria is a long-term issue. So this is not something that is going to be resolved in weeks and months. It is something that is going to have to be resolved in years. It is going to require a combination of efforts with the local indigenous governments. It is going to require efforts from training indigenous forces, and it is going to require support from us for a very long period of time. It is going to require continued assessments and adjustments on how we believe we will continue to support that effort. I think over time, if that threat continues, we will have to reassess what our strategy is.

So that is the hard part about it. This is not a short-term problem. It is a long-term problem, and it is going to take a long-term, dedicated effort to solve it across many different lines of effort, whether it be through diplomatic efforts, whether it be through a combination of joint capability and enabling indigenous forces, our ability to train indigenous forces, and the capability that we will need to do that for long periods of time.

Senator DONNELLY. So, in effect, you are facing a long-term challenge, and as you look long-term, you may have less tools in the toolbox to deal with it.

General ODIERNO. That is correct.

Senator DONNELLY. General Dunford?

General DUNFORD. Senator, thanks for that question.

Right now, as I mentioned earlier, we are taking all the risk not with our deployed units but our units in home station. So everything that General Austin has asked us to do from a Marine Corps perspective we are able to do right now.

But as General Odierno said, should this continue on, really for us it is a question of capacity to do everything that we are doing at a sustainable deployment-to-dwell rate. Just to give you some idea of how fast our marines are turning right now, they are all deploying for about 7 months. They are home for 14 months or in some cases less and then back out for 7 months in perpetuity. So that sustained level of operational tempo is something that concerns me, and ISIL is really just a part of that.

Senator DONNELLY. That also makes it pretty difficult on the homefront. Does it not?

General DUNFORD. Senator, there are really two issues. One is the time available to train for all of your missions, and the second is obviously the time available to spend time with your family. We are particularly concerned with our mid-grade enlisted marines when it comes to that particular challenge.

Senator DONNELLY. General Odierno, as you look forward, how are you planning to mix with the National Guard and how does that figure into your plans as we look forward?

General ODIERNO. So clearly if you look at what we have done—so in the end, if we go to full sequestration, we are taking 150,000 people out of the Active Army. So the large majority of our cuts are coming out of the Active Army. So because of that, we are going to have to rely more on the National Guard and U.S. Army Reserves.

We have to remember what we are trying to achieve is our National Guard and Reserve provides us a depth to respond to com-

plex problems. So the issue becomes we are going to have to rely in some areas more on them in the beginning such as in logistics and areas like that where we do not have enough structure in the Active component now because of these reductions. We are going to have to rely more heavily on the National Guard and U.S. Army Reserve for things such as that.

In terms of the combat capability, they are still going to have to provide us the depth. We might have to use that depth earlier because we are going to have less capability in the Active component. So this all gets to this balance that we are trying to achieve.

I worry about the fact that if we reduce the Active component too much, our ability to respond quickly is going to be affected because the world today spins much quicker than it used to. Instability happens quicker and the necessity for us to respond has to be quicker. I worry that we are going to lose that capability because that is what we expect our Active component to do, and then we expect our National Guard and Reserves to be right behind us helping us as we move forward with this. I worry about that as we go forward.

Senator DONNELLY. Thank you all for your leadership.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Ayotte?

Senator AYOTTE. Thank you, Mr. Chairman. Appreciate it.

I want to thank all of you for your leadership and what you are doing for the country and most importantly this discussion about sequestration. I think it is very clear the impact that it is going to have, and our ability to defend the Nation is one that calls all of us to act to address this for each of you. So I thank you for being so clear about what the impacts will be today.

Yesterday, we heard the same thing from General Mattis and General Keane and Admiral Fallon about the impacts of sequester, and I think there is a clear consensus among those who have served and have formerly served in the military, the devastating impact on our ability to defend the Nation and our men and women in uniform.

I want to ask each of you. When our men and women volunteer for service in the armed services, they give up a number of rights that the rest of us enjoy. They volunteer to tell our Government—we tell them what to wear, what to do, where to live, and to some extent they give up to some degree what they can say. Most importantly, they obviously are willing to sacrifice their lives to defend our Nation.

In return for these restrictions and expectations, Congress has guaranteed these brave men and women the ability to communicate with us. I believe that this is very important. In fact, Congress put in place a law, title 10, U.S. Code 1034, that prohibits anyone from restricting a member of the Armed Forces in communicating with a Member of Congress. Do all of you agree that this law is important? Yes or no.

General ODIERNO. Yes.

Admiral GREENERT. Yes, ma'am.

General WELSH. Absolutely.

General DUNFORD. Yes, Senator.

Senator AYOTTE. Thank you.

General Welsh, I want to ask you about comments that have come to my attention that were reported to have been made by Major General James Post, the Vice Commander of Air Combat Command. He is reported to make these comments when addressing a group of airmen this month, and what he is said to have made in comments to the airmen was anyone who is passing information to Congress about A-10 capabilities is committing treason. As part of those comments, he also said: if anyone accuses me of saying this, I will deny it.

Let me just ask you this, General Welsh. Do you find those comments to be acceptable in any way, to accuse our men and women in uniform to say you are committing treason if you communicate with Congress about the capabilities of the A-10 or the capabilities of any other of our weapon systems? Yes or no.

General WELSH. No, ma'am, not at all. There is an investigation currently ongoing into that incident. When I read the newspaper article, I actually contacted the general officer involved and his commander. The DOD IG is overseeing an investigation being run by SAF-IG and will present the facts to the committee as soon as that investigation is completed.

Senator AYOTTE. Well, I hope that this is a very thorough investigation because, obviously, I think this is very serious to accuse people of treason for communicating with Congress.

One thing I would like your commitment on that I think is very important. Do you unconditionally denounce, if it is found to be true? By the way, Air Combat Command in responding to press inquiries about this, has not denied that the general made those comments. But do you denounce those comments, and do you support the legal rights of members of the Air Force to communicate lawfully with Congress about the A-10 or any other issue? Do you commit that the Air Force will take no punitive action against airmen who are exercising their lawful right to communicate with Congress?

General WELSH. Senator, I completely commit to the lawfulness of communication with Congress. I support any airman's right to discuss anything that you would like to discuss with them and to give you their honest opinion.

In this particular case, with the investigation ongoing, my job is to wait until the facts are known, make recommendations to my secretary, and then we will report the decisions that she makes as a result of that when it is done.

Senator AYOTTE. I appreciate that, General Welsh, because it worries me about the climate and the tone that is set if airmen/airwomen are told that they would be committing treason for communicating with us. I just want to be clear because what I am hearing is that there is actually an investigation going on in reverse to find out who has communicated with Congress. To me that seems the opposite of what we would be trying to accomplish in looking at what General Post said and whether it was lawful or not. So I hope that there will be no punishment or any kind of pursuit of people trying to communicate with Congress. Will you commit to me with that?

General WELSH. Senator, I know of nothing along those lines at all. I would be astonished by that. Certainly I am not part of it. The Secretary is not part of it, and I would not condone it.

Senator AYOTTE. Thank you.

Chairman MCCAIN. Senator Shaheen, happy birthday.

Senator SHAHEEN. Thank you, Mr. Chairman. We will not talk about which birthday it is. [Laughter.]

But it is certainly better than the alternative. So I appreciate that.

Thank you very much for being here, gentlemen, and for your service to the country.

Apropos Senator Ayotte's questions, one of the things I would hope is that our men and women in the military would let Members of Congress know about their concerns with respect to sequestration because I do think it is helpful for each of us to hear from people serving what they see firsthand about the impacts of some of these policy decisions. So I am hopeful that we will hear more of those discussions.

Now, I have been pleased that Chairman McCain has started the Senate Armed Services Committee hearings this year with a broader view of national security policy. One of the issues that has been brought up with respect to national security policy is that one of the concerns is the fact that we have not had an ongoing budget process that people can count on, that we have a debt that in the future is a concern, and that it would be important for us to address that. I certainly put sequestration in that category that it is important for us to address this and to do it in a way that provides certainty that deals with the shortfalls that our military is facing and that it is important for us to do that with respect to all of the agencies of the Federal Government that deal with national security. I wonder, gentlemen, if you would agree that that is an important goal that we should be working towards in Congress. General Odierno?

General ODIERNO. Well, I think, again the strength of our country is based on many different factors. It is important that we understand that as we go forward. We certainly understand that.

What I would just say to that is that the important part of our defense spending, the important role that plays in ensuring our security should also be considered as we do that. I know you know that, Senator.

Senator SHAHEEN. Thank you. Does everyone agree with that?

Admiral GREENERT. Yes, ma'am.

General WELSH. Yes, ma'am.

General DUNFORD. Yes, Senator.

Senator SHAHEEN. So to be a little parochial this morning, as I think most of you are aware, the Portsmouth Naval Shipyard is a shipyard that is shared between New Hampshire and Maine and is, I think, one of our very important public shipyards. Admiral Greenert, I know you know this. I wonder if you could talk about the importance and the impact of sequestration on our shipyards, on our depots and the concern that that provides. We have talked a lot about the impact on our Active Duty military, but our civilian workforce is also affected.

Admiral GREENERT. Thank you, Senator.

I would say the impact was very much underestimated and that is part of your point.

So a few facts. We lost 75,000 man-days of planned shipyard work that we had to defer because we had no overtime. We could not hire, and then, of course, on top of that we furloughed them. So how do they feel about the importance of it?

But what did we lose in that? We lost—you understand this—1,700 submarine days. So that is like taking five submarines and tying them up for a year. So, I mean, that is the kind of impact.

So I worry about—and as I said, it takes 5 years to recover from that collectively.

We talked about the importance of the nuclear deterrence. Well, these public shipyards underwrite all that. That is our SSBNs. Because of Portsmouth, I can do work in the other shipyards on the other SSBNs. Portsmouth is a major, major part of a ship maintenance enterprise that we must have, and I worry about it in sequestration.

Senator SHAHEEN. Thank you very much.

Does anybody want to add to the impact on depots in the country?

General DUNFORD. Senator, I can add from an aviation perspective. When we did furlough folks, we lost a lot of engineers and artisans. Right now, 50 percent of our F-18s are out of reporting, and we are having a very difficult time recovering from the loss of maintenance throughput capacity as a result of those furloughs.

Also importantly, because it was mentioned in most of our opening statements, when we talk about trust and we talk about retaining high quality people, predictability is very important to people. I fear that some of those folks that were furloughed will not come back because they do have other opportunities.

Senator SHAHEEN. I certainly share that. Admiral Greenert, I know you appreciate this with respect to the shipyard. One of the things that I have heard from some of our shipyard employees is that as we are looking at an aging workforce and the need to hire new people and the shortage of STEM-educated people, that engineers, mathematicians, scientists—they are all in very short supply. If they do not feel like there is certainty about Government work, then they are going to look in the private sector, and that creates a real issue for all of us.

Admiral GREENERT. Senator, if I could add. We have already reduced about 4,500 out of our depots, contractors, civilian employees. What we found following the furlough, as you just pointed out, is our doctors, our engineers, our behavioral health specialists, all of these people, because now they are worried about the uncertainty and there are jobs available for them other places—they are taking those jobs at a higher rate than they have in the past. That is the impact that this has. This capability that we have developed and experience that we are developing we are losing, and it is a big concern for us specifically in the STEM area that you are talking about.

Senator SHAHEEN. Yes. Thank you all very much. My time has expired.

Chairman MCCAIN. Colonel Ernst?

Senator ERNST. Thank you, Mr. Chairman.

Gentlemen, thank you all for being here today. I do appreciate your continued service to the United States.

General Odierno, thank you for mentioning in your brief the Reserve and National Guard forces and also to Senator Donnelly for bringing that point up as well. We do feel the impact. We are hurting. We are hurting too through sequestration.

With respect to the DOD and sequestration, General, you mentioned just this morning that we must appropriately care for our soldiers. Our soldiers and their families are bearing the burden of our decisions. We must train, maintain, and sustain a force and our equipment. But with sequestration in place, we also recognize that we have to utilize taxpayer dollars to the best of our ability.

So could you please give examples to the panel on where we are holding our military leaders accountable and how they are best utilizing taxpayer dollars in such a time as this?

General ODIERNO. So there are a couple of things that we continue to do that I think are important. We are reducing all our headquarters. The reason we are doing that, so we can get more capability to the soldiers that are serving. So we made a decision in the Army to reduce all our headquarters down to the two-star level by 25 percent to free up dollars in order to train our soldiers which helps. We have reorganized our brigade combat teams and eliminated headquarters. So we are able to fund and train the best we can.

We are trying to reorganize in our aviation capability. So we are getting rid of aircraft that are no longer capable of doing the things we need them to do.

We are transforming our training strategies. We have just now developed a total force strategy in Forces Command where we are training every—all training we do is a combination of active, Guard, and U.S. Army Reserve so we can maintain that capacity. So we are trying to make it as efficient as possible.

We are also looking at how we are making the most out of our training dollars in live training, virtual training, and constructive training.

So all of those things are the kind of things we are doing.

We are also streamlining some of our sustainment activity because we became too over-reliant on contractors, especially during peak years in Iraq and Afghanistan. We want to retrain our green suit capability because we have to sustain that at very high levels. That also will reduce our dollars we are spending on contracts that allow us to do this.

So these are just a sample of the kind of things we are trying to do to put money back in that allow us to take care of our soldiers. The best way to take care of our soldiers in my opinion is to make sure they are prepared and trained to do their jobs.

Senator ERNST. Very good. Thank you, General.

As a follow-on to that—and maybe all of you can just very briefly respond—just last week we had the State of the Union. I had invited a friend of mine from Iowa State—we were cadets together—to attend. He lives here in Washington, DC, at least temporarily. He responded, Joni, I would love to but I cannot. I am being fitted for my new leg. Well, he is stationed at Fort Bragg but he lives here right now at Walter Reed. A great friend of mine. I was able

to visit with him on Monday. So his last tour to Afghanistan was a little more difficult than most, and because of that, he has lost his left leg.

We have a lot of soldiers, a lot of members that are going through difficulties and challenges. I would like to know, just briefly from each of you, the impact of sequestration in regard to our medical care and follow-on for soldiers and their families. Just very briefly, gentlemen.

General ODIERNO. One of the issues that we are working through that we have to watch very carefully is we have to consolidate our medical capability and facilities. As we do that, we have to make sure that every soldier and their family member gets provided the same level of support no matter where they are stationed, and that becomes a challenge as you start to reduce. So we have to be careful to ensure that. We will still have the best, highest level care.

The issue becomes the sustained care over time across the country and overseas where our people are serving and making sure that they get the right coverage for themselves and their families. There are some difficult decisions that are going to have to be made. I do worry that they should be able to rely on the best medical care for them and their families as we move forward. So this is something that we are going to have to watch very carefully as we move forward.

Senator ERNST. Admiral?

Admiral GREENERT. I think the General got the key points there.

For us, it is about the resiliency programs and the Wounded Warrior care and recovery programs. We have to fund them and we have to make sure they do not get caught up in some overall reduction. So we have to be very vigilant in that. For us, it is a program called Safe Harbor. I watch it myself to make sure that we do not inadvertently—heaven help us we do it consciously, but inadvertently have these kinds of things caught up and—again the verb—they get sequestered. So we got to watch that.

Senator ERNST. Thank you.

General WELSH. Senator, I think the thing for us is what John highlighted there and that is identifying where they could get caught up in this and then come to you and ask for help because I know you will provide it. This committee will provide it. This is one of those sacred trust things that we owe our people.

Senator ERNST. Thank you.

General?

General DUNFORD. Senator, maybe I would just address also the non-medical care aspect of it. We established a Wounded Warrior regiment to take care of our wounded warriors about 10 years ago, and we are very proud of the way that we take care of marines. As General Welsh said, it is about keeping faith. We have funded that to date through OCO funding, and so one of the challenges now, as we move forward and OCO goes away, we have to move that into the base and we have to move it into the base at the very same time we are dealing with sequestration. So that will certainly remain a priority for us. It will be one of the other things that competes with the resources that we are going to have fewer of.

Senator ERNST. Right. Thank you very much, gentlemen.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Kaine?

Senator KAINE. Thank you, Mr. Chairman.

To the witnesses, thank you all. I did my back-of-the-envelope math, and I think this is 156 years of service to the United States that is sitting before us at the table in military capacity. We owe you thanks, but we ought to also listen to you.

For the record, I would just note I voted with enthusiasm for the nominations that were before us earlier. But there were 42 nominations to lieutenant colonel and colonel, and there was not one woman among the nominees. Those nominated had superb qualifications, but that is a fact of interest and I just wanted to bring it up that people on the committee pay attention to that.

The sequester was voted in by Congress in August of 2011, and I think as some of your testimony indicates and as we all know, when it was voted in, everyone wanted it not to happen. The idea was that Congress would find a better path forward. All agreed that a sequester path would have exactly the kinds of consequences that you have testified to this morning.

Since August of 2011, as you have also testified, the world has not gotten simpler. We have seen the rise of ISIL, an Ebola threat, increasing Russian bellicosity toward neighboring nations, North Korea's cyber attacks, a devastating Syrian civil war, a decline in the situation in Libya and other nations in Africa, flexing of the muscles by the Chinese, flexing of the muscles by the Iranians. The challenges have gotten only more intense since August 2011.

But while the challenges are getting more intense, we are needlessly inflicting pain through budgetary mechanisms on our military.

General Mattis testified yesterday—and the chairman indicated this in his opening statements. It is a pretty powerful statement when you think about it. No foe in the field can wreck such havoc on our security that mindless sequestration is achieving. There are some powerful foes in the field. General Mattis' testimony yesterday was that none of them will have as much effect on American national security as sequester. That is why it is imperative that we reverse it. We have to take steps to reverse it.

If you look at budgets, budgets tell you about priorities. We can say all we want about how we value military service and the defense mission, but at the end of the day, our budgets tell us something about what we really value. In 2015, 1.3 percent of Americans' GDP was spent on interest payment. That number is rising, 3.2 percent of the GDP was on defense. That number is dramatically falling. 3.3 percent on non-defense discretionary. That number is falling even more dramatically. 5.6 percent of our GDP was spent on Federal health care. That is growing dramatically. 4.9 percent on Social Security. That is growing dramatically. But by far the largest item on the expenditure side is tax expenditures, \$1.5 trillion year of deductions, exemptions, loopholes, credits, et cetera, 8.1 percent of the GDP and rising. What our budget is telling us is that we support tax expenditures much more than any of these other areas and we need to find appropriate ways to rebalance the budget in the sequester and invest what we need to combat the challenges that we have discussed.

General Dunford, I wanted to dig in with you a little bit on some of the testimony you gave about the relationship in the Marine Corps between readiness and forward deployment. We have demanded of you that you be more forward deployed. In the aftermath, for example, of the horrible tragedy in Benghazi, we have asked you to restructure to have expeditionary units and rapid response teams closer to the action. We have asked the same of other Service branches.

But forward deployment has a cost. Talk a little bit about what sequester does in terms of whether you have folks forward deployed or whether you have to have them back home. If that is the case, what is the effect of that on our ability to respond to crises?

General DUNFORD. Thank you, Senator, for that question.

Our ability to be forward deployed is based on our capacity. As I mentioned earlier, today our units are deploying for about 7 months; they are home for 14 months and back for 7 months. If we get sequestered, we will reduce capacity, and we will reduce capacity to the point where we will be closer to a 1-to-1 deployment to dwell rate, meaning that our marines will be deployed for 7 months—our marines and sailors—back out for 7 months and deployed for 7 months. So that is a pretty significant cost. Again, we talked earlier about both the impact on training. Very difficult to maintain core competencies with that quick a turnaround. We have experience doing that. We were about that level about 4 or 5 years ago at the peak of the requirements in Afghanistan and Iraq. So that is the biggest impact on sequestration is that reduced capacity. Now, that is the most significant one.

The other impact, though, is because of its mindlessness—and it cuts across all of the lines—it will also have an impact on home station training, facilities that are available, amount of ammunition, amount of fuel, amount of batteries, the things that you need to do to properly train when you are back at home station.

All of that degrades two things, Senator. One is the number of marines that are forward deployed. As we discussed before, in the wake of Benghazi, I think there is an expectation that marines and sailors will be there and respond within hours to a threat against our diplomatic core, U.S. citizens, or interests abroad. The fewer marines and sailors there are forward deployed, the longer the timeline it is for us to be able to respond.

With sequestration, I also have concerns over time about the capabilities that those marines have both from the equipping and training perspective and the human factors, again because of that quick turnaround from a deployment-to-dwell perspective.

Senator KAINE. Thank you, Mr. Chairman. My time has expired. Colonel Sullivan?

Senator SULLIVAN. Thank you, Mr. Chairman.

Gentlemen, thank you for your wonderful service to our country.

I just wanted to echo what Senator Wicker mentioned in terms of General Mattis' comments yesterday about the strategic aspects from a national security perspective of the national debt that we have racked up over the last several years, \$18 trillion and increasing. So I think we all see that we are struggling with the issues of sequestration, with the issues of readiness, but with the broader

issues of how our fiscal situation in this country actually impacts national security. So I appreciate the testimony here.

I also appreciate the focus on what is happening, what potentially could be happening with regard to training, readiness, morale, particularly given the global security threats that I know that we all recognize are out there.

Similar to Senator Shaheen, I also would like to focus a little bit more, though, on local impacts. I think it is important that the people that we represent also hear what the potential for local impacts could be with regard to sequestration.

I am sure all of you gentlemen would agree that Alaska is one of the most strategic, most important military places that we have in this country, whether it is missile defense, world-class unrivaled training areas and ranges, a platform for rapid deployment into the Asia-Pacific and to Eurasia. You will be hearing me talk about that a little bit in some of our hearings. I am sure my colleagues will as well.

But the large number of Army and Air Force bases and personnel in Alaska I think is a testament to the important geostrategic location and training. General Welsh, you mentioned the importance of training. Joint Pacific Alaska Range Complex (JPARC) in Alaska is probably the premier airspace for Air Force training in the world, larger than several American States.

General Odierno, I know that you are heading up to Alaska soon. Sir, we are looking forward to that. I wanted to let you know there was an article today in the Alaska Dispatch. It mentioned how the Army is looking to eliminate 120,000 positions, looking at potentially 30 installations that could be impacted, including a couple combat brigades possibly from Fort Rich or Fort Wainwright in Alaska. Obviously, this is having big concerns in my State.

Is sequestration driving this focus in the Army to look at 30 different installations, including brigades, in Alaska? Is that something that is being driven directly by sequestration?

General ODIERNO. It is being driven directly by sequestration and the fact that we will have to reduce significantly the amount of forces that we have in our Active component and National Guard and Reserve component. So throughout all of the United States and overseas, we will have to take reductions. Every installation could be affected as we make these decisions.

Senator SULLIVAN. So that exercise right now, as described in the Alaska Dispatch, is a direct result of you preparing for a sequestration?

General ODIERNO. Direct result, yes, sir.

Senator SULLIVAN. General Welsh, I know that the F-35 is a top program with regard to the Air Force. Alaska is a front-runner for a future F-35 basing, something that we are quite excited about. I think it would be great not only for Alaska but for the country, given our location. I look forward to having future discussions with you on how to cement that decision. But I actually wanted to ask you about the impact of sequestration on that program, if there is any, if the future basing could be delayed or undermined with regard to the F-35s. Is that something that could also be impacted by sequestration?

General WELSH. Senator, if sequestration occurred again in 2016, it might be necessary to defer some of the aircraft buy in fiscal year 2016 out of 2016, and the details of that will be in our budget rollout. We will be able to discuss those in detail with you and your staff beginning next week. But that is a possibility. We have defended this program from the beginning as a priority program for us, and so we hope that does not become reality. That would not, by the way, put the initial operational capability date at risk in my view.

Clearly, your emphasis on the strategic benefits of the State of Alaska and the training capability at JPARC are pretty well supported by the decisions we are trying to make with F-22 bed-down already made, tanker bed-down already made, and now consideration of Eielson as the leading candidate for our Pacific bed-down. So I would agree with everything you said about the location and the strategic value.

Senator SULLIVAN. Yes, sir. Thank you. Again, I look forward to having that discussion in more depth with you and other members of your staff.

General Dunford, you mentioned—actually several of you mentioned—your experience with, when you initially joined the Service, kind of the hollow Army or the hollow Marine Corps. Could you provide a little bit more details, any of you or all of you, quickly on specifics of kind of then and now, when you joined the Service, saw the initial kind of hollow military versus the high level of training that we have had with regard to our troops and readiness?

General DUNFORD. Senator, I would start by talking about the quality of people in the aggregate. There is absolutely no comparison between the quality of the men and women that we have in uniform today and the quality that we had in the wake of Vietnam during the late 1970s. We certainly had some very, very good people, but the comparison I would make today in the quality of people would be very significant.

But really what was going on in the 1970s is we did not have sufficient money to train, and so the training was not effective. Our capabilities were not growing. We did not have a significant amount of money to take care of our infrastructure and our barracks. Frankly, I can remember days of asbestos carpeting, lead pipes, raw sewage in the barracks, and conditions of habitability that frankly we were embarrassed about in the 1970s.

But I think the one thing that is different today and the 1970s is the spirit, the will, and the discipline of the force in addition to being very well equipped. Of course, much of the equipment we had was old. But the most important thing of the intangible quality of the force today—and again, we have all spoken about trust. We have all spoken about the ability to predict the support that you are going to have when you go into harm's way. All of those things have given us that spirit, will, and discipline. That is the thing I would be most concerned about losing is the quality of the force and those characteristics that we see in our soldiers, sailors, airmen, and marines today.

Chairman MCCAIN. Senator Manchin?

Senator MANCHIN. Thank you, Mr. Chairman.

Thank you all for your outstanding service to our country, and we appreciate it very much.

I do not know a person in West Virginia that would not sacrifice for our military. Not one that would not do without, that would not give up something that they are getting now or a benefit for our military. I do not know of one. But they do ask the question, can we do it better? Can we make it more efficient?

I just remember the omnibus bill we just passed. There was \$5 billion of new equipment in there for DOD that I understand nobody asked for. So I am sure if it was built in my State or some other State, we are wanting you all to buy and pushing it on. There has to be a more effective, efficient way of procurement. We have to have enough resilience.

I know the chairman has fought on this forever. I have heard him when I was Governor of the State and when I was in the legislature. There has to be a better way. When Eisenhower said beware of the industrial military complex, man, he knew what he was talking about. Even back to George Washington knew that there could be a problem.

We have to break that so that we can go back to the people who are willing to sacrifice, whether it is in my State of West Virginia, Arizona, or wherever it may be. They said, fine, what is everybody else doing? I will sacrifice but are we doing it better? We do not have an audit. So without an audit, I have never been able to run a business without an audit knowing where my problems were. We have a hard time getting an audit out of DOD so that we know where the waste or efficiencies or things of that sort.

We force stuff upon you all that you all do not want. I know you cannot speak and it makes it politically very challenging. But we have to be there for you. If we are going to have the best readiness and prepared and support the greatest DOD the world has ever seen, we have to make sure we are doing it in the most efficient fashion.

So I look at that, and I have a whole different approach to this 2 years of Military Service. I was a product of the Reserve Officers' Training Corp (ROTC), a mandatory ROTC, in West Virginia University, and I enjoyed it. I would never have had that chance if I did not, with the draft process and all, everything that went with that. I still believe in 2 years of public service for every young person. Really, we could tie it to this 2 years of college of the President and say you earn 2 years of college if you give 2 years of public service. It does not have to be the military. You all could pick and choose the best if they wanted to go there. We still have that option. I think it has more value and buy-in to our country if they do that.

I just want to know—and I have the most frustration with the procurement of this process of ours—why it takes so long to get an idea for new technology to market. Why is it so long for us to get that and the cost that goes in that. F-35. I know our chairman has been on this for as many years as I can remember. There is no quid pro quo. There is no incentive or reward or penalty, it seems like. We do not run the private sector the way we are running the procurement in the military that I know of.

So it is kind of an open end, and I would like anybody's comment that would want to chime in. We can start with General Odierno and go down if any of you want to chime in on this. But give us some direction that we can help you and how an audit would work to reveal the inefficiencies so the transparency that we need up here to give you all the support you need. General?

General ODIERNO. Senator, thank you.

First, we are working very hard towards auditability. We are starting to put the systems in place that are enabling us to better see ourselves and where we are spending money, where we are wasting money, and where we are underfunding money. We are getting there, and I think the requirement is by 2017, but we are working very fast to get there. We are starting to see some of that come to fruition. So I want you to know we are taking that very seriously and we are making some progress. We are not where we need to be yet, but we are making progress and we should be prepared by 2017 to meet that goal.

A couple things I would just comment on what you said. Yes, we are still having to procure systems we do not need. Excess tanks is an example in the Army. Hundreds of millions of dollars spent on tanks that we simply do not have the structure for anymore. There are reasons for that, I can understand. But there are things that go on. When we are talking about tight budgets, a couple hundred million dollars is a lot of money, and we got to understand how we do it.

The other thing is I know there are lots of people that have looked at procurement reform, and the one thing that has been frustrating to me as the Chief of Staff of the Army is how little authority and responsibility that I have in the procurement process. I have a say in requirements to some extent, but I have very little say. Now, what I have to do is use my influence, use my influence as a four-star general and the Chief of Staff of the Army, to try to influence the process. But frankly I have no authority inside of that process outside of requirements. So I think when you are in this position, you have been in serving for decades, you fought wars, you have some experience in what is needed and how we develop and procure items. I would like to see us in the uniform get a bit more involved. I would ask as we review this, that we would all take a look at that, sir.

Admiral GREENERT. We too are working on auditability. This year we are going under what is called the schedule of budgetary activity. That means the financial transactions. We should complete that by December. That takes us to the next step, which is to look at the four classic areas of auditability. So I tell you the Navy is on track. We will continue to keep the committee and yourself informed.

When I look at the procurement process—Ray has it about right—we need to clarify the chain of command. There are too many people involved in the process. If I say I need a thing and it starts moving towards somebody building it and there are a whole lot of people telling us, no, this is what you really need. I am talking about in the Pentagon, just to get it out of the building. That is one.

Two, we need to be able to compromise once we tell somebody to go build us something. If I say it has to be this fast, do this greatness, and I am reaching hard, it can be quite expensive, and the technology just may not be there. We may need to de-scope this. It is too expensive. It will not deliver on time. Cost and schedule need to become a much bigger factor in this process than it is today. I think it ought to be a key performance parameter. That is big speak in the Pentagon. It means if you breach this, you got to go back and stop, take a pause, and look at this again.

Senator MANCHIN. If I could just finish. My time is up.

But I would love to speak to you all, if I can, because I am really interested in the procurement and changing the procurement, how we do it. I am more interested in finding how many ideas come from you all, what you just described as what you need, versus what some on the outside think you need. Those are the things I would like for you to think about, and I will come and visit with you all if I may.

Thank you very much. I am sorry, Mr. Chairman.

Chairman MCCAIN. I thank you, Senator Manchin. That is our second top priority item I think for this committee in the coming session.

Senator Tillis.

Senator TILLIS. Thank you, Mr. Chairman.

Gentlemen, thank you for being here, your leadership, and your service to our Nation.

I apologize for being out. I have a competing committee meeting over in Judiciary with the appointment of the nominee.

But my question to you—I came from the North Carolina legislature and we had a budget crisis back in 2011. We had to cut. What I heard from the heads of the various administration members were that they could absorb some of these cuts if the legislature were willing to provide them with the flexibility to determine where they do it and potentially even changing some of the processes, I think alluding to what maybe the Admiral said on procurement processes.

Has there been much of a comprehensive focus on if you could make changes to the way you procure, deploy, and prioritize spending and provide that feedback to Congress? That is one.

Another question is with respect to sequestration—I do not know that much about it, although I do know that I would vote to repeal it—can you describe what kinds of constraints prevent you from being able to absorb the suggested cuts with sequestration that may make it easier if it were to stay in place and go down the line?

General ODIERNO. Senator, the one thing I would say is I think sequestration level of budget is simply not enough budget for us to meet the demands that are on the force. I want to be very clear about that up front. I just think it does not allow us to meet what is our defense strategy and the Defense Strategic Guidance that we are operating under now.

That said, we are inefficient. Just sequestration itself is inefficient because it is in some cases salami slice cuts that limit how you manage. What it has done is it has stretched programs longer than they need to be. So the cost per item is more. It is causing us to reduce training and some of our other modernization activi-

ties much broader than we need to. It is causing us to cut end strength too quickly. So all of those add to an inefficient use of the resources that we are provided. So we can make some adjustments around, that would help if we were able to change some of the mechanisms associated with sequestration. That said, I just believe the level of funding under sequestration is simply not enough for us to do the things that we need to do.

Senator TILLIS. General, does that suggest that—if I were to have that discussion with someone in business, the question that I would ask is how productive and how efficient do you think your organization is. So are you suggesting that now that the cuts suggested by sequestration are beyond your capacity to drive additional efficiencies and productivity out of the organization?

General ODIERNO. No. I would not, no. There is always room in the Army for a continued efficiency. We have taken several steps to try to improve our efficiency, whether it be in how we get contracts, whether it be how we size our headquarters, whether it be how we manage some of our programs. We always have to be doing that and adjusting and adapting how we do things and be more efficient in our ability to train. We are always looking at those items. So there is always room for that.

But I think we have to understand the levels we are talking about really hinders us, I believe, in a very difficult security environment to meet the needs of the Nation.

Thank you.

Senator TILLIS. Admiral?

Admiral GREENERT. I echo what General Odierno said. The absolute value of money that it takes to do the strategy and what the country needs the military to do today—it does not balance. So what I am saying in my testimony was you have to change what you are asking us to do. Well, the world is getting a pretty big vote on this. So there is a mismatch and imbalance in that.

As General Odierno said—I will give you just a quick anecdote. In the President's budget 2015, which we brought up here, there was a \$90 billion change—or difference in what we say we needed and what we had. \$20 billion of that we made up through overhead reduction, efficiency, buying more efficiently, if you will. We call it better buying power. So, sir, we are doing our best to be as efficient as possible. I would say that takes time for these things to come to roost—the efficiencies. The kind of reductions we are talking about are today. So there is a mismatch in that as well.

Senator TILLIS. Thank you.

General Welsh?

General WELSH. Senator, sequestration is a blunt force instrument. It was intended to be, as was referenced earlier in the hearing, so that we would not keep it in the law. The problem with it is there is nothing about that instrument that you would use in the business world. You would never expect to create great savings the first year you decided to restructure your entire business.

Senator TILLIS. Just for the record, that is why I agree. I think just strategically it is a poor approach towards addressing or driving out efficiencies. So I agree with that, General Welsh.

General WELSH. Yes, sir. When it comes to efficiency, we in the Air Force have not used our auditor general well. We have never

done implementation audits for new programs, new ideas, new organizations. We have started that over the last 18 months. We found that if you get off to a good start in these changes, you have a much better chance of success. That same logic applies to acquisition programs. If you start procurement with a bad milestone chart, a bad funding plan, or a bad acquisition strategy, we will end up in here explaining to you why the program is failing. We have to do a better job of starting the right way, and that involves a number of people supporting us and changing policy law and us paying more attention to it.

Senator TILLIS. Thank you.

General Dunford?

General DUNFORD. Senator, I would associate myself with the comments of the other chiefs.

You asked about what about the methodology makes it very difficult. In 2013, our manpower account was exempt from sequestration. We spent somewhere—almost 70 percent of our budget is towards people. So the full weight of sequestration then fell within 30 percent of our budget. So if we went back to sequestration in 2016, it would be a similar impact where the full weight of sequestration comes against 30 percent of the budget. So not only do you have no flexibility in its application, but it is a very narrow part of my budget where the full weight of sequestration would fall.

Senator TILLIS. Thank you, General. That really gets to the point about the constraints.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator King?

Senator KING. Thank you, Senator.

I just returned from the Budget Committee. I apologize for missing some of the discussion, and I may touch upon some of the points.

Chairman MCCAIN. Not accepted.

Senator KING. Thank you. Always a pleasure to work with you, Mr. Chairman. [Laughter.]

I want to emphasize a point that I understand Senator Kaine made and that is, number one, sequestration was designed to be stupid. Did you know that? It was expressly designed to be so stupid and unacceptable that Congress would never allow it to go into place. I remember campaigning in 2012. People said, well, what do you think of the sequester? I said it will never happen. Congress will not let that happen. But here we are.

One of the reasons that it does not make much sense is that we are focusing all our budgetary attention on the declining part of the budget. The growth in the budget right now is in mandatory programs and particularly in health care costs, Medicare, Medicaid, the children's health program. That is what is driving the Federal deficit. It is not defense. It is not national parks. It is not the Head Start program. The sequester is like invading Brazil after Pearl Harbor. It is a vigorous reaction, but it is the wrong target because this is not where the problem is.

We are headed for a moment, by the way, Mr. Chairman, where discretionary spending, including defense, is at the lowest level ever—ever. We really should not even be having this discussion because it is a pointless exercise in terms of trying to deal with the

budget. We need to be talking about a much larger question, particularly the extraordinary cost of health care in this country as a percentage of GDP and per capita.

So I know you have had all the testimony and I heard it at the beginning about how devastating it will be. We really have to start talking about how to deal with it. I hope, Mr. Chairman, that this committee, which sees the impact of sequester more than any other committee in Congress because more than half of it falls within our jurisdiction, can lead the way in trying to find some kind of solution that will make sense.

So I do not really have any specific questions except to underline what I heard all you gentlemen say in your opening statements, that this will really be devastating.

Americans' lives are being put at risk by this policy. Would you agree with that, General Odierno?

General ODIERNO. Yes, sir.

Senator KING. Admiral?

Admiral GREENERT. Yes, sir, I do agree.

General WELSH. Yes, sir.

General DUNFORD. Yes, Senator.

Senator KING. That should be the headline, that Americans' lives are being put at risk. We go to such extraordinary lengths to protect the lives of our people, and yet by compromising readiness, by compromising morale, by compromising modernization, by compromising training, that is the inevitable result. You guys are having to go through these extraordinary gyrations to try to deal with the uncertain budget situation, and the danger is risk to American lives, both our people in uniform and our civilians. So I certainly want to thank you for your testimony.

Also, I would like to ask one other question. I would assume that the uncertainty of this whole situation is almost as bad as the dollars. Is that correct, General?

General ODIERNO. It is. There is a lot of angst in the force about what is in the future, what is going to happen. They are focused on what they are doing today, but they do worry a bit about what it means to them for the future, our soldiers and their families. So it is creating some angst in the force, and that is concerning to me. For the Army especially, because we are reducing so much force structure and might be required to reduce so much more force structure, it is creating great angst in the force itself.

Senator KING. One final question for you, Admiral. Talk about the risk to the industrial base. My concern is that you cannot turn on and off the industrial base. When welders leave to go somewhere else, you cannot just pick them back up the next year. Is that not a deep concern to the Navy?

Admiral GREENERT. It is, Senator. We are at the point—in our shipbuilding plan, we are about, if you will, minimum sustaining. The good news is we are buying efficiently. But that all comes unraveled if you start dropping out ships here or there. In aircraft and weapons, we are at minimum sustaining.

So what happens is people think, well, the big primes are going to go under, and they say that will not happen. That is not the concern. It is what you said. It is kind of the mom and pop, the smaller or mid-business people that make very specific and refined

equipment. Over half of our nuclear industrial base is sole source. So we really, really need them. So this lack of planning, the inability—it cannot keep them open. You cannot buy an economic order quantity and it is a deep concern. As you said, we cannot bring it back fast.

Senator KING. Well, and the irony is that when you have to delay a multiyear procurement, for example, you end up paying more in the end. So the taxpayers lose both ways.

Admiral GREENERT. They absolutely do. It is like some say eating at 7–11 every night. It is not sustainable and it is more expensive.

Senator KING. I have 7–11s in Maine so I am not going to comment on that. [Laughter.]

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator King, I want to thank you for the work that you are doing, along with a number of efforts, to try to address this issue, and I thank you very much.

Senator COTTON?

Senator COTTON. Thank you very much, Chairman McCain.

Thank you, gentlemen, for your distinguished service to our country.

I want to look back on a few of the statements you made at the last hearing we had, General Odierno, starting with you. You had said that if sequestration level reductions continue in fiscal year 2014, 85 percent of our BCTs would not meet readiness levels appropriate for contingency requirements. Are we in a situation now where 85 percent of our BCT's are not in fact ready?

General ODIERNO. We got down to actually 90 percent at one time in 2013. Because of the BBA, we built that up back in 2014 and 2015 to 33 percent. But if sequestration begins in 2016, we will be headed right back down to those numbers again.

Senator COTTON. How are you managing that lack of readiness?

General ODIERNO. Sir, what we have had to do is we have had to develop a force. So we are saying, okay, we are going to take this amount of the Army and we are going to give you the money and train you to the highest level, which means the rest of the Army is training at a significantly lower level, which really concerns me because what I worry about is I have to have some level of the force capable of deploying to an unknown or no-known contingency. But what that does is it means we are not funding the rest of the force. It affects morale. It affects capabilities and it takes longer to recover from it.

Senator COTTON. So in a concrete sense, does that mean certain BCT's are only doing individual tasks or platoon and company level collective training?

General ODIERNO. Individual squad and some platoon and that is it.

Senator COTTON. You had said that only 20 percent of the operating force would have sufficient funds for collective training. Is that the case?

General ODIERNO. That was the case. Again, when we got the additional money in 2014 and 2015 above sequestration, we were able to increase that to about 35 percent of the force. But if it kicks again in 2016, then we will go right back down again.

Senator COTTON. Where do we stand on schools now, basic professional schools like Warrior Leader, BNOC, ANOC?

General ODIERNO. Right now they are funded fully. If sequestration kicks in, we will start to see a reduction in our special training schools. So ANOC, BNOC—we will try to fund those. Where we are going to have to limit is Ranger, Airborne, Pathfinder. About 85,000 spaces will be unfunded in our specialty schools which are critical to providing the high-level competence that we need.

Senator COTTON. What kind of percentage decrease would that be for the specialty training schools like Ranger, Airborne, and Pathfinder?

General ODIERNO. Well, it will be somewhere around the 50 to 60 percent level.

Senator COTTON. Have you seen that affecting retention?

General ODIERNO. Well, we have not done it yet. We would have to do that if we go back into sequestration.

Senator COTTON. Do you foresee it affecting retention?

General ODIERNO. Yes, I think it will affect retention. All of this affects retention. The most important thing we do is to make sure they are absolutely trained to do their mission. When we start backing off on the ability to train, it will affect the retention.

Senator COTTON. You had projected the need to go from just over 533,000 troops to 420,000. Is that still your assessment?

General ODIERNO. That is in fact the case, Senator.

Senator COTTON. At what levels are we going to see the most declines in personnel? Soldier or junior or senior noncommissioned officer, company grade, field grade officer?

General ODIERNO. It is all. So we manage officers by year group. We are already going through boards now. Even just to get to 490,000, we are involuntarily separating officers at the captain, major, lieutenant colonel, and colonel level. We are also reducing the amount of noncommissioned officers. We are reducing the amount of soldiers we are bringing in. We actually over the last couple years have reduced the ability for people to reenlist. That will increase if we have to go to sequestration.

Senator COTTON. At those levels, those are the soldiers who tend to have the multiple combat deployments underneath their belts?

General ODIERNO. That is correct. That is absolutely correct.

Senator COTTON. So you are losing their combat experience and replacing it with new privates and lieutenants who do not have it.

General ODIERNO. Yes, sir.

Senator COTTON. General Dunford, if I could switch to you for a moment. Your predecessor had projected that you would have to decrease your end strength of about 187,000 to 174,000. Is that projection still accurate?

General DUNFORD. Senator, that is correct with sequestration.

Senator COTTON. With sequestration.

Could you explain to a layman why what might seem like a relatively small reduction of about 13,000 could be so hurtful to the Corps?

General DUNFORD. I can, Senator. Thanks for that question.

The biggest impact would be—that reduced capacity would have an impact on the deployment-to-dwell ratio of our marines. So today we consider the optimal force—and we did a study on this

in 2011—would be 186,800 marines. That would allow marines to be gone for 7 months, home for 21 months, and gone for 7 months again. We call that a 1-to-3 deployment-to-dwell. When we came down to 182,000, that puts us at a 1-to-2 deployment-to-dwell. So we are deploying 7 months, home for 14 months, back out for 7 months. If we go down to 174,000 and really with a marine security guard plus-up, that would be about 175,000. It would be the only change I would make from my predecessor's comment. If we go down to that level, many of our units will be closer to 1-to-1 than 1-to-2. So marines would be home for about 8 or 9 months between 7-month deployments with an impact on the quality of training that we are able to provide, as well as impact on families.

Senator COTTON. Admiral, you had testified that if sequestration remained in place, you would only be able to sustain about 255 ships, which is approximately 50 less than today. Is that still the case?

Admiral GREENERT. It is not, Senator. That was about 15 months ago when I gave that testimony. That was a scenario based on our using force structure retirement to garner savings and mandates from Congress, and we have kind of taken that off the table. So I would look in other avenues, probably other modernization. It concerns me about—when I talk to capability and the future, that is more likely where we would go for that kind of savings.

Senator COTTON. My time has expired. Thank you all.

Chairman MCCAIN. Senator McCaskill.

Senator MCCASKILL. Thank you, Mr. Chairman. As you might be able to tell, I do not have much a voice today, which is a fact that is being celebrated many places around here. I will not spend a lot of time questioning because I have questions for the record that I would like.

I know that Senator Manchin touched on the acquisition process. I would certainly recommend to the members of this committee and to the leaders in our military the report that was issued by the Permanent Subcommittee on Investigations under the leadership of Senators McCain and Levin where they took information from a variety of important experts about our acquisition process and particularly the challenges that the bifurcation represents between the civilian and the military and how awkward that has been and how freaking expensive it has been in the long run. That is a technical term, "freaking." I figure I can say that since I cannot talk. [Laughter.]

I will just use this time to briefly ask one question. One of the things I have discovered as I have done an enormous amount of work in the area of acquisition—and by the way, getting rid of sequestration I think is maybe the most imperative bipartisan challenge we have in the Senate. It is a bipartisan challenge, and we are going to have a lot of them. How we on this committee step up in a bipartisan way to try to address it I think will be very meaningful.

But one of the problems in the military is that it is based on leadership and your ability to be promoted, and what positions you have are relevant to whether or not you are promoted. It is kind of the short stick to get to be a systems manager. So what happens—these program managers—they do not want to hang out in

those jobs because they get all the heat when things go wrong. They are not seen as bright and rising starts within the military. It is not the career path that is the most desirable whether you are back in the days when we could not get the companies to even give anybody with authority that clipboard to check on contracting, the corps' representatives. I mean, when I started doing this, it was the lamest member of the company that was handed that clipboard to do the contracting checks.

So I would love, not now but in writing later, how you all believe you can elevate these positions so they are seen as part of a trajectory of success within the military because until we get quality leaders running these acquisition systems, these programs, we are going to continue to struggle with costs that we just frankly cannot afford in this country anymore.

I only have 3 minutes left. So if any of you want to take a stab at that, that would be great. I apologize for my voice.

General ODIERNO. Senator, we are very aware of the issue you just brought up in terms of ensuring that in certain parts of our Service, they have the ability to move up and get rewarded for the work that they are doing. We manage it very carefully. With our acquisition corps specifically, we have management guidelines that we are attempting to follow. For me, it is not only that, but it is more about the mixture of experience between acquisition and operational experience. That would help also in that area where we make sure we have that dual experience. We have moved away from that a little bit where we make somebody an acquisition officer very early on. But that said, we have put programs in place to ensure that their promotion rates are at least equal. But with that said, I believe we have to constantly review it, look at it, and ensure that they are having the opportunities for promotion. I will respond in writing in more detail.

Admiral GREENERT. Ma'am, in the Navy, we have a corps called acquisition professionals. It is not literally a corps. It is a subspecialty and it is in statute how they are promoted and what jobs they are required. But we need to do some work in there.

Number one, the report of fitness is very similar to an unrestricted line officer. So the attributes that they are evaluated on do not match up with the reality of what they do day-in and day-out. We need to revise that. That is in progress. I am working with our acquisition professional.

Number two, we need to cross pollinate. People who may not be acquisition professionals need to serve with them and understand what do they do so that as we go back and forth and describe what I need, what they need, their reality—we need to understand that so we can do better.

Number three, the assignment process needs to be—it is like a conga line right now. We need to go in and find out, to your point, who are these people who are performing very well, get them in the right job, keep them there so that they can develop the program and we are not just shifting people through there.

Then lastly, encourage our program managers to come forward. If the program is not doing well, we have to evaluate them and actually reward them for coming forward and saying I got a problem here because what happens is they fill in the data and they say

check it out, doing well. I got to get out of here before this thing goes bad. Then the poor person that comes in and it explodes gets the heat.

General WELSH. Senator, I think this is a fascinating area for study. I spent about 2½ years in the acquisition business, and the thing I walked away with is my primary lesson was I did not understand any of the rules when I left any more than I did when I walked in. It is complicated.

But what I did understand is the quality of the people we have in the acquisition business in the Air Force. It is a specialty for us. We get a lot of people actually wanting to come to the Air Force as young acquisition and contracting officers. The talent level is phenomenal. Where we start to lose them is when they become disconnected in their duties, when they get to the mid-career, with what the rest of the Air Force is doing. They do not feel that they are critically important to the big Air Force. They feel they are critically important to their program. Not having that connection is a big problem in my view. We have a number of general officers who are acquisition officers. We have some who are contracting officers. So there is a path for them if we can make them want to stay long enough to enjoy it. It is tough work. You have to be very talented to do it well, and we have to make sure they understand that they are critically important to the Air Force. This is where that civilian-military connection I think will make a big difference if we can get it right. They have to feel like we are all in the same Air Force, not that they are in a separate section just buying things for us. That will not work over time.

General DUNFORD. Senator, I think we have a similar construct to what Admiral Greenert talked about with the Navy. I understand the question you were asking. I do not have anything to add that the other chiefs have not already said, but we will take the time to respond thoughtfully in writing.

[The information referred to follows:]

General ODIERNO. The military officer element of the Army's Acquisition Corps (AAC) is a strong, competent, professional workforce grounded in operational experience and reinforced with robust acquisition education, training, and experience. Military officers are accessed into the AAC through the Voluntary Transfer Incentive Program (VTIP) after demonstrating 6–8 years of successful operational experience in one of the Army's basic branches. Acquisition is one of the most highly sought after functional areas through VTIP with only approximately half of those requesting accession into the Acquisition Corps getting selected.

Once accessed into the AAC, officers spend the rest of their Army career exclusively in acquisition assignments. For those focusing on the program management career field, accession is followed by 6 weeks of foundational training. Once their 6-week training is complete, officers spend the next 12–14 years in acquisition assignments gaining the experience required to be level three Defense Acquisition Workforce Improvement Act (DAWIA) certified in program management. This is prior to assuming a centrally selected program manager (PM) position at the lieutenant colonel (LTC) level. Also during the 12–14 year time period, virtually all acquisition officers have earned a Master's degree. LTC level PM positions require a 3-year tenure. Upon completion of a PM position at the LTC level, the officer usually attends the Senior Service College and obtains acquisition experience at OSD, Joint Staff, or HQDA. The best qualified AAC officers are then selected for promotion to colonel (COL) and serve as a PM. As a result, our COL level PMs serve an additional 3 or 4 year tenure, based on the acquisition category of their program. If for some reason tenure must be shorter, it is only waived by the Army Acquisition Executive.

Over the past 4 years, the AAC promotion rates have on average been commensurate with the Army Competitive Category (ACC). Data from the fiscal year 2011–

2014 promotions show that AAC promotion rates for both COLs and LTCs have on average exceeded that of ACC by approximately 2.5 percent. Although the number of PM positions available for fill varies from year to year, AAC Central Select List selection rates have also kept pace with the ACC over time. Additionally, in the last several years those selected for CSL have possessed an advanced degree at a rate of greater than 95 percent.

For the opportunity to be a PM, Army Acquisition Officers must complete not only the Branch specific Pre-Command Course (for instance, the Infantry Pre-Command Course for PMs assigned to PEO soldier), the Ft. Leavenworth Pre-Command Course, but also the Acquisition Leaders Preparation Course. They must take PMT 401, a 10-week course on program management, as a LTC. When selected for a COL PM, they complete PMT 402, a 4-week executive program management course. In addition to the DAWIA levels of certification above, our ACC officers must also meet all of the Army Professional Military Education requirements the rest of the Army officers must meet. As a result, we have a highly trained and skilled set of AAC officers.

Admiral GREENERT. Ma'am, in the Navy, we have a corps called acquisition professionals. It is not literally a corps, it is a subspecialty. It is in statute how they are promoted and what jobs they are required. But we need to do some work in there.

Number one, the report of fitness is very similar to an unrestricted line officer. So the attributes that they are evaluated on do not match up with the reality of what they do day-in and day-out. We need to revise that. That is in progress. I am working with our acquisition professional.

Number two, we need to cross pollinate. People who may not be acquisition professionals need to serve with them and understand what they do so that as we go back and forth and describe what I need, what they need, their reality we need to understand that so we can do better.

Number three, the assignment process needs to be it is like a conga line right now. We need to go in and find out, to your point, who are these people who are performing very well, get them in the right job, keep them there so that they can develop the program and we are not just shifting people through there.

Then lastly, encourage our program managers to come forward. If the program is not doing well, we have to evaluate them and actually reward them for coming forward and saying I got a problem here because what happens is they fill in the data and they say check it out, doing well, I have to get out of here before this thing goes bad. Then the poor person that comes in and it explodes gets the heat.

General WELSH. Our experience in the Air Force is actually quite different from what you describe. The Air Force deliberately develops military and civilian acquisition professionals according to well defined career path models which serve as a guide for professional experience opportunities, education, and training. These career models provide ample opportunity and experience for acquisition professionals at all ranks, and provide a defined path to greater rank and responsibility within the acquisition workforce. Since 2002, when we implemented formal processes for "Force Development," the development of acquisition workforce members has been enhanced by the use of career field Development Teams (DTs) consisting of senior leaders from within each career field. Using published career path models as a guide, DTs provide tailored developmental guidance to individuals based on their past record of training, education, and experiences. This action gives them a specific path or vector for greater progression and opportunity in the Air Force. The DTs also vector officers and civilians for developmental education, including Professional Military Education, and identify military and civilian candidates for command and Materiel Leader positions within the acquisition workforce.

Defense acquisition professionals—especially PMs, have a special body of knowledge and experience that is not easily attained. Our PMs must deal with enormous complexity. The problems defense acquisition professionals are asked to solve are not simple; they are entrusted to develop and field the most complicated and technically advanced systems in the world and to conduct efforts spanning a huge variety of products and services. Program management doesn't lend itself to easily learned "check-lists." There are no one-size-fits-all solutions that apply to all acquisition situations. The Air Force deliberate development approach is designed to guide and enable our acquisition managers to gain depth and breadth in acquisition, helping the workforce to think critically about their programs and focus on sound decisions tailored to the problem at hand. We give them the opportunities to understand through education, training, and experience, what works, what doesn't, and most importantly the why and how to best implement a specific decision.

Rather than feeling like they've been handed the short stick when they're selected to lead a program, our aspiring program managers probably feel like they've

grabbed the brass ring. For our major acquisition programs at the Acquisition Category I (ACAT I) level, selection means the culmination of almost two decades of preparation gained through successful performance in multiple acquisition jobs of increasing complexity and responsibility, often in not only acquisition program management, but another acquisition discipline such as engineering or test and evaluation. To compete for these PM jobs, they must first be selected as a Senior Materiel Leader candidate through the Chief of Staff's Command Screening Board process (the same process used for their peers in operational group and wing command billets). They must have attained Level III certification in the PM specialty (standards established under the Defense Acquisition Workforce Improvement Act (DAWIA)), and have maintained professional currency (at least 80 hours of professional development training every 2 years). They must exhibit not only the technical proficiencies demanded by the acquisition profession, but the leadership skills and potential for greater responsibility expected of all officers selected for command and command-equivalent roles at the Colonel level. From the candidate list produced by this board, the SAE, collaborating with the four-star commanders of Air Force Materiel Command and Air Force Space Command, selects the PM and Deputy PM (DPM) for each ACAT I and II program. Recommendations are approved by the Chief of Staff of the Air Force.

Current Air Force PMs and DPMs reflect the high standards and intense focus on professionalism established for acquisition. On average, our PMs and DPMs have 18 years of acquisition experience, with 55 percent holding not only a Level III DAWIA certification in PM, but at least one other Level III certification in a related acquisition function. Many of our military PMs also have had at least one assignment in an operational career broadening assignment, gaining invaluable perspective from the operational community.

General DUNFORD. The Marine Corps recognizes and fully embraces the challenge to recruit, train, develop, and sustain through carefully managed career paths the high-quality officers required to succeed in the critical role of acquisition program managers. To this end, in 2004, the Commandant of the Marine Corps formally established the Acquisition Management Professional Officer Military Occupational Specialty with the following purpose: "To develop a population of professional acquisition officers who meet statutory requirements under the Defense Acquisition Workforce Improvement Act and are competitive for selection to Program Management (PM) and other Key Leadership Positions of major defense acquisition programs for which the Marine Corps has a unique or vested interest." Since then, we have increasingly focused on tracking and improving this critical officer population. As substantiated by data in the enclosed information paper, our efforts to track and improve what Senator McCaskill referred to as a "trajectory of success" for these officers have realized significant progress. For example, during the period of fiscal years 2008 through 2016, the selection rate to Colonel for Marine Acquisition Officers was 61 percent as compared to the average promotion rate to Colonel across all Marine Corps occupational specialties of 52 percent. We deliberately select and cultivate highly talented prospects for acquisition duty. A key criterion is that the candidate must be a field grade officer. As a result, officers selected for assignment to the acquisition specialty bring formative experience and proven success in a combat arms or support specialty. As every Marine is first a rifleman, every acquisition officer is first a successful Marine officer with the innate understanding of fellow Marines as our ultimate acquisition customer. This connectivity is a crucial constant. For example, one of our current PMs served in an acquisition assignment as a major, returned to the operating forces to command an infantry battalion in combat as a lieutenant colonel, and subsequently came back to his competitively selected present acquisition assignment as a colonel. Our acquisition leadership positions are rigorously competitive by design. For the Marine Corps, the Commander, Marine Corps Systems Command is the general officer who has the authority and responsibility to screen and slate individuals to fill designated acquisition billets. He utilizes an annual board predominantly comprised of general officers and senior civilian members from Department of the Navy acquisition organizations, but may also include senior members from Headquarters Marine Corps stakeholder organizations when appropriate. Such diversity and cross-organizational membership ensures a broad range of views are considered in an open and transparent board process. In recognizing the challenge articulated by Senator McCaskill we are encouraged by our progress but not complacent. This continues to receive our focused attention to grow the best talent for managing the acquisition investments of the Marine Corps and equipping our marines with the best affordable weapons and systems. With the continued support of Congress, we will continue recruiting strong applicants to transition to the acquisition career field while building a solid foundation of qualified, competitive, and successful Marine acquisition professionals.

Chairman MCCAIN. Colonel Graham?

Senator GRAHAM. Thank you, Captain.

NATO partners are reducing their spending regarding defense in general. Is that fair to say?

General ODIERNO. Yes, Senator.

Senator GRAHAM. How many NATO nations spend 2 percent of their GDP on defense?

General WELSH. Senator, the answer is two or three I believe. Estonia does.

Senator GRAHAM. Two or three. So that is a dilemma for us because as you look over the next coming years, the capabilities of our NATO partners are diminishing, not increasing. Is that fair to say?

General ODIERNO. On the ground side, yes.

Admiral GREENERT. The UK is improving their navy but the capacity is small.

Senator GRAHAM. Same for the Air Force?

General WELSH. Yes, sir. The problem is a capacity problem for our traditional allies.

Senator GRAHAM. So what will be spending on defense at the end of sequestration? What percentage of GDP will we spend on defense?

Admiral GREENERT. I believe it is about 3 percent, Senator.

Senator GRAHAM. I think it is 2.3. Can you do me a favor and check among yourselves and send us, if you can find agreement among the four of you, the number that the military views that we will spend on defense relative to GDP? Also add into that letter the average the Nation has been spending on defense, let us say, since Vietnam. I think that would be very instructive to the committee to understand the true effects of sequestration. I believe it is around 2.3 percent, and that is about half of what we normally spend on defense since Vietnam. But I could stand to be corrected. Just let us know.

[The information referred to follows:]

The percentage of gross domestic product (GDP) that is estimated to be spent on the Department of Defense in 2016 is 2.84 percent.

- For year-to-year detail, see attached chart.

	GDP (in billions of dollars) (TY)	ARMY TOA (in billions of dollars) (TY)	Army Percent of GDP					DOD TOA (in billions of dollars) (TY)	DoD Percent of GDP
1948	262.4	3.2	1.21%					11.9	4.54%
1949	276.8	4.0	1.46%					13.2	4.77%
1950	279.0	4.3	1.54%					14.3	5.14%
1951	327.4	17.5	5.33%					45.2	13.80%
1952	357.5	21.7	6.07%					57.2	16.00%
1953	382.5	13.5	3.52%					44.3	11.58%
1954	387.7	9.9	2.55%					30.4	7.85%
1955	407.0	10.8	2.66%					33.8	8.30%
1956	439.0	9.9	2.26%					38.1	8.67%
1957	464.2	9.9	2.14%					39.7	8.56%
1958	474.3	9.8	2.06%					41.1	8.67%
1959	505.6	9.6	1.89%					42.2	8.35%
1960	535.1	9.9	1.84%					40.3	7.52%
1961	547.6	10.5	1.92%					44.6	8.15%
1962	586.9	12.5	2.12%					48.4	8.25%
1963	619.3	11.8	1.91%					49.4	7.98%
1964	662.9	12.3	1.85%					49.5	7.47%
1965	710.7	12.2	1.72%					49.6	6.97%
1966	781.9	18.5	2.37%					64.5	8.25%
1967	838.2	22.4	2.67%					71.6	8.54%
1968	899.3	25.0	2.78%					75.0	8.34%
1969	982.3	25.8	2.62%					77.8	7.92%
1970	1,049.1	24.0	2.28%					75.5	7.20%
1971	1,119.3	22.3	1.99%					72.8	6.51%
1972	1,219.5	22.1	1.81%					76.5	6.27%
1973	1,356.0	21.5	1.58%					78.9	5.82%
1974	1,486.2	21.5	1.45%					81.7	5.50%
1975	1,610.6	21.6	1.34%					86.1	5.35%
1976	1,790.3	23.8	1.33%					95.7	5.34%
1977	2,028.4	26.7	1.32%					107.6	5.30%
1978	2,276.2	29.0	1.27%					116.1	5.10%
1979	2,570.0	31.5	1.23%					124.7	4.85%
1980	2,796.8	34.6	1.24%					142.0	5.08%
1981	3,138.4	43.2	1.38%					175.5	5.59%
1982	3,313.9	52.1	1.57%					210.7	6.36%
1983	3,541.1	57.4	1.62%					235.5	6.65%
1984	3,952.8	61.5	1.56%					255.3	6.46%
1985	4,270.4	72.8	1.70%					276.2	6.47%
1986	4,536.1	73.8	1.63%					278.1	6.13%
1987	4,781.9	75.4	1.58%					282.7	5.91%
1988	5,155.1	76.5	1.48%					287.8	5.58%
1989	5,570.0	78.7	1.41%					291.5	5.23%
1990	5,914.6	79.4	1.34%					291.4	4.93%
1991	6,110.1	92.8	1.52%					310.6	5.08%
1992	6,434.7	75.1	1.17%					285.2	4.43%
1993	6,794.9	67.2	0.99%					269.7	3.97%
1994	7,197.8	63.5	0.88%					251.3	3.49%
1995	7,583.4	64.5	0.85%					254.2	3.35%
1996	7,978.3	66.1	0.83%					255.1	3.20%
1997	8,483.2	65.4	0.77%					254.2	3.00%
1998	8,954.8	64.0	0.71%					259.1	2.89%
1999	9,510.5	69.3	0.73%					272.7	2.87%
2000	10,148.2	73.3	0.72%					287.0	2.83%
2001	10,564.6	78.0	0.74%					316.5	3.00%
2002	10,876.9	86.1	0.79%					355.4	3.27%
2003	11,332.4	122.3	1.08%					433.0	3.82%
2004	12,088.6	141.6	1.17%					456.1	3.77%
2005	12,888.9	167.3	1.30%					502.5	3.90%
2006	13,684.7	176.5	1.29%					536.3	3.92%
2007	14,322.9	221.3	1.54%					603.9	4.22%
2008	14,752.4	252.2	1.71%					668.3	4.54%
2009	14,414.6	237.4	1.65%					665.9	4.62%
2010	14,798.5	243.4	1.64%					691.8	4.67%
2011	15,379.2	238.9	1.55%					689.1	4.48%
2012	16,026.4	206.6	1.29%					652.3	4.07%
2013	16,581.6	176.5	1.06%					585.4	3.53%
2014	17,244.0	162.2	0.94%					581.2	3.37%
2015 estimate	17,985.0	149.2	0.83%					565.0	3.14%
2016 estimate	18,618.6	126.5	0.67%					534.6	2.84%
2017 estimate	19,708.6	129.6	0.66%					547.2	2.78%
2018 estimate	20,616.8	132.1	0.64%					556.4	2.70%
2019 estimate	21,539.9	132.9	0.62%					564.3	2.62%
2020 estimate	22,476.4	135.0	0.60%					570.0	2.54%

Source: DoD Greenbook

Admiral GREENERT. The current percentage of GDP spent on the Department of the Navy budget is 0.82 percent. The average since Vietnam is 1.32 percent.

- For year-to-year detail, see chart below.

	GDP (in billions of dollars) (TY)	DON TOA (in billions of dollars) (TY)	DON Percent of GDP				DoD TOA (in billions of dollars) (TY)	DoD Percent of GDP
1975	1,610.6	28.0	1.74%				86.1	5.35%
1976	1,790.3	31.4	1.75%				95.7	5.34%
1977	2,028.4	36.4	1.79%				107.6	5.30%
1978	2,278.2	39.5	1.73%				116.1	5.10%
1979	2,570.0	41.7	1.62%				124.7	4.85%
1980	2,796.8	47.0	1.68%				142.0	5.08%
1981	3,138.4	57.1	1.82%				175.5	5.59%
1982	3,313.9	68.0	2.05%				210.7	6.36%
1983	3,541.1	79.0	2.23%				235.5	6.65%
1984	3,952.8	80.6	2.04%				255.3	6.46%
1985	4,270.4	93.1	2.18%				276.2	6.47%
1986	4,536.1	93.3	2.06%				278.1	6.13%
1987	4,781.9	95.1	1.99%				282.7	5.91%
1988	5,155.1	102.4	1.99%				287.8	5.58%
1989	5,570.0	98.2	1.76%				291.5	5.23%
1990	5,914.6	98.6	1.67%				291.4	4.93%
1991	6,110.1	101.5	1.66%				310.6	5.08%
1992	6,434.7	89.9	1.40%				285.2	4.43%
1993	6,794.9	85.0	1.25%				269.7	3.97%
1994	7,197.8	78.0	1.08%				251.3	3.49%
1995	7,583.4	78.6	1.04%				254.2	3.35%
1996	7,978.3	79.6	1.00%				255.1	3.20%
1997	8,483.2	79.2	0.93%				254.2	3.00%
1998	8,954.8	82.0	0.92%				259.1	2.89%
1999	9,510.5	84.4	0.89%				272.7	2.87%
2000	10,148.2	88.5	0.87%				287.0	2.83%
2001	10,564.6	96.1	0.91%				316.5	3.00%
2002	10,876.9	101.8	0.94%				355.4	3.27%
2003	11,332.4	123.9	1.09%				433.0	3.82%
2004	12,088.6	121.6	1.01%				456.1	3.77%
2005	12,888.9	133.6	1.04%				502.5	3.90%
2006	13,684.7	144.6	1.06%				536.3	3.92%
2007	14,322.9	150.8	1.05%				603.9	4.22%
2008	14,752.4	164.9	1.12%				669.3	4.54%
2009	14,414.6	166.8	1.16%				665.9	4.62%
2010	14,798.5	177.1	1.20%				691.8	4.67%
2011	15,379.2	176.8	1.15%				689.1	4.48%
2012	16,026.4	174.7	1.09%				652.3	4.07%
2013	16,581.6	163.1	0.98%				585.4	3.53%
2014	17,244.0	164.4	0.95%				581.2	3.37%
2015 estimate	17,985.0	159.3	0.89%				565.0	3.14%
2016 estimate	18,818.6	161.2	0.86%				534.6	2.84%
2017 estimate	19,708.6	163.7	0.83%				547.2	2.78%
2018 estimate	20,616.8	165.0	0.80%				556.4	2.70%
2019 estimate	21,539.9	167.4	0.78%				564.3	2.62%
2020 estimate	22,476.4	167.7	0.75%				570.0	2.54%
GDP Data: OMB Table 1.2			1.32%			Avg since Vietnam		4.29%
DoN/DoD Data: PB16 Greenbook			0.82%			Avg FY15 - FY20		2.77%

General WELSH. The Budget Control Act expires in 2023 and according to the CBO Budget and Economic Outlook: 2014 to 2024 (dated February 2014), the Department of Defense Budget estimate for 2023 is 2.7 percent of the GDP. The average spent by our Nation on defense since Vietnam is approximately 5.4 percent of the GDP (1962–2014).

General DUNFORD. The current percentage of GDP spent on the Department of the Navy budget is 0.82 percent. The average since Vietnam is 1.32 percent.

Senator GRAHAM. Have each of you talked to the President about this problem with sequestration?

General DUNFORD. We have, Senator.

Senator GRAHAM. All of you?

Admiral GREENERT. Yes, sir.

Senator GRAHAM. What does he say?

General ODIERNO. The conversations that we are having—I think as you see our submission of the 2016 budget, you will see that in fact our budget is well above sequestration, and that is a budget that we have worked with the President. So I think you would see that he believes that DOD cannot operate under a budget with sequestration.

Senator GRAHAM. Has he suggested a solution to replace or repeal sequestration beyond the 2016 budget?

General DUNFORD. Not to us, Senator.

Senator GRAHAM. Does he seem upset when you mention to him the consequences of what Congress has decided to do with his signature?

General ODIERNO. I think the discussions that we have had with the President—he understands the challenges we have. He understands the security environment. He understands the pressure that is being put on all of our Services.

Senator GRAHAM. But has he submitted a plan to you and say I understand what you are telling me? This is unacceptable. As commander in chief, here is how I intend to fix it. Has he suggested such a plan to any of you?

Admiral GREENERT. I am not aware of one directly, sir.

Senator GRAHAM. I do not mean just to beat on the President. I think that applies to us too. We are the ones that created this mess. The President signed the bill. So it is not just fair for me to comment on the President. Congress is in the same boat. We do not have a plan. But Senator McCain, to his credit, is challenging some of us on the committee to find a plan. Mr. President, help us. We cannot do this by ourselves. We are going to need the commander in chief to weigh in and inform the American people that the sequestration cuts are unacceptable not just on the defense side.

Are you familiar with the foreign operations account under—the 150 account, our foreign aid account? Are you all familiar with what we do, the State Department, other agencies? Do you agree that that is a vital program in terms of national defense all on its own?

General DUNFORD. It is.

Senator GRAHAM. Have you looked at what happens under sequestration to our ability to be engaged in Africa to deal with malaria, with AIDS, and a variety of other health care issues?

General DUNFORD. I have not, Senator.

Senator GRAHAM. Have you, General Odierno?

General ODIERNO. We have through our commands, understanding the cuts and what that could mean to stability.

Senator GRAHAM. Well, you need to take a look because the military has been the strongest advocate for a robust foreign assistance account. If you think sequestration is a problem for you, you ought to look at what it does to our State Department.

Having said all of that, do you all agree that once we get sequestration fixed and right, whatever that turns out to be, that we should reform our benefit, pay, and compensation packages to make the military more sustainable?

General ODIERNO. Yes, Senator, because if we do not, regardless of sequestration, we would have to take significant cuts in our capacity.

Senator GRAHAM. Do all of you agree with what the Army just said?

Admiral GREENERT. I agree.

Senator GRAHAM. So would you urge Congress to look at this commission report seriously on the pay and benefit reform?

General ODIERNO. Senator, I would urge them to look at it seriously, but not having to get into the details of the report itself, I am not sure of the merits of the report at this point.

Senator GRAHAM. Okay, nor am I. But I would just suggest that we need to look at reforming pay and benefits, be generous but sustainable.

As to the Marine Corps, what is your infrastructure account looking like, General Dunford?

General DUNFORD. Senator, we are programmed for about 70 percent of the DOD recommended amount against our infrastructure. Because of OCO over the last couple years—

Senator GRAHAM. What does that mean to the Marine Corps?

General DUNFORD. What means is we had an unprecedented \$8 billion military construction program over the last few years. What will happen over time is that we will not be able to properly maintain it. That will mean there will be mold in the barracks. That means that the barracks will not be maintained at a rate where they are suitable. Now, that means our ranges will not be properly sustained. Those are some of the impacts.

Senator GRAHAM. Do the other Services have similar concerns?

General ODIERNO. Absolutely. We have taken significant risk, sir.

Senator GRAHAM. Will that affect retention and family quality of life?

General ODIERNO. It will affect family programs. It will affect quality of life, and it will affect the ability to train the way we need to train.

Senator GRAHAM. Thank you all.

Chairman MCCAIN. Senator Blumenthal?

Senator BLUMENTHAL. Thanks, Mr. Chairman.

Mr. Chairman, I would apologize for being absent but I know that my apology will be rejected so I will not even endeavor because there is no committee hearing or meeting more important than this one going on today.

Chairman MCCAIN. You are forgiven.

[Laughter.]

Senator BLUMENTHAL. Thank you.

But on a more serious note, I would like to thank the chairman for his constant and relentless focus on this topic and for raising it again at the very outset of this session of Congress so that we can put a lot of these issues in context.

Many of my constituents who are digging out from a major weather event in the Northeast might be forgiven for comparing se-

questration to the weather. There is an old saying: everybody talks about the weather but nobody does anything about it. We have talked about sequestration a lot on this side of the dais, but Congress has yet to do anything meaningful about it. I thank the chairman for putting it very much on the front burner as we begin consideration of this budget.

I take it, Admiral Greenert, that in your testimony there is no mention of a Base Realignment and Closure (BRAC) round because there is no planning for a BRAC and none is on the table at this point.

Admiral GREENERT. Well, DOD has requested a BRAC. In my testimony, I did not speak to it. I am always open to a BRAC. It is a good process, but I am satisfied with the Navy's infrastructure as it exists today—base infrastructure.

Senator BLUMENTHAL. So there is no immediate need for a BRAC in your view.

Admiral GREENERT. In the Navy, I am satisfied with my base lay-down there in that regard. But again, the process makes the bases that I have that much more efficient. It is not a bad process per se.

Senator BLUMENTHAL. You spoke very cogently in your testimony about the fragility of the maritime industrial base, which I think is a major consideration that very often the public does not understand as a consequence of sequestration. You note that the damage can be long-lasting and hard to reverse. That is true of facilities and manufacturing plants not only at places like Electric Boat but also in the supply chain across the country and particularly in the immediate vicinity, in Connecticut for example, where parts and components and supplies are necessary to, in effect, make the weapons systems and platforms that make our military as powerful as it is. Is that correct?

Admiral GREENERT. Yes, sir, it is correct. In fact, I would worry less about a company like Electric Boat, a larger company. But as you said, the key is they have to go to these sub-primes, if you will, particularly nuclear, and we are sole-sourced in so much of our nuclear technology and our plants. That is a huge asymmetric advantage of ours. That goes at risk if these smaller businesses close. Where do we go? Do we go overseas? I mean, this is really a serious subject, sir.

Senator BLUMENTHAL. Thank you.

There has been some discussion of the mental health consequences of losing professionals as a result of the sequestration process. As you may know, Senator McCain and I have spearheaded a bill to provide better mental health care to our veterans, the Clay Hunt bill, which I hope will be voted on literally in the next day or so, next few days if not today. General Odierno, I wonder if you could speak to that issue because it is very, very concerning. The suicide rate among veterans is 22 a day, and within the active military, also extremely, deeply troubling. Perhaps you could elaborate on that point.

General ODIERNO. Thank you, Senator. Unfortunately, we have had to decrease actually our behavioral health capabilities over the last couple of years, not something we want to do. This is during a time of concern where we believe we should be increasing our be-

havioral health capabilities in order to support our soldiers. This is a long-term problem and it is not one that goes away because we are out of Iraq or out of Afghanistan. It is one that will sustain itself for a period of time, and it is our requirement to do this. It is one thing that is very important to us and we are trying to be as efficient as we can. We are trying to get it down to the lowest levels possible. But I worry about that. We are trying telebehavioral health to improve it. But it is an issue that is of great concern to us.

Frankly, when we had to furlough civilians, one of the specialties that walked away from us was our behavioral health specialists because there is such a need for them in many other walks of life, that they decided because of the uncertainty that they would go work somewhere else. That is very problematic for us as a Service.

Senator BLUMENTHAL. Let me ask generally. There has been a lot of talk about retention, which is extraordinarily important. What about recruitment, which is as important. You want the best to be attracted. Has sequestration affected recruitment?

General ODIERNO. We have been able to meet our goals for recruiting, but it is starting to get more difficult. So we are a bit concerned as we look ahead to the next 2 or 3 years. We have high standards to be able to meet those standards. But frankly, part of the problem as well is the population that is eligible is decreasing because of the other problems we are having in the youth of our society. So for us, it is becoming critical. I think the uncertainty of a military service and the constant discussion of reducing the military budget is going to have an effect, I think, on reenlistment potentially and recruitment.

Senator BLUMENTHAL. Is that true of the other Services as well?

Admiral GREENERT. We are meeting our goal, but one of the measures is at what week of the month of the 4 weeks do you finally meet goal. We are starting to get into the third week, which is very unusual for the last 4 years in the high tech ratings.

Senator BLUMENTHAL. Thank you.

General WELSH. Senator, I think for us the big draw to the Air Force is word of mouth from those who have served or testimony from those currently serving. Increasingly that testimony is from social media, and people see it on blog sites and other comments. Sequestration lit up the blog sites with "this job sucks" kind of comments. That has died off. It will come back and it will come back stronger than it happened before. Those are the testimonials I am worried about affecting recruiting. We have not seen an impact yet.

General DUNFORD. Senator, it is an area—we are certainly not complacent about the need to recruit high quality people. We have not yet seen an impact.

Senator BLUMENTHAL. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Thank you, Senator Blumenthal, for your leadership on this issue that you just discussed with the witnesses. I am afraid it is only the beginning, but I think it is a good beginning.

Senator HIRONO.

Senator HIRONO. Thank you, Mr. Chairman.

As we struggle with sequestration—and yes, we all agree that we should eliminate it, but as we, as I said, struggle with how to do that, though—generally when confronted with a complex issue like this, you look at how you can achieve more efficiencies, and you have talked about that. There is a whole range of other things that should be on the table. I think Senator King also mentioned that we should be looking at the mandatory spending side of things, which is a whole other ball of problems.

Should we not also be looking at the revenue side of things in order to look at how best can we have more revenues so that we can have less of these kinds of huge cuts all across the board, not just to the military but on the domestic side? Do you have any thoughts about that, any of you?

General WELSH. Senator, I am not sure what you are referring to by the revenue side. If you are talking about efficiency of operations internal to our budget, absolutely.

Senator HIRONO. No. I am not talking about those kind of efficiencies. Revenues such as we look at our tax structure, for example.

General WELSH. Yes, ma'am. Well, I think that is really the issue for Congress. As we have heard discussed already, where are the cuts coming from? Where do they have most benefit to the Nation? We have the real privilege and the much easier task of making recommendations to you on budgets based on military risk. You have a much broader problem and have to consider risk from many different factors in society, and that is why you deserve the big money, ma'am. [Laughter.]

Senator HIRONO. Anyone else want to chime in? Really, we talk about a big picture. I do think that we need to have an honest discussion, a frank discussion on the revenue side of the picture.

General Odierno, I noticed in your testimony that you mentioned the supplemental programmatic, environmental assessment. Even as we speak, the Army is conducting listening sessions in Hawaii. I think we can agree that the men and women at Schofield Barracks and Fort Shafter have made tremendous contributions to our national security, as do our men and women who are serving in all other areas.

But I am also aware that the second Stryker brigade combat team, the 25th infantry division from Schofield Barracks, is preparing to leave for joint military exercises in Thailand, South Korea, and the Philippines. Can you speak to the importance of this kind of mil-to-mil program and maintaining stability in the Asia-Pacific region, especially as when the rest of the world, particularly in the Middle East and Africa, are very unstable? At least if we can provide a level of stability in the Asia-Pacific area, I think that is worth pursuing. So would you give us your opinion?

General ODIERNO. First, Senator, this program, under the guise of what we call Pacific Pathways, is an incredibly important program that we have done now. This is the third year we have done it, but it is increasing each year. What this is is to build confidence in our allies, our strong allies that we have, and developing capabilities that allows us to sustain strong partnerships with many militaries.

As was discussed here, with us being reduced, it is important that we are able to leverage our multinational partner capability, and through these exercises, we were able to gain more interoperability capability working together, gaining confidence with each other, getting used to working with each other. So it is absolutely critical to our future strategy.

Having these forces forward in Hawaii is incredibly important to us because that gets us about halfway there. If we have to go from the continental United States, it becomes much more difficult. So having those forces in Hawaii becomes very important for us because of the ability to do this in quicker fashion.

Senator HIRONO. So is sequestration going to negatively impact our ability to engage in these military-to-military programs?

General ODIERNO. It will. It will reduce the dollars we have available to do events like this. We certainly would rather not have it reduced. We think they are very important, but I believe we will not be able to do events like that as much. We will have to reduce them and it will cause us problems in developing a future security architecture throughout the Pacific region.

Senator HIRONO. Can you provide us with the specifics of which of these kinds of programs you would have to reduce if the 2016 sequester comes into play?

General ODIERNO. So the problem we have in the Army is if sequestration goes into effect in 2016, there are only two places it can come out of: modernization accounts and readiness accounts. Part of the readiness accounts is operation and maintenance which funds many of these exercises. So we will have to make decisions on which exercises we do not do. So although we would like to continue to do some of these, all will be affected. So we are going to have to reduce them to some level, and frankly, we will also reduce the readiness of our units that are conducting these missions.

Senator HIRONO. Thank you.

In some of your testimonies, you discuss the importance of sustained investment in technological infrastructure. As we know, cyber warfare is very much upon us. So for what you can say in this forum with the increased threat of cyber warfare, could you address the potential impacts to our cybersecurity capabilities should sequestration come into play in 2016?

General ODIERNO. We have increased the spending in cyber, but we have a lot of infrastructure kind of things that we have to do in order to better protect our networks that better protects our Nation. That is going to be prolonged. In fact, last year at the end of the year, we were hoping for about \$800 million we would be able to use in OCO to improve our infrastructure, specifically aimed at increasing our cybersecurity. Unfortunately, it was not approved. Because of that, that puts more strain on the dollars we will have available for the next 4 or 5 years. So if sequestration comes into play, it will take us longer to consolidate our networks and make them more capable of protecting them from outsider attacks, and I am very concerned about that.

Senator HIRONO. So although my time is up, I assume that the rest of you agree that this is going to make it very difficult for you to keep your cybersecurity infrastructure in place or to even build it.

Admiral GREENERT. It would be hard in the Navy, but it would be a top priority right after the sea-based strategic deterrent, for us.

General WELSH. Yes, ma'am. Same comment. Nothing to add to that.

General DUNFORD. It is a core capability, Senator, that is going to suffer from the same effects as all the other capability areas with sequestration.

Chairman MCCAIN. Senator Heinrich?

Senator HEINRICH. Thank you, Mr. Chairman.

I want to thank all of you for your service and really for your decades of commitment. Seeing the level of experience at this single table, it highlights something that I think is worth mentioning just so that the public understands why these recruitment and retention issues are so incredibly important. The military is fundamentally different from other Government agencies, from the private sector. You cannot hire in a colonel or a general from the private sector or from another agency. I think the incredible amount of experience that all of you represent really helps highlight that to our constituents.

I have a couple of questions that I want to ask General Welsh in particular. I want to thank you for, one, on my first question, speaking to this issue in the media recently. It is something I have been very concerned about recently, and that is with respect to remotely piloted aircraft pilots and the crews that make those missions possible. I have become very concerned about the current level of resources supporting the training, the retraining, the retention of those personnel. I know you share some of that concern.

What I want to ask you is if we are as challenged as we appear to be because of the tempo pace in large part, if the BCA goes into effect, can you give us a sense of the scale of what we are going to be facing in terms of not meeting the demand with regard to remotely piloted aircraft in a way that is really going to put us at an enormous disadvantage in my view? I do not want to put words in your mouth, but I really want you to articulate, if you would, the scale of the challenge there for my colleagues.

General WELSH. Senator, if sequestration went into effect, we believe we would have to cut the number of orbits that those pilots and the other crew members fly, which in a strange way would actually make the problem we are discussing better. We have enough manning to fly 55 orbits with a sustainable life battle rhythm work schedule over time, but we are flying 10 above that and we have been since 2007, 10 above the number we had because we have been surging. We surged nine times in 8 years with this particular force because of mission requirements, which those crews understand. They love doing the mission. They are excited about the work, but they are tired. If we went to 45 caps, we would create a more sustainable battle rhythm virtually as soon as that happens. So the problem would be operational requirements that would not be met but the manning problem would be alleviated to a great extent. So the issue really is meeting combatant commander requirements once sequestration hits, and that is a different problem but still a significant one.

Senator HEINRICH. I hear you. But do you see that operational tempo and the demand for that going down in the near future?

General WELSH. No, Senator, I do not. We keep thinking we have it topped out and we have a plan to get there, and then it increases again. We have just been chasing this requirements rabbit for a long time, and we have to get ahead of it because we have to be able to train more people than move in and out of the system every year and we have not been able to do that yet because all the trainers are doing operational support.

Senator HEINRICH. Right.

On another separate issue, General Welsh, if the BCA levels do go into effect, do you see any feasible way to modernize the existing triad-based nuclear deterrent that we have?

General WELSH. Senator, it is going to have to be modernized. The question is what parts of it do you modernize and what do we as a Nation expect of our strategic deterrent force.

Senator HEINRICH. I guess I should in its entirety because I think that forces some very difficult conversations, and we have seen talk here within the last few days of a dyad as opposed to a triad. Would it force those kinds of decisions?

General WELSH. I do not think that discussion will ever go away, Senator. I am a believer in the triad, but we will clearly have to have discussions that involve the Air Force, the Navy, DOD, Congress, the National Security Council, and the White House to decide where is the Nation going to go with this. We just do not have enough money in our budgets in the Air Force and the Navy to do all the modernization that you would need to do if we took everybody's desire and tried to meet it.

Senator HEINRICH. Thank you all.

Chairman MCCAIN. I want to thank the witnesses.

Just for the record—I know the answer, but for the record, if sequestration returns next year, can your Service execute the Defense Strategic Guidance? Yes or no.

General ODIERNO. No, Mr. Chairman.

Admiral GREENERT. No, Mr. Chairman.

General WELSH. No, Mr. Chairman.

General DUNFORD. No, Mr. Chairman.

Chairman MCCAIN. Thank you. I want to thank you all for your very straightforward testimony and candid testimony, and I would like to mention two things with you. One—and it was referred to earlier—the Military Compensation and Retirement Modernization Commission is reporting out. They will be appearing before the committee and we will be looking at their recommendations. We are going to need your input as to whether those are doable, the effect on the military, on the All-Volunteer Force, on our retirees. So I know you will be looking at that commission's recommendations. We are going to need your input and evaluation of it.

Finally—again, it was raised by several members. We are here fighting as hard as we can to repeal sequestration, and that is a bipartisan effort. But we have to do a better job on acquisition reform, and we are going to be spending a lot of time on that in this committee. I have come to one conclusion already and that is, in the whole process, it requires your input in a much more meaningful fashion, and I think you would all agree with that. After all,

if you are responsible, you should play a much greater role in the process. That is one of the conclusions that I think that we are in agreement on and that we will probably try to add to the National Defense Authorization Act. But there is a lot more that needs to be done. So I will be counting on you to understand that you will probably be asked some pretty tough questions in the days ahead.

So I thank you for being here.

Senator Reed.

Senator REED. Thank you, Mr. Chairman.

Chairman MCCAIN. I thank the witnesses.

[Whereupon, at 12:08 p.m., the committee adjourned.]

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

SEQUESTRATION

1. Senator MCCAIN. General Odierno, Admiral Greenert, General Welsh, and General Dunford, reports indicate that the budget request will come in at approximately \$37 billion above the budget caps established in the Budget Control Act (BCA) for the Department of Defense (DOD). Would each of you provide a detailed list of what you would recommend be reduced from your portion of the DOD fiscal year 2016 budget and Future Years Defense Program (FYDP) request, if Congress were forced to mark to the BCA budget caps rather than the anticipated president's budget request? The list should include budget appropriation, budget activity, dash one line item, sub-activity group, program element and or project level detail as applicable.

General ODIERNO. For the Army, the President's budget represents the bare minimum needed for us to carry out our missions and execute and meet the requirements of our defense strategy. We cannot sustain any reduction in funding less than what was requested without severely degrading our ability to train, build, and sustain readiness, or modernize for the future. At this time, the Army cannot provide a list of programs that can or should be reduced if Congress appropriated fewer dollars than expected. What I can tell you, is that in my professional military judgment, we will be unable to meet the demands of the defense strategy at sequestration funding levels.

Admiral GREENERT. A return to sequestration in fiscal year 2016 would necessitate a revisit and revision of the defense strategy. As I have testified before, sequestration would significantly reduce the Navy's ability to fully implement the President's defense strategy. The required cuts would force us to further delay critical warfighting capabilities, reduce readiness of forces needed for contingency responses, further downsize weapons capacity, and forego or stretch procurement of force structure as a last resort. Because of funding shortfalls over the last 3 years, our fiscal year 2016 President's budget represents the absolute minimum funding levels needed to execute our defense strategy. We cannot provide a responsible way to budget for the defense strategy at sequester levels because there isn't one.

Today's world is more complex, more uncertain, and more turbulent, and this trend around the world will likely continue. Our adversaries are modernizing and expanding their capabilities. It is vital that we have an adequate, predictable, and timely budget to remain an effective Navy. Put simply, sequestration will damage the national security of this country.

General WELSH. The fiscal year 2016 President's budget supports our critical needs to execute the defense strategy, but we made tough choices in capacity and capability/modernization. The Office of Management and Budget (OMB) has provided direction through the Office of the Secretary of Defense (OSD) that the Air Force does not support any reductions to the President's budget. Without a repeal of sequestration the Air Force will simply not have the capacity required to fully meet the current Defense Strategic Guidance (DSG). Therefore, support of the President's budget and repeal of 2013 BCA is essential. If forced into BCA funding levels in fiscal year 2016, we would, out of necessity divest entire fleets, reduce quantities for procurement of weapons systems, and reduce readiness accounts. Potential impacts include:

- Divest RQ-4 Block 40 fleet and cut Block 30 modifications
- Reduce MQ-1/MQ-9 intelligence, surveillance, and reconnaissance (ISR) capacity by 10 CAPs—equivalent to current operations in Iraq/Syria
- Retire KC-10 fleet—15 in fiscal year 2016 and 59 total across FYDP

- Defer second Presidential Aircraft Recapitalization
- Reduce Flying Hours, Weapon System Sustainment, range support and munitions
- Reduce quantities for fighter recapitalization (F-35As) by 14 aircraft in fiscal year 2016
- Reduce investments in Space programs, Cyber Mission Areas, Nuclear Enterprise, and Science and Technology
- Terminate Adaptive Engine Program
- Divest seven E-3s in fiscal year 2016
- Divest U-2

Bottom line—stable budgets at a higher level than BCA are critical to long-term strategic planning, meeting the DSG, and protecting the Homeland.

General DUNFORD. Any discussion regarding how the Marine Corps would implement a sequester or reduce its budget request to a BCA level would need to be part of a larger conversation about the priorities of the Department and the defense strategy. Decisions regarding the appropriate size of the Marine Corps, and the resources required, need to be made with a full understanding of the expectations of the Corps at a severely reduced funding level.

2. Senator MCCAIN. General Odierno, Admiral Greenert, General Welsh, and General Dunford, given the president's budget request is still expected to be significantly below the funding level for DOD originally recommended to support the DSG if sequestration were not in effect, would each of you provide for the record your fiscal year 2016 list of unfunded priorities? Please provide information in priority order and with associated costs, and the same budget level detail as cited in Question 1 above.

General ODIERNO. It is imperative that the Army maintain strategic and operational flexibility to deter and operate in multiple regions simultaneously—in all phases of military operations—to prevent conflicts, shape the security environment and, when necessary, win in support of U.S. policy objectives. The accelerating insecurity and instability across Europe, the Middle East, Africa and the Pacific, coupled with the continued threat to the Homeland and our ongoing operations in Afghanistan, remain a significant concern to the Army. The fiscal year 2016 President's budget request, while emphasizing readiness, will only generate the minimum readiness required to meet the current Defense Strategy.

Our Army needs congressional support now more than ever. Operational and fiscal environments are straining the Army as we attempt to balance end strength, readiness, and modernization to meet current demands while building the foundations of a force that can meet future challenges. In accordance with section 1003 of the National Defense Authorization Act (NDAA) for Fiscal Year 2013, Pub. L. 112-239, and in accordance with the current House Armed Services Committee's request, the Army has provided to DOD the Army's list of unfunded priorities for submission to Congress.

Admiral GREENERT. Let me start by saying that our fiscal year 2016 President's budget (PB-16) is carefully balanced to meet the DSG and Quadrennial Defense Review (QDR). Because of funding shortfalls over the last 3 years, we still face high risk in executing 2 of the 10 DSG missions. However, our PB-16 budget is the minimum funding needed to execute our defense strategy.

The Navy's fiscal year 2016 Unfunded Priorities List is has been approved by the Secretary of Defense, in accordance with the NDAA for Fiscal Year 2013. As before, the items on my list are not of higher priority than items in our PB-16 budget and I request they not be funded at the expense of our fiscal year 2016 budget request. I ask for Congress' support in fully funding our PB-16 budget and preventing the return to sequestration level funding.

General WELSH. The Secretary of Defense submitted the DOD consolidated Unfunded Priorities List (UPL) above our fiscal year 2016 President's budget request to the Congressional Defense Committees on March 27, 2015. It is imperative Congress prioritizes and supports those requirements included in the fiscal year 2016 PB request as it carefully balances capability, capacity, and readiness. Any extra program inserted into our budget submission will come at the expense of other programs we deemed more important, with ripple effects across the rest of the budget.

Air Force FY16 Unfunded Priority List				
Priority	Title	Component	FY16 Amount (\$M)	Description
1	Readiness	Active Duty	651.5	Requests funding to improve readiness by adding supplemental munitions, training, simulators, ranges, vehicle support, equipment, and other activities which directly enhance Air Force preparedness for day-to-day, contingency, and combat operations.
		Air Force Reserve	0.0	
		Air National Guard	217.0	
		Total Force	868.5	
2	Modernization	Active Duty	656.8	Requests funding to ensure future capabilities of legacy fleets and programs supporting Combatant Commanders' requirements. Includes modifications to legacy fighter fleets, tankers, strategic airlift, tactical airlift, ISR platforms, and upgrades to other programs.
		Air Force Reserve	78.2	
		Air National Guard	1690.6	
		Total Force	2425.6	
3	Force Structure	Active Duty	1300.1	Requests funding for force structure vital to supporting Combatant Commanders' requirements. Includes Evolved Expendable Launch Vehicle (EELV) launch capability and various aircraft (i.e. EC-130 & C-130J).
		Air Force Reserve	0.0	
		Air National Guard	0.0	
		Total Force	1300.1	
4	Installation Support	Active Duty	705.9	Requests funding to improve/maintain installation infrastructure and installation support. Requirements include restoration & modernization, accelerating MILCON projects, maintaining good facilities in operational condition with facility sustainment, funding disconnects in base communications and enhancing base support functions.
		Air Force Reserve	15.0	
		Air National Guard	152.7	
		Total Force	873.6	
FY16 Air Force UPL Total			5,467.7	
NOTE: The Air Force UPL includes requirements above and beyond those included in our FY16 PB request. We would prioritize all PB level requirements above these unfunded requirements if we receive a funding amount below the PB request.				

General DUNFORD. DOD has submitted to Congress a consolidated list of the Services' unfunded priorities. The Marine Corps portion of this list totals \$2.1 billion.

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

RISK OF SEQUESTRATION

3. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, each year you have testified that your Service is accepting more risk. What is your Service's current risk level?

General ODIERNO. The compromises we have made to modernization and readiness, combined with reductions to our force size and capabilities, translates directly into strategic risk. Today, we are generating just enough readiness to meet our day-to-day needs for immediate consumption. We are unable to generate any residual readiness to respond to unknown contingencies or to even reinforce ongoing operations. This is a dangerous balancing act. We have fewer soldiers, the majority of whom are in units that are not ready; and they are manning aging equipment at a time when demand for Army forces is higher than we originally anticipated.

If we are forced to take further endstrength reductions beyond the planned levels in the President's fiscal year 2016 budget due to sequestration, our flexibility deteriorates, as does our ability to react to strategic surprise. We are witnessing first-hand mistaken assumptions about the number, duration, location, and size of future conflicts and the need to conduct post-stability operations. These miscalculations translate directly into increased military risk.

In this unclassified medium, we can only speak in general terms about the level of risks we are facing. The Chairman's Risk Assessment (CRA) and Secretary of Defense's Risk Mitigation Plan (RMP), both submitted to Congress on February 12, 2015, provide a more detailed assessment.

Admiral GREENERT. The cumulative effect of sequestration and budget shortfalls over the last 3 years has forced the Navy to accept significant risk in key mission areas, notably if the military is confronted with a technologically advanced adversary or forced to deny the objective of an opportunistic aggressor in a second region while engaged in a major contingency. If sequestration were to occur in fiscal year 2016, we would be compelled to further reduce the capacity of weapons and aircraft, slow modernization, and delay upgrades to all but the most critical shore infrastructure.

General WELSH. Even with the funding increases in the fiscal year 2016 President's budget we believe our current air and space advantages are increasingly at risk. The Air Force is at the ragged edge to meet the DSG at the fiscal year 2016

PB funding level. The Air Force faces critical capability, capacity and readiness shortfalls to meet the current security environment and defense strategy demands. Recovering and resetting the force for full-spectrum operational readiness is at high risk as the Air Force has taken capacity reductions necessitated by funding cuts and continues to be engaged in current operations around the world.

Further discussion regarding risk levels would need to occur in a classified setting.

General DUNFORD. Risk to Service is best illustrated by our deployment-to-dwell ratio, which is currently around 1:2. Generally speaking, this means for every 6 months deployed, many Marine units spend 12 months at home before deploying again. This is not much time for commanders to ready their units. Due to competing demands, and the Marine Corps imperative to deploy ready forces, shortfalls in equipment and personnel make the time at home even more challenging for units in dwell. Add to this the strain on your marines, their spouses and children, and it makes for a significant institutional challenge.

The Marine Corps is operating at an elevated risk level in meeting the tenants of the defense strategy. At funding below the President's budget request, we would not have adequate forward presence to assure allies or respond to crisis in the manner needed. The defense strategy requires a sustained ability to deter aggression, operate effectively across all domains, and respond decisively to emerging crises and contingencies. The Marine Corps, as the Nation's expeditionary-force-in-readiness, does this by defending the Homeland with forward presence. Under sequestration, there will be less forward deployed forces resulting in increased risk to our national security interests.

For classified details on the Marine Corps risk level, please see the 2015 CRA and the accompanying the Secretary of Defense's RMP submitted to Congress in February.

4. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, are we accepting too much risk today? What does that mean?

General ODIERNO. The compromises we have made to modernization and readiness, combined with reductions to our force size and capabilities, translates directly into strategic risk. Today, we are generating just enough readiness to meet our day-to-day needs for immediate consumption. We are unable to generate any residual readiness to respond to unknown contingencies or to even reinforce ongoing operations. This is a dangerous balancing act. We have fewer soldiers, the majority of whom are in units that are not ready; and they are manning aging equipment at a time when demand for Army forces is higher than we originally anticipated.

If we are forced to take further endstrength reductions beyond the planned levels in the President's fiscal year 2016 budget due to sequestration, our flexibility deteriorates, as does our ability to react to strategic surprise. We are witnessing firsthand mistaken assumptions about the number, duration, location, and size of future conflicts and the need to conduct post-stability operations. These miscalculations translate directly into increased military risk.

In this unclassified medium, we can only speak in general terms about the level of risks we are facing. The CRA and Secretary of Defense's RMP, both submitted to Congress on February 12, 2015, provide a more detailed assessment.

Admiral GREENERT. We continue to accept significant risk in two DSG missions, making Navy less ready to successfully Deter and Defeat Aggression and Project Power Despite Anti-Access/Area Denial (A2/AD) Challenges. While this risk is currently manageable, continuing along the budget trajectory of significant funding shortfalls each year means by 2020 (the DSG benchmark year), Navy will have insufficient contingency response capacity to execute large-scale operations in one region, while simultaneously deterring another adversary's aggression elsewhere. Also, we will lose our advantage over adversaries in key warfighting areas such as Anti-Surface Warfare, Anti-Submarine Warfare, Air-to-Air Warfare, and Integrated Air and Missile Defense.

General WELSH. Bottom line: The capability gap is closing and the Nation risks losing in a contested environment if the Air Force does not have fiscal year 2016 PB level funding. While the fiscal year 2016 PB restores some capacity to meet combatant commanders' most urgent needs (e.g. U-2, E-3) while enhancing capability and rebuilding readiness, it also reduces some force structure to meet budget targets (e.g., A-10, EC-130H). We are at the ragged edge, in this budget environment, to provide the capabilities required to meet the DSG.

Specifically, the Air Force must modernize a primarily fourth-generation fleet with F-22 Increments 3.2A and 3.2B, F-16 and F-15 avionics upgrades, and recapitalize to the next generation of capability. We must procure the F-35 Lightning II, KC-46A, and the LRS-B. Moreover, the Air Force's fighter fleet is approaching an

average age of 30 years—the oldest in the history of the Air Force—closing the capability gap with potential adversaries. At 55 combat-coded squadrons reducing to 49, the Air Force is fielding its smallest fighter force ever. By comparison, the Air Force had 134 combat-coded fighter squadrons in Operation Desert Storm. Additionally, the Air Force is currently well below total fighter aircraft manning requirements and current funding level projections indicate this deficit will continue to grow, degrading vital air operations, test, and training expertise, slowing the transition to next generation capability.

General DUNFORD. The Marine Corps can meet the DSG at PB-16 levels, but there is no margin. As the Chairman of the Joint Chiefs of Staff testified earlier this month, “It [PB-16 level] is what we need to remain at the lower ragged edge of manageable risk in our ability to execute the defense strategy.”

What that means.

Maintaining the readiness of our forward deployed forces during a period of high operational tempo (OPTEMPO) while amidst fiscal uncertainty; as well as fiscal decline, comes with ever increasing operational and programmatic risk. Today, approximately half of the Marine Corps’ home-station units are at an unacceptable level of readiness in their ability to execute wartime missions, respond to unexpected crises, and surge for major contingencies. Furthermore, the ability of non-deployed units to conduct full spectrum operations continues to degrade as home-station personnel and equipment are sourced to protect and project the readiness of deployed and next-to-deploy units. As the Nation’s first responders, the Marine Corps’ home-stationed units are expected to be at or near the same high state of readiness as our deployed units, since these non-deployed units will provide the capacity to respond with the capability required (leadership and training) in the event of unexpected crises and or major contingencies.

Despite this challenge and imbalance, the Marine Corps continues to provide units ready and responsive to meet core and assigned missions in support of all directed current operational, crisis, and contingency requirements. However, we continue to assume long-term risk particularly in supporting major contingencies in order to fund unit readiness in the near term. Consequently, the Marine Corps’ future capacity for crisis response and major contingency response is likely to be significantly reduced. Quite simply, if those units are not ready due to lack of training, equipment, or manning, it could mean a delayed response to resolve a contingency or to execute an operational plan, both of which create unacceptable risk for our national defense strategy as well as risk to mission accomplishment and to the force as a whole.

5. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, do you agree that risk equals lives?

General ODIERNO. Yes. If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives. The lack of funding for readiness and modernization places the burden and consequences of our resourcing decisions on our soldiers. We cannot take the readiness of our force for granted. It is our shared responsibility to ensure that we never send members of our military into harm’s way who are not trained, equipped, well-led, and ready for any contingency, to include war.

Admiral GREENERT. Yes, it can. By “risk,” we mean that some of our platforms will arrive late to the combat zone, and engage in conflict without the benefit of markedly superior combat systems, sensors and networks, or desired levels of munitions inventories. In real terms, this means longer timelines to achieve victory, more military and civilian lives lost, and potentially less credibility to deter adversaries and assure allies in the future.

General WELSH. Yes, we agree that risk equals lives.

General DUNFORD. Absolutely, risk equals lives lost, not only for the current force, but also for the future force. The current imbalance in our institutional readiness comes with long-term impacts. The funding problem has already created a physics problem that will take years to fix. BCA level funding/sequestration will make it worse:

- While the President’s budget moves us in the right direction, it will take many years and a sustained effort to address the serious risk in the current inventory and availability of amphibious ships.
- Our declining budget has forced the Marine Corps to make difficult choices at the expense of modernization to maintain current and near-term readiness. If we do not modernize, we will actually move backwards.
- Our adversaries continue to develop new capabilities exploiting any technology gaps. By under-resourcing equipment modernization we will ultimately fall behind.

- Increasing threats, the proliferation of A2/AD weapon systems, and the aging of key material capabilities present an unacceptable risk to forcible entry operations and our overall combat effectiveness if modernization continues to be diminished or halted.

6. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, what impact does sequestration have on our national military strategy?

General ODIERNO. Sequestration will challenge us to meet even our current level of commitments to our allies and partners around the world. It will eliminate our capability, on any scale, to conduct simultaneous operations, specifically deterring in one region while defeating in another. Essentially, for ground forces, sequestration even puts into question our ability to conduct even one prolonged multiphase, combined arms, campaign against a determined enemy. We would significantly degrade our capability to shape the security environment in multiple regions simultaneously. It puts into question our ability to deter and compel multiple adversaries simultaneously. Ultimately, sequestration limits strategic flexibility and requires us to hope we are able to predict the future with great accuracy. Something we have never been able to do.

Admiral GREENERT. A return to sequestration in fiscal year 2016 would necessitate a revisit and revision of the defense strategy. For the Navy specifically, the cuts would render us unable to sufficiently meet 2 of the 10 missions in the DSG: Project Power Despite Anti-Access/Area Denial Challenges and Deter and Defeat Aggression. In addition, we would be forced to accept higher risk in five other DSG missions: Counter Terrorism and Irregular Warfare; Defend the Homeland and Provide Support to Civil Authorities; Provide a Stabilizing Presence; Conduct Stability and Counterinsurgency Operations; and Conduct Humanitarian, Disaster Relief, and Other Operations.

General WELSH. The Air Force cannot meet the DSG if sequestration is triggered.

General DUNFORD. Sequester will exacerbate the challenges we have today. It may result in a Marine Corps with fewer active duty battalions and squadrons than would be required for a single major contingency. It will result in fewer marines and sailors being forward deployed in a position to immediately respond to crises involving our diplomatic posts, American citizens or interests overseas.

Given the numerous and complex security challenges we face today, I believe DOD funding at the BCA level, with sequestration, will result in the need to develop a new strategy. We simply will not be able to execute the strategy with the implications of that guidance.

7. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, do you believe that the dangers of sequestration were exaggerated or do critics fail to understand how much damage was actually done?

General ODIERNO. I believe this is the most uncertain I have seen the national security environment in my nearly 40 years of service. The amount and velocity of instability continues to increase around the world. The Islamic State in Iraq and the Levant's unforeseen expansion and the rapid disintegration of order in Iraq and Syria have dramatically escalated conflict in the region. Order within Yemen is splintering; the al Qaeda insurgency and Shia expansion continues there; and the country is quickly approaching a civil war. In North and West Africa, anarchy, extremism, and terrorism continue to threaten the interests of the United States, as well as our allies and partners.

In Europe, Russia's intervention in Ukraine challenges the resolve of the European Union and the effectiveness of the North Atlantic Treaty Organization. Across the Pacific, China's military modernization efforts raise concerns with our allies and our regional interests while the cycle of North Korean provocation continues to increase. The rate of humanitarian and disaster relief missions, such as the recent threat of Ebola, heightens the level of uncertainty we face around the world, along with constant evolving threats to the Homeland.

Despite all of this, we continue to reduce our military capabilities. Over the last 3 years we have already significantly reduced the capabilities of the U.S. Army, and this is before sequestration begins again in 2016. In the last 3 years, the Army's Active component end strength has been reduced by 80,000; the Reserve component by 18,000. We have 13 less Active component Brigade Combat Teams. We have eliminated three active aviation brigades. We are removing over 800 rotary wing aircraft from the Army inventory. We have already slashed investments in modernization by 25 percent. We have eliminated our much needed infantry fighting vehicle modernization program. We have eliminated our scout helicopter development

program. We have significantly delayed other upgrades for many of our systems and aging platforms.

Readiness has been degraded to its lowest levels in 20 years. In fiscal year 2013, under sequestration, only 10 percent of our Brigade Combat Teams were ready. Combat Training Center rotations for seven brigade combat teams were cancelled and over half a billion dollars of maintenance was deferred, both affecting training and readiness of our units. Even after additional support from the BBA, today, we only have 33 percent of our brigades ready, to the extent we would ask them to be if asked to fight. Our soldiers have undergone separation boards forcing us to involuntarily separate quality soldiers, some while serving in combat zones.

Again, this is just a sample of what we have already done before sequestration kicks in again in fiscal year 2016. When it returns, we will be forced to reduce another 70,000 out of the Active component, another 35,000 out of the National Guard, and another 10,000 out of the Army Reserves by fiscal year 2020. We will cut 10–12 additional combat brigades. We will be forced to further reduce modernization and readiness levels over the next 5 years because we simply can't drawdown end strength any quicker to generate the required savings.

The impacts will be much more severe across our acquisition programs requiring us to end, restructure, or delay every program with an overall modernization investment decrease of 40 percent. Home station training will be severely underfunded, resulting in decreased training levels. Within our institutional support, we will be forced to drop over 5,000 seats from Initial Military Training, 85,000 seats from specialized training, and over 1,000 seats in our pilot training programs. Our soldier and family readiness programs will be weakened, and our investments in installation training and readiness facility upgrades will be affected impacting our long-term readiness strategies. Therefore, sustainable readiness will remain out of reach with our individual and unit readiness rapidly deteriorating between 2016–2020.

Additionally, overall the mechanism of sequestration has and will continue to reduce our ability to efficiently manage the dollars we in fact do have. The system itself has proven to be very inefficient and increases costs across the board, whether it be in acquisitions or training.

How does all of this translate strategically? It will challenge us to meet even our current level of commitments to our allies and partners around the world. It will eliminate our capability, on any scale, to conduct simultaneous operations, specifically deterring in one region while defeating in another. Essentially, for ground forces, sequestration even puts into question our ability to conduct even one prolonged multiphase, combined arms, campaign against a determined enemy. We would significantly degrade our capability to shape the security environment in multiple regions simultaneously. It puts into question our ability to deter and compel multiple adversaries simultaneously. Ultimately, sequestration limits strategic flexibility and requires us to hope we are able to predict the future with great accuracy. Something we have never been able to do.

Admiral GREENERT. Critics fail to understand how much damage was actually done. Sequestration in fiscal year 2013 resulted in a \$9 billion shortfall in Navy's budget, as compared to the fiscal year 2013 President's budget. This instance of sequestration was not just a disruption, it created readiness consequences from which we are still recovering, particularly in ship and aircraft maintenance, fleet response capacity, and excessive carrier strike group and amphibious ready group (ARG) deployment lengths. As I testified before this committee in November 2013, the continuing resolution and sequestration reductions in fiscal year 2013 compelled us to reduce both afloat and ashore operations, which created ship and aircraft maintenance and training backlogs. To budget for the procurement of ships and aircraft appropriated in fiscal year 2013, Navy was compelled to defer some purchases to future years and use prior-year investment balances to mitigate impacts to programs in fiscal year 2013 execution.

While the Navy was able to reprioritize within available resources to continue to operate in fiscal year 2013, those actions we took to mitigate sequestration only served to transfer bills amounting to over \$2 billion to future years for many procurement programs—those carryover bills were addressed in Navy's fiscal year 2014 and fiscal year 2015 budgets. If we were sequestered again, we would be forced to degrade current and future fleet readiness since sources available to mitigate in fiscal year 2013 are no longer available.

Shortfalls caused by the fiscal year 2013 sequestration remain in a number of areas and the Navy is still working to recover from them. Even with a stable budget and no major contingencies for the foreseeable future, I estimate that we might be able to recover from the maintenance backlogs that have accumulated from the high OPTEMPO over the last decade of war and the additional effects of sequestration by approximately 2018 at the earliest for CVN and 2020 for large deck amphibious

ships, 5 years after the first round of sequestration. This is a small glimpse of the readiness “price” of sequestration

General WELSH. The dangers are not exaggerated. Sequestration will further reduce our readiness instead of spurring recovery from more than a decade of war and the most recent sequestration. It will impact our ability to respond to the next crisis, make us more vulnerable to emerging threats, and limit our ability to exploit the next technological revolution. If we lag behind near-peer threats, it could take decades to catch up.

Allowing another sequestration will give allies reason for doubt and potential adversaries cause for opportunism.

General DUNFORD. Today, approximately half of the Marine Corps’ home station units are at an unacceptable level of readiness. Investment in the future is less than what is required, and infrastructure sustainment is being funded below the DOD standard. The Marine Corps has significantly reduced many of the programs that have helped to maintain morale and family readiness through over a decade of war. Additionally, the deployment-to-dwell time ratio is being maintained at a very challenging level. The operating forces are deploying for up to 7 months and returning home for 14 or less months before redeploying. These are some of the damages to date caused by sequestration and lower funding levels.

The fiscal year 2016 President’s budget is the bare bones budget for the Marine Corps that can meet the current DSG. The budget prioritizes near-term readiness at the expense of modernization and facilities, and only achieves a 1:2 deployment-to-dwell ratio, which is unsustainable over the long term. Another round of sequestration would force the Marine Corps to significantly degrade the readiness of our home station units, which is the Marine Corps’ Ready Force to respond to crises or major combat operations. The fiscal challenges we face today will be further exacerbated by assuming even more risk in long-term modernization and infrastructure in order to maintain ready forces forward. This is not sustainable and degrades our capacity as the Nation’s force-in-readiness.

FORCE STRUCTURE

8. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, what is your assessment of the current global security environment?

General ODIERNO. In my 38 years of service, I have never seen a more dynamic and rapidly changing security environment than the one we face now. We no longer live in a world where we have the luxury of time and distance to respond to threats facing our Nation. Instead, we face a diverse range of threats operating across domains and along seams—threats that are rapidly changing and adapting in response to our posture.

We continue to experience a diverse and complex array of threats through a combination of transnational extremist organizations and the aggressive actions of several Nation-States. We continue to witness an increase in the velocity of instability that was unforeseen just a few years ago.

In Iraq and Syria, we continue to see the ruthless behavior of Islamic State of Iraq and the Levant (ISIL) and the smoldering of sectarian conflict; which is threatening regional stability and has the potential to escalate international terrorism. Order within Yemen has fully collapsed with the country now facing civil war. Anarchy, extremism, and terrorism are running rampant in Libya and other parts of North and Central Africa. Transnational terrorist groups are exporting violence from new safe havens where they intimidate populations, prepare for future attacks, and foment instability to secure their influence.

In Europe, Russian aggression and its intervention in Ukraine challenges the resolve of both the European Union and the North Atlantic Treaty Organization. Across the Pacific, China’s military modernization efforts alarm our allies and concern our regional interests, while North Korean belligerence continues. We continue to have ever-evolving threats against our Homeland.

In my opinion, this should not be the time to divest of our military capability and capacity, but that is what we are doing.

Admiral GREENERT. Today’s world is more complex, uncertain, and turbulent, and this trend will likely continue. We face an environment in which our adversaries’ capabilities are modernizing and expanding, and the ongoing development and fielding of A2/AD capabilities challenge our global maritime access. The environment is also marked by: continued threats from expanding and evolving terrorist and criminal networks; nation-wide upheavals as a consequence of the Arab Spring; climate change that increases natural disasters and humanitarian crises; revanchist nation-

states; tensions as a result of maritime territorial disputes; and threats to maritime commerce from piracy.

General WELSH. The instability arising from internal unrest in other nations poses a threat to U.S. interests and places continued demands on our limited resources. Potential adversaries will increasingly incorporate technologies and capabilities to create A2/AD environments and use unconventional and hybrid approaches to compete with U.S. power and influence. Furthermore, individuals and non-state actors continue their efforts to acquire weapons and other technologies that were once the exclusive Reserve of technologically advanced nation-states. The broad range of threats facing the U.S. suggests the time and place of the next crisis is unpredictable. Further, today's challenging fiscal environment threatens the Air Force's ability to meet DSG and combatant commander demands. National security objectives require an Air Force that is flexible, precise, lethal, and rapidly deployable anywhere on the globe.

General DUNFORD. [Deleted.]

9. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, do your Services have the force structure required to meet all U.S. national security requirements given the current global environment?

General ODIERNO. As the Army draws down, we have had to reduce and reorganize our force structure and involuntarily separate quality soldiers, including some while they were serving in a combat zone. In the last 12 months, we reduced the size of the Active component (AC) from 532,000 to 503,000, with end strength set to fall to 490,000 in fiscal year 2015; and then to 450,000. Similarly, the end strength in our Army National Guard is set to fall to 335,000 and the Army Reserve to 195,000. But if sequestration returns, we will need to reduce end strength even further to 420,000 in the AC by fiscal year 2020; and 315,000 in the National Guard and 185,000 in the Army Reserve. Yet, the reality we face is that the demand for Army forces throughout the world is growing while the size of the force is shrinking.

Today, we are increasingly called upon to meet the demands of combatant commanders. We continue to support our partners in Afghanistan. We have returned to Iraq to advise and assist Iraqi Security Forces as they fight ISIL. We have deployed forces to Jordan and throughout the Middle East, where terrorism continues to spread and destabilize the region. In West Africa, more than 2,000 soldiers are just returning from providing humanitarian assistance to combat the Ebola epidemic, while another 1,000 soldiers are actively engaged in supporting partners as they combat extremism in the Horn of Africa. In Europe, Army forces have been deployed to Poland, Estonia, Latvia, and Lithuania since last spring to counter Russian aggression and assure our European allies. Across the Pacific, thousands of Army forces are supporting operations whether in Thailand, the Philippines, or Malaysia; Australia, Indonesia, or Korea. Around the world, we are training alongside allies and partners to help them develop professional and capable armies; and at home, we are supporting civil authorities while defending our critical networks against cyber attacks.

With each one of these diverse missions, units rely on tailored teams of experts, logistics capabilities, transportation, intelligence, and communication support to accomplish the mission. In sum, we remain fully engaged with nearly 140,000 soldiers committed, deployed, or forward-stationed conducting 5 named operations on 6 continents in nearly 140 countries, with 9 of our 10 division headquarters employed across the globe. But in spite of the range of threats facing our Nation, sequestration remains the law of land, and we are reducing our capacity and capability.

The President's fiscal year 2016 budget represents the bare minimum needed for us to carry out our missions and execute and meet the requirements of our defense strategy.

Admiral GREENERT. The 2014 update to the "2012 Force Structure Assessment" (FSA) and other Navy analysis describe the objective force needed to support the primary missions of the DSG. Provided sufficient readiness is maintained throughout the Fleet, our fiscal year 2016 President's budget puts Navy on a path to procure the right mix of ships as defined by the FSA. However, fiscal constraints have necessitated reduced procurement of weapons and deferral of air and missile defense capabilities, which, when coupled with joint force deficiencies in wartime information transport, C2 resiliency, and airborne ISR, result in high risk in conducting 2 of the 10 DSG primary missions, specifically Deter and Defeat Aggression and Power Projection Despite Anti-Access/Area Denial Challenges.

General WELSH. Because of the current uncertain fiscal environment, the Air Force has been forced to make difficult choices within an incredibly complex security environment. Air Force readiness and capacity are degraded to the point where our core capabilities are at risk. To correct this, the fiscal year 2016 President's budget

(PB) preserves the minimum capability to sustain current warfighting efforts and places the Air Force on a path toward balancing readiness with the modernization needed to meet evolving threats. That path toward rebalance included divesting some capacity to make room for the next generation of capability required for the future.

The 2012 DSG—"Sustaining U.S. Global Leadership"—(as updated by the 2014 QDR) requires healthy and sustainable Air Force combat readiness, modernization, and recapitalization programs. Since passage of the 2011 BCA, the Air Force has been forced to trade capacity in an attempt to preserve capability. With the fiscal year 2016 PB proposal, we have reached the point where any further reduction in capacity equals a reduction in capability—the two are inextricably linked. Combatant commanders require Air Force support on a 24/7 basis, and the Air Force does not have excess capacity to trade away.

General DUNFORD. A discussion of required force structure to meet U.S. national security requirements must be viewed from the lens of the five pillars of readiness. At PB16 funding levels, the Marine Corps meets current Crisis and contingency response force levels, but with some risk. We will meet the Nation's requirements, the question is, how well can we prepare those troops for deployment? In order to make continuous and long-term readiness a reality, we have to be able to train personnel and perform maintenance on equipment. Right now, we have about a 1:2 deployment to dwell ratio. That is, marines are deployed for 7 months and home for 14. This allows a proper unit rotation to ensure that each time a unit deploys they are fully ready. If we are forced to take further cuts, that level will decrease closer to 1:1.5 or 1:1. What this means is that units have less time between deployments to conduct the required training prior to their next deployment.

The same discussion must be had with regard to equipment. As our inventory of equipment decreases our ability to perform depot maintenance also decreases because items must stay engaged in either training or operations. This has negative and compounding effects because equipment gets worn out more quickly, ultimately must be retired, and further decreases the inventory, which creates an accelerating spiral. We must maintain our equipment levels to avoid this reality.

10. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, are all your forces being provided the training required to meet combatant commander requirements?

General ODIERNO. Today, only 33 percent of our brigades are ready, when our sustained readiness rate should be closer to 70 percent. We are taking a small portion of the Army and are giving them the money and train to the highest level, while the rest of the Army is training at a significantly lower level. This really concerns me.

Under our current budget, Army readiness will, at best, flat-line over the next 3 to 4 years. We are generating just enough readiness to meet our day-to-day needs for immediate consumption. We are unable to generate any residual readiness to respond to unknown contingencies or to even reinforce ongoing operations.

Admiral GREENERT. Navy forces that have deployed and will deploy in the near term to meet global presence requirements defined by the Global Force Management Allocation Plan are trained to meet combatant commander requirements. We are confident in this assessment. It is informed by: (1) a continuous feedback loop between Navy component commanders and training commands; and (2) post deployment briefs.

General WELSH. Units are generally trained and ready for those portions of the mission necessary for current operations.

The unrelenting OPTEMPO, coupled with fewer resources to fund, coordinate, and execute training and exercises, has resulted in units trained in only subsets of their mission and not full spectrum operations. This narrow training focus causes atrophy of critical mission skills and leaves our forces ill-prepared for the high-end threats the Nation may have to face in the near future. Right now, more than 50 percent of our Combat Air Force units are not fully combat ready.

General DUNFORD. We are able to meet our current training requirements. However, in order to make continuous and long-term readiness a reality, we have to strike the right balance between deployment for operations and training time here at home. Right now, we have about a 1:2 deployment to dwell ratio. That is, marines are deployed for 7 months and home for 14. This allows a proper unit rotation to ensure that each time a unit deploys they are fully ready. If we are forced to take further cuts, that level will decrease closer to 1:1.5 or 1:1. What this means is that units have less time between deployments to conduct the required training prior to their next deployment.

More specifically, home station readiness is at risk when personnel and equipment are sourced to protect the readiness of deployed and next-to-deploy units. This is a logical decision when validated operational requirements exceed resource availability. Home station units are expected to be in a higher state of readiness since the Marine Corps is charged to be the Nations' force in readiness. The way they preserve this readiness is through training. By way of example, five of the last six infantry battalions assigned to Marine Expeditionary Units were not prepared until 30 days before deployment. This is sufficient for planned deployments, but becomes problematic and dangerous as conflicts extend or the need to respond to unexpended crises arises.

The other aspect of training readiness is equipment availability. It isn't enough just to have a sufficient inventory with which to fight. You must also have sufficient inventory to train here at home. Examples of this are myriad, but one of the most salient, is the availability of amphibious shipping. Conducting amphibious operations with our joint Services is not just a matter of putting marines on Navy ships. Those units must have the opportunity to operate with each other during their workup to establish relationships, tactics, techniques, procedures, and build interoperability. This is one of the reasons why the shortfalls in amphibious shipping are so concerning. Maintaining enough equipment to meet combatant commander requirements is only part of the equation.

11. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, do you have tiered readiness?

General ODIERNO. In 2014, I testified that fiscal shortfalls have caused the Army to implement tiered readiness. Today, only 33 percent of our brigades are ready, when our sustained readiness rate should be closer to 70 percent. We are taking a small portion of the Army and are giving them the money and train to the highest level, while the rest of the Army is training at a significantly lower level. This really concerns me.

Under our current budget, Army readiness will, at best, flat-line over the next 3 to 4 years. We are generating just enough readiness to meet our day-to-day needs for immediate consumption. We are unable to generate any residual readiness to respond to unknown contingencies or to even reinforce ongoing operations.

Admiral GREENERT. Yes. Navy has historically used a tiered readiness approach to balance the need for major maintenance and modernization on our capital intensive platforms while sustaining our forward presence commitments with fully-trained, ready, and capable rotational forces and maintaining an ability to surge forces for contingency response. Navy's force generation process, the Optimized Fleet Response Plan (O-FRP), steps units/groups through increasing levels of readiness and operational certifications to support both deployment and contingency response requirements.

General WELSH. The Air Force does not use tiered readiness. Tiered readiness does not support the requirement for the Air Force to provide forces with the immediacy combatant commanders require. We have structured and resourced our forces to meet the demands and timelines of the joint fight.

General DUNFORD. As the Nation's ready force, Marine units are expected to be in high states of readiness to respond to current and unforeseen crises and major contingencies. Tiered readiness is incompatible with being the Nation's ready force. My priority remains those rotational Marine units that are forward deployed and engaged. These Marine units are ready and responsive to meet combatant commander requirements. Marine rotational units follow a cyclical scheme where units returning from deployments typically experience reduced readiness levels as personnel rotate and equipment is repaired; but, those readiness levels are increased as soon as possible. Tiered readiness is when units are purposely programmed at varying degrees of readiness, based on how long it would take them to be ready to deploy. The Marine Corps does not program some units at lower readiness levels than others. Further budget cuts under sequestration, however, would force the Marine Corps into adopting some variation of a less ready, tiered status, within the next few years—the makings of a hollow force we have fought so hard to avoid.

12. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, are we still headed for a hollowing of the force, or have we already arrived there?

General ODIERNO. Today, only 33 percent of our brigades are ready, when our sustained readiness rate should be closer to 70 percent. In the last 3 years, the Army's Active component end strength has been reduced by 80,000; the Reserve component by 18,000. We have 13 less Active component Brigade Combat Teams. We have eliminated three active aviation brigades. We are removing over 800 rotary wing

aircraft from the Army inventory. We have already slashed investments in modernization by 25 percent, and we have significantly delayed other upgrades for many of our systems and aging platforms.

For the last 3 to 5 years, we have been moving towards a hollow Army which I define as one where our soldiers are not properly trained; where our soldiers won't be able to do the exercises that they need; where our soldiers won't have the equipment they need; and the equipment that they do have, they will not be able to sustain.

The choices we must make to meet sequestration-level funding are forcing us to reduce our Army to a size and with limited capabilities that I am not comfortable with. If we follow this path to its end, we will find a hollow Army. For those that present the choice as one between capacity and capability, I want to remind them that for the Army, soldiers are our capability. The Army must train and equip soldiers to achieve decisive strategic results on the ground. If the funding dictates a smaller Army, then we must be prepared for both reduced capacity and reduced capability.

Admiral GREENERT. After a decade of war, the Navy is faced with many readiness challenges, but we are not a "hollow force." Of particular concern is our capacity to complete maintenance on our ships and aircraft in a timely manner. This is precisely why we need the funding requested in the Navy budget submission to achieve the necessary readiness of both our platforms and our personnel to execute our missions. Funding below this submission or a return to sequestration would put us on a path to "hollowness." This year, Navy began implementing the O-FRP to focus on preserving the time required to maintain its capital-intensive platforms, train the force and align other readiness enablers to sustain persistent presence globally while retaining contingency response capacity. We continue to provide ready, operationally certified forces forward to the combatant commanders, but at best, it will take us 3 to 5 years to recover the required contingency response capacity for major crises.

General WELSH. By almost any means or measure, we are certainly teetering on the edge of a hollow force due to the effects of budgeting uncertainty, high OPTEMPO affecting ability to train, decades-long overseas engagement, and steady funding cuts. Let me be clear that a return to the 2013 BCA funding level will require extensive measures and years to recover readiness and capability.

General DUNFORD. Yes. We continue to head to a hollowing of the entire force and currently a portion of the force is hollow. A hollow force is typically the result of reductions in defense spending without concomitant reductions in forces; thus, there is not enough equipment to train to those levels of manning. Declining defense budgets, operational commitments that exceed capacity, and having to mortgage modernization and investments to meet current operational requirements are corrosive factors that degrade readiness and contribute directly to the onset of internal decay—a hollowing of the force.

Approximately half of Marine Corps units are insufficiently resourced to achieve those readiness levels needed for a major contingency. Using Marine aviation as an example, approximately 80 percent of Marine aviation lack the minimum required Ready Basic Aircraft (RBA) to train to the minimum readiness levels. Lack of procurement (future readiness) and aging legacy aircraft negatively impact aircraft availability for training and meeting operational demands. A significant training and warfighting requirement gap of RBA exists. Operational commitments have increased while the overall number of available aircraft for operations and training has decreased. Shallow procurement ramps (not buying aircraft fast enough) directly increase both the cost and complexity of maintaining legacy systems beyond their projected life. Marine aviation is 106 aircraft short of the training requirement or 158 aircraft (10-squadron equivalent) short of the wartime formations. Of the remaining 31 squadrons, 22 are below the minimum training level required to go to combat in the event of a contingency.

Our metrics to monitor manning, equipment, and training levels, and assessment process provides near-term analysis of readiness of the Marine Corps' ability to execute operational plans. The full weight of the BCA would preclude the Marine Corps from meeting its full statutory and regulatory obligations, and adequately prepare for the future. Under sustained sequestration for forces not deploying, the fuel, ammunition, and other support necessary for training would be reduced thus inhibiting our ability to provide fully-trained marines and ready units to meet emerging crises or unexpected contingencies. We would see real impacts to all home station units, then our next-to-deploy and some deploy forces. This constitutes the internal decay, the beginnings of the hollow force we have fought so hard to avoid.

13. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, what are the tangible indicators of a hollow force?

General ODIERNO. I define a hollow force as one where our soldiers are not properly trained; where our soldiers won't be able to do the exercises that they need; where our soldiers won't have the equipment they need; and the equipment that they do have, they will not be able to sustain.

The choices we must make to meet sequestration-level funding are forcing us to reduce our Army to a size and with limited capabilities that I am not comfortable with. If we follow this path to its end, we will find a hollow Army. For those that present the choice as one between capacity and capability, I want to remind them that for the Army, soldiers are our capability. The Army must train and equip soldiers to achieve decisive strategic results on the ground. If the funding dictates a smaller Army, then we must be prepared for both reduced capacity and reduced capability.

Admiral GREENERT. The term "hollow force" has been used differently by many speakers and authors over a number of years. From the Navy perspective, "hollow force" generally means maintaining a certain capacity, but not having sufficient manning, training, or equipment to complete assigned missions or exercise the full capability of a unit. This does not translate into a specific quantitative criterion with a threshold that specifies whether the Navy is hollow or not because the many dimensions of readiness interact with each other. For example, a moderate readiness problem in one dimension can be compensated by strength in another dimension. Thus, in our view, it is not possible in any practical sense to provide a definition of a "hollow force." However, we can describe degrees of "hollowness" in terms of the significance and impact of that dimension on the capability and capacity of the Navy as a whole, or individual Navy units, to perform their assigned missions.

General WELSH. The current DOD readiness systems, Defense Readiness Reporting System, and the Status of Training and Resources System provide the first and most "tangible" indication of a hollow force. These systems provide readiness assessments that analyze our capability to meet the demands of the National Military Strategy and Defense Planning Guidance. Given our current low readiness levels (less than 50 percent of Combat Air Force squadrons are currently ready), these reporting systems were the first indicators that directed our attention to the issue of force readiness and the problems we are experiencing.

Other indicators are the shortfalls we have experienced over the last several years in our Weapon System Sustainment accounts, shortages of flight line maintenance personnel, and imbalances in experience levels, all of which contribute to our inability to fully execute planned flying training in some weapons systems. OSD Cost Assessment and Program Evaluation validated maintenance manning shortfalls in the NDAA for Fiscal Year 2015 directed report, "Analysis on Air Force Fighter Manning." These constraints limit our production to approximately 95 percent of the minimum requirements for our training and readiness needs.

Furthermore, the current low state of readiness is a direct result of the persistent global demands placed on our force amidst significant declines in both force structure and manpower. The result is an Air Force that is deployed on a demanding rotation schedule but engaged in operations that encompass only a small subset of combat skills that are required to meet operation plan (OPLAN) demands for full-spectrum operations.

General DUNFORD. There are many indicators that point to a hollow force. Our challenge is to recognize such indicators before the onset of hollowing versus recognizing hollowness once decay has set. Underfunding readiness leads to a hollow force. Budgetary uncertainty that results in a mismatch between end strength and force structure is another leading indicator to a hollow force. Sequestration would produce irreversible impacts to readiness that would lead to the hollowing of the force. We are already seeing indicators of a hollowing of the force—approximately half of Marine Corps units are not resourced to be at the readiness levels needed for a major contingency. A hollow force is typically the result of reductions in defense spending without concomitant reductions in forces; thus, there is not enough equipment to train to those levels of manning. Other tangible indicators include: (1) insufficient manning to meet force structure for organizational and operational requirements; (2) inability to train due to shortages of equipment, lack of maintenance, and insufficient Operations and Maintenance funds; (3) resultant limitations on the ability to respond to contingencies or be forward deployed per operational requirements; and (4) transferring funds among accounts to support increased planned and unexpected operational requirements that results in planned maintenance, training, or logistics support activities having to be decreased, cancelled, or deferred.

ASSUMPTIONS

14. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, our military budget appears to be based on assumptions developed to cut the size and funding for our military, not to protect this Nation against potential future threats. Assumptions such as accepting increased risk in Europe, short duration of future conflicts, end of operations in Iraq and Afghanistan, and a more stable global security environment do not appear grounded in past, present or future reality. What is the impact to national security if these assumptions are wrong?

General ODIERNO. With an increase in threats around the world that have rendered some of our planning assumptions optimistic, we must acknowledge that the fiscal year 2016 post-sequestration spending cap, which was set almost 4 years ago, has not kept pace or accounted for an increasingly complex and dangerous world. If we are forced to take further endstrength reductions beyond the planned levels in the President's budget due to sequestration, our flexibility deteriorates, as does our ability to react to strategic surprise. We are witnessing firsthand mistaken assumptions about the number, duration, location, and size of future conflicts and the need to conduct post-stability operations. These miscalculations translate directly into increased military risk while the President's budget represents the bare minimum needed for us to carry out our missions and execute and meet the requirements of our defense strategy.

Admiral GREENERT. In developing the Navy's budget submission Navy evaluated its warfighting requirements to execute the primary missions of the DSG. These were informed by the current and projected threat, global presence requirements as defined by the Global Force Management Allocation Plan, and warfighting scenarios as described in the Combatant Commanders' Operation Plans and the Secretary of Defense-approved Defense Planning Scenarios. To arrive at a balanced program within fiscal guidance, Navy focused on first building appropriate capability, then delivering it at a capacity Navy could afford. Navy used the following six budget priorities:

1. Maintain a credible, modern, and survivable sea-based deterrent
2. Sustain forward presence of ready forces distributed globally to be where it matters, when it matters
3. Strengthen the means (capability and capacity) to win in one multi-phase contingency operation and deny the objectives of—or impose unacceptable costs on—another aggressor in another region
4. Focus on critical afloat and ashore readiness
5. Sustain or enhance Navy's asymmetric capabilities in the physical domains, as well as in cyberspace and the electromagnetic spectrum
6. Sustain a relevant industrial base, particularly in shipbuilding

The Navy's budget submission does protect the Nation against foreseeable future threats. However, the cumulative effect of budget shortfalls over these years has forced the Navy to accept significant risk in key mission areas, notably if the military is confronted with a technologically advanced adversary or forced to deny the objectives of an opportunistic aggressor in a second region while engaged in a major contingency. If assumptions are wrong, and we are not able to enact PB-16 as submitted, we would put at risk our ability to sufficiently meet the missions stated in the DSG.

General WELSH. If our assumptions are incorrect, we will lack the capability, capacity and readiness to fully execute the DSG as articulated in the 2014 QDR and current Defense Planning Guidance (DPG) under current plans and Concepts of Operation.

The United States continues to face a rapidly changing security environment as the nature of conflict evolves across all domains and the information environment. The Department must maintain ready forces with superior capabilities to ensure the Nation has the ability to defeat and deny or impose costs across the full spectrum of conflict and to address a wide range of security challenges and risks. The 2014 QDR outlines three mutually supportive and interdependent pillars that shape our defense priorities: protect the homeland; build security globally; and project power and win decisively. Further, the strategy emphasizes key tenets that the future joint force will continue to support including: rebalancing to the Asia-Pacific region to preserve peace and stability; maintaining a strong commitment to security and stability in Europe and the Middle East; sustaining a global approach to countering violent extremists and terrorist threats, with an emphasis on the Middle East and Africa; continuing to protect and prioritize key investments in technology while our forces overall grow smaller and leaner; and, invigorating efforts to build innovative partnerships and strengthen key alliances and partnerships.

Following the fiscal year 2017–2021 DPG, the Air Force fiscal year 2016 President's budget submission seeks balance across the Air Force's capability, capacity, and readiness, facilitating a smaller but more ready and modern force by fiscal year 2023. The Air Force funds readiness recovery and sheds capacity in legacy force structure in order to invest in modernization, especially in mid- to high-end aircraft, advanced munitions, ISR, nuclear, and space enhancements. We also must continue to strengthen the nuclear enterprise, recapitalize aging aircraft, expand ISR capabilities, increase cyberspace capability, and provide capability to address A2/AD environments. This will require making tradeoffs to ensure the Air Force builds and sustains a force able to meet the DSG and combatant command requirements.

General DUNFORD. The impact to the Marine Corps under an increasingly unstable global security environment is an increase in demand for forces. This will result in increased risk to our national security and increased risk to the force; the Marine Corps is currently operating near a 1:2 deployment to dwell ratio, which is unsustainable for the long-term.

Executing current requirements at President's budget 2016 levels already puts the Marine Corps at the limits of acceptable risk. BCA level funding and/or sequestration will render the current defense strategy unexecutable.

SHORT- AND LONG-TERM IMPACTS OF SEQUESTRATION

15. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, what are the short- and long-term impacts of each of your Services training and modernization cuts and delays? Why should Congress and the American public care?

General ODIERNO. Sequestration cuts have had a detrimental impact on training and modernization. In fiscal year 2013, the Army cancelled combat training center rotations for seven brigade combat teams, the equivalent of two divisions. Additionally, the lingering effects of cuts in fiscal year 2014 left the Army just nine brigade combat teams that are both available and have the training necessary to conduct decisive action. We estimate that sequestration will affect over 80 Army programs; for example, approximately \$716 million of fiscal year 2013 reset (maintenance) was deferred into fiscal year 2014 and fiscal year 2015 and contributed to a backlog of 172 aircraft awaiting maintenance, directly impacting the ability of combat aviation brigades to conduct higher echelon collective training. Similarly, reset was postponed for 700 vehicles, almost 2,000 weapons, over 10,000 pieces of communications equipment, equipment destined for Army Prepositioned Stocks and other soldier equipment. Within aviation, the procurement of a new Armed Aerial Scout helicopter had to be cancelled, requiring the development of new organizational concepts, which ultimately contributed to the implementation of the Aviation Restructure Initiative (ARI). Modernization of Air Defense Command and Control systems were delayed at a time of increased instability in North East Asia. Finally, sequestration delayed the modernization of our Apache helicopters from fiscal year 2013 to fiscal year 2014 and fiscal year 2015.

If sequestration returns in fiscal year 2016, the impacts will be much more severe across our acquisition programs requiring us to end, restructure, or delay every program with an overall modernization investment decrease of 40 percent. Home station training will be severely underfunded, resulting in decreased training levels. Within our institutional support, we will be forced to drop over 5,000 seats from Initial Military Training, 85,000 seats from specialized training, and over 1,000 seats in our pilot training programs. Our soldier and family readiness programs will be weakened, and our investments in installation training and readiness facility upgrades will be affected impacting our long-term readiness strategies. Therefore, sustainable readiness will remain out of reach with our individual and unit readiness rapidly deteriorating between 2016–2020.

The lack of consistent and predictable funding for training and modernization impacts the decisions that Army leaders have to make today and tomorrow. To the extent that those decisions may unduly burden our soldiers in their mission accomplishment in garrison and in contingency operations, the American public should be very concerned that their Army may be less than fully prepared when called upon.

Admiral GREENERT. Navy has prioritized training for deploying units, even through sequestration, to ensure our crews do not bear the brunt of budget shortfalls and were as fully prepared as possible for deployment. The same was not true in training for units not next in line to deploy, which has contributed to our reduced contingency response capacity today. A return to sequestration would disrupt our plan to complete reset of our Fleet and to restore training necessary for full contingency operations capacity.

Modernization of the Fleet is both a priority and a concern. The pace of modernization is slower than I desire. However, modernization efforts do continue with new ships and technology coming online each year of the FYDP. A return to sequestration would further slow modernization, parts, and ordnance procurement needed to keep pace with the evolving threat.

General WELSH. If the Air Force cannot meet the demands of the DSG, it means lives will be lost and the United States might not win the next high-end conflict.

At BCA level funding, the Air Force will not be able to recover readiness, and modernization investment will take a substantial hit.

In training and readiness: BCA-level funding will further cut the Air Force's flying hour program, which currently only meets approximately 95 percent of our established requirements. All units will be forced to fly a reduced program that falls further below the minimum training requirements. The cuts truncate our ability to offer key opportunities that provide full-spectrum training, such as Red Flag exercises. The Air Force will lose two of four annual Red Flag exercises at Nellis Air Force Base. Additionally, the Air Force will lose 6 of 12 Green Flag exercises, which is the capstone event for pre-deployment joint training, and 1 of 2 Weapons Instructor Courses, which is the premier school developing our future tacticians and warfighting experts. Those cuts, coupled with a demanding deploy-to-dwell, will result in a significant readiness decline that will take years to recover.

In modernization: Cuts and delays mean an Air Force less able to meet combatant commander capability and capacity requirements now and into the future. The capability gap is closing and many of our systems are outdated and do not fully meet the demands of modern warfare. For example, when systems like the B-2 Defensive Management System and the F-15 Eagle Passive/Active Survivability and Warning System are delayed, our aircrews are increasingly at risk when operating in hostile airspace against increasing numbers of very capable air defense systems. Additionally, as modernization is delayed, economies of scale in unit production are not realized, resulting in higher system costs over time.

To sustain U.S. global leadership, the Nation must field a military more advanced, more ready, and more modern than the enemy. Training cuts and delayed modernization continue to contribute to substandard and declining readiness. This will create substantial risk to mission success, protracted and prolonged combat operations, and higher casualty rates of our men and women in uniform.

General DUNFORD. A discussion of the impacts of the cuts to training and modernization must be had through the lens of the Five Pillars of Readiness. But first, the American people should care because this affects the ability of their marines to be ready to be ready for today's conflicts and throws into serious doubt their preparedness for future conflicts. History has proven that failure to appropriately train and modernize the force will result in larger numbers of casualties and deaths.

With regard to training, marines must have the appropriate time to reset from one deployment and be train for their next deployment. In order to make continuous and long-term readiness a reality, we have to be able to train personnel and perform maintenance on equipment. Right now, we have about a 1:2 deployment to dwell ratio. That is, marines are deployed for 7 months and home for 14. This allows a proper unit rotation to ensure that each time a unit deploys they are fully ready. If we are forced to take further cuts, that level will decrease closer to 1:1.5 or 1:1. What this means is that units have less time between deployments to conduct the required training prior to their next deployment. Further cuts will also negatively affect the quality of that training.

More specifically, home station readiness is at risk when personnel and equipment are sourced to protect the readiness of deployed and next-to deploy units. This is a logical decision when validated operational requirements exceed resource availability. Home station units are expected to be in a higher state of readiness since the Marine Corps is charged to be the Nations' force in readiness. The way they preserve this readiness is through training. By way of example, five of the last six infantry battalions assigned to Marine Expeditionary Units were not prepared until 30 days before deployment. This is sufficient for planned deployments, but becomes problematic and dangerous as conflicts extend or the need to respond to unexpended crises arises.

As for modernization, delays and cuts mean that marines will have to deploy today with legacy equipment that requires more maintenance and puts them in danger of deploying in the future with obsolete equipment that will be outclassed by that of our adversary, putting both mission accomplishment and the safety of your marines in jeopardy.

16. Senator INHOFE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, I know each of your Services have transferred bills to the out

years in hope that there will be more funding in the future. How much funding for modernization, sustainment and training has each of your Services pushed into the future years? What is the cost increase by postponing this funding?

General ODIERNO. We have pushed several billions of dollars for equipment modernization, equipment maintenance, facilities maintenance, and leader development into the future in order to sustain a minimal level of readiness in our current force. Under the effects of sequestration, the readiness portfolio takes a severe reduction that the Army will be unable to recover from until fiscal year 2023. The cumulative effect of this is that we will have a less ready future force that will require a dramatic infusion of funds when called to war, much like we faced in the 2003–2005 period where our troops had insufficient equipment. Some of the costs are not possible to quantify, such as the inability to retain our technological overmatch, reduced leader development, and training opportunities. Other costs are easier to quantify, such as deferring reset and maintenance funding of nearly 700 vehicles, almost 2,000 weapons, over 10,000 pieces of communications equipment, and Army Prepositioned Stocks, as well as a backlog of facilities maintenance due to the chronic underfunding of our facilities maintenance accounts. In the end, the entire cost will be placed on the back of the soldier, who will to deploy with inadequate equipment and training—that cost can never be quantified.

Admiral GREENERT. The Navy mitigated the impacts of sequestration in fiscal year 2013 by reducing afloat and ashore operations, deferring some purchases to future years, and using prior-year investment balances to mitigate impacts to programs in fiscal year 2013 execution. The actions we took in 2013 to mitigate sequestration only served to transfer bills amounting to over \$2 billion to future years for many procurement programs. In addition, the Navy deferred about \$1 billion in facilities sustainment projects that will need to be executed, likely at an increased cost because of further deterioration.

Our PB–14 FYDP submission represented the baseline required by the Navy to carry out all ten DSG missions. Over the last 3 years, though, Navy funding under sequestration and the BBA was \$25,000 less than the PB–13/14 submissions, shortfalls that manifest in the continued erosion of our warfighting advantages in many areas relative to potential adversaries. We were compelled to delay modernization in air-to-air warfare, antisurface warfare, antisubmarine warfare, and integrated air and missile defense. If sequestered, the Navy's modernization, sustainment, and training would be further impacted, exacerbating an already high risk situation.

Finally, sequestration in fiscal year 2013 also compelled us to reduce operations which cannot be recovered in future years. Deployments and training were cancelled, USS *Miami* was inactivated instead of repaired, and furloughs and a hiring freeze resulted in lost production. Maintenance and training backlogs have reduced Navy's ability to maintain required forces for contingency response to meet combatant command operational plan requirements. Assuming a stable budget and no major contingencies for the foreseeable future, I estimate it is possible to recover from the maintenance backlogs that have accumulated from the high OPTEMPO over the last decade of war and the additional effects of sequestration by approximately 2018 for CSGs and approximately 2020 for ARGs, 5 plus years after the first round of sequestration. This is a small glimpse of the qualitative readiness "price" of sequestration that is pushed into the future years.

General WELSH. The Air Force pushed approximately \$3.8 billion out of fiscal year 2016 during the fiscal year 2016 President's budget build. The cost increase is currently unknown as not every item removed from fiscal year 2016 was replaced in a FYDP year. Beyond inflation, it would be difficult to estimate the cost without coordination through all affected program offices. Below is a list of items and the amount of money pushed from fiscal year 2016 to future years.

Item	\$M
Investment re-phase (INV-001)	684.0
F-35 Mods	105.5
WSS	270.0
MILCON	500.0
WSS	600.0
Space Fence	46.0
STRATCOM Fit-out	20.0
10x MC-130Js	393.0
MILCON	231.3
Fac Mx & Repair	199.0
GPS Buy	45.8
Cyber Wpn Sys / LHC / JIE	267.9
Small Mods	232.3
F-22 WSS to OCO	17.9
Facts of Life	194.1
Total	3,806.8

General DUNFORD. In order to preserve near-term readiness of deployed units, the Marine Corps assumed risk in home station unit readiness and investment in infrastructure and modernization. In an attempt to regain balance across the pillars of readiness, the fiscal year 2016 President's budget includes an increase to Marine Corps investment by 55 percent across the FYDP. However, this increase is based on the current budget's funding levels. Funding levels below the President's budget, either through a mechanical sequester or BCA-level caps, would significantly increase the assumed risk.

The risks associated with training stem from a suboptimal deployment-to-dwell ratio, as this is more a matter of time than dollars. A lower deployment-to-dwell ratio means training is focused on the immediate deployment requirements based on the time available. Limited training time decreases the ability to build institutional readiness through training across the full range of military operations. The bottom line is that your Marine Corps will remain ready to respond to the Nation's call; however, our capacity to respond may be severely diminished.

QUESTIONS SUBMITTED BY SENATOR ROGER F. WICKER

SEQUESTRATION REMEDIES

17. Senator WICKER. General Odierno, Admiral Greenert, General Welsh, and General Dunford, would each of you welcome legislative authority that would enable DOD some flexibility as to where to make the budget cuts mandated by the sequester?

General ODIERNO. The Army has made tough choices and needs congressional support for compensation reform, force restructuring to include the Aviation Restructuring Initiative, and a cost-saving Base Realignment and Closure (BRAC) eliminating a half a billion dollars per year of excess infrastructure capacity that is currently in the Army.

Additionally, if Congress does not act to mitigate the magnitude and method of the reductions under the sequestration, the Army will be forced to make blunt reductions in end strength, readiness, and modernization. We cannot take the readiness of our force for granted. If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives. It is our shared responsibility to ensure that we never send members of our military into harm's way who are not trained, equipped, well-led, and ready for any contingency to include war. We must come up with a better solution to avoid the path of a hollow army.

Admiral GREENERT. Our first hope is that Congress will be able to lift the spending caps set by the BCA. Our fiscal year 2016 President's budget represents the ab-

solite minimum funding levels needed to execute our defense strategy. A return to sequestration would necessitate a revisit and revision of the defense strategy.

General WELSH. Legislation providing flexibility during a sequestration is certainly welcome; however, BCA level funding constraints would jeopardize the Air Force's ability to meet the DSG.

General DUNFORD. In order to ensure the Marine Corps receives the necessary resources to facilitate acceptable levels across troop readiness, equipment modernization, and facilities sustainment, further sequestering of the defense budgets must be avoided. If sequestration is again forced upon the Marine Corps, the fiscal challenges we currently face would be exacerbated, and additional risk would be assumed that would greatly reduce our capacity to meet operational requirements in the long term.

18. Senator WICKER. General Odierno, Admiral Greenert, General Welsh, and General Dunford, what additional legislative authorizes do you requires to allow your Services the flexibility needed to avoid hollowing out the force?

General ODIERNO. The Army has made tough choices and needs congressional support for compensation reform, force restructuring to include the Aviation Restructuring Initiative, and a cost-saving BRAC eliminating a half a billion dollars per year of excess infrastructure capacity that is currently in the Army.

Additionally, if Congress does not act to mitigate the magnitude and method of the reductions under the sequestration, the Army will be forced to make blunt reductions in end strength, readiness, and modernization. We cannot take the readiness of our force for granted. If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives. It is our shared responsibility to ensure that we never send members of our military into harm's way who are not trained, equipped, well-led, and ready for any contingency to include war. We must come up with a better solution to avoid the path of a hollow army.

Admiral GREENERT. Legislative action to lift the BCA spending caps and prevent sequestration would be the best path to avoid hollowing the force. Our fiscal year 2016 President's budget is the minimum funding needed to meet the current defense strategy. In conjunction with repeal of the BCA, approval of the fiscal year 2016 President's budget represents the best hope for our Nation's future defense.

General WELSH. To prevent a hollowing of the Air Force, we need relief from BCA caps and we need relief from prohibitions and limitations associated with retirement and divestiture of aging force structure. Authorization to conduct a BRAC would also free up resources for our most important recapitalization and modernization programs.

In addition to force structure divestiture and BRAC authority, we need re-programming authority to allow flexibility to fund emerging mission requirements and cover must pay bills. Specifically, we need increased General Transfer Authority and fewer imposed floors. Current Secretary of Defense transfer approval authority does not provide adequate flexibility to support emergent warfighter requirements.

General DUNFORD. The Marine Corps' current resource level represents a bare bones budget for the Marine Corps that can meet the current DSG. It allows the Marine Corps to protect near-term readiness; however, it does so at the expense of long-term modernization and infrastructure, threatening a balance across the Five Pillars of Readiness (high quality people, unit readiness, capacity to meet the combatant commanders' requirements, infrastructure sustainment, and equipment modernization). An imbalance amongst the Pillars will lead to conditions that could hollow the force and create unacceptable risk for our national defense. In order to ensure the Marine Corps receives the necessary resources to facilitate acceptable levels across troop readiness, equipment modernization, and facilities sustainment, further sequestering of the defense budgets must be avoided. If sequestration is again forced upon the Marine Corps, the fiscal challenges we currently face would be exacerbated, and additional risk would be assumed that would greatly reduce our capacity to meet operational requirements in the long-term.

19. Senator WICKER. General Odierno, Admiral Greenert, General Welsh, and General Dunford, the return of sequestration is the law of the land. What are you doing differently this year when it comes to planning for sequestration?

General ODIERNO. The President's budget represents the bare minimum needed for us to carry out our missions and execute and meet the requirements of our defense strategy. A return to sequestration-level funding would require the Army to size and equip the force based on what we can afford, not what we need, increasing the risk that when called to deploy, we will either not have enough soldiers or will send soldiers that are not properly trained and equipped. As I have stated before,

if the discretionary cap reductions from sequestration occur, the Army will be at grave risk of being unable to fully execute the DSG requirements.

If sequestration returns, we will need to reduce end strength even further to 420,000 in the AC by fiscal year 2020; and 315,000 in the National Guard and 185,000 in the Army Reserve. We will cut 10 to 12 additional combat brigades. We will be forced to further reduce modernization and readiness levels over the next 5 years because we simply can't drawdown end strength any quicker to generate the required savings.

The impacts will be much more severe across our acquisition programs requiring us to end, restructure, or delay every program with an overall modernization investment decrease of 40 percent. Home station training will be severely underfunded, resulting in decreased training levels. Within our institutional support, we will be forced to drop over 5,000 seats from Initial Military Training, 85,000 seats from specialized training, and over 1,000 seats in our pilot training programs. Our soldier and family readiness programs will be weakened, and our investments in installation training and readiness facility upgrades will be affected impacting our long-term readiness strategies. Therefore, sustainable readiness will remain out of reach with our individual and unit readiness rapidly deteriorating between 2016 to 2020.

It is our decisions, those that we make today and in the near future, that will impact our soldiers, our Army, the Joint Force, and our Nation's security posture for the next 10 years.

Admiral GREENERT. The fiscal year 2016 President's budget provides the funding and reforms needed to execute the defense strategy. The President has made clear that he is not going to accept a budget that locks in sequestration going forward, and he will not accept a budget that severs the vital link between our national security and our economic security, both of which are important to the Nation's safety, international standing, and long-term prosperity.

I stand by the fiscal year 2016 President's budget as the investments needed to protect national security. A return to sequestration in fiscal year 2016 would necessitate a revisit and revision of the defense strategy. The required cuts would force us to further delay critical warfighting capabilities, reduce readiness of forces needed for contingency responses, further downsize weapons capacity, and forego or stretch procurement of force structure as a last resort. Because of funding shortfalls over the last 3 years, our fiscal year 2016 President's budget represents the absolute minimum funding levels needed to execute our defense strategy. We cannot provide a responsible way to budget for the defense strategy at sequester levels because there isn't one.

General WELSH. The fiscal year 2016 President's budget supports our critical needs to execute the defense strategy, but we made tough choices in capacity and capability/modernization. OMB has provided direction through OSD that the Air Force does not support any reductions to the President's budget. Without a repeal of sequestration the Air Force will simply not have the capacity required to fully meet the current DSG. Therefore, support of the President's budget and repeal of 2013 BCA is essential. If forced into BCA funding levels in fiscal year 2016, we would, out of necessity divest entire fleets, reduce quantities for procurement of weapons systems, and reduce readiness accounts. Potential impacts include:

- Divest RQ-4 Block 40 fleet and cut Block 30 modifications
- Reduce MQ-1/MQ-9 ISR capacity by 10 CAPs—equivalent to current operations in Iraq/Syria
- Retire KC-10 fleet—15 in fiscal year 2016 and 59 total across FYDP
- Defer second Presidential Aircraft Recapitalization
- Reduce Flying Hours, Weapon System Sustainment, range support and munitions
- Reduce quantities for fighter recapitalization (F-35As) by 14 aircraft in fiscal year 2016
- Reduce investments in Space programs, Cyber Mission Areas, Nuclear Enterprise, and Science and Technology
- Terminate Adaptive Engine Program
- Divest 7 E-3s in fiscal year 2016
- Divest U-2

Bottom line—stable budgets at a higher level than BCA are critical to long-term strategic planning, meeting the DSG, and protecting the Homeland.

General DUNFORD. The President's budget represents the limit of acceptable risk for the Marine Corps in terms of both end strength and funding; while we can meet the requirements of the DSG today, there is no margin. A sequestered budget in fiscal year 2016 would preclude the Marine Corps from meeting these requirements and would result in a Marine Corps with fewer active duty battalions and squadrons

than would be required for a single major contingency. It would also result in a much smaller forward deployed presence, lengthening response times to crises involving our diplomatic posts, American citizens, or other overseas interests. Furthermore, to protect our near-term readiness to the extent possible, we will be forced to take additional risk in infrastructure and equipment modernization, as well as the training and equipping of our home station units, exacerbating our current institutional readiness imbalances.

20. Senator WICKER. General Odierno, Admiral Greenert, General Welsh, and General Dunford, are each of you prepared to execute a budget that incorporates sequestration through at least fiscal year 2016?

General ODIERNO. The President's fiscal year 2016 budget represents the bare minimum needed for us to carry out our missions and execute and meet the requirements of our defense strategy. It is in fact a tenuous House of Cards. In order for the President's fiscal year 2016 budget to work, all of our proposed reforms in pay and compensation must be approved. All of our force structure reforms must be supported, to include the ARL. We must be allowed to eliminate \$.5 billion per year of excess infrastructure that we have in the Army. We potentially face a \$12 billion shortfall in our budget. If BBA caps remain, that adds another \$6 billion in potential problems.

Anything below the President's budget compromises our strategic flexibility. It would compel us to reduce end strength even further. It inadequately funds readiness. It further degrades an already under-funded modernization program. It impacts our ability to conduct simultaneous operations and shape regional security environments. It puts into question our capacity to deter and compel multiple adversaries. If the unpredictable does happen, we will no longer have the depth to react.

Admiral GREENERT. No. A return to sequestration-level funding would significantly reduce the military's ability to fully implement the President's defense strategy. The required cuts would force us to further delay critical warfighting capabilities, reduce readiness of forces needed for contingency responses, further downsize weapons capacity, and forego or stretch procurement of force structure as a last resort. We cannot provide a responsible way to budget for the current defense strategy at sequester levels because there isn't one. The Navy hopes that Congress will lift the spending caps of the BCA and avoid sequestration.

General WELSH. The fiscal year 2016 President's budget supports our critical needs to execute the defense strategy, but we made tough choices in capacity and capability/modernization. OMB has provided direction through OSD that the Air Force does not support any reductions to the President's budget. Without a repeal of sequestration the Air Force will simply not have the capacity required to fully meet the current DSG. Therefore, support of the President's budget and repeal of 2013 BCA is essential. If forced into BCA funding levels in fiscal year 2016, we would, out of necessity divest entire fleets, reduce quantities for procurement of weapons systems, and reduce readiness accounts. Potential impacts include:

- Divest RQ-4 Block 40 fleet and cut Block 30 modifications
- Reduce MQ-1/MQ-9 ISR capacity by 10 CAPs—equivalent to current operations in Iraq/Syria
- Retire KC-10 fleet—15 in fiscal year 2016 and 59 total across FYDP
- Defer second Presidential Aircraft Recapitalization
- Reduce Flying Hours, Weapon System Sustainment, range support and munitions
- Reduce quantities for fighter recapitalization (F-35As) by 14 aircraft in fiscal year 2016
- Reduce investments in Space programs, Cyber Mission Areas, Nuclear Enterprise, and Science and Technology
- Terminate Adaptive Engine Program
- Divest 7 E-3s in fiscal year 2016
- Divest U-2

Bottom line—stable budgets at a higher level than BCA are critical to long-term strategic planning, meeting the DSG, and protecting the Homeland.

General DUNFORD. Sequestration would force the Marine Corps to significantly degrade the readiness of our home station units, which is the Marine Corps' Ready Force to respond to crises or major combat operations. The fiscal challenges we face today will be further exacerbated by assuming even more risk in long-term modernization and infrastructure in order to maintain ready forces forward. This is not sustainable and degrades our capacity as the Nation's force in readiness.

21. Senator WICKER. Admiral Greenert and General Dunford, can you briefly elaborate on how a return to the defense sequester would threaten the Navy and Marine Corps' ability to decisively project power abroad?

Admiral GREENERT. Naval forces are more important than ever in building global security, projecting power, deterring foes, and rapidly responding to crises that affect our national security. A return to sequestration would force Navy to degrade current and future fleet readiness, significantly weakening our ability to respond to crises and project power overseas.

The fiscal year 2015 budget represented another shortfall from the resources we indicated were necessary to fully resource the DSG missions, making Navy less ready to successfully Deter and Defeat Aggression and Project Power A2/AD Challenges. Continuing along this budget trajectory means that by 2020, the DSG benchmark year, Navy will have insufficient contingency response capacity to execute large-scale operations in one region while simultaneously deterring another adversary's aggression elsewhere. Also, we will lose our advantage over adversaries in key warfighting areas: air-to-air warfare, integrated air and missile defense, anti-submarine warfare, and anti-surface warfare.

Carrier strike groups (CSGs) and ARGs possess significant power projection capabilities, and we are committed to keeping, on average, three CSGs and three ARGs in a contingency response status, ready to deploy within 30 days to meet combatant commander (COCOM) OPLANs requirements. However, if sequestered, we will be unable to sustain the readiness of both our forward deployed forces and those forces in a contingency response status. We will prioritize the readiness of our forward deployed forces and only be able to provide a response force of one CSG and one ARG. This reduction in available contingency forces will impact COCOM OPLANs, which are predicated on our ability to respond rapidly. Less contingency response capacity means longer timelines to arrive and prevail, more ships and aircraft out of action in battle, more sailors, marines, and merchant mariners killed, and less credibility to deter adversaries and assure allies in the future.

General DUNFORD. The Marine Corps, as the Nation's expeditionary force in readiness, defends the homeland with forward presence.

BCA funding levels with sequester rules will preclude the Marine Corps from meeting the requirements of the Defense Strategy. While we can meet the requirements today, there is no margin. Even without sequestration, we will need several years to recover from over a decade of war and the last 3 years of flat budgets and fiscal uncertainty.

Sequester will exacerbate the challenges we have today. We already assume risk in amphibious shipping from a requirement of 38 ships to fight a major combat operation, to a fiscally constrained objective of 33. Sequestration will further impact the Navy's amphibious ship program, resulting in fewer marines and sailors being forward deployed in a position to immediately respond to crises involving our diplomatic posts, American citizens or interest overseas.

Sequestration may also result in a Marine Corps with fewer total active duty battalions and squadrons than would be required for a single major contingency. Sequestration triggers the Nation to accept risk in the readiness of the strategic depth of its non-deployed forces. These non-deployed units are exactly the forces that allow us to globally project power beyond the capabilities of our forward-deployed forces.

We will have fewer forces, arriving less trained, arriving later to the fight. This will delay the buildup of combat power, allowing the enemy more time to build its defenses and would likely prolong combat operations all together. The effect is more American lives lost.

22. Senator WICKER. Admiral Greenert and General Dunford, what is your assessment of the impact sequestration would have on our amphibious forces and our Navy and Marine Corps' ability to execute the pivot to Asia?

Admiral GREENERT. A return to sequestration in fiscal year 2016 would necessitate a revisit and revision of the DSG. Sequestration would force higher risk in our ability to provide a stabilizing presence. We will continue to deploy our most advanced units to the Asia-Pacific, but they may not have the sensors, weapons, and capabilities to deal with potential adversaries. The fiscal year 2015 budget represented another shortfall from the resources we indicated were necessary to fully resource the DSG missions, making Navy less ready to successfully Deter and Defeat Aggression and Project Power Despite A2/AD Challenges. Continuing along this budget trajectory means that by 2020, the DSG benchmark year, Navy will have insufficient contingency response capacity to execute large-scale operations in one region while simultaneously deterring another adversary's aggression elsewhere. Also,

we will lose our advantage over adversaries in key warfighting areas: air-to-air warfare, integrated air and missile defense, anti-submarine warfare, and anti-surface warfare.

General DUNFORD. A return to sequestration in fiscal year 2016 would impact the Marine Corps' ability to execute the pivot through its effect on military construction (MILCON), as the pivot relies on rebasing marines in Guam and Hawaii, and MILCON is an important part of those moves. Impacts to MILCON due to sequestration, including MILCON in the Pacific, would need to be part of a larger conversation about the priorities of the Department and the defense strategy under a sequestered budget. Specifically in fiscal year 2016 the construction of the Live Fire Training Range Complex, \$126 million, would not commence.

SHIPBUILDING INDUSTRIAL BASE

23. Senator WICKER. Admiral Greenert, given sequestration's impending return, what is the Navy's near-term contingency plan to help protect and preserve the U.S. shipbuilding industry and its employees, and how do we keep them employed if we build fewer ships and perform less ship maintenance?

Admiral GREENERT. Sustaining our industrial base continues to be a budget priority for the Navy. Stability and predictability are critical to the health and sustainment of this vital sector of our Nation's industrial capacity. Disruptions in naval ship design and construction plans are significant because of the long-lead time, specialized skills, and extent of integration needed to build military ships. Any cancelled ship procurements in fiscal year 2016 will likely cause some suppliers and vendors of our shipbuilding industrial base to close their businesses. This skilled, experienced and innovative workforce cannot be easily replaced and it could take years to recover from layoffs and shutdowns; and even longer if critical infrastructure is lost. Because of its irreversibility, shipbuilding cuts represent options of last resort for the Navy. We would look elsewhere to absorb sequestration shortfalls to the greatest extent possible.

QUESTIONS SUBMITTED BY SENATOR MIKE LEE

SEQUESTRATION

24. Senator LEE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, to give us a picture beyond some of the programmatic risks that would exist if defense sequestration fully starts October, can you please outline a potential contingency that you believe your respective branches will likely have to respond to in the coming years—such as an aggressive air or naval action against U.S. persons or preventing a terrorist attack on U.S. interests, and how your ability to respond to this contingency will be impacted under sequestration?

General ODIERNO. For the past 3 years, we have developed several budget strategies in response to fiscal constraints that we knew we were going to face. We made some assumptions in that budget that must now be revisited.

We assumed we could accept risks in Europe. Now, we face major security issues in Europe ranging from increasing Russian aggression to a rise in soft target attacks by terrorist networks. We made decisions based on the fact that we were coming out of Iraq and Afghanistan and did not anticipate sending people back into Iraq. We made an assumption that although we knew we had a long fight against extremist organizations around the world, we could focus our budget primarily on defeating al Qaeda. We now have emerging extremist networks that are destabilizing regions around the world in ways we did not foresee. Over the last year, we witnessed the growing threat and gruesome toll of ISIL.

We assumed that future conflicts will be short in duration. But the threats we face today cannot be solved quickly. Defeating ISIL will require years of sustained international commitment. Without persistent pressure and focus, groups such as ISIL will continue to ravage populations and undermine regional stability. So we must recognize that the operating environment has changed.

With an increase in threats around the world that have rendered some of our planning assumptions optimistic, we must acknowledge that the fiscal year 2016 post-sequestration spending cap, which was set almost 4 years ago, has not kept pace or accounted for an increasingly complex and dangerous world. If we are forced to take further endstrength reductions beyond the planned levels in the President's budget due to sequestration, our flexibility deteriorates, as does our ability to react to strategic surprise. We are witnessing firsthand mistaken assumptions about the number, duration, location, and size of future conflicts and the need to conduct post-

stability operations. These miscalculations translate directly into increased military risk.

Admiral GREENERT. Potential scenarios, and the Navy's ability to respond to them, should be discussed at a classified level. Suffice it to say, a return to sequestration would significantly weaken the U.S. Navy's ability to contribute to United States and global security. If sequestered, we will prioritize the readiness of deployed forces at the expense of those in a contingency response status. We cannot do both. We will only be able to provide a 30-day contingency response force of one CSG and one ARG. Current OPLANs, which are predicated on our ability to rapidly surge forces, require a significantly more ready force than we can provide at sequestration levels of funding. Reduced contingency response capacity can mean higher casualties as wars are prolonged by the slow arrival of naval forces into a combat zone. Without the ability to respond rapidly, our forces could arrive too late to affect the outcome of a fight.

General WELSH. In any contingency scenario involving aggressive air action against the United States or our interests, we will likely be forced to redistribute deployed Air Force forces due to the limited amount of available force structure. In the process of addressing an emerging threat, we would increase the risk to missions and forces in the areas that would be vacated.

Regardless of the possible scenarios, as I have stated in the past, if we are not ready for all possible scenarios, we will be forced to accept what I believe is unnecessary risk, which means we may not get there in time, it may take the joint team longer to win, and our people will be placed at greater risk.

General DUNFORD. The 2014 QDR and other Defense Department planning documents mandate "the U.S. Armed Forces will be capable of simultaneously defending the homeland; conducting sustained, distributed counterterrorist operations; and in multiple regions, deterring aggression and assuring allies through forward presence and engagement. If deterrence fails at any given time, U.S. forces will be capable of defeating a regional adversary in a large-scale multi-phased campaign, and denying the objectives of—or imposing unacceptable costs on—a second aggressor in another region."

This is known as the Defeat/Deny imperative—to defeat a regional adversary while simultaneously deterring another. Under sequestration, the Marine Corps would have fewer forces forward deployed than today to adequately assure allies and partners and to provide a deterrent effect. This also means we would have fewer forces than would be required to meet a single, major contingency (defeat imperative), not to mention imposing costs on a second adversary in a different theater of war (deny imperative).

Also, please see the classified 2015 CRA and accompanying the Secretary of Defense's RMP for amplification, submitted to Congress in February.

25. Senator LEE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, as it currently stands in law, sequestration will take effect at the end of this fiscal year. In 2013, many in DOD and in Congress expected there would be a fix to defense sequester, and were not prepared as needed when sequestration started. Have you received any instruction from OMB to prepare for potential sequestration in fiscal year 2016? What have you done in your respective branches to start preparing for potential sequestration in fiscal year 2016?

General ODIERNO. In preparation for fiscal year 2016, we worked closely with DOD and OMB in developing our budget request as part of the President's fiscal year 2016 budget request.

The President's fiscal year 2016 budget represents the bare minimum needed for us to carry out our missions and execute and meet the requirements of our defense strategy. It is in fact a tenuous House of Cards. In order for the President's fiscal year 2016 budget to work, all of our proposed reforms in pay and compensation must be approved. All of our force structure reforms must be supported, to include the ARI. We must be allowed to eliminate \$.5 billion per year of excess infrastructure that we have in the Army. We potentially face a \$12 billion shortfall in our budget. If BCA caps remain, that adds another \$6 billion in potential problems.

Anything below the President's budget compromises our strategic flexibility. It would compel us to reduce end strength even further. It inadequately funds readiness. It further degrades an already under-funded modernization program. It impacts our ability to conduct simultaneous operations and shape regional security environments. It puts into question our capacity to deter and compel multiple adversaries. If the unpredictable does happen, we will no longer have the depth to react.

Admiral GREENERT. The Department has not yet received direction from OMB to begin planning for sequestration in fiscal year 2016. While we are looking at the overall impacts of a sequester or reduced spending caps, we have not yet done any

detailed planning for reduce spending to achieve the mandated caps in fiscal year 2016.

General WELSH. The fiscal year 2016 President's budget supports our critical needs to execute the defense strategy, but we made tough choices in capacity and capability/modernization. OMB has provided direction through OSD that the Air Force does not support any reductions to the President's budget. Without a repeal of sequestration the Air Force will simply not have the capacity required to fully meet the current DSG. Therefore, support of the President's budget and repeal of 2013 BCA is essential. If forced into BCA funding levels in fiscal year 2016, we would, out of necessity divest entire fleets, reduce quantities for procurement of weapons systems, and reduce readiness accounts. Potential impacts include:

- Divest RQ-4 Block 40 fleet and cut Block 30 modifications
- Reduce MQ-1/MQ-9 ISR capacity by 10 CAPs—equivalent to current operations in Iraq/Syria
- Retire KC-10 fleet—15 in fiscal year 2016 and 59 total across FYDP
- Defer second Presidential Aircraft Recapitalization
- Reduce Flying Hours, Weapon System Sustainment, range support and munitions
- Reduce quantities for fighter recapitalization (F-35As) by 14 aircraft in fiscal year 2016
- Reduce investments in Space programs, Cyber Mission Areas, Nuclear Enterprise, and Science and Technology
- Terminate Adaptive Engine Program
- Divest seven E-3s in fiscal year 2016
- Divest U-2

Bottom line—stable budgets at a higher level than BCA are critical to long-term strategic planning, meeting the DSG, and protecting the Homeland.

General DUNFORD. The fiscal year 2016 President's budget is the bare bones budget for the Marine Corps that can meet the current DSG. The budget prioritizes near-term readiness at the expense of modernization and facilities, and only achieves a 1:2 deployment-to-dwell ratio, which is unsustainable over the long term. Sequestration would force the Marine Corps to significantly degrade the readiness of our home station units, which is the Marine Corps' Ready Force to respond to crises or major combat operations. The fiscal challenges we face today will be further exacerbated by assuming even more risk in long-term modernization and infrastructure in order to maintain ready forces forward. This is not sustainable and degrades our capacity as the Nation's force-in-readiness.

26. Senator LEE. General Odierno, General Welsh, and General Dunford, the Reserve Forces Policy Board stated in their report last February that:

“The Department has built a stronger, more capable, better equipped, battled tested Guard and Reserve Force than we have had in any time in our recent history. Therefore, the Department should not squander the benefits derived from those investments and hard won experience gained in combat.”

The board has also previously found that the fully burdened and life-cycle cost of a reservist or guardsman is less than a third of their Active-Duty counterpart. Whether sequestration continues or not, how do you intend to use these efficiencies and combat experience identified in your Guard and Reserve units to maintain readiness and combat experience and maximize combat power and depth?

General ODIERNO. We recognize the significant contributions made by the Army National Guard (ARNG) as a part of the Total Force and can ill-afford to allow the skills and competencies atrophy. Our goal is to maintain the ARNG as an operational Reserve, a key component in meeting mission requirements at home and abroad. To accomplish this, the Army continues to increase the mix of ARNG formations at our Combat Training Centers and Warfighter events. We will partner Active component (AC) and ARNG formations during annual training and will conduct integrated pre-deployment collective training to capitalize on the experience and lessons learned during the last 13 years of war. The recent Bold Shift Initiative reorganized 1st U.S. Army to be more responsive to pre-mobilization training support for ARNG formations while retaining capability to conduct post-mobilization operations. The combined affect of these initiatives will enhance ARNG readiness. The Army considered the RFBP study on fully burdened soldier costs incomplete in that it did not fully address the impact of cost on soldier (or formation) capabilities. When activated for mobilization or operational support, RC forces cost the same as their AC counterparts but, based on the mission assigned, may require more extensive training, which costs additional dollars and time.

General WELSH. The components which collectively comprise our Air Force—the Active and the Air Reserve Component (ARC) (which includes the Air National Guard and Air Force Reserve)—realize that only by working together, both internally as cohesive teammates and externally with our partners, can we mitigate risk, operate within budgetary constraints, and remove existing barriers impeding efficient operation of the Total Force.

The Air Force fully embraces and continues its flight path toward being the best possible integrated Total Force. We are currently working to influence appropriate policy and legislative changes to reduce or eliminate Continuum of Service barriers, more effectively integrate our components from the Air Staff to the tactical level in order to garner operational and fiscal efficiencies, and ensure our Total Force is optimally balanced to minimize warfighting risk and increase effectiveness. Additionally, integration of Active and ARC units, currently underway through varying types of association constructs, offers a deliberate, proven, and effective approach to fully integrate our Air Force. Finally, using the Air Force's High Velocity Analysis toolkit, we are applying quantitative and qualitative analysis to derive optimal force mix options. This information enables senior leaders to maximize the use of the Total Force, while minimizing cost and expanding combat power.

General DUNFORD. The Marine Corps fights with a Total Force Concept, seamlessly integrating Reserve units into active duty formations. This helps maintain the skills of Reserve units while enhancing depth, maximizing combat power, and providing OPTEMPO relief to Active Duty units. The Marine Corps has already planned the use of Reserve Forces to meet combatant commander requirements under 12304b mobilization authorities. Marine Corps Global Force Management seeks the goal of a mobilization-to-dwell ratio of 1:5 minimum for Reserve component units. This means that of those Reserve units mobilized, marines and their families can expect the unit will only be mobilized 1 year out of every 5. This helps provide predictability and stability for our citizen-soldiers. In case of a major contingency operation, the Reserves will be mobilized as needed to best meet the Nation's requirements.

WEAPON SYSTEMS

27. Senator LEE. General Welsh, after sequestration took place in 2013, there was concern about the “bow-wave” effect on the maintenance of weapons systems in the Air Force and the years that it would take to recover from it. If the Air Force budget is sequestered in fiscal year 2016, what affects will this have on your logistics and sustainment programs, and how are you preparing these programs now in the event that sequestration does happen?

General WELSH. Sequestration would have significant sustainment funding impacts, which would cause substantial disruptions across our logistics and sustainment programs. These disruptions include deferring critical maintenance, repair, and overhaul actions for combat and mobility forces, as well as cyber, space, and nuclear sustainment programs. Potential long-term aircraft groundings and workload bow waves could also occur. In preparation for sequestration, we will analyze our options, including potential overseas contingency operation supplements, and attempt to balance readiness risk and other Air Force priorities.

28. Senator LEE. General Welsh, at the end of last year the Air Force was concerned that the inability to retire certain weapons systems combined with the increased tempo of operations in the Middle East and Europe would prevent the Air Force from having the necessary number of maintainers available to transition into new weapons programs in order for those programs to meet operational goals. Can you give the committee an update on this situation now that the NDAA for Fiscal Year 2015 (P.L. 113–291) has passed, and what impact will sequestration have on Air Force's ability to generate the necessary number of persons to maintain the force?

General WELSH. The situation has not improved. While the ability to place some A–10s into Backup Aircraft Inventory status as well as using contract support will help relieve some immediate pressure, Air Force Active-Duty maintenance manning levels continue to fall short as the Air Force adds new weapon systems such as the F–35, KC–46, and CV–22 into the inventory without any force structure divestiture. Since 2004, Active-Duty maintenance personnel have decreased by 20 percent while aircraft inventory has decreased by 12 percent. The OSD Cost Assessment and Program Evaluation analysis on Air Force fighter manning confirmed that a limited supply of experienced fighter maintenance personnel is constraining legacy fleet readiness and the stand-up of the F35A squadrons.

Without force structure divestiture, the Air Force will need to add maintenance accessions and increase end strength to support maintenance manning requirements that are currently unaffordable at BCA caps. Accessions, however, do not solve the Air Force's near-term maintenance experience deficit since maintenance experience can only be gained through time. If the Air Force cannot harvest experienced manpower from divestiture of the A-10 fleet, we risk further readiness degradation in the remaining legacy fleets. This puts at risk the ability to meet the current operational demand in the Middle East and Europe. Although the Air Force has taken some force management actions to minimize the readiness risk, including Reserve component activations, high year tenure extensions, and retention bonuses, these actions are insufficient to support Air Force readiness requirements.

CIVILIAN WORKFORCE

29. Senator LEE. General Odierno, Admiral Greenert, General Welsh, and General Dunford, the Congressional Budget Office (CBO) reported in November of 2014 that the number of civilian employees employed by DOD grew by nearly 10 percent between 2000 and 2014 while the uniformed services shrank by 4 percent. CBO also reported that the per-person costs for civilian personnel increased at this time as well. This makes the civilian employee growth an issue that, like many others, warrants serious review in the context of any budgetary reductions and spending reforms. However, civilian employees fulfill a vital component of DOD, especially in areas like logistics and the maintenance of weapons systems and equipment. Please provide an update on how the cost-growth of the civilian workforce, including contractors, is being addressed in your respective branches, and how reforms are being implemented in a manner that doesn't harm the missions where civilian workers are uniquely needed?

General ODIERNO. Civilian cost growth is being addressed primarily through reductions to the civilian workforce. The Army civilian workforce is and will be shaped to deliver the critical capabilities to support and enable our soldiers, but within the framework provided by diminishing funding, statutory guidance, and Departmental priorities. Investments in growth made to acquisition, science and technology, medical, special operations, intelligence, cyber, SHARP, and other capabilities have been identified as high priorities and will be maintained and in some cases expanded. The bulk of our civilian workforce reductions will fall in areas of logistics, personnel, training, and installation support activities and, importantly, in administrative headquarters.

Programmed reductions for civilian Full-Time Equivalents (FTEs) in fiscal year 2015 and fiscal year 2016 are programmed at 3.4 percent and 5.8 percent respectively. During that same time period, military end strength reductions will be 1 percent and 3.3 percent. All of these percentages are calculated from the fiscal year 2014 position. Deeper cuts are projected for some civilian jobs as a result of sequestration planning in which the Army is accepting greater risk in functions that support readiness and are primarily performed by civilians: Installations Services: - 7.1 percent; Support of Forces: - 7.9 percent and Training: - 6.8 percent.

Extending the projection out from fiscal year 2014 through fiscal year 2018 with BCA levels of funding will reduce military personnel from 1,049,200 to 980,000, a total reduction of 6.6 percent. During the same period civilian FTEs will reduce from 265,000 to 238,000, or 10.1 percent.

To date, most of the service contract reductions have been for overseas contingency operations. Opportunities for contract reductions exist in knowledge-based services where overhead costs have sometimes averaged an additional 50 percent above what is charged to us for the actual work in direct labor hours, as reflected in the Contractor Manpower Reporting Application (CMRA). We plan to leverage CMRA to provide program visibility of contract services in our program starting in fiscal year 2018.

Admiral GREENERT. The CBO report included data across all of DOD, not just at the DON level. Per-person changes in pay are often driven by changes across the Federal workforce. Benefit costs have grown commensurate with general increases in costs for health care; revised actuarial costs have increased FERS contributions; an aging workforce takes on additional benefits as they near retirement (e.g., Thrift Savings Plan matching contributions); pay raises have been held at or below inflation during the last decade, but over that time did grow.

Much of what appears to be growth in civilian FTEs since 2000 reflects mandated staffing adjustments. For example, 13,000 military positions were converted to civilian positions to reduce shore military staffing during the Iraqi conflict. Further, the fiscal year 2008 NDAA directed the Department to consider insourcing functions

regularly performed by contractors, an action which increased the number of civilian employees but reduced reliance on contract employees. Congressional language prohibiting the contracting of security guard functions increased these insourcing requirements. The NDAA for Fiscal Year 2008 also established a development program for Acquisition Workforce recruitment, training, and retention, which increased FTEs in an area with critical shortages. We have also increased civilians to address critical shortfalls associated with the shipyards, cyber, and the nuclear enterprise posture review. At the same time, we are aggressively identifying reductions, particularly with the headquarters reductions.

Within the DON, we conduct a thorough review of civilian FTEs and the cost of those FTEs as part of our budget preparation. Consistent with congressional direction, the Department is reducing contract support and is beginning to monitor contractor work years as it moves toward integration of contractors into the total workforce review.

General WELSH. The Air Force civilian end strength was 161,000 in fiscal year 2000 and peaked in fiscal year 2011 at 192,000 as a result of the following actions: Resource Management Directive (RMD) 802, Competitive Sourcing/Insourcing (mandated contractor-to-civilian conversion); Working Capital Fund/Foreign Military Sales/COCOMs directed growth; Secretary of Defense-directed Joint Basing actions; military-to-civilian conversion; Total Force Initiative associations; Business-Based Analysis decision to insource Ministry of Defense United Kingdom civilians; and the Presidential-directed Veterans Employment Initiative.

Since fiscal year 2011, the Air Force has taken action to reduce civilian end strength by approximately 24,000 positions. Major drivers were: RMD 703; Civilian Workforce Efficiencies (2012); Civilian Workforce Review (2013); and management headquarters reductions and force structure changes.

The Air Force has implemented a series of Voluntary Early Retirement Authority programs designed to reduce overall manpower costs. In fiscal year 2014, the Air Force proposed three rounds of civilian voluntary separation programs: Round 1 targeted residual RMD 703 actions; Round 2 targeted fiscal year 2014 Civilian Workforce Review positions; and Round 3 targeted the 20 percent Management HQs Staff reduction and the Air Force Installation and Mission Support Center (AFIMSC) consolidation.

In fiscal year 2015, the Air Force is proposing two rounds of civilian voluntary separation programs as a continuation of the force shaping initiative to target a 20 percent management headquarters staff reduction and AFIMSC consolidation. Because our civilians are vital to the total workforce, every voluntary reduction opportunity is being exhausted and reductions in force will only be used as a last resort to efficiently and effectively manage mission and organizational changes.

The Air Force manages the civilian requirements from a Total Force perspective. Unlike other Services, the Air Force looks at mission requirements to see if a uniformed member is required due to deployments and/or sustainability reasons. In the event that a uniformed member is not required, we look at the requirement for any inherently governmental functions. The Air Force evaluates the cost of the resources (military, civilian, or contractor) and chooses the most cost effective resource available that satisfies the requirements and is in the best interest of the public.

To control the cost-growth of contractors, the Air Force implemented and closely monitors the contract ceiling restriction in accordance with section 808 of the NDAA for Fiscal Year 2012 and section 802 of the NDAA for Fiscal Year 2014. The cost-growth of our Air Force civilians are due to normal inflation factors, pay raises, increased retirement costs, and higher benefit rates imposed by OMB. The cost per person of Air Force civilians is not higher than the rest of DOD.

The Air Force continues to look for new ways of accomplishing the mission. We examine the full spectrum of operations, from base-level to headquarters, to develop a wide range of efficiency initiatives to streamline and right size the organization and management staffs to forge a leaner, more effective Air Force. The fiscal year 2016 President's budget submission represents the minimum essential workforce (civilian and military) requirements of the Air Force. In order for the Air Force to achieve any additional significant reduction in its civilian workforce, a BRAC action would be needed since the bulk of the positions are at installation level.

General DUNFORD. The Marine Corps has taken a balanced approach to assessing and reshaping its collective workforce to ensure the right labor source and skill level supports the mission while also determining areas where risk can be taken without jeopardizing the mission. Managing that balance is a continuing effort.

Civilian Workforce

The Marine Corps' appropriated funded civilian workforce grew from 2001 to 2009 due in large part to higher mandates, e.g., military-to-civilian conversions;

insourcing; resumption of information network ownership/management; growth in the acquisition and cyber workforces; and establishment of a civilian police force to permit military police to support operational forces. In 2009, recognizing the changing fiscal climate, the Marine Corps began taking proactive measures to right-size the civilian and contractor workforce to include the establishment of an Executive Steering Group to strategically assess the size, composition, and allocation of civilian resources with the primary focus on mission requirements. This group recommended and the Marine Corps is now implementing the following:

- A reduction to the civilian labor budget by 10 percent; 20 percent at headquarters. Only a 5 percent reduction was applied to our depots due to criticality of their mission.
- A reduction in FTEs from ~17,500 civilians to ~15,800 by fiscal year 2017 (a savings of \$761.5 million/1,675 FTEs).
- Strategic Total Force Management/Workforce Planning processes to ensure commands can manage their workforce within budget constraints.

Civilian Cost

While the Marine Corps is reducing the number of civilians, the cost per FTE continues to gradually increase, primarily due to restructuring lower graded, lower priority positions to accommodate the need for more specialized, higher graded positions (i.e., cyber, acquisition). As we reduce the number of civilians, we are also taking steps to lower the cost of civilian personnel by conducting reviews of position descriptions to re-assess grade levels, limiting funds available for performance awards and pay increases, limiting overtime, and monitoring payment of recruitment, relocation, and retention incentives at the headquarters level.

Contractors

Over the past few years, the Marine Corps has undertaken various steps to understand and accurately identify requirements for contract services. These efforts have been both fueled and challenged by numerous contract service reduction requirements, including:

- OSD directed headquarters contract reductions associated with Executive Order 13576, Delivering an Efficient, Effective, and Accountable Government
- NDAA for Fiscal Year 2012, section 808, Limits for Amounts Available for Contract Services as well as annual extensions in NDAA for Fiscal Year 2014, section 802, and NDAA for Fiscal Year 2015, section 813
- NDAA for Fiscal Year 2013, section 955, Savings to be Achieved in Civilian Personnel Workforce and Service Contractor Workforce of DOD
- Fiscal year 2015 Department of the Navy-directed Contracted Services Reduction to reduce dependence on contracted services

Each of these efforts pressed the Marine Corps to assess its contract services and find reductions where possible, but from varying perspectives. In the early stages, the contract services data quality was not available to fully assess and identify areas of potential savings. As such, the Marine Corps is taking numerous steps to improve our data capacity to enable us to make informed reduction decisions as well as comply with reporting requirements contained in the PL 113–101 Digital Accountability and Transparency Act of 2014 (DATA Act). Those efforts include:

- Rewriting of the Marine Corps Object Classification/Sub-Object Classification (OCSOC) manual to redefine and better align codes for capturing obligation classifications and aligning to budget justification materials
- Modifications to purchase request and contracting systems to incorporate product service code to object classification alignments at contract line item level vice document level
- Monthly command reporting of contract service obligations to determine the nature and priority of contract requirements, serving as a foundation for additional process changes and policy amendments
- Training for financial and non-financial personnel involved in the contracting process to improve data recording

The Marine Corps continues to assess its contract services requirements to ensure the most prudent and efficient use of resources is utilized and will implement balanced reductions to the extent possible without jeopardizing mission accomplishment.

QUESTION SUBMITTED BY SENATOR BILL NELSON

TEST AND EVALUATION AND SCIENCE AND TECHNOLOGY IMPACTS

30. Senator NELSON. General Odierno, Admiral Greenert, General Welsh, and General Dunford, please describe the impacts of sequestration on your ability to maintain and modernize the laboratory research and test and evaluation facilities, workforce, and capabilities you will need to meet Service needs. Are there specific capabilities or research initiatives that you will have to eliminate, mothball, or downsize if sequestration remains in effect?

General ODIERNO. The Army has already undertaken significant cost cutting efforts and reduced personnel and equipment requirements during the first 2 years of sequestration. In the triad of impacts to sequestration, Army modernization suffers the most. Modernization accounts have been reduced by 25 percent and every program affected; maintenance deferred; and the defense industrial base increasingly skeptical about investing in future innovative systems needed to make the force more agile and adaptive.

As part of the balancing process, the Army has already made difficult choices in dropping the Armed Aerial Scout, Unmanned Ground Vehicle upgrades, the Mounted Soldier System, and Ground Combat Vehicle program. Under sequestration, planned upgrades to our current systems, such as UH-60 Blackhawk, Abrams, Bradley, and Stryker would be reduced or slowed (e.g. Stryker DVH upgrades will cease) leaving our soldiers more vulnerable, especially if deploying as part of a smaller force where technology optimizes soldier performance and capabilities. Over 270 acquisitions and modernization programs have already been impacted by sequestration, and more than 137 additional programs may also be affected under continued sequestration.

The Army is unable to protect upgrades and procurement on top of an already depleted capital investments portfolio at sequestration level funding. These modernization disruptions will stop development and production in critical programs that enable a smaller force to accomplish diverse missions. Under sequestration, the Army will have to stop the 4th Double-V Hull Brigade conversion; slow the Patriot system upgrade; halt the procurement of one new MQ-1C Gray Eagle Company and the accelerated fielding of another, both of which are needed to address the increased UAV demand in Syria and Iraq; delay the Aerial Intelligence Surveillance and Reconnaissance 2020 strategy by several years; reduce and extend the Active Electronically Scanned Array (AESA) radar development; and delay development of Radar-on-the-Network for Patriot and Terminal High Altitude Area Defense-integration until fiscal year 2022, which is a vital capability protecting our homeland from missile threats.

Fiscal year 2013 sequestration also had especially harmful impacts on our workforce and on laboratory research facilities, and we expect any future sequestration will be similar. For the workforce, attrition will likely increase as in fiscal year 2013, when the high risk of furloughs for the workforce more than doubled. Our bright talent will depart for better job security in industry and academia, while those who stay will be demoralized.

In fiscal year 2013, the labs were only sustained to 35 percent of their needs. A new round of sequestration will result in laboratory facility sustainment reductions to support only life, health, and safety requirements. Routine maintenance will be deferred while laboratories and test and evaluation sites accept risk in facilities and equipment functions. Sequestration would also delay planned upgrades in capability, impacting not only our ability to do cutting edge research, but also our ability to attract the best and brightest to work within the Army labs.

Modernization enables a smaller, agile, and more expeditionary Army to provide globally responsive and regionally engaged forces demonstrating unambiguous resolve. But sequestration adversely impacts the Army's ability to modernize and field critical capabilities that improve operational readiness of aging equipment. The cumulative cuts in modernization programs threaten to cede our current overmatch of potential adversaries while increasing future costs to regain or maintain parity if lost.

Admiral GREENERT. A return to sequestration in fiscal year 2016 would necessitate a revisit and revision of the defense strategy. Sequestration would significantly reduce the Navy's ability to fully implement the President's defense strategy. The required cuts would force us to further delay critical warfighting capabilities, reduce readiness of forces needed for contingency responses, further downsize weapons capacity, and forego or stretch procurement of force structure as a last resort. Because of funding shortfalls over the last 3 years, our fiscal year 2016 President's budget represents the absolute minimum funding levels needed to execute our de-

fense strategy. We cannot provide a responsible way to budget for the defense strategy at sequester levels because there isn't one.

If sequestration is implemented, automatic percentage cuts will be required to be applied without regard to strategy, importance, or priorities, resulting in adverse impacts to almost every contract and program including laboratory research and test and evaluation facilities, workforce and capabilities.

General WELSH. Investment in science and technology (S&T) is essential to innovation and ensuring the Nation's technological edge into the future. Airpower must innovate or it will become irrelevant. The 2011 BCA cut to the fiscal year 2016 budget would result in a \$223 million reduction in S&T. The cuts will cause the following impacts:

- Delay or terminate approximately 100 contracts across these technology areas: Air dominance, directed energy, manufacturing, human systems, munitions, propulsion, structures, cyber, sensors and space technologies.
- Eliminate approximately 200 university basic research grants which negatively impacts the defense industrial base and academia partnership because Air Force S&T has contracts or university grants in nearly every U.S. State.
- Terminate all Adaptive Engine Transition Program efforts.
- Negatively impact the Space Vehicles Component Development Lab MILCON project.

If held to the BCA levels, Air Force S&T funding will be reduced by ~\$1.08 billion over the FYDP. These reductions will result in schedule delays and terminations of key S&T programs needed to develop future Air Force capabilities. PB level funding is needed for the Air Force to remain the world's most technologically advanced in the world now and into the future.

The Air Force S&T baseline supplemental budget request for fiscal year 2016–2020 includes requirements to fill existing and projected capability gaps. Funding for these capabilities is foundational to “continuing the pursuit of game-changing technologies,” a strategic vector for the future of the Air Force.

General DUNFORD. The answer to this question has really been the story of sequestration writ large. We have deferred modernization for near-term readiness. The answer is yes, because we must prioritize near-term readiness to meet the National Security Strategy today.

As with all discussions regarding how the Marine Corps would implement a sequester or reduce its budget request to a BCA level, this would need to be part of a larger conversation about what the priorities of the Department and the Defense Strategy. However, what is clear is that the effects would be detrimental to the Marine Corps ability to modernize and pursue future research. Our major procurement programs, including ACV, JLTV, G/ATOR, and AAV as well as our commitment to innovation through a robust Science and Technology (S&T) program are protected, however the possibility of sequestered budget's effects on modernization will impact even these programs. This will degrade our ability to maintain technical superiority over our adversaries. Many of our most important tactical mobility, combat aviation, and ground systems require significant maintenance to keep them operational. Modernizing our equipment is therefore essential to replace legacy systems which will soon be obsolete and outpaced by our adversaries. Doing nothing actually means going backwards.

If we are forced to do this again, it will absolutely affect not only the current modernization programs being pursued, but also long-term transformational technologies we are researching.

QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN III

ACTIVE COMPONENT/RESERVE COMPONENT MIX

31. Senator MANCHIN. General Welsh, even before the Air Force Commission report, the Air Force has taken significant strides to adjust the Active component/Reserve component (AC/RC) mix to maintain combat capability at a reduced cost. How can Congress help you continue this effort and improve the total Air Force readiness capability?

General WELSH. The fiscal year 2016 President's budget takes a critical step towards recovering the ready, equipped, and modernized Air Force the Nation needs. First, the Air Force cannot return to the 2011 BCA-level funding and still meet the DSG requirements. Second, we need favorable consideration of legislative proposals that will eliminate barriers to integration among the three components. Finally, the Air Force strongly supports the Secretary of Defense's request that Congress allow

us to comprehensively and transparently align infrastructure to operational needs through an authorization to conduct a BRAC.

32. Senator MANCHIN. General Odierno, Admiral Greenert, and General Dunford, in this budget environment, how are your Services looking to adjust the AC/RC mix to maximize value?

General ODIERNO. In the last 12 months, we reduced the size of the Active component (AC) from 532,000 to 503,000, with end strength set to fall to 490,000 in fiscal year 2015; and then to 450,000. Similarly, the end strength in our Army National Guard is set to fall to 335,000 and the Army Reserve to 195,000. But if sequestration returns, we will need to reduce end strength even further to 420,000 in the AC by fiscal year 2020; and 315,000 in the National Guard and 185,000 in the Army Reserve. Yet, the reality we face is that the demand for Army forces throughout the world is growing while the size of the force is shrinking.

The large majority of our cuts are coming out of the Active Army, and because of that, we are going to have to rely more on the National Guard and U.S. Army Reserves to provide us a depth to respond to complex problems. The issue is that we are going to have to rely on our Reserve Forces more in some areas, such as in logistics. In terms of the combat capability, our Reserve Forces are still going to have to provide us the depth. We might have to use that depth earlier because we are going to have less capability in the Active component. This all gets to this balance that we are trying to achieve.

I worry about the fact that if we reduce the Active component too much, our ability to respond quickly is going to be affected because the world today spins much quicker than it used to. Instability happens quicker and the necessity for us to respond has to be quicker. I worry that we are going to lose that capability because that is what we expect our Active component to do, and then we expect our National Guard and Reserves to be right behind us helping us as we move forward with this.

Admiral GREENERT. We believe we have the AC/RC mix just about right. Cost is only one variable when determining the correct AC/RC force mix. Other factors include: sourcing for continuous operations for both forward deployed and homeland defense missions, surge and post-surge demands, mission duration, mission frequency, retention, and sustainment. Based on our annual assessment of the AC/RC mix, PB-16 continues investments in the Reserve component by expanding several critical capabilities:

- (1) surge maintenance, by selectively targeting reservists who bring specific, valuable, civilian skill sets to the Navy Total Force;
- (2) intelligence support, by realigning end strength to support this vital mission;
- (3) cyber warfare, by ensuring the appropriate mix of Reserve manning to augment the Active Navy capability; and,
- (4) high value unit escort, by leveraging the Navy Reserve's ability to fill short notice requirements using Reserve Coastal Riverine Force units to assume high value unit escort missions within the continental United States from the Coast Guard.

General DUNFORD. The link between the Active-Duty Marine Corps and the Marine Reserves has always been an important one. Over the past 3 to 5 years, the Marine Corps has continually been reviewing and refining its force structure in order to maximize forward presence and crisis response capabilities, while accepting risk in major combat operations and stability operations. Our goal is to operate as a total force (Active and Reserve) as a matter of routine.

The Marine Corps force structure is generally 75 percent Active component (AC) and 25 percent Reserve component (RC), which supports our crisis response orientation. Where possible, the Marine Corps leverages the RC to augment, reinforce, and/or sustain the AC. Mission requirements for Naval Expeditionary Forces and Marine Air Ground Task Forces (MAGTF) across the range of military operations guide AC/RC mix in the Marine Corps. AC/RC balance is based on OPLANs, contingencies, replacement and rotational base considerations, and the need to rapidly expand forces when transitioning from peace to war. Capabilities that must maintain high states of readiness and availability are retained in the AC. For instance, crisis response MAGTFs (MEU, MEB) are comprised of AC forces, while Marine Expeditionary Force (MEF) or MEF-Forward sized MAGTFs that are employed as part of a larger campaign are reinforced with RC forces. Further, selective use of the RC force during peacetime increases the capacity of the Marine Corps to meet global force demands.

Marine Corps AC & RC forces are organized and equipped similarly and trained to the same standards based on their respective deployment to dwell cycles (AC 1:2, RC 1:5). The Marine Corps continues to review and manage end strength levels

under prevailing budget constraints to provide the best balanced ready force the United States can afford in order to meet requirements across the range of military operations while meeting our objectives for operational and personnel tempo.

QUESTIONS SUBMITTED BY SENATOR KIRSTEN E. GILLIBRAND

COORDINATING WITH THE STATES

33. Senator GILLIBRAND. General Odierno and General Welsh, representing a State that has to deal with being the number one terror target as well as natural disasters like Superstorm Sandy, I want to ensure that the needs of the States are part of any decisionmaking equation about how to deal with sequestration. How are you coordinating with the States to ensure that, as you deal with these cuts, you take into consideration the needs of the States for support from the National Guard?

General ODIERNO. Sequestration will have serious impacts on the Active and Reserve components, so if we want to minimize the impact on the states, the first things we need to do is to enact the funding levels requested by the President. Within the Army, we take seriously the need to ensure that the support the National Guard provides to the states is taken into account and the National Guard Bureau provides us that input. Within our modernization accounts, we place a priority on “dual-use” equipment, those items that are needed for both the Federal and State missions. It is for these reasons that the Army ARI was proposed. Under ARI, the National Guard would divest its Apache Attack helicopters in order to ensure we have the modernization dollars to upgrade their UH-60 fleet and maintain trained and ready pilots. The National Guard will not be immune from reductions, but we ask your support in Congress for the reforms we propose that better protect the state missions for the National Guard.

General WELSH. Since 2014, in addition to active participation and collaboration with the Council of Governors, the Air Force has included Adjutant General representation in the Air Force corporate process. As such, the needs of the states are being introduced to, and considered by, Air Force senior leadership during foundational conversations regarding budget cuts and changes to Air Force force structure. We have also included TAGs in comprehensive mission area planning efforts led by major commands responsible for our Combat Air Forces, Mobility Air Forces, Nuclear Forces, Cyber Forces, and Space Forces.

SEQUESTRATION IMPACTS ON CYBER

34. Senator GILLIBRAND. General Odierno, Admiral Greenert, General Welsh and General Dunford, I am very concerned about ensuring that our military is prepared to address cyber threats to our country. How do you all assess the potential impact of sequester on your efforts to build cyber capacity by recruiting and retaining the best cyber warriors?

General ODIERNO. Sequestration would have a significant impact on the Army's efforts to build cyber capacity. By shifting funding in 2013, the Army addressed the effects of sequestration on the overall accession and retention missions, and these measures carried over to our efforts to build cyber capacity. In the current environment, the Army may not be able to mitigate the impacts of another round of sequestration on our cyber accession and retention programs.

The cyber workforce is vital to the growth of cyber capabilities and is particularly vulnerable to funding cuts. To recruit this workforce, the Army has dedicated most of our current enlistment incentives to cyber and other information technology Military Occupational Specialties (MOS), and cyber retention incentives are among the highest we offer our soldiers upon reenlistment. Funding cuts would curtail these programs and others that train new cyber soldiers, transition current soldiers into the Cyber MOS and maintain the qualifications of our cyber professionals. When we start to curb training, retention will be affected. We cannot fund the development of our cyber warriors episodically. Cyber professionals—resourced with the right infrastructure, platforms, and tools—are the key to dominance in cyberspace.

The Army must remain competitive to recruit and retain the cyber workforce. For anything longer than a brief interruption, the Army would be challenged to identify sufficient funding that could be shifted to these programs to continue to build and maintain our cyber capacity.

Admiral GREENERT. In the fiscal year 2016 budget, we continue to place priority on efforts to build Navy's portion of the DOD Cyber Mission Forces and strengthen cyber defense capabilities afloat and ashore. We have accessed about 80 percent of the 1,750 cyber operators who will form 40 cyber mission teams by the end of 2016

and we will continue to recruit, hire, and train to reach our full planned Force size. This is an aggressive timeline and, if sequester occurs, we will adjust resources as necessary to deliver the talent, capability, and capacity the Nation requires to perform our mission.

General WELSH. Recruiting and retention of our cyber professionals is something we always monitor closely, and we do not currently have concerns with recruiting and retaining our cyber professionals (officer and enlisted) within the Air Force, given the incentives we currently have in place. We have an Initial Enlistment Bonus as well as a Selective Reenlistment Bonus in place for the 1B4X1 Cyber Defense Operator and 1N4X1A Digital Network Analyst enlisted career fields to mitigate the equitable pay gaps to entice personnel to enlist/reenlist with certain skills. We currently do not offer any incentive pays for our cyber officers as we are meeting our projected needs for both recruiting and retention. Resource adjustments due to sequestration could impact us in all areas.

Without proper funding, the Air Force will be limited in our efforts to build cyber capacity by recruiting and retaining the best cyber-warriors. Sequestration will impact our already limited funding aimed at incentivizing recruits with special technical abilities and skills to enter the Air Force (via Initial Enlistment Bonuses) and then remain in the Air Force (via retention bonuses). We are competing with the interagency organizations and the private sector for the operational/technical skills and expertise that future recruits and our current airmen possess.

General DUNFORD. If the BCA measures come to fruition, there will be wide spread impact on the Marine Corps' ability to conduct cyberspace operations. In particular, our current initiative to unify the Marine Corps Enterprise Network infrastructure would likely be delayed as would its technical refresh to keep pace with the rate of technology change. Additional impacts would likely be felt by our civilian workforce if sequestration furloughs become a fiscal reality again. Taking away a large portion of our cyber workforce through sequestration also places an additional burden on our military and contractor workforce—to work through their absences. The work tempo will not slow down ... the importance of our operate and defend mission will not lessen ... but the workforce will be reduced nonetheless.

35. Senator GILLIBRAND. General Odierno, Admiral Greenert, General Welsh and General Dunford, what will be the biggest challenges in recruiting and retaining cyber warriors in light of sequestration?

General ODIERNO. The Army views people, characterized by high degrees of competence and character, as the centerpiece of cyberspace. A significant element of our recruitment and retention programs is founded in an ethos, a culture of doing something that matters in service to the Nation. Our cyber warriors have opportunities to do interesting and amazing things, but we must first compete to recruit and retain them—a challenge in the best of fiscal environments.

Most of our current enlistment incentives are dedicated to cyber and other information technology MOS, and our cyber retention incentives are among the highest we offer to soldiers upon reenlistment. The Army recently approved Special Duty Assignment Pay, Assignment Incentive Pay and bonuses for soldiers serving in operational cyber assignments. We have also expanded cyber educational programs, which include training with industry, fellowships, civilian graduate education and utilization of inter-service education programs (e.g., Air Force Institute of Technology and the Naval Postgraduate School).

We are approaching the first wave of potential separation among the soldiers who entered the cyber force 3 to 4 years ago. While the Army has met accession and retention targets to date, there are clear indications that we need to holistically manage the cyber workforce. On September 1, 2014, the Secretary of the Army established a Cyber Branch. This distinction provides opportunities for promotion, alongside leader and professional development, in an enduring, cyber-focused construct that is central to retaining our best cyber warriors.

We are confident that these efforts will serve as additional incentives in recruiting and retaining the best personnel for this highly technical field; however, these programs and initiatives are particularly vulnerable to funding cuts.

Discussions are ongoing to determine how to unify the management of civilians supporting cyberspace operations. Recruiting and retaining Army civilian cyber talent is challenging, given internal Federal employment constraints regarding compensation and a comparatively slow hiring process. Current efforts to attract and retain top civilian talent include extensive marketing and leveraging existing programs and initiatives run by the National Security Agency, the Office of Personnel Management and the National Science Foundation. The targeted and enhanced use of recruiting, relocation and retention bonuses and repayment of student loans will

improve efforts to attract, develop and retain an effective cyber civilian workforce. These authorities exist but require consistent and predictable long-term funding.

Cyber is a rapidly developing domain that requires a workforce with significant technical training and education. It demands depth of skill in a time of exponentially increasing information technology advances. Sequestration would jeopardize the Army's ability to recruit and retain the workforce required to support cyberspace operations.

Admiral GREENERT. Currently, Navy recruiting and retention remain strong, although retaining personnel in certain critical skills continues to present a challenge, particularly as the demands we place on sailors and their families remain high. The threat of looming sequestration, along with a recovering economy, is a troubling combination. We are beginning to see downward trends in retention, particularly among highly-skilled sailors. We are using all tools at our disposal, including special and incentive pays, to motivate continued service in these critical fields.

Our budget request continues to place priority on cyber efforts to build Navy's portion of the DOD Cyber Mission Forces and strengthen our cyber defense capabilities afloat and ashore. We have accessed about 80 percent of the 1,750 cyber operators that will form 40 cyber mission teams by the end of 2016; we will continue to recruit, hire, and train this force. However, I expect a return to sequestration to have a significant negative impact on sailor and civilian quality of life/morale, which will challenge our ability to recruit and retain them.

General WELSH. Anything below fiscal year 2016 PB-level funding reduces the Air Force's ability to meet requirements across all mission areas, and thus the ability to meet the DSG requirements which includes capabilities in cyber. BCA-level funding and trigger of sequestration will significantly reduce our ability to attract, recruit, and retain cyber-warriors. Budget uncertainty erodes confidence and trust within the Air Force and among its total force airmen. Potential recruits are paying attention.

Sequestration gives no flexibility to logically adjust the funding reduction. It will constrain and likely reduce our already limited funding aimed at incentivizing recruits with special technical abilities and skills, to enter the Air Force (via initial enlistment bonuses) and then remain in the Air Force (via retention bonuses). These bonuses are judiciously and effectively targeted to provide the most return-on-investment in both dollars and capability. We compete with the interagency and the private sector for the operational and technical skills and expertise that future recruits and our current airmen possess. We currently do not offer any incentive pays for our cyber officers.

In addition, sequestration reduces operating budgets that ensure our cyber warriors are properly trained and equipped to perform their critical mission.

General DUNFORD. If the BCA measures come to fruition, impacts would likely be felt by our civilian workforce. The furloughs of 2013 hit hard the civilians who felt they had job security and stability. These were the same civilian employees who passed up more lucrative employment in private industry in favor of remaining as civil service employees. In a way, the furloughs broke the social contract between employee and employer. Taking away a large portion of our cyber workforce through sequestration also put additional burden on our military and contractor workforce—to work through their absences. The work tempo did not slow down ... the importance of our operate and defend mission did not lessen ... but the workforce was reduced nonetheless.

QUESTION SUBMITTED BY SENATOR MARTIN HEINRICH

REMOTELY PILOTED AIRCRAFT PILOT FLEET

36. Senator HEINRICH. General Welsh, recent media reports highlighted that the Remotely Piloted Aircraft (RPA) community is under strain to fly surveillance and combat missions all over the world. One report even indicated the Air Force's fleet of RPAs is being strained to its "breaking point." This isn't the first time the Air Force has had difficulty matching its RPA pilot force with demand. In fact, the Government Accountability Office (GAO) has produced multiple reports documenting these challenges—dating all the way back to 2007—and the problems are becoming more worrisome as demand for Intelligence, Surveillance, and Reconnaissance and counterterrorism missions increases. Most recently, the GAO documented in 2014 that RPA pilots and crews are overworked and under promoted.

General Welsh, on January 16, 2015 you explained:

“The biggest problem is training. We can only train about 180 people a year and we need 300 a year trained—and we’re losing about 240 from the community each year. Training 180 and losing 240 is not a winning proposition for us.”

What is the Air Force doing, and what can the Senate Armed Services Committee do, to help ensure the Air Force is able to recruit, train and retain RPA pilots to meet mission requirements?

General WELSH. A Headquarters Air Force “RPA Tiger Team” has identified a number of initiatives to assist with current RPA pilot manning challenges and is engaged with stakeholders to implement, assess, or further explore these initiatives. In the near term, the Air Force elected to retain experienced RPA pilots within the RPA community instead of allowing them to return to their manned aircraft as originally planned, affecting approximately 30 RPA pilots. The Air Force is also soliciting previously qualified RPA pilots that have since returned to manned aircraft to determine whether they can return to the RPA community for 6 months. Additionally, the Air Force is leveraging short-term assistance from both the Air Force Reserve and Air National Guard (ANG) to augment the Active Duty community. Finally, the Air Force is implementing retention pay incentives for RPA-only pilots with expiring commitments, which will be an increase from \$650/month to \$1,500/month.

In the longer term, the Air Force is exploring increased contractor support at the schoolhouses and downrange launch and recovery locations, retention bonuses for the most stressed platforms, potential ANG associations, and methods to increase the capacity of RPA schoolhouses.

The Senate Armed Services Committee can assist Air Force efforts by:

1. Supporting the Air Force fiscal year 2016 budget request.
2. Supporting Air Force initiatives to grow the RPA schoolhouse to meet the steady state production requirements and correct the current RPA pilot shortage. The production requirements over the next 4 years will be nearly double the current output. The production requirements are necessary to become “healthy” within the FYDP. Supporting an Air Force request for \$12.5 million to fund the contractor expansion initiatives at the schoolhouse is the first step.
3. Supporting Air Force efforts to incentivize RPA pilots with available authorities based on their specific skill (does not require additional assistance from Congress at this time). While these will be different authorities than those used to incentivize airmen who fly manned aircraft, they will be appropriate, and implemented during similar points in a career (e.g., when Active Duty Service Commitment associated with initial training is expiring).
4. Supporting Air Force efforts to seek an additional \$10 million a year in funding to contract out a portion of downrange launch and recovery support.
5. Supporting Air Force initiatives to work with the ANG on potential RPA associations in the future.
6. Support the Air Force pursuit of technology initiatives which will decrease workload and increase productivity in the RPA enterprise.
7. Supporting the integration of RPAs into the national airspace.
8. Reviewing the language of the “Ike Skelton National Defense Authorization Act” as it pertains to the transfer of assets between the ANG and Active Duty RPAs. Specifically, the restriction to authorize the temporary transfer of mission-control element (MCE) and the deployed launch-and-recovery element (LRE) hardware between Active and Reserve components reduces flexibility and inhibits efficient RPA training.

