

**HEARING TO RECEIVE TESTIMONY ON THE
DEFENSE AUTHORIZATION REQUEST FOR
FISCAL YEAR 2014 AND THE FUTURE YEARS
DEFENSE PROGRAM**

WEDNESDAY, APRIL 17, 2013

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

The committee met, pursuant to notice, at 9:34 a.m. in room SH-216, Hart Senate Office Building, Senator Carl Levin (chairman) presiding.

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

Committee staff members present: Peter K. Levine, staff director; Travis E. Smith, chief clerk; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Gabriella E. Fahrer, counsel; Richard W. Fieldhouse, professional staff member; Creighton Greene, professional staff member; Michael J. Kuiken, professional staff member; Gerald J. Leeling, general counsel; William G.P. Monahan, counsel; Michael J. Noblet, professional staff member; Roy F. Phillips, professional staff member, Russell L. Shaffer, counsel; and William K. Sutey, professional staff member.

Minority staff members present: John A. Bonsell, minority staff director; Thomas W. Goffus, professional staff member; Ambrose R. Hock, professional staff member; Anthony J. Lazarski, professional staff member; Daniel A. Lerner, professional staff member; and Lucian L. Niemeyer, professional staff member.

Staff assistants present: Kathleen A. Kulenkampff, Mariah K. McNamara, and John L. Principato.

Committee members' assistants present: Carolyn Chuhta, assistant to Senator Reed; Jeff Fatora, assistant to Senator Nelson; Jason Rauch, assistant to Senator McCaskill; Casey Howard, assistant to Senator Udall; Mara Boggs, assistant to Senator Manchin; Chad Kreikemeier, assistant to Senator Shaheen; Elana Broitman, assistant to Senator Gillibrand; Marta McLellan Ross, assistant to Senator Donnelly; Nick Ikeda, assistant to Senator Hirono; Karen Courington, assistant to Senator Kaine; Steve Smith, assistant to Senator King; Paul C. Hutton IV, assistant to Senator McCain; Lenwood Landrum, assistant to Senator Sessions; Joseph Lai, assistant to Senator Wicker; Brad Bowman, assistant

to Senator Ayotte; Peter Schirtzinger, assistant to Senator Fischer; Craig Abele, assistant to Senator Graham; Joshua Hodges, assistant to Senator Vitter; Charles Prosch, assistant to Senator Blunt; Robert Moore, assistant to Senator Lee; and Jeremy Hayes, assistant to Senator Cruz.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. Today the committee gives a warm welcome to Secretary of Defense Chuck Hagel; General Martin Dempsey, the Chairman of the Joint Chiefs of Staff; accompanied by the Department's Comptroller, Under Secretary Bob Hale, for our hearing on the Department of Defense's fiscal year 2014 budget request and the posture of the U.S. Armed Forces.

We welcome Secretary Hagel on his first appearance as Secretary of Defense before this committee. We thank all of our witnesses for their service to our Nation and to the soldiers, sailors, airmen, and marines at home and in harm's way. We can never say that enough.

Your testimony today is a key component of the committee's review of the fiscal year 2104 budget request for the Department of Defense. This year's request includes \$526.6 billion for the base budget and \$88.5 billion for overseas contingency operations, or OCO, although as your testimony notes, the OCO number is simply a placeholder figure pending final force level and deployment decisions.

The future of the defense budget is in flux due to the Congress' failure to enact legislation reducing the deficit by \$1.2 trillion as required by the Budget Control Act. As a result of that, the DOD funding for fiscal year 2013 was reduced by sequestration in the amount of \$41 billion, and unless Congress acts, the fiscal year 2014 DOD budget will be cut by an additional \$52 billion below the funding level which is in the President's budget for fiscal year 2014 and also in the budgets passed by the Senate and the House of Representatives.

Congress can fix the budget problems by enacting legislation that reduces the deficit by \$1.2 trillion over 10 years. That would take a grand bargain, including both spending cuts and additional revenues, that would turn off the automatic spending cuts of sequestration for those 10 years. I remain hopeful we can develop such a bipartisan plan. But absent a so-called "grand bargain," surely we can devise a balanced deficit reduction package for 1 year that avoids sequestration in fiscal year 2014. We simply cannot continue to ignore the effects of sequestration.

Sequestration will have a major impact on military personnel. Though the pay of military personnel has been exempted, the sequester will reduce military readiness and needed services for our troops, including schools for military children, family support programs, and transition assistance programs and mental health and other counseling programs.

The President's budget request continues the measured draw-down of active duty and Reserve end strength. We have, in recent years, given the Department numerous force shaping authorities to allow it to reduce its end strength in a responsible way, ensuring that the services maintain the proper force mix and avoiding grade

and occupational disparities, all of which have long-term effects. If sequestration continues, the result would be more precipitous reductions, leaving us with a force structure that is out of sync with the requirements of our defense strategy.

Sequestration has already affected military readiness. We have heard testimony that as a result of cuts to flying hours, steaming hours, and other training activities and testimony that readiness will fall below acceptable levels for all three military services by the end of this summer. The Army, for example, has informed us that by the end of September, only one-third of its active duty units will have acceptable readiness ratings far below the two-thirds level that the Army needs to achieve to meet national security requirements. These cuts are having an operational impact as well. For example, four of six fighter squadrons in Europe have been grounded and the deployment of the Truman carrier group to the Persian Gulf has been postponed indefinitely. It will cost us billions of dollars and months of effort to make up for these shortfalls in training and maintenance, and it will be nearly impossible for us to do so if we have a second round of sequestration in fiscal year 2014. Our men and women in the military and their families should not have to face both the pressure of military service and the uncertainty about future financial support from their Government.

The Department faces these budget shortfalls at a time when 68,000 U.S. troops remain in harm's way in Afghanistan. We must, above all, ensure that our troops in Afghanistan have what they need to carry out their mission. The campaign in Afghanistan is now on track to reach a major milestone later this spring, when the lead for security throughout Afghanistan will transition fully to Afghan security forces. As our commander in Afghanistan told us yesterday, there are clear signs that the Afghan security forces are capable of taking the fight to the Taliban and are doing so effectively. Operations by Afghan security forces are increasingly conducted by Afghan units on their own; that is, without international forces present. There are fewer Afghan civilian casualties in recent months and fewer U.S. and coalition casualties, including a 4-week stretch earlier this year with no U.S. or coalition fatalities.

The Department's budget challenges, which are the subject of today's hearing, are occurring in a world full of threats to U.S. security, including North Korea's reckless rhetoric and provocative behavior, and perhaps the greatest world threat, Iran's nuclear program and its support for international terrorism.

In the interest of time, I am going to submit the remainder of my statement relative to those and other matters for the record.

As each of us were notified, we will have a separate hearing on the growing bloodshed in Syria after the conclusion of this morning's session. We will take a half-hour break and then we will return to hear from our witnesses about the situation in Syria.

Secretary Hagel, General Dempsey, Under Secretary Hale, we look forward to your testimony, and I now call on Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman.

First, I want to join you in welcoming our guests and especially my friend, former Senator Hagel. We worked together for a long period of time, had some differences of opinion. We will always remain good friends.

The request comes at a time when our military is facing unprecedented challenges categorized by escalating threats abroad and a growing budget crisis here at home. Unfortunately, the budget before us today is symbolic for its lack of presidential leadership necessary to overcome the unprecedented challenges facing our military. And most troubling, the budget does not even acknowledge the mandatory cuts associated with sequestration in fiscal year 2014, much less propose a plan to replace the cuts that can actually pass Congress.

This is not a new phenomenon. The defense budget cuts and fiscal uncertainty have become a hallmark of this administration. If you want to get into a lot more detail, I have an op-ed piece in this morning's Hill that gets into a lot more detail.

Since entering office over 4 years ago, the President has already cut over \$600 billion from our military at a time non-security—and this is significant—non-security-related domestic spending has increased by nearly 30 percent.

The Chairman of the Joint Chiefs of Staff recently testified that after absorbing over \$400 billion in cuts, the military cannot afford to give another dollar if they are to maintain current capabilities.

Our military leaders are warning that we are on the brink of creating a hollow force, unprepared to respond to contingencies around the world. Yet, according to the fiscal year 2014 budget request, the White House now feels that we can slice another \$120 billion out of the Pentagon.

We are at the point in our Nation's history where our national military strategy is no longer guided by the threats we face or an honest assessment of the resources needed to protect our critical interests. Instead, the discussion in Washington has centered around how deeply we can cut defense. Our forces are now being asked to do more with less training, less equipment, less capability, no one assessing the increased risk on the battlefield and increased risk of our service men and women making ultimately the sacrifice. And this is unacceptable and the fiscal year 2014 budget does little to reverse this.

I think that Chairman Levin said it very well in talking about the dilemma that we are facing in our Services, the flying hours, the steaming hours.

At a time our intelligence experts tell us that we face the most diverse, complex, and damaging threats to our National security in recent history, we are poised to slash defense budgets by over \$1 trillion over that period of time.

We have made this mistake before in the military drawdowns in the 1970s and 1990s which left this country with a military too small to meet the instability and the rising threats of a changing world. We need to stop this stupid argument that runaway defense spending is what is driving our country's unsustainable debt. It is disingenuous and, more important, it is just wrong.

Defense spending accounts for approximately 18 percent of the Federal spending annually while non-security mandatory spending

accounts for 60 percent. We are on a path where an insatiable appetite to protect domestic spending and mandatory programs is consuming our defense budget and will soon result in a hollow military.

The commander in chief must take a lead in restoring certainty to our budgeting process and ensure that our military leaders have appropriate resources to develop and execute plans and manage the Department of Defense efficiently. I have repeated the warnings of Admiral Sandy Winfield, the Vice Chairman of the Joint Chiefs, many times over the last 3 months, and this quote is an accurate quote which he has reaffirmed. Quote: I know of no other time in history when we have come potentially down this far, this fast in the defense budget. There could be, for the first time in my career, instances where we may be asked to respond to a crisis and we will have to say we cannot do it.

We have got to correct this, Mr. Chairman.

Thank you.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Secretary Hagel, welcome.

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

Secretary HAGEL. Mr. Chairman, thank you, and to Ranking Member Inhofe and to all members of the committee, thank you for an opportunity to appear before you this morning.

Chairman LEVIN. And I am going to interrupt you before you get started because we have a quorum. That means that we can now consider a list of pending military nominations, and I know you would want us to do that.

So I will now ask our committee to consider 549 pending military nominations. Included in the list is the nomination of General Breedlove to be Commander, U.S. European Command and Supreme Allied Commander Europe. Now, of these nominations, 311 are 1 day short of the committee's requirement that nominations be in the committee for 7 days before we report them out. No objection has been raised to these nominations. I recommend that we waive the 7-day rule in order to permit the confirmation of the nominations of these 311 officers, as well as the others.

Is there a motion to report?

Voice: So moved.

Chairman LEVIN. Is there a second?

Senator INHOFE. And I second the motion.

Chairman LEVIN. All in favor, say aye.

[Chorus of ayes.]

Chairman LEVIN. Opposed, nay?

[No response.]

Chairman LEVIN. The ayes carry.

Thank you very much.

Secretary?

Secretary HAGEL. Is the hearing over?

Chairman LEVIN. It is.

[Laughter.]

Chairman LEVIN. At least for the 549 nominees, it is over.

[Laughter.]

Secretary HAGEL. It is a damn efficient committee.

Thank you. I know General Dempsey and all of us are very pleased with that action, as will be other members of our team. So we appreciate your deliberation and your action.

Mr. Chairman, before I begin my formal presentation, which you have noted, I have a longer version that has been distributed, I believe, last night to the committee and committee members on the fiscal year 2014 budget.

Let me say on behalf of the men and women that represent our armed forces both in uniform and civilians that our prayers and hearts go out to the people in Boston, the families who lost loved ones, those who were injured, wounded by this despicable act. We are very proud of how our leaders and those responsible for assisting and dealing with the tragedy in Boston—how they have responded. We are particularly proud of our National Guard who are still working with local officials. So I wanted to put that on the record, Mr. Chairman, and make that of considerable note. Thank you.

Chairman LEVIN. Well, we thank you very much for that. And our sympathies were reflected yesterday at a hearing that we had here, and we surely join you in your sentiments.

Secretary HAGEL. Thank you.

Allow me first to express my appreciation and that of the Department of Defense to this committee and each of its members for its continued support of our men and women in uniform and our civilian workforce. They are doing tremendous work, Mr. Chairman and Senator Inhofe, as you have both noted, and they are making great sacrifices, along with their families, as they have for more than 11 years of our Nation being at war. Their dedication and professionalism are the foundation of our military strength. As we discuss numbers, budgets, and strategic priorities this morning, we will not lose sight of those men and women serving across the globe. As you all know, their well-being depends on the decisions we make here in Washington.

Today, the Department of Defense faces the significant challenge of conducting long-term planning and budgeting at a time of considerable uncertainty, both in terms of the security challenges we face around the globe and the levels of defense spending we can expect here at home.

Even as the military emerges and recovers from more than a decade of sustained conflict in Iraq and Afghanistan, it confronts an array of complex threats of varying vintage and degree of risk to the United States, to include: the persistence of violent extremism throughout weak states and ungoverned spaces in the Middle East and north Africa; the proliferation of dangerous weapons and materials; the rise of new powers competing for influence; the risk of regional conflicts which could draw in the United States; faceless, nameless, silent, and destructive cyberattacks; the debilitating dangerous curse of human despair and poverty, as well as the uncertain implications of environmental degradation.

Meanwhile, the frenetic pace of technological change and the spread of advanced military technology to state and non-state actors pose an increasing challenge to America's military.

This is the strategic environment facing the Department of Defense as it enters a third year of flat or declining budgets. The onset of these resource constraints has already led to significant and ongoing belt-tightening in military modernization, force structure, personnel costs, and overhead expenditures. You have noted some of those, Mr. Chairman. It has also given us an opportunity to reshape the military and reform defense institutions to better reflect 21st century realities, flexibility, agility.

The process began under the leadership of Secretary Gates who canceled or curtailed more than 30 modernization programs and trimmed overhead costs within the military services and across the defense enterprise.

The realignment continued under Secretary Panetta who worked closely with the President and the Joint Chiefs of Staff to craft new defense strategic guidance and a fiscal year 2013 defense budget plan which reduced the Department's top line by \$487 billion over the course of a decade.

The President's request of \$526.6 billion for the Department of Defense's base budget for fiscal year 2014 continues to implement the President's defense strategic guidance and enhances the Department's efforts at institutional reform. Most critically, it sustains the quality of the All-Volunteer Force and the care we provide our servicemembers and their families, which underpins everything we do as an organization.

Before discussing the particulars of this budget request, however, allow me to address the profound budget problems facing the Department in fiscal year 2013 and beyond as a result of sequester. The Congress and the Department of Defense have a responsibility to find answers to these problems together because we have a shared responsibility. We have a shared responsibility to protect our National security. DOD is going to need the help of this committee. We are going to need the help of Congress to manage through this uncertainty.

The fiscal year 2013 DOD appropriations bill enacted by Congress last month addressed many urgent problems by allocating DOD funding more closely in line with the President's budget request, giving the Department authorities to start new programs and allowing us to proceed with important military construction projects. Nonetheless, the bill still left in place the deep and abrupt cuts associated with sequester, as much as \$41 billion in spending reductions over the next 6 months. Military pay and benefits are exempt, as you have noted, Mr. Chairman. They are exempt from the sequester. We made a decision to shift the impact of sequester from those serving in harm's way.

Furthermore, the military is experiencing higher operating tempos and higher transportation costs than expected when the budget request was formulated more than a year ago. As a result of all these factors, the Department is now facing a shortfall in our operation and maintenance accounts for fiscal year 2013 of at least \$22 billion in our base budget for Active Forces.

In response, the Department has reduced official travel, cut back sharply on facilities maintenance, imposed hiring freezes, and halted many other important but lower priority activities. However, we will have to do more. We will have to do much more. We will soon

send to Congress a large reprogramming request designed to offset some of our shortfalls, especially shortfalls in wartime funding, and we ask your help with its speedy review and approval. This reprogramming will be limited by ceilings on transfer authority and so can only solve some of our problem.

We will have to continue to consider furloughing civilian personnel in the months ahead. There will also be significant cuts in maintenance and training, which further erodes the readiness of the force and will be costly to regain in the future. As the Service Chiefs have said, we are consuming our readiness. Meanwhile, our investment accounts and the defense industrial base are not spared damage as we also take indiscriminate cuts across these areas of the budget. We will continue to need the strong partnership of this committee to help us address these shortfalls.

If the sequester-related provisions of the Budget Control Act of 2011 are not changed, fiscal year 2014 funding for national defense programs will be subject to a steeply reduced cap, which would further cut DOD funding by roughly \$52 billion. And if there is no action by the Congress and the President, roughly \$500 billion in reductions to defense spending would be required over the next 9 years.

As an alternative, the President's budget proposes some \$150 billion in additional defense savings over the next decade. These cuts are part of a balanced package of deficit reduction. Unlike sequester, these cuts are largely back-loaded, occurring mainly in the years beyond fiscal year 2018. That gives the Department time to implement these reductions wisely, carefully, responsibly, anchored by the President's defense strategic guidance.

Now, let me turn to the details of the President's budget request for fiscal year 2014.

The \$526.6 billion fiscal year 2014 budget request continues to balance the compelling demands of supporting our troops still at war in Afghanistan, protecting readiness, modernizing the military's aging weapons inventory in keeping with the President's strategic guidance, and sustaining the quality of the All-Volunteer Force.

Today's budget request also contains a placeholder request, which you have noted, Mr. Chairman, for overseas contingency operations, OCO, at the fiscal year 2013 level, \$88.5 billion. The submission does not include a formal OCO request because Afghanistan force level and deployment decisions for this year were delayed in order to provide commanders enough time to fully assess responsibilities and requirements. We will soon be submitting an OCO budget amendment with a revised spending level and account-level detail.

The base budget being presented today continues the Department's approach of the last several years to first target growing costs in the areas of support, acquisition, and pay and benefits before cutting military capabilities and force structure. This budget identifies new savings of about \$34 billion in fiscal year 2014 through 2018, including \$5.5 billion in fiscal year 2014 from these areas.

In order to maintain balance and readiness, the Department of Defense must be able to eliminate excess infrastructure as it re-

duces force structure. DOD has been shedding infrastructure in Europe. We have been shedding infrastructure in Europe for several years and consolidating that infrastructure and are undertaking a review of our European footprint this year. But we also need to look at our domestic footprint. Therefore, the President's fiscal year 2014 requests authorization for one round of base realignment and closure, BRAC, in 2015.

BRAC is a comprehensive and fair tool that allows communities to have a role in the reuse decisions for their property and provides development assistance. BRAC, as we all know, is imperfect and there are upfront costs for BRAC. The Future Years Defense Program adds \$2.4 billion to pay for those costs, but in the long term there are significant savings. The previous five rounds of BRAC are saving \$12 billion annually, and those savings will continue.

The Department continues to streamline its acquisition programs and processes, and over the past 4 years, we have realized significant cost savings as a result of reforms implemented by the Weapons System and Acquisition Reform Act of 2009, sponsored by Chairman Levin and Senator McCain. In this budget, the Department has also achieved \$8.2 billion in savings from weapons program terminations and restructuring.

For example, by revising the acquisition strategy for the Army's ground combat vehicle, the Department will save over \$2 billion in development costs. In other cases, the Department used evolutionary approaches to develop new capabilities instead of relying on leap-ahead gains in technology.

The cost of military pay and benefits are another significant driver of spending growth that must be addressed in the current fiscal environment. In this budget, the Department is substituting a new package of military compensation proposals that take into consideration congressional concerns associated with those from fiscal year 2013. These changes save about \$1.4 billion in fiscal year 2014 and a total of \$12.8 billion in fiscal year 2014 through 2018.

This package includes a modest slowing of the growth of military pay by implementing a 1 percent pay raise for servicemembers in 2014. The Department is also seeking additional changes to the TRICARE program in the fiscal year 2014 budget to bring the beneficiaries' costs closer to levels envisioned when the program was implemented, particularly for working age retirees. Survivors of military members who died on active duty or medically retired members would be excluded from all TRICARE increases. Even after the proposed changes in fees, TRICARE will still remain a very substantial benefit.

These adjustments to pay and benefits were among the most carefully considered and most difficult choices in the budget. They were made with strong support of the Joint Chiefs of Staff and the senior enlisted leadership in recognition that in order to sustain these benefits over the long term without dramatically reducing the size or readiness of the force, these rising costs will need to be brought under control.

Nevertheless, spending reductions on the scale of the current drawdown cannot be implemented through improving efficiency and reducing overhead alone. Cuts and changes to capabilities, force structure, and modernization programs will all be required.

The strategic guidance issued in January 2012 set the priorities and the parameters and informed those choices, and the fiscal year 2014 budget submission further implements and deepens program alignment to this strategic guidance.

The new strategy calls for a smaller, leaner, more agile, more flexible force. Last year, we proposed reductions of about 100,000 in military end strength between 2012 and 2017. Most of those reductions occur in the ground forces and are consistent with the decision not to size U.S. ground forces to accomplish prolonged stability operations, while maintaining adequate capability should such activities again be required. By the end of 2014, we will have completed almost two-thirds of the drawdown of our ground forces, and the drawdown should be fully complete by fiscal year 2017.

Increased emphasis on the Asia-Pacific and the Middle East represents another key tenet of the new defense strategic guidance. This budget continues to put a premium on rapidly deployable, self-sustaining forces such as submarines, long-range bombers, and carrier strike groups. They all can project force over great distance and carry out a variety of complicated missions.

This new strategy leverages new concepts of operation enabled by advances in space, cyberspace, special operations, global mobility, precision-strike, missile defense, and other capabilities. By making difficult tradeoffs in lower priority areas, the fiscal year 2014 budget protects or increases key investments in these critical capabilities.

Another area of focus in this budget request is sustaining the readiness and quality of the All-Volunteer Force. The high quality of our All-Volunteer Force continues to be the foundation of our military strength. And the fiscal year 2014 budget request includes \$137.1 billion for military personnel, as well as \$49.4 billion for military medical care. Together, these make up roughly one-third of our base budget. This budget seeks to ensure that our troops receive the training and the equipment they need for military readiness and the world-class support programs they and their families have earned and deserve.

The Department continues to support key provisions and programs in fiscal year 2014 that support servicemembers and their families, spending \$8.5 billion on initiatives that include transition assistance and veterans employment assurance, behavioral health, family readiness, suicide prevention, sexual assault prevention and response. The fiscal year 2014 budget is a reflection of DOD's best efforts to match ends, ways, and means during a period of intense fiscal uncertainty.

It is obvious that significant changes, Mr. Chairman, to the Department's top line spending would require changes to this budget plan. The Department must plan for any additional reductions to the defense budget that might result in Congress and the administration agreeing on a deficit reduction plan. It must be prepared in the event that sequester-level cuts persist for another year or over the long term.

Consequently, I directed a Strategic Choices and Management Review in order to assess the potential impact of further reductions up to the level of full sequester. The purpose of this review is to

reassess the basic assumptions that drive the Department's investment and force structure decisions.

The review will identify strategic choices and further institutional reforms that may be required, including those reforms which should be pursued regardless of fiscal pressures. It is designed to help understand the challenges, articulate the risks, and look for opportunities for reform and efficiencies presented by resource constraints. Everything will be on the table during this review: roles and missions, planning, business practices, force structure, personnel, compensation, acquisition and modernization investments, how we operate, how we measure and maintain readiness.

This review is being conducted by Deputy Secretary of Defense Carter working with General Dempsey. The Service Secretaries, Service Chiefs, Office of the Secretary of Defense principals, and combatant commanders will serve as essential participants. Our aim is to include this review which is now underway by May 31. The results will inform our fiscal year 2015 budget request and will be the foundation for the Quadrennial Defense Review due in Congress in February of next year.

It is already clear to me, Mr. Chairman, that achieving significant additional budget savings without unacceptable risk to national security will require not just tweaking or chipping away at existing structures and practices but, if necessary, fashioning entirely new ones that better reflect 21st century realities. And that will require the partnership of Congress.

The fiscal year 2014 budget and the ones before it have made hard choices. In many cases, modest reforms to personnel and benefits, along with efforts to reduce infrastructure and restructure acquisition programs, met fierce political resistance and were not implemented.

We are now in a completely different fiscal environment dealing with new realities that will force us to more fully confront these tough and painful choices and to make the reforms we need to put this Department on a path to sustain or maintain our military strength for the 21st century. But in order to do that, we will need flexibility, time, and some budget certainty.

We will also need to fund the military capabilities that are necessary for the complex security threats of the 21st century. I believe the President's budget does that. With the partnership of the Congress, the Defense Department can continue to find new ways to operate more affordably, efficiently and effectively. However, multiple reviews and analyses show that additional major cuts, especially those on the scale and timelines of sequestration, would require dramatic reductions in core military capabilities or the scope of our activities around the world.

Mr. Chairman, that completes my formal remarks. As I said, I have a more detailed report that I have submitted for the record. And I appreciate the time of the committee and look forward to your questions.

Now I know you would like to hear from Chairman Dempsey.

Thank you.

[The prepared statement of Secretary Hagel follows:]

Chairman LEVIN. Thank you very much, Secretary Hagel. Your full statement will, of course, be made part of the record.

General Dempsey?

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

General DEMPSEY. Thank you, Chairman Levin, Ranking Member Inhofe.

I would like to add my thoughts and prayers, as the Secretary mentioned, to those affected by the terror attack in New York City—in Boston, rather, and also tell you how proud we are of our guardsmen who were among the first responders. And, of course, we will stand ready, all of us, to provide whatever support they need as this issue evolves.

I welcome this opportunity to update you on the United States armed forces and to comment on the budget proposal for fiscal year 2014.

This hearing comes at a time of extraordinary uncertainty. As resources are declining, the risks to our National security are rising. It is in this context that I offer my perspective on how we can work together to sustain a balanced and a peerless joint force.

One thing you should be certain of and that is that our men and women are steadfast in their courage and in their devotion to duty. I saw it recently in their eyes as I had the honor of reenlisting some of them at Bagram Airfield. In Afghanistan, our forces are simultaneously fighting, transitioning, and redeploying. The Afghan military, as the Secretary said, will soon take operational lead for security across the country. As they gain confidence, so too do the Afghan people.

The coalition will remain in support as we transition to a sustainable presence beyond 2014, and at every point along the way, we must make sure that our force levels match the mission that we ask of our men and women in uniform.

Our joint force has been vigilant elsewhere as well. We are deterring aggression and assuring our allies in the face of provocation by North Korea and by Iran. We are working with our interagency partners to defend against cyberattack. We are acting directly and with partners to defeat al Qaeda. We are rebalancing to the Asia-Pacific region and adapting our force posture to a new normal of combustible violence in north Africa and the Middle East. And as we will discuss more later today, we are also working with others to keep Syria's complex conflict from destabilizing the region. We are prepared with options if military force is called for and if it can be used effectively to secure our interests without making the situation worse.

We must also be ready with options for an uncertain and dangerous future, and this budget was purpose-built to keep our Nation immune from coercion. It aims to restore versatility to a more affordable joint force in support of our defense strategy.

But let me also be clear about what this budget does not do. This budget does not reflect the full sequestration amount. It does impose less reduction and give us more time.

However, uncertainty does persist about what the top line will be for this or for any other budget. Nor does this budget include funds to restore lost readiness. We do not yet know the full impact or the

cost to recover from the readiness shortfalls we are experiencing this year.

As expected, we have already curtailed or canceled training for many units across all forces, those not preparing to deploy. And we all know it is more expensive to get ready than it is to stay ready. Recovery costs, therefore, will compete with the costs of us building the joint force towards 2020.

This budget does, however, invest in our priorities. It keeps the force in balance. It supports our forward-deployed operations. It upholds funding for emerging capabilities, notably cyber. It funds those conventional and nuclear capabilities that have proven so essential to our defense. It also lowers manpower costs, reduces excess infrastructure, and makes health care more sustainable. Most importantly, it protects our investment in our real decisive edge, which is our people. It treats being the best led, the best trained, and the best equipped military as non-negotiable and as an imperative.

Never has our Nation sustained such a lengthy war solely through the service of an All-Volunteer Force. We must honor our commitments to them and to their families. And for many veterans, returning home is a new front line in the struggle with wounds seen and unseen. We must continue to invest in world-class treatment for mental health issues, traumatic brain injury, and combat stress. And we also have a shared responsibility to address the urgent issue of suicide with the same devotion we have shown to protecting the lives of those in combat.

The risks inherent to military service must never include the risk of sexual assault. Sexual assault betrays the trust on which our profession is founded. We will pursue every option to drive this crime from our ranks.

This is a defining moment for our military. Our warriors' will to win is undaunted, but the means to prepare to win are becoming uncertain. We, therefore, have an opportunity and an obligation with this and any future budget to restore confidence. We have it within us to stay strong as a global leader and as a reliable partner. The joint force is looking to us to lead through this period of historic fiscal correction, but we cannot do it alone.

And as I have said before, we need budget certainty, we need time, and we need flexibility. And that means a predictable funding stream. It means the time to deliberately evaluate tradeoffs in force structure, modernization, compensation, and readiness. And it means the full flexibility to keep the force in balance.

Thank you for all you have done to support our men and women in uniform. I only ask that you continue to support a responsible investment in our Nation's defense.

And I look forward to your questions.

[The prepared statement of General Dempsey follows:]

Chairman LEVIN. General, thank you so much.

Secretary Hale, do you have a comment?

Chairman LEVIN. We are going to have a 7-minute first round, and that may likely be the only round here, given the large number of Senators that are here today.

Let me start first with you, General Dempsey. Do you personally support the request for the Department of Defense budget for fiscal year 2014?

General DEMPSEY. I do.

Chairman LEVIN. And do you know whether the chiefs share in your view?

General DEMPSEY. They do.

Chairman LEVIN. We heard yesterday, General, quite an optimistic assessment of the security situation in Afghanistan, more optimistic than in previous years, and we heard that from our commander there, General Dunford. And I am wondering whether you share the generally optimistic assessment that we heard.

General DEMPSEY. Yes. I was with General Dunford and his subordinate commanders about 2 weeks ago. And I will say that my impression, after visiting some of the operational coordination centers where for the first time I have seen the Afghan Government actually applying some of their instruments and some governance and economic factors into security, does lead me to be more optimistic than I have been in the past where I felt like we have been doing a good job but not necessarily that they have been shouldering as much of the burden as I think they need to shoulder.

Chairman LEVIN. Have you reached a conclusion as to the troop level which you are going to recommend to the President for the post-2014 period?

General DEMPSEY. No, we have not, Senator. As you know, I have said at a previous hearing that the target that NATO has established for the range, let us call it, that NATO has established, 8,000 to 12,000, seems to me to be a reasonable target. But we have not selected a specific number.

Chairman LEVIN. Is that a target for U.S. forces?

General DEMPSEY. No. That would be ISAF and it would be that part of the mission related to training, advising, and assisting.

Chairman LEVIN. So the President has not made a decision yet on that either then. Is that correct?

General DEMPSEY. That is correct.

Chairman LEVIN. And in terms of the reduction between now and 2014, the President announced plans to draw down 34,000 of the 66,000 troops in Afghanistan by February 2014. Is it true that the pace of that drawdown will affect the OCO funds that are needed and when they are needed?

General DEMPSEY. Well, I am sure it will, and that is the reason I think Mr. Hale would agree that the OCO budget has not been submitted yet. What we have done is given the commander in the field the flexibility to plan that reduction which, by the way, I think is very important to allow him to plan the pace and manage the equilibrium between fighting, transitioning, and redeploying. But I think that is why the OCO budget is delayed.

Chairman LEVIN. If the commander has that flexibility, then as soon as we presumably learn from the commander how they are going to exercise that flexibility, then we are going to determine the OCO?

General DEMPSEY. That would be my understanding of the sequence.

Chairman LEVIN. For the record, Secretary Hale—not now because of my time limit—would you tell us how the pace, as it is determined by the commander, if the commander has that flexibility, will affect the OCO needs just for the record?

[The information referred to follows:]

[COMMITTEE INSERT]

Mr. HALE. We are making assumptions, though, because we have got to go ahead.

Chairman LEVIN. All right.

We in this budget, Secretary, have certain amounts that are going to be utilized for our missile defense. There has been an announcement—I believe that you were the one who made it—that we are going to deploy 14 additional ground-based interceptors in Alaska. We have made a decision relative to the final phase of the phased adaptive approach, which has been adopted for NATO. And I am wondering—well, let me ask you, General. Do you personally support the missile defense approach that has been decided upon by the administration?

General DEMPSEY. I do. It is in response to what we perceive to be an increasing threat, in particular from North Korea.

Chairman LEVIN. And that includes both parts of the missile defense approach that I have just identified. One is the modification to the phased adaptive approach in Europe but also the additional ground-based interceptors in Alaska. Both pieces? Do you approve of both parts?

General DEMPSEY. I do.

Chairman LEVIN. On the BRAC issue, as I understand your testimony and your budget, Mr. Secretary, there is a short-term cost if there were an additional BRAC approved, but that cost is not in the 2014 budget request. You put it in the 2015 budget request. Is that correct?

Mr. HALE. The money is actually in 2016 through 2018. It is \$2.4 billion of additional funds.

Chairman LEVIN. Okay, but the additional upfront funding, the cost of the BRAC is not provided for in the 2014 budget request. You made a provision or you say you are going to make a provision in 2015. Is that correct?

Mr. HALE. 2016, 2017, and 2018.

Secretary HAGEL. We are not requesting it until 2015. So we put the money in the out-years.

Chairman LEVIN. So there is no money impact for this year.

Now, when we met at the Pentagon a few days ago, I guess, we discussed—and there were a number of us that were there. We discussed the point that you made about alleged savings from the last BRAC round. You today indicated that previous rounds or perhaps the previous round, you testified, saved I believe \$12 billion annually. Was that the savings that you say exists, created from the last round or from all of the previous rounds?

Secretary HAGEL. From all the rounds.

Chairman LEVIN. All the rounds.

Secretary HAGEL. And if you would like more detail, maybe Mr. Hale could break that out. But it would be for all the rounds.

Chairman LEVIN. And can you give us that for the record? I think that is the detail that we would need for the record, round by round.

[The information referred to follows:]

[COMMITTEE INSERT]

Chairman LEVIN. And I think that is my time. So we will call on Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

And since you are on the subject of BRAC, I think you might remember, Secretary Hagel, that you were in the Senate at the time in 2005. You might remember that I kind of led the opposition to that BRAC round unsuccessfully, I might say. The irony of that was that my senior Senator Don Nickles was on the other side. And we lost by two votes. So it is contentious.

Secretary HAGEL. You are not going to hold that against me, are you?

Senator INHOFE. No. I do not even remember how you voted on that, but I will not get into that.

Secretary HAGEL. Well, I support BRAC.

Senator INHOFE. Okay.

Yes, I came in with the first BRAC round of the five BRAC rounds. I supported some of them in the past. I opposed the one in 2005 for two reasons. One is that it was bringing down our infrastructure to an artificially low size to meet what I thought was an unacceptable force size. Now, that was just one reason at that time. I think that reason is good today.

But the other reason is what the chairman touched on here, and that is that there is a cost to BRAC. It is in two different areas. One is in the initial cost and the other is the recurring cost.

Now, the Government Accounting Office released a report last year. That is 7 years after the 2005 BRAC round, noting that the one-time implementation cost of 2005 grew from \$21 billion to \$35 billion, an increase of \$14 billion, or 67 percent.

As a result of the 20-year value—now we will get into the recurring costs—DOD expected to achieve from the 2005 round, it decreased by 72 percent. And in addition, the GAO determined that 75 out of the 182 recommendations, about 41 percent, are now expected to result in a negative 20-year value. That means they will cost more to implement than any projected savings over a 20-year period. Now, that is pretty bad. I have seen this.

I know there are different ways of projecting figures. Those are the figures, and this came from the GAO office just last year, 7 years after this. So keep that in mind, recognizing, as you pointed out, you may not feel this until 2015. I have no reason to believe we are going to be in a lot better shape in 2015 than we are today.

Have you considered that in your support of this BRAC round?

Secretary HAGEL. I have not seen the actual figures or the study you referred to, Senator. I do know—and I will respond to your question. I do not know if it was the same GAO report or another one that noted on that 2005 BRAC round, it clearly reflected—I think the number was almost a 25 percent over-capacity in infrastructure at the time in our facilities.

Now, I am going to ask Mr. Hale to respond here very quickly.

But to answer your question, we have looked at all the factors, upfront costs, continuing costs, do we need it.

Senator INHOFE. Yes. We do not need to hear from Mr. Hale now. If you would for the record, Secretary Hale, do this.

[The information referred to follows:]

[COMMITTEE INSERT]

Senator INHOFE. I know you have read the report I referred to, and I would ask that you share that with Secretary Hagel, which I am sure he will want to look at. And I would only ask that you consider that because I think those reasons for my opposition 7 years ago—8 years ago now are probably more true today.

When the chairman talked about the missile defense thing, I was very pleased when you made the decision to increase, back up to 44, the number of ground-based interceptor sites on the West Coast. I think that was good.

Where I do not agree, as has been pointed out, that is probably a good thing to do in light of all the things that are happening in North Korea. I was over there recently. In fact, I talked to you from over there. And I realize that this is something that we need to protect against.

I am satisfied. I may not be in the majority up here, but I am satisfied that anything coming from North Korea or coming from that way we have got the capability to shoot, look and shoot. I feel comfortable we could knock down anything coming.

Where I probably disagree, General Dempsey, with you is on our capacity to knock one down coming from the other side, from the east. That is the reason, of course, that we were building initially the ground-based interceptor in Poland.

Now we are talking about a third site, and I could quote several generals here. General Jacoby, for example, had said we are not in the most optimum posture to defend against an Iranian threat, in spite of the fact that our intelligence has told us since 2007 that Iran is going to have the capability of a weapon and a delivery system by 2015.

Secretary Hagel, do you disagree with my concern over the threat that would come from the east as opposed to the west?

Secretary HAGEL. No, I do not disagree. It is something that the Department of Defense and all those responsible for our missile defense capabilities and our strategies and the tactics to match those and the weapons to match those strategies are concerned with as well. So it is a very real issue. It is one that we are dealing with. We are going to have to continue to deal with it. So it is like all of these issues. How do you deal with it? What should we be doing? What are we doing?

Senator INHOFE. One way to deal with it is on the third site everyone is talking about. I do not know whether you have taken a position on that or not. But if you have, would you let us know what that is?

Secretary HAGEL. Well, as you know, we were instructed through the National Defense Authorization Act to conduct environmental impact statements looking at the possibility of putting a site on the East Coast. That investigation, that study is underway. We should have it complete by the end of this year. We will obviously share that with the Congress.

Senator INHOFE. Okay.

The last question I would have, Mr. Secretary, is having to do with the New START treaty, a commitment that was made by the President in order to get the votes necessary for that. Those commitments have not been met. And what I would like to get from you for the record, since there would not be time now, is will you support the products that the President talked about in order to get the votes that he got for the New START treaty, in other words, noting our nuclear capability.

Secretary HAGEL. Well, whatever commitment the President made, I of course would support and carry forward my responsibilities in order to comply with those commitments and the treaty.

Senator INHOFE. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Inhofe.

Secretary Hale, on that GAO report, would you give us any differences that you have—not now but for the record—with that GAO report, in addition to the request of Senator Inhofe?

Mr. HALE. I will. May I just say quickly we do not intend to repeat the 2005 round? It was very different than we would do in 2015.

Chairman LEVIN. You can just give us your criticisms or disagreements with that report.

Senator Reed?

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

Secretary, General Dempsey, Secretary Hale, the Secretary mentioned in his comments that we are facing a lot of short-run constraints, sequestration, other issues, but longer-term there are financial issues that have to be dealt with regardless of the present dilemma with sequestration and the Budget Control Act. One of those is growing personnel costs and particularly health care costs. I know you have made some proposals in the budget in that regard. And I just want to direct the question to General Dempsey and ask the Secretary if he wants to comment also.

But it would seem to me that in order to effectively carry out any reforms, there has to be an ongoing dialogue with both uniformed active duty personnel and Reserve personnel. And that dialogue is probably best conducted by the uniformed military because you have shared the service and the sacrifice of these individuals more so than anyone else. Is that dialogue going on? Are there constructive ways organizationally to begin to save costs? Is there any sort of path forward that could be agreed upon and then giving us more of an opportunity to deal with sort of a solution that has buy-in on all sides?

General DEMPSEY. Well, there has to be, Senator. I mean, we have to find a way forward. The manpower costs are truly unsustainable when we project them out to 2020, which is where, as you know, I am trying to look.

We have reached out. We have had actually several sessions now with veteran support organizations on this budget submission and more broadly on the issue of, let us call it, compensation reform. I would not suggest that we have made much progress, but I assure you we are working toward that.

Senator REED. Well, I think it is something that you constantly have to do, and also, obviously, it is a two-way process, listening as well as explaining.

And I think the other issue too that must concern you is that at some point you crowd out operations training, maintenance, procurement. And for the Active Force, training, good equipment, well motivated, well schooled leaders are more of a factor than other benefits.

General DEMPSEY. Yes. If I could just reinforce that point.

What gets crowded out, by the way, is training and readiness. There are plenty of constituents for infrastructure, for compensation, and for weapons systems, but there are not so many constituents for readiness. And so when I talk to the force about this, I explain to them that you do not want to be the best compensated force on the planet, but sitting at Fort Hood, Texas or Beaufort or Langley Air Force Base. We have got to keep this thing in balance.

Senator REED. I appreciate that very much.

Last year, we were able to work through a process where we were able to reduce co-pays on pharmaceuticals by adopting a new technique of mail order, and that was a more efficient approach. And I think those are the types of smart adjustments that might be more palatable and more acceptable and more achievable, frankly.

Mr. Secretary, just quickly changing, you initiated, as you indicated, a strategic review indicating that Secretary Carter and the Chairman should look at it. Can you update us on any insights you have at this point? And also, it obviously begs the obvious question. Is that strategy going to drive the budget or is the budget going to drive the strategy?

Secretary HAGEL. Well, as I noted in my statement, the budget, obviously, is affecting all of this, not just fiscal year 2013, which we are living through, which you all understand what we are going through. And I noted this and the Chairman did. But as we look out into the future, where are we going? How are we going to get there? What are our strategic priorities? How do we defend the interests of our country? And when you look through that, obviously resources are critical to that.

When I initiated the Strategic Choices and Management Review, it was, yes, influenced by the budget, the uncertainty of that budget. But also more than that, the world is a different kind of world today, as everyone on this committee knows. You all travel. You go everywhere. We have new threats. We have some of the same old threats. There is an alignment going on in global affairs that we have not seen certainly since World War II and maybe never quite seen in the way it is.

So the question I have to ask as Secretary of Defense is are we prepared, not just today, but are we going to be prepared within the constraints of budget realities, but bigger than that. How are we using our assets? Are they smart? Are we doing wise things, capable things? You mentioned personnel costs, TRICARE. That has to be examined within and is being examined within the framework of our examination of everything.

You asked for a status. It is ongoing. As I noted in my remarks, we brought everybody into this not just to have a committee, but

we have got to hear from the combatant commanders. We have to hear from the senior enlisted. We have got to hear from the men and women who actually have the responsibility of implementing whatever policies we decide. And they are part of that. We should have it, at least initial report on this, by the end of May.

I get reports on this weekly. Ash Carter and I talk about it the end of every week. We will talk about it on Friday. It is a result of his collaboration with General Dempsey and what has been done that week and how it is all factoring in.

That is a general, broad brush of it. If you want to go deeper, I will be glad to.

Senator REED. No, Mr. Secretary. Thank you.

And I just have a few seconds left which I would cede back to the chairman.

Chairman LEVIN. Thank you very much, Senator Reed.

Senator McCain?

Senator MCCAIN. Thank you, Mr. Chairman.

I thank the witnesses.

We are going to talk about Syria after this hearing, but I just have one question initially about it.

Secretary Hagel, General Dempsey, and your predecessor, Secretary Panetta, and Secretary of State Clinton and General Clapper all have openly stated they favor providing weapons to the resistance in Syria. Have you reached an opinion on that issue?

Secretary HAGEL. I have not made a recommendation to the President that we should militarily intervene.

Senator MCCAIN. No. I am asking about providing weapons to the resistance.

Secretary HAGEL. We are constantly reviewing every policy, every option.

Senator MCCAIN. Have you reached a conclusion yet?

Secretary HAGEL. No.

Senator MCCAIN. Thank you.

General Dempsey, there are persistent rumors the North Koreans are going to launch a missile sometime in the next days or weeks to coincide with certain events. Do we have the capability to intercept a launch?

General DEMPSEY. We do.

Senator MCCAIN. Would you recommend if that missile left North Korean airspace, that we intercept it?

General DEMPSEY. If it threatened any of our facilities or any of our personnel.

Senator MCCAIN. So the criteria would not be whether it left North Korean airspace. It would be whether we viewed it as a threat.

General DEMPSEY. That would be my advice at this point. Yes, sir.

Senator MCCAIN. Is there any doubt in your mind that over time, the North Koreans are on the path to having a combination of a missile and a weapon on it?

General DEMPSEY. No doubt at all.

Senator MCCAIN. In the case of the Iranians, the latest round of talks have, obviously, been unsuccessful. We hear reports about in-

creased capabilities that the Iranians have even announced. How serious do you think this is getting?

General DEMPSEY. I have said before, Senator, as you know, I think the Iranian threat is not limited to its nuclear aspirations. I think they are proliferating weapons of all kinds. They have got surrogates and proxies all over the globe, and I think they aspire to control the Gulf.

Senator MCCAIN. Secretary Hagel, the defense budget for the 2014 request is \$52 billion over the spending cap imposed by the Budget Control Act. Have you made any plans? Are you going to share with Congress the plans that you will have to make if the Budget Control Act and sequestration is not repealed?

Secretary HAGEL. We are underway with those options right now, Senator. One of the parts of the Strategic Choices and Management Review is part of that. Every day that is what we are about, that reality.

Senator MCCAIN. Would it be appropriate to share with Congress, since it can only be Congress that repeals and a signature from the President that repeals the Budget Control Act? Would it not be appropriate for us to know what measures have to be taken in case existing law continues to prevail?

Secretary HAGEL. Yes, it is and we do. For example, I noted in my testimony that we will be coming up to Congress with a significant package of reprogramming requests, which we have been working with Congress on.

Senator MCCAIN. Well, it is one thing to have reprogramming requests. It is another thing to submit an overall budget that reflects the realities of the law as it is today rather than sending us a budget that has restoration of cuts. And so far, there has been no movement or action to repeal. And I am saying that because I think we need to know what happens if we do not repeal. It is in your interests in my view to give us that information as to what would happen if we just simply complied with existing law.

Secretary HAGEL. Well, I want to address both points.

One is we are continuing to do that, Senator, as part of Marty's testimony, part of my testimony on what we are doing and explaining working with the committees here in the House and the Senate on if we do not make these changes, what is going to be requested. For example, a supplemental appropriation. Is that something within the realm of what is going to be required? We do not know. We are trying to internally adjust now.

The second part of that is I would just add on the budget—and I noted one of the points made here this morning on this—the Senate and the House budget resolutions for defense for 2014 essentially were the same, basically the same numbers as our budget for defense.

And the other part of this is, not at all dismissing your questions that are real and legitimate on the reality of this, but as you know, as well as anyone, this is a \$600 billion enterprise. This budget was put together over a series of a year. And to try to readjust that and come back with new numbers in a budget was difficult as well.

But make no mistake, Senator, we are dealing with the realities of everything that you just talked about.

Senator MCCAIN. Well, but you need to share those with Congress, Mr. Secretary. And I appreciate the fact that you put together a budget that ignores the realities of the law today. It would be very helpful in adjusting for those realities if you would share with Congress what the budget would be if the existing law is implemented.

Secretary HAGEL. And we will.

Senator MCCAIN. When?

Secretary HAGEL. We are doing that now. As I said—

Senator MCCAIN. You will submit it to Congress.

Secretary HAGEL. I am sorry?

Senator MCCAIN. You will submit to Congress—

Secretary HAGEL. We have been informing Congress, working with the Congress.

Senator MCCAIN.—a budget that reflects the \$52 billion less than the budget that has been submitted by the President.

Secretary HAGEL. As I said in my statement, if there is no balanced budget agreement, then that is the law, as you have noted, as I noted in my statement, that we are going to be facing the reality of a \$51 billion to \$52 billion cut. And we are preparing for that reality.

Senator MCCAIN. I am just saying you need to inform Congress and work with Congress so that we can also explain to our constituents the realities of what would happen if the Budget Control Act were fully implemented. I do not think that is too—

Secretary HAGEL. No. I agree.

Senator MCCAIN. General Dempsey, the Commandant of the Marine Corps says sequester's impact on marines constitutes excessive risk. Do you agree? And does that apply to all our Services?

General DEMPSEY. It does apply to all our Services. Full sequestration, particularly in the mechanism, would destroy readiness in a way that I think none of us would be very pleased with.

Senator MCCAIN. I thank you. My time has expired. I thank the witnesses.

Chairman LEVIN. Secretary Hagel, let me just agree with what Senator McCain was driving at. If you will let us know when you know what the impact would be of a \$52 billion reduction in the budget you have submitted, it will help us, I believe, avoid that outcome. I think that is what Senator McCain was pointing to, and I would just agree with that.

Secretary HAGEL. I agree with it. We will.

Chairman LEVIN. Okay, thank you very much.

Senator McCaskill?

Senator MCCASKILL. Thank you, Mr. Chairman.

I first want to thank Secretary Hagel and General Dempsey for responding to concerns that we have expressed. Senator Gillibrand had a hearing on this and many of us have been working on this issue for a number of years, and that is making sure that the military is doing everything it can to catch the perpetrators of sexual assault and make sure that the system is respecting the victims and is not arbitrary or capricious. And I know that it is unusual for the Joint Chiefs to come together with a recommendation to change the UCMJ and for the Secretary of Defense to endorse that and embrace it in such a quick fashion as this occurred, and I just

want you to know how grateful all of us that are working on this issue. And we will continue to work with you as we codify some of these changes hopefully in the Defense Auth bill this year. And I appreciate you mentioning it in your statement and look forward to working with both of you to make sure that we are doing everything we can to focus the system on the act that occurred and the facts surrounding that act and take the focus off the victim and what she did or did not do or what he did or did not do and get us into this century as it relates to the way this crime is being handled within the UCMJ.

It will not surprise you I want to talk about contracting. I noticed that TRANSCOM recently put out a solicitation for airevac, medevac, airlift in Africa. So my question to you is was there an analysis done as to why our current capability on medevac and all of the different commands that deal with—you know, I think you all just canceled—the Air Force just decided to cancel the C-27J, which is hard for me to figure if we are going to turn around and contract with Blackwater, which it appears from the solicitation that you are looking for CASA C-212 as the only aircraft that would qualify under the solicitation. And of course, that is the aircraft that is used by academia, the new name for Blackwater.

I am not against contracting logistical support, but I need to know what the analysis was as to why we cannot do this and why this is cheaper.

Secretary HAGEL. I do not know. Marty, do you?

General DEMPSEY. No. I mean, I know that our lift is stretched. It is a stretched resource, and in particular, as you know, most of what is coming out of Afghanistan these days comes out by lift.

Second, the threat environment in Africa is different than it is in other parts of the world, and I am sure that was a factor. Some of the aircraft you are referring to are actually—we do not want them in the inventory because of their sustainability and their capability.

So I know the analysis was done and I am sure that it followed the rules of competition by the Federal acquisition regulations. But we owe you an answer. I do not know the specifics.

Senator MCCASKILL. Well, I think the answer I am looking for here is before we do contracting as a default position on logistics—I mean, what I worry about in this shrinking budget environment, that there is going to be even more of a tendency to just assume that we should contract it out because it is cheaper. And if Afghanistan and Iraq have taught us anything is that that is not always true. If you do not have adequate contracting oversight, it is not, and especially when it is inherently a governmental function. And we could spend a whole hearing and we have many on that. But I just want to make sure that it is a new day, and as we begin to do new solicitations for new logistics support contracts in any threat environment, there has to be a really detailed analysis done as to why this is going to save you money and why we cannot do this within the existing command.

So I will be anxious to see that analysis that was done, and as you are probably aware, I will spend some time on it.

[The information referred to follows:]

[COMMITTEE INSERT]

Secretary HAGEL. Senator, we will provide that for you.

But let me address just very briefly your general question and concern. You are right. That is part of what we are doing in the review. You have been, as much as anyone, engaged in this overall procurement/acquisition issue and been very helpful. That is an area that we need to do more, obviously.

There have been some successes. A recent GAO report that came out reflected rather positively on what we have been doing. And we will continue to stay at it for the reasons you mentioned and work with you on it.

Thank you.

Senator MCCASKILL. Thank you.

As we are drawing out of Afghanistan, I think it is really time to measure the effects of large-scale infrastructure spending as being part of the counter-insurgency. I continue to harp on this, and I am going to keep harping on it until you all do the work. I need some kind of analysis as to how large-scale infrastructure spending contributed to a successful fight in the area of counter-insurgency. And you have the ability because you have done small-scale projects and you have done large-scale projects. And so I am confident that you can do the analysis as to the impact of what CERP was originally intended for versus water systems, electrical grid, highway systems, all of that that we have spent billions and billions and billions of Americans' dollars on.

If we do not do it now, there will be a tendency in the next conflict to say, okay, let us start building big stuff. And I especially want the analysis to do the overlay of the security environment and whether or not the small-scale makes sense because you have to pay off less to security people and therefore risk getting the money into the wrong hands versus the large-scale payments we have had to make many times to the bad guys. So if you would get back to me on that analysis and when it is planned or how it is planned, that would be very helpful.

[The information referred to follows:]

[COMMITTEE INSERT]

Secretary HAGEL. We will. And just one brief comment.

I believe about five of six of those large-scale infrastructure projects are directly related, as you know, to energy or in some way the lifestyle and the well-being of the people of Afghanistan, which is obviously important for us and the importance of the government in bringing together some nationalism to promote a cohesiveness of society that actually makes their life better. And we want to do that.

But your points about accountability, the whole question of can they maintain it, is this a wise investment, should we be doing smaller projects, all appropriate. They are being analyzed. They are being questioned. And we have spent a lot of money. IG reports come out almost monthly on every one of these. We are looking very carefully at every one of them. And you are exactly right. So we will continue to work with you on it and get you the analysis you requested.

Senator MCCASKILL. Thank you, Secretary Hagel. In isolation, the theory sounds absolutely sound, but now we have the data and we can figure out if it actually works or not.

Secretary HAGEL. Well, we have made mistakes.

Senator McCASKILL. And that would be terrific.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCaskill.

Senator SESSIONS?

Senator SESSIONS. Thank you.

Congratulations, Secretary Hagel. I look forward to working with you. I know you love the country and know a lot about the military. So we have some real opportunities, I think, in the years to come and some real challenges.

One thing that you need to fully understand—it happened before you came—was in August of 2011 that this Nation reached the debt ceiling, and there was a national discussion about that. An agreement was reached and passed in the law. It was signed by the President of the United States. And it said we will reduce the growth in spending by the amount we raise the debt ceiling, \$2.1 trillion. \$1.1 trillion of that was a sequester if an agreement was not reached by this committee. And the committee did not reach an agreement.

There was no provision in that Budget Control Act agreement to raise taxes. The President did succeed in January of this year raising taxes \$600 billion, but there was never an agreement as part of the sequester or the Budget Control Act to raise taxes. So that is where we have got loggerheads. This is the problem.

So at the end of debate, I remember sitting bolt up when the President guaranteed the American people that sequester would not happen. But it is happening. It is happening right now. It is in the law.

Now, the House has proposed a budget that eliminates the cuts on the Defense Department but finds other cuts in the Government to replace them with. The President is saying he wants to eliminate the sequester or he apparently indicates he does, but he wants to do it raising taxes. And that is a non-starter.

Under our current debt path, we are increasing spending every year. The difficulty, as I pointed out before our committee so many times, is half of the reductions in spending in the sequester fall on the Defense Department, which only makes up one-sixth of the entire spending in our Government. So that is a disproportionate cut.

And so as you talk to Congress about the difficulties, I suggest that you go to 1600 Pennsylvania Avenue and talk to the President, the commander in chief, because I am very worried. I am very worried because Congress is not going to raise taxes to fund this sequester—eliminate the sequester.

And it has been deeply disappointing the Defense Department has delayed telling us what those cuts might be. Senator McCain raised it a long time ago. I have talked about it. We passed legislation, as I recall, requiring you to lay out a spending plan if the sequester were not fixed. It is a big deal. I just want to tell you that you are in a tough spot. But I really do believe that the way to handle this is to look for other reductions in spending. Big agencies like Medicaid or food stamps and other programs got no reductions in spending at all. Zero. So there is an opportunity to spread some of these reductions around and not have this burden fall on the Defense Department.

So as the ranking guy on the Budget Committee, I have been wrestling with these issues. I just got to tell you I am worried. I do not see an easy solution right now. Hopefully, something will happen, but you need to be prepared for the worst.

I am ranking on the Strategic Committee that has nuclear and missile defense forces, and I just want to share some concerns with you really about the commitment we have as a Nation—and this administration does—to the nuclear arsenal, our nuclear infrastructure, our nuclear modernization that we have said we are committed to and its understanding for our nuclear forces as they serve as the ultimate guarantor of the security of our country and the assurance it provides to our allies and our partners. These are big issues right now.

President Obama identified nuclear proliferation as a key danger to the United States and its allies, and it is a danger. Yet, the response we have seen from this threat of proliferation has been self-defeating, I am afraid. The President had hoped to set a disarmament example for others to follow by emphasizing nuclear arms reductions with Russia over nuclear deterrence, striking that balance. But the disarmament provision and the President's policies are undermined by our inability—the international community's inability—to keep regimes such as North Korea and Iran from developing nuclear weapons and long-range missiles also. So this will cause proliferation not only in those rogue nations but people who feel threatened by them may well feel compelled to develop nuclear weapons.

I am sure you know Defense Secretary Ash Carter, in an attempt to reassure our Asian allies in the face of North Korean missile threats, said on April 8th, quote, we will continue to provide the extended deterrence offered by the U.S. nuclear umbrella.

But the President in March in South Korea—March 2012, March last year—said as President, I changed our nuclear posture to reduce the number and role of nuclear weapons in our National security strategy. I made it clear the United States will not develop new nuclear warheads and we will not pursue new military missions for nuclear weapons. We have narrowed the range of contingencies under which we would ever use or threaten to use nuclear weapons.

So there is no wonder I think our allies are getting nervous here, and it has the danger of proliferation and danger of instability, I am afraid, in the world. We do not like to talk about nuclear weapons. This is a grim subject, indeed, but I want to raise these issues with you.

It looks like in November of 2010, the White House issued the statement noting the administration had added \$4.1 billion to the 5-year plan for weapons, but according to my accounting, over the years 2012, 2013, and proposed 2014, assuming the sequester were to occur, we would have a \$1.4 billion, 34 percent short of what the promised increases were.

We were informed last year that the replacement for the Ohio class ballistic missile submarine and the air launched cruise missile were both 2 years behind schedule. And it has yet to be made clear about the follow-on for the ICBM program. The life extension program for the B-61 bomb was 2 years behind schedule, as was

the planned life extension for the W-78 and W-88 nuclear warheads.

So I think this is a dangerous trend that we have got to reverse and stop.

I think what we need and to hear from you and the world needs to hear from you is a commitment to maintain the strategic triad and modernizing U.S. nuclear forces and the nuclear weapons complex, as I understand, the President has agreed to. And I understand you support the agreement.

But just would you repeat that here today? I think it would be important for the world, our allies, and our adversaries. General Dempsey, you have your commitment that you will preserve our nuclear arsenal and pursue the nuclear modernization efforts that President Obama, our commander in chief, has committed to. And specifically will you commit to increases in the fiscal year 2015 budget and future year's spending plans to help get these capabilities on track or to, at least, prevent further delays?

General DEMPSEY. Senator, I am committed. My advice has been and will continue to be to maintain the triad to include extended deterrence in our capability and to maintain a safe and secure and reliable stockpile.

Chairman LEVIN. Thank you.

Senator SESSIONS. Secretary Hagel, you had a comment.

Secretary HAGEL. I have said that in my confirmation hearing, would say it again, and am absolutely committed to it.

Senator SESSIONS. Thank you very much.

Chairman LEVIN. Thank you, Senator Sessions.

Senator NELSON?

Senator NELSON. Mr. Secretary, it is good to see you.

There is talk around as a result of us passing the defense appropriations for the rest of the fiscal year. There is now talk around that you can reduce the furlough days for defense civilians from 14 to 7. Is that true?

Secretary HAGEL. We, as you know, Senator, sent out notification to the Congress, to comply with the law, that we were considering furloughing. Our initial take—and I will let our comptroller respond more fully to this, but our initial take on it was maybe as much as 21 days were going to be required. We have now got that down to 14. We are still reviewing, Senator, what actions we may have to take. I think we are probably a couple of weeks away from coming to a determination on what that furlough would be. And the Congress, of course, will be fully informed, kept informed on any decisions we think we need to make to comply with our budget restraints.

With that, let me ask the comptroller if he has got anything further.

Mr. HALE. I think you said it well, Mr. Secretary. We have not made a decision beyond the 14 days—beyond saying up to 14 days.

Senator NELSON. And if it stays at 14, that would start to go into effect at what time? Either 14 or 7—when would it go into effect?

Mr. HALE. Well, we also have not made specific timing decisions, but it would probably be in late June perhaps at the 14-day level. I want to preserve the Secretary's options for looking at this.

Senator NELSON. Mr. Secretary, President Karzai has said that we are in cahoots with the Taliban. Why would he say such a thing?

Secretary HAGEL. Well, I was welcomed with that comment as I was arriving in Afghanistan. We had an opportunity to expand on that privately, and he has since, I think, readjusted his thinking on what he said publicly. As you know, Secretary Kerry was there soon after my visit. I did not go into any great depth as to what led him to that conclusion, but I think he said something to the effect that he was misinterpreted or there was some confusion in what he said.

I spoke to President Karzai 2 days ago. I called him and I think it is important that we stay in touch with leaders. We had a conversation, in particular, about a bilateral security agreement, and I wanted to also get his sense of the handover at the detention center, which I know General Dunford was here yesterday and addressed that.

You know that that is an area of the world and its leaders are under a lot of pressure all the time. And I think we need to stay engaged wisely and carefully and reach out, make it very clear what our guidelines are. And we have got a big challenge ahead of us on—which has already been noted here this morning. We will probably get into a little more detail this afternoon on post-2014 activities and how many troops. What will be our mission? Why should we stay there? Should we stay there? So the only way we can, I think, responsibly transition out is to continue to work with the leaders.

But I guess only President Karzai would be able to answer that question.

Senator NELSON. Are the leaders over there beginning to accept the fact that we are not going to remain as an occupying force?

Secretary HAGEL. I think so, Senator. I think it is pretty clear, as we are consolidating our bases and handing over responsibilities. General Dempsey noted in some of his testimony this morning what the Afghan army has taken responsibility for, what their police force has. There is some good news. It is imperfect. It is, in places, raggedy, but that is reality. And I think we have to recognize that this is the first time that we have ever seen any kind of a national government with a national unity of a national force and all that goes with it. We need to continue to assist where we can, but not occupy. But I do think, to answer your question, it is clear to the leadership in Afghanistan and the people that we are not there to occupy.

Senator NELSON. Mr. Chairman, I have some questions on Syria. Do you want me to wait until the afternoon session?

Chairman LEVIN. That is the plan, but you have got a minute and 35 seconds left and I am not about to tell you how to answer. But we will have a—

Senator NELSON. I can yield back the same amount of time that Senator Sessions went over, and then we would be even. [Laughter.]

Chairman LEVIN. I think I am going to stay out of this conversation. You are free to ask a question.

Senator NELSON. I would just like to get it on the table, and if you want to discuss it later this afternoon, that will be fine.

If we are faced with having to go in and secure the chemical weapons in Syria, it has been bandied about that that would take 75,000 troops, boots on the ground, American troops in Syria. Is that an accurate assessment?

Secretary HAGEL. I am going to defer that question to General Dempsey because we are looking at all options for all contingencies. But let me ask General Dempsey if he would take it.

General DEMPSEY. In the time remaining—and we can follow up this afternoon. We have looked at kind of alternative futures. The answer to your question would be whether we are entering a hostile environment, a non-permissive environment, a permissive environment, or an environment of collaboration. And we know how that number changes based on the environment. But it is a resource-intensive task to be sure.

Senator NELSON. Thank you.

Chairman LEVIN. Thank you very much, Senator Nelson.

Senator WICKER.

Senator WICKER. Thank you very much.

First, Mr. Secretary, welcome back from your travels.

Let me quote from the Stars and Stripes dated April 16 regarding the sharing of medical records. It starts off, faced with tough questions from legislators, Defense Secretary Chuck Hagel on Tuesday said he would decide on a plan within 30 days to work through the tangled process to seamlessly share medical records between DOD and VA.

Mr. Secretary, it goes on to say you are doing this at the urging of members of the Veterans Affairs Committee. They have asked you to institute electronic transfer capabilities by December 31.

It mentions that Secretary Panetta, your predecessor, had instead taken another approach of file sharing rather than building a single, integrated system from scratch. Hagel said he could not defend DOD's past performance on record sharing. In recent days he said he stopped further spending on the process and has restructured the program oversight.

You know, I was in the other body before I came over here. I have been here 5 years, and I was on the appropriations subcommittee dealing with veterans for some time over there, Mr. Secretary.

Four years ago, we did not even have iPads and this whole technology has been developed in 4 short years. It just seems to me that the fact that we have been talking in 2013 about file sharing only and not thinking big about a new system that our most talented people in America could certainly do to just start over and have a system that starts within DOD and moves seamlessly with you when leave need the system is something we ought to go to.

So tell us what we can expect from you in 30 days and elaborate, if you will, on your plans there.

Secretary HAGEL. Well, I think, Senator, you have said it. Why can we not expect exactly what you just said? We should expect it. We owe that to our veterans.

I also said in my response yesterday that there have been a lot of positive things done too. There have been a lot of good things,

and there has been a lot of progress. But we are still not where we need to be, where the President committed us to be in 2009 and Members of Congress expected us to be.

Now, with that said, there is no point in going back and blaming anybody for anything. We are where we are. Now, how do we fix it? That is the only thing that matters.

When I came in—and I am not an expert on any of this, but I have some background on this, Senator. 30 years ago, I was Ronald Reagan's deputy administrator of the VA, 1981 and 1982, and I had some ability at the time to start to actually computerize systems. Now, I do not take credit for that happening, but I pushed that pretty hard.

In some ways, we are still in kind of a state of limbo in accomplishing what needs to be done. You used the iPad example as why can we not do this. We will do it. We will get to it. But I always start with who is in charge, who is accountable, how does it happen, theory, policy, strategy. You need it, but how does it get implemented. And what I have done is I have asked to stop everything as far as RFP's going out until I can understand what it is that our objective is. How are we spending our money? Why? What is it that we can do that is most helpful to the VA? What is our obligation to our people? We invent the veteran. The person starts with us. And the seamless network, the interoperability that you refer to is where we need to be in everything. So we are going to continue to do it.

Senator WICKER. Have you had a chance to sit down with Secretary Shinseki about this?

Secretary HAGEL. I have sat down with Secretary Shinseki in the second week I was on the job. We have talked a number of times on the phone. We talk once a week. We are very closely connected. It is a tough assignment that he has. But I am absolutely committed, as my predecessors have been—you noted Secretary Panetta's involvement—to make this work and to have those two agencies cooperate and work together.

Senator WICKER. And what can we expect to receive from you? What can we on the committee expect to receive from you after the 30-day period you alluded to?

Secretary HAGEL. Well, what I said is that I am assessing it all now, and what we will do is we will restructure the accountability chain as to how we are going to go forward, who is going to be in charge, and who will have that responsibility, what kind of resources we will have.

Senator WICKER. Is there something you can get back to us with, say, by the end of May?

Secretary HAGEL. Once I make a decision, we will, of course, share it with the committee.

Senator WICKER. Do you think that might be by the end of May?

Secretary HAGEL. As I said, my goal is to try to have something together structurally within 30 days.

Senator WICKER. Okay, thank you very much.

[The information referred to follows:]

[COMMITTEE INSERT]

General Dempsey, I was visiting with some Pentagon people earlier this week. A 9 percent sequestration cut, when you cram it into

half a year, turns out to be 18 percent. The number of training sorties that we are able to have in the Air Force, for example, 18 percent of those cannot be done. And I understand a lot of that is fuel, some other costs there.

The statement was also made to a small group of us that if only we had more time, we could absorb the sequestration cuts in a more logical way. And it just makes me wonder. Did we take the wrong approach in assuring the public and assuring ourselves that sequestration really was not going to happen? This is just unimaginable.

It seems to me in retrospect—and I am speaking about myself also—that we should have known at the collapse of the Super Committee, that sequestration was the law and also that it was likely to happen. If we had had, since 2011, the realization that this was a fact and was going to happen in 2013, we would be in a better position, would we not, General?

General DEMPSEY. If you are asking me did we take the wrong approach, yes. I do think that this Strategic Choices and Management Review allows us to understand the impact and to be able to articulate to the Congress of the United States what the effect of full sequestration would be.

But please remember too we are still trying to figure out how to absorb the \$487 billion of the Budget Control Act. So this is not the deepest budget cut in our history. It is the steepest by far.

Senator WICKER. Thank you, and thank you, Mr. Chairman.

Chairman LEVIN. Thank you.

In terms of Senator Wicker's request that we hear from you by the end of May, can you give us a status report by the end of May even if you have not made that decision, letting us know where you are? And would you include in that report the response of the Department to the wounded warriors legislation that we passed here that required that there be interoperability, not a single record, but interoperability by, I believe, the end of 2012? Let us know just what became of that and how interoperable the two systems are as part of your response to Senator Wicker's request, and give us again that status report even if you have not completed your decision.

Secretary HAGEL. I will.

Chairman LEVIN. Thank you.

Senator Udall.

Senator UDALL. Thank you, Mr. Chairman.

Good morning, gentlemen. Great to have you here. Mr. Secretary, I particularly want to extend a special welcome to you in your first appearance as the Secretary of Defense before the committee.

General Dempsey, let me start on cyber, if I might. I was pleased to see the increased funding in the budget, especially given the threats and the capabilities that we have seen developing over these last few years, and what you are proposing will hopefully allow us to stay ahead of all of this.

Can you give the committee a sense of what the \$800 million in the budget will buy us? What enhancements will be a result of that investment that we did not have before? On that same subject, given the current level of maturity, is it now the appropriate time

to elevate U.S. Cyber Command to the level of a separate unified command?

General DEMPSEY. What we are doing with the \$800 million. We are organizing ourselves. Currently we have capabilities at the National level. And I know you know this, Senator, but our portfolio for cyber is very narrowly defined as defending the dot mil domain. So we are protecting ourselves, though we have said frequently that we have capabilities that could be extended to the Nation, should that become necessary, in the defense against an attack, for example. So we have got the teams formed at the National level.

We are also trying to export the capability, if you will, to the combatant commanders, so forming fusion centers, operations centers, if you will, so that they have the capability to conduct reconnaissance of threat networks external to the United States, of course, and then defensive teams that if the dot mil domain is under attack can block and, if necessary, have the capability to perform offensive cyber as well.

So what we are doing is protecting ourselves. But you are interested, of course, as well in the Nation, and I think that the next step in that journey will require some legislation to augment and supplement what the President provided in his executive order.

Senator UDALL. Thoughts on a unified Cyber Command? Do you want to take that under advisement?

General DEMPSEY. Yes, sure. I mean, you know, we have not pushed it because we want to make sure that the timing is right. You know that I advocate that CYBERCOM and the National Security Agency be dual-hatted. I am not sure we have been persuasive in that regard, and so until I am persuasive, we want to leave well enough alone because I think we are adequately organized right now. But I think that if we are having this conversation in 2020, people will say, of course, it should have been a unified command, but we are just not there yet.

Senator UDALL. Mr. Secretary, you know well the important role R&D has played, not just in the Department of Defense but the work that has been done has been translated and transferred over to the civilian sector dating way back.

I want to focus on energy R&D. Many experts have been saying that we should do so in the Department of Defense. And I understand in that vein that the price of fuel that the services will pay—and this is conventional fuel—is going to rise to over \$4.70 per gallon on May 1st, which is an increase of about 21 percent over current prices. The bottom line is oil prices keep going up and the volatility of those prices makes budgeting impossible.

With that in mind, what kind of investments will the DOD need to make to prevent our fuel bill from cutting further into our critical programs?

Secretary HAGEL. Well, you know the numbers on this, Senator, as to how much money we spend annually and one of the largest, maybe the largest, consumer of fuels in the world at DOD. So it is an issue. It is not just, as you know, a budget issue, but it is a security issue, the reliability of our sources as we have the fleet all over the world and planes.

We have an office, as you know, in the Department of Defense that focuses on this. We have programs within that office. We con-

tinue to look at different options and programs. We fund those offices. It is a priority, has to be a priority within the balance of all the things that we are doing.

The research and development wing of defense has been a remarkably productive element for defense and the country. So, yes, it is a priority, will continue to be a priority.

Senator UDALL. I look forward to working with you in that regard. And I want to, again, pay tribute to the Navy in particular. It has really been on the cutting edge of this effort. Secretary Mabus specifically.

If I might, let me reference General Dunford's comments yesterday that he is worried about the effect that cuts will have on the training and readiness of troops rotating into Afghanistan. General Odierno told us last month that reduced training dollars could force the Army—extending tour lengths in order to prevent units that are not fully prepared from going into harm's way.

Do you have the same concerns? And if I could be more blunt, is Congress' inability to compromise putting our troops' safety at risk? And I direct that to both you and General Dempsey.

Secretary HAGEL. I will respond briefly and then General Dempsey will want to respond.

First, as General Dempsey has said, as I noted in my statement, readiness has to be our number one priority. I cannot certify nor can the Chairman of the Joint Chiefs or any of our chiefs to have our young men and women go to war if they are unprepared, if they are not ready. I will not do that. I know Chairman Dempsey will not do that. Any of our leaders will not do it. So it has to remain a priority.

Are we concerned with the cuts and what is happening? Yes, we are. And as you heard this morning and will continue to hear, we are working around that in every way we can not to affect that. But at some point here, we are going to see that start to cut pretty deeply, I think, as the Chairman has noted and General Dunford noted, the chiefs have noted.

With that, let me ask General Dempsey.

General DEMPSEY. Yes, I am deeply concerned. Right now, Senator, we are consuming readiness. We are using it. We are not producing it. And we are stuck in that position because we have to find \$23 billion in readiness funding for the rest of the year. So we are consuming it. We are not producing it. That is a dangerous path.

Senator UDALL. I would note we have another opportunity as a Congress in the early/middle part of the summer to deal with this. And it is my desire that we do so, and I am going to be focused on this in every way I possibly can. And I know Sergeant Hagel would not send our troops into combat without being properly prepared.

Thank you again, gentlemen.

Chairman LEVIN. Thank you, Senator Udall.

Senator Ayotte.

Senator AYOTTE. Mr. Chairman, I am going to defer my questioning to Ms. Fischer and go after her. Thank you.

Chairman LEVIN. Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman and Ranking Member.

Thank you, Mr. Secretary, for being here today. General Dempsey, Mr. Hale, I appreciate it very much.

I would like to follow up a little bit on Senator Sessions' question there about the commitment to the triad. And you all agreed that you have a firm commitment to the triad. Is that correct?

Secretary HAGEL. Yes.

Senator FISCHER. General Dempsey, you as well?

General DEMPSEY. Yes, Senator.

Senator FISCHER. And do either of you see any reason to abandon that commitment in the foreseeable future?

Secretary HAGEL. No, I do not see a reason to abandon it.

General DEMPSEY. Nor do I.

Senator FISCHER. Thank you.

I ask this because, Secretary Hagel, last week you were speaking and testifying before the House Armed Services Committee, and you discussed your office's request for funds to perform an environmental impact statement related to the ICBM missile wings. What is the EIS examining?

Secretary HAGEL. Well, as you know, Senator, in the National Defense Authorization Act, we were instructed to examine possible ground-based locations on the East Coast to supplement the two that we have on the West Coast, Fort Greeley and Vandenberg. And we are conducting environmental impact statements to examine those at the direction of the National Defense Authorization Act.

Senator FISCHER. Are you looking at any partial shutdowns at all?

Mr. Hale, did you have a comment you would like to put in?

Mr. HALE. I think you are referring to the EIS at the three missile wings. Is that correct?

Senator FISCHER. Yes.

Mr. HALE. There I think we are looking at ways to accommodate the New START treaty's drawdown and looking at all options. But as the Secretary just said, no decisions have been made.

Senator FISCHER. It is my understanding that leadership in the military consistently say that we need to make sure that we have a strong triad and that we need our ICBMs. So why would we be conducting any kind of study looking at possible shutdowns?

General DEMPSEY. As Mr. Hale said, Senator, we have to get to New START levels. So we have to look at the triad. And the two places that are likely to be adjusted are either submarine-launched ballistic missiles or intercontinental ballistic missiles. And so the EIS is looking at the impact of that.

But we are already on a path where we have to achieve New START levels by, I think, 2017.

Senator FISCHER. Would that include keeping some of the silos warm?

General DEMPSEY. It could, Senator. That is partly the purpose of the EIS, as well as the Nuclear Posture Review that we have been conducting for some time.

Senator FISCHER. Are you looking at any other missions with regard to EIS, besides the ICBMs?

General DEMPSEY. Meaning some other use for those silos? Yes. We are looking at the entire spectrum of possibilities.

The problem with keeping a silo warm is that it causes concerns in our compliance with New START. So we have got to work through all that, but we are looking at the entire spectrum of possibilities.

Senator FISCHER. Does that include shutting down any of the missile wings completely?

General DEMPSEY. Decision to be determined, but generally speaking at this time, we do not believe so.

Senator FISCHER. And what is the cost of the evaluation? Do you have any idea on that?

General DEMPSEY. I do not, Senator.

Mr. HALE. I am going to have to give you that for the record. I am sorry. I do not have it in my head.

Senator FISCHER. Okay, that would be good.

[The information referred to follows:]

[COMMITTEE INSERT]

Senator FISCHER. Senator Hagel, in your prepared statement, you speak about the curse of human despair and poverty, along with environmental degradation as key threats confronting our military. I guess I was not aware that our military was ever formed to look at those items. Why did you put that in your statement, especially in light of the budgetary concerns that we now have?

Secretary HAGEL. Well, that was included in the list of issues that our military does have to face around the world as we go into other countries to protect our interests. What produces terrorists? What produces instability? What produces uncertainty around the world? That rolls right back on responsibility and obligation of the Department of Defense to protect our interests around the world. And when you have got unstable areas that partly are as a result of poverty, degradation in any way, it adds to the complication of the environment of terrorism challenge problems. So it was not just one issue. I listed an entire inventory, as you know.

Senator FISCHER. How would you try to balance that, though, with the needs of our men and women who are in the service and their need for training, for resources, to make sure that we do not send out a hollow force and they have all the resources that they require to accomplish their mission?

Secretary HAGEL. Senator, that inventory of issues was, as you note from my testimony, an inventory of issues of the global environment that we face today. I mentioned global terrorism, technology, and so on. It had nothing to do with directly making a choice. But my point was when you look at all those challenges that we need to prepare our military for—for example, in Iraq and Afghanistan, young Army and Marine captains were doing many things on the ground. They were leading their men and women into combat. They were dealing with tribal leaders. They were dealing with different systems within the village. They were dealing with social issues. So it all does have an intersection and a confluence as to how we train and prepare all of our people.

Senator FISCHER. And with the sequester and the limits that we are going to have on the Department's budget, are we going to be

able to continue to train our military so that they can address that very wide range of issues that you listed?

Secretary HAGEL. We are going to have to continue to train our military to be prepared to deal with every eventuality, every contingency, every option. And that is how we prepare our military. It is how we prepare any institution's leaders.

Senator FISCHER. So as you look ahead to that \$52 billion in cuts that are not a part of the budget that you presented but yet are required under the sequester, do you have any idea at this point at this hearing on what you would suggest that we are able to cut and still maintain a fighting force that is well prepared?

Secretary HAGEL. Well, I would refer you back to the comment I made in my statement, and General Dempsey has noted, and my response to Senator McCain on this question. That is one reason—not the only but it was certainly an important reason—why I directed the Strategic Choices and Management Review to prepare all of us, the Pentagon, all our forces, to deal with that \$52 billion that may well be coming. That, as you note, is reality. That is law, and it may get worse. It may be another \$500 billion over 9 years. So within that review, Senator, then we will have to come up with ways to deal with this reality with this current law.

Senator FISCHER. And within your review, would you also list what you deem as priorities that cannot be reduced?

Secretary HAGEL. Well, that is the whole point of it because it is a matter of, as I have noted here, others here, a prioritization of our resources, but mainly it has to begin with what is our main responsibility. The main responsibility we have—I have as Secretary is the security of this country.

Senator FISCHER. Thank you, sir.

Chairman LEVIN. Thank you, Senator Fischer.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman.

General Dempsey and Secretary Hale, thank you, obviously, for your service. And Secretary Hagel, welcome back to this committee.

Secretary Hagel, I wanted to ask you some questions about the furloughs. The Navy is reporting that with the recent passage of a defense appropriations bill, that it does have the financial resources to avoid furloughing the 200,000 Navy and Marine Corps civilians, including thousands from my home State of North Carolina. However, recently a Pentagon spokesman stated that the current plan is to implement civilian furloughs with rough consistency across the Department.

So I remain committed to replacing sequestration with a balanced, long-term approach that can give certainty not only to the Department of Defense, but to the Department, to businesses, and obviously, the men and women serving our Nation. And until this problem is fixed, I am concerned about any unnecessary furloughs.

While there would be some short-term savings by furloughing civilian employees, those savings would be outweighed by the longer-term drop in readiness. For example, delaying maintenance like that performed at FRC East at Cherry Point would likely result in additional cost when the backlog would be eventually addressed.

So, Secretary Hagel, do you plan on furloughing civilian workers even if it is not financially necessary? And how does the Department plan on approaching furloughs?

Secretary HAGEL. Thank you.

First, you know that when we notified Congress, appropriate to the law, that we are considering furloughs, which we have done, at that time we were looking at the possibility of a 21-day furlough. We have since announced, as we have tried to bring this down and manage it, that we think we are at 14. We have also said if we have to do this, it could be less.

But that said, to answer your question, we are examining all of this very, very carefully for the reasons you mentioned. That would be one of the last options that we would want to take for the reasons you mentioned and more.

We believe within 2 to 3 weeks, we will have an answer to this. There could be some better news; there could not be some better news. But we are dealing with a balancing here of where do you get the cuts in order to, as you have said—we discussed this morning—maintain readiness and do the things that we have the highest responsibility for, what are our highest priorities. Now, that is not to say our civilian workforce is not a high priority. Not at all. And I think General Dempsey talked about the costs of getting back, and you just mentioned some of the maintenance issues. We are well aware of that. There are no good choices here, Senator, at all.

So we will not take any action on furloughs unless in our collective judgment there is no other way to get around this in order to comply with the law and with our budget.

Senator HAGAN. Thank you. But I would like you to be sure and look at what the Navy has said in response, that it does have the financial resources to avoid those furloughs.

Secretary HAGEL. I am not unaware of that, but let me respond this way. We have tried to come at this in a fair way across the board. Some Services are in better shape than others. I do not think that is necessarily—and I will ask the Chairman to respond to this—meaning one service is better managed than the other. The Army has taken the brunt in Afghanistan. They have had to chew up so much of their budget. That is the way it is. And I do believe—and I said this when I first went over there 6 weeks ago—on this issue and everything, we are going into this together. We are going to come out of it together. And I think that is the wise, smart, and fair way to do this. Some Services on some higher ground with their budget than others. So that is recognizing what you have just said.

Let me ask General Dempsey on the service—

Senator HAGAN. And I would also add the Marines are taking that brunt too.

Secretary HAGEL. That is true.

General DEMPSEY. I cannot improve upon that, Mr. Secretary. That is right. This is an issue of dealing with this as a department, not as individual services.

Senator HAGAN. General Dempsey, let me move to the cyber threat issue. I know we were just talking about that too. And we all know that China, on a huge scale, is routinely hacking into U.S.

Government information networks collecting intelligence and stealing technology. The same is true for our U.S. businesses and academia.

There have been numerous press reports of Chinese cyber operators breaking into industrial control systems. Specific stories indicate that Chinese actors penetrated the control systems of a string of gas pipeline companies to such an extent that they could have freely manipulated them.

So I am interested to know the extent of China's cyber capabilities that could have a more direct impact on our security if we were to find ourselves in a crisis in the future. And although conflicts between the United States and China is a very, very remote proposal, can you address China's cyber capability, if it would allow it to effectively attack our critical infrastructure through cyberspace if it felt compelled to do so, and likewise, your comments on whether you think China would be able to impair our ability to mobilize, deploy, and sustain military forces in the Pacific from a cyberattack on infrastructure that DOD, obviously, depends on to move and supply our troops?

General DEMPSEY. In the time available, let me, if I could, Senator, suggest that we have a longer conversation about this.

But I am concerned about the state and non-state actors and individuals operating in cyber. It is ungoverned space and there are plenty of actors taking advantage of it. We are vulnerable to it. We will continue to be vulnerable to it until we reach agreements both internal to our country and also internationally.

I am going to China, in particular, in the next week or so. You may have seen that Secretary Kerry, when he was there, gained agreement with them to have a cyber working group, and I think that will be a very positive step forward.

But I am concerned about the vulnerabilities in cyber in general, not necessarily pended to any particular country or group.

Senator HAGAN. And whenever I talk about cyber, I always want to talk about the fact that we need to really concentrate on STEM education in our K through 12 and in our university system. I think we need to have a much larger focus and investments in science, technology, engineering, and math because not only does our military need individuals well trained in that field, we are competing with industry right now and so many other factors. And these are the jobs that are going to continue propelling the U.S. as a global super power. So I just want to reiterate the intense need and desire for investments in STEM education.

General DEMPSEY. And I think Duke University would be particularly well placed to lead that effort.

Chairman LEVIN. A very wise answer. [Laughter.]

Senator HAGAN. Many of our North Carolina institutions.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Hagan.

Senator VITTER.

Senator VITTER. Mr. Chairman, because of scheduling concerns, I am going to defer to Senator Ayotte, and then if I could be the next Republican. Thank you.

Chairman LEVIN. If you are here at that moment, you will be the next Republican and then Senator Lee would be after you. And now Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman. I thank Senator Vitter for yielding to me. I really appreciate it.

And I want to thank our witnesses for being here today.

Let me echo what Senator Hagan just touched upon with regard to the furloughs because I had an opportunity to meet with Admiral Ferguson yesterday and he is going to be testifying before the Readiness and Management Support Subcommittee on the Navy readiness posture. And he also informed me that the Navy, in looking at their resources and budget, have come up with a proposal that could end all the furloughs for the Navy and the Marine Corps, including—of course, you think about our shipyards and the important maintenance work done there, particularly at the Portsmouth Naval Shipyard. And one of the reasonings he gave me was—it made a lot of sense to me, having been to the shipyard and talked to certainly the commander there and the workers—that once we get behind on a maintenance schedule, then the entire maintenance of our naval fleet and our submarine fleet gets behind. And so what I was told by Admiral Ferguson is this proposal to end the furloughs he believes would also be cost efficient because of the maintenance schedule issue that will get us behind if we have to furlough the workers at the shipyard in Portsmouth and the other public shipyards in the country.

So I wanted to follow up just to add to what Senator Hagan said, and it is my hope that given that the Navy has said that they are able to do this, that we will follow through because I understand the difficulties and appreciate—and I thank you for serving in challenging times in sequestration. But if we can, obviously, in areas that are very important, such as the maintenance of our submarine and ships not get behind schedule and also keep those workers working, I think that is very, very important.

So I do not know if you have a further comment on that, but I am really hoping that given that they have come up with this proposal, that you will decide to implement it.

General DEMPSEY. Well, Senator, as the Chairman of the Joint Chiefs, it will not surprise you to know that my recommendation—and that is what it is—to the Secretary is that we deal with this problem as a department not as individual services. And I know, for example, that the Army has some real problems at Anniston Army Depot in trying to reset equipment that has been beaten to death in Afghanistan. So every service has their own particular challenge, but my recommendation is we have to deal with it as a department.

Senator AYOTTE. No, I appreciate that. And also, I would hope that as you look at it, you think about, to the extent we can mitigate additional costs we are going to see in the long term like, for example, in a maintenance schedule or even with the reset of equipment, certainly I know that you will look at those issues. And I know that you are in a tough position. But I was encouraged to hear that by Admiral Ferguson the other day and appreciate the decision that you will make. And thank you for taking those priorities into consideration.

Secretary HAGEL. Just to reassure you on it, Senator, as I had noted to Senator Hagan, Mr. Hale spends a good part of every day of his life and his staff dealing with this. This is as difficult a part of this as we have to deal with. I noted that in my testimony. You are right on every count on maintenance and costs and longer-term costs. All those factors are part of it. And we will only take action if really we feel—the chiefs and everybody—there is no other way to get around this.

I would also say, without getting too deep into this, that if we would have to move in that direction of furloughs, there are exceptions as well to those who would be exempt with certain jobs. And then we would have to factor some of what your conversation is about into that as well.

Senator AYOTTE. Good, good. That makes sense so that you can try to prioritize given the challenges. I appreciate that, Mr. Secretary.

I also wanted to ask you if—you said in your prepared statement that our next goal is audit-ready budget statements by the end of 2014. Secretary Hale will appreciate this because I have asked him about this on many instances. But what I really want to ask you is will you meet the law and produce the budgetary statement of audit-ready budget statements by the end of 2014 because it is the law.

Secretary HAGEL. I know it is the law. We are all aware that it is the law. We are committed to do that and to comply with the law. We need to do it whether there was a law or not.

Senator AYOTTE. Good. Thank you. I appreciate that very much.

I wanted to ask about the North Korea situation and in particular interactions, if you have had any interactions, with your counterpart, Mr. Secretary, from China.

And one of the concerns I have had and I know that the administration shares is that North Korea is very dependent upon China for their economic viability, including food, fuel, trading. And in my view, China could end some of the deeply troubling and bellicose behavior that we are seeing from the leader of North Korea. I know we put additional defense assets in the area because we are concerned about the North Koreans.

So if I could get a comment either from Secretary Hagel or General Dempsey about the Chinese, what interactions we have had with them, and how we could encourage them to tell North Korea to knock it off.

Secretary HAGEL. Thank you. I will begin and then I know General Dempsey will want to say something because, as he has noted and he will talk about, he is leaving for China here in a couple of days.

Yes, I have spoken to my Chinese counterpart about this. We spent some time on this issue. He is well aware of the seriousness for them too, the common interests.

As you know, Secretary Kerry was just recently there. I talked to Secretary Kerry Sunday night. He was in Tokyo. He called me and we had a long conversation about it. I will see him today. We will have further conversation about it. Both of us focused on the same issue. We need more help from China here for the reasons

you mentioned. So let me leave it there before I ask General Dempsey to respond.

You are right. We are doing everything we can within our frameworks here to encourage the Chinese to do more. And I think that we are seeing some response to that. This issue is not over. We know that. But I think it is moving in the right direction with the Chinese.

Marty?

General DEMPSEY. I will just add, Senator, you can be sure that is going to be on the top of the agenda when I am in China. And I will be happy to give you a call when I get back.

Senator AYOTTE. I am sure you will come up with a more polite way to say can you tell them to knock it off, but that is what we need.

General DEMPSEY. I wrote that down. I will see if I can fit it in. [Laughter.]

Senator AYOTTE. I appreciate it.

I thank you all for being here and for your leadership.

Chairman LEVIN. General, I think it might be very helpful if you get a Chinese translation of “knock it off” because that kind of directness I think reflects the feeling of every member of this committee, probably every Member of the Senate, that they have an ability—they being China—capability and, indeed, a responsibility to the region and the world to take the action that they are able to take to tell North Korea that their continuing economic support of North Korea is dependent upon North Korea “knocking it off,” however that is translated into Chinese, Mandarin or otherwise.

General DEMPSEY. Senator, thanks, Chairman. I think there is an opportunity to have this conversation in a new way. You know, Secretary Kerry and their leadership agreed on the discussion of a new great power relationship. Well, great powers have great responsibilities, and I think on that basis, we will have a good conversation.

Chairman LEVIN. Thank you, Senator Ayotte, for your plain English. We appreciate that.

Senator Gillibrand.

Senator GILLIBRAND. Thank you for your testimony. Thank you for your service. I am extremely grateful.

I would like to just continue the line on North Korea just for a moment. Obviously, we have extraordinary unpredictability and highly threatened behavior, and we need China to step up to play a leadership role, to apply the kind of serious pressure that it will take to have North Korea refrain from the language and threats that they are making. How confident are you that we will be able to convince China to play this role? And if they choose not to, what recommendations will you make?

Secretary HAGEL. Well, as I said in my parting comments regarding this issue, I think we are seeing some movement in the right direction with our relationship with China on North Korea. I start with the fact the reality is this is a problem for them. And every nation responds in its own self-interest, which is predictable. But we clearly have a common interest here. And I agree with the Chairman’s comment that he just made that we may have some opportunities here, and the way we are approaching it, I think, is the

right way to approach it. As to what happens if things do not turn out right, I think we will have to deal with that at an appropriate time.

But I have some confidence that this is moving in the right direction. It is always a balance of projecting force, which we have done I think wisely and carefully. Diplomacy, economics are involved in this. I think also we realize that they have a new set of leaders in China. So they are going to carefully navigate this, as they should, and I think we are seeing that kind of careful and responsible leadership through this. We need to do more. I believe China needs to do more. But we will keep working at it.

Senator GILLIBRAND. My concern is that we have a lot of assets now moved to the region in response to the threats in order to be prudent. And part of our military exercises in the region may well exacerbate the type of response that we have gotten from North Korea. Do you imagine that if we can engage China appropriately—and obviously, China has every interest in the world to engage on this appropriately. Do you think it would change our long-term strategy for how we respond in the region?

Secretary HAGEL. We have interests and we will continue to have interests in the Asia-Pacific. We have had and that is, obviously, part of what was behind the President's decision to rebalance in our defense strategic guidance. And I agree with that, and I think that was an appropriate rebalancing.

Our allies in that area are critically important. Allies are always important, but I think as we sail into an even more complicated 21st century where military action alone is not going to make the decisive moves that will bring about the conclusions and accomplish objectives that we want, we are going to have to work with allies. We are going to have to continue to prepare and build up our allies.

Obviously, China is a hugely important country. It will continue to be. We have a relationship with it that is one of competition, one of cooperation, and in some cases, one of collaboration where we find common interests.

So, yes, it has a lot to do with the future and our role.

But I do not think there is any mistake that anyone should make that the United States is not going to be in the Pacific and Asia for a long time. Our interests are clearly there. We have strong alliances there and friends there.

Senator GILLIBRAND. Along the lines of sort of long-term strategic planning, as we consider these kinds of threats, we also have to consider nonstatic nuclear-equipped states that have capacity to launch threats from other locations. Have you thought about whether we need an East Coast missile defense system and site? What role do you see EADS playing in ensuring domestic security against a nonstatic nuclear-equipped state?

Secretary HAGEL. We discussed this a bit in the latest exchange with Senator Fischer, and others have asked this before.

As you know, we are involved now in a study directed by the National Defense Authorization Act which we are undertaking now. We have not come to any conclusions. That, of course, as we know, is a part of a review and a study. We will present those reviews and conclusions.

So I could not give you an answer now, Senator, on whether I think we need an East Coast site or not.

Senator GILLIBRAND. We can continue that dialogue.

Secretary HAGEL. We will.

Senator GILLIBRAND. For the last minute, I would like to turn to cyber. I know, General Dempsey, you have testified already today that it is very important for the defense budget to expand our cyber capabilities. I believe that an attack on our infrastructure is a threat that we cannot take lightly, and I appreciate that you believe you do need some legislative support to amplify the President's executive order.

One piece of legislation I have been working on with Senator Vitter is to create and leverage a cyber guard. Basically it would allow the capacity of the National Guard and Reserve to have expertise outside of the military to leverage that expertise to the benefit of our national security. Is that something you have thought about? Is it something that you would be willing to work with me on?

I have talked to some of the Service Chiefs already and I have gotten a positive letter back from General Alexander on the topic. But I would love your thoughts.

General DEMPSEY. The short answer is yes. I think we need to take a total force approach, which means we need both active and Guard involved. And I am familiar with the direction you are moving. Anything that Keith Alexander tells me I generally agree with.

Senator GILLIBRAND. Thank you. Thank you again for your service, each of you.

Chairman LEVIN. Thank you, Senator Gillibrand.

Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman.

And thanks to all of you for your service.

With regard to the budget, the big threshold frustration a lot of us have is that it is 2 months late largely, we were told, because of dealing with sequestration and planning about sequestration. And then we get it 2 months late and it ignores sequestration. Do you think that is a responsible or a helpful approach to ignore what is clearly part of the law and give no guidance about how you would deal with sequestration even in fiscal year 2014?

Secretary HAGEL. Senator, thank you.

My answer would be this. As I noted earlier this morning, a \$600 billion enterprise just does not slam together a budget. It is a year-long process. And before I got to the Department of Defense, it was pulling together that budget and it was predicated on what the President's numbers were, numbers that we were given from OMB.

Second, I noted this morning—and this is in no way a defense of us being late, but the House and Senate resolutions for the Defense Department budget were essentially the same as the budget we are presenting.

I recognize—we do recognize—that sequestration is the law of the land, the reality, and that is why I have asked essentially for the review to prepare this institution to have to deal with the law of the land as it currently is, as you have noted, sequestration and beyond.

Senator VITTER. I appreciate that.

Let me just point out that, obviously, sequestration started recently, but it was enacted—that possibility was enacted in mid-2011, and then mid-2012, Congress affirmatively said start planning for it, show us that outline. So it is not as if it was a complete surprise a few months ago.

But given that planning, when we will see your budget, if you will, taking account of sequestration, at least for fiscal year 2014?

Secretary HAGEL. Well, as I have said to Senator McCain, we are working on it now. We have had to adjust. We are adjusting to 2013. At the same time, we are also looking at the reality of taking another \$52 billion cut for 2014.

And again, I go back to why I asked institution for the review, due the end of May, so we can understand better what our choices are, first what our priorities are, what are the obligations and responsibilities of the Department of Defense first. Then we look at that reality of what we are going to be dealing with. And from that, then comes the numbers and how we prepare to make that cut.

Senator VITTER. And will that yield and outline a budget given to us, given to Congress that takes into account that number at least for fiscal year 2014?

Secretary HAGEL. Well, I do not think we are talking about sending up a new budget, but we are certainly working with the Congress and the appropriate committees on how we intend to go forward.

And let me ask the comptroller if he wants to add anything to this.

Mr. HALE. Nor would I expect we would send up another budget and provide information—

Senator VITTER. I do not want to get bogged down in semantics, but the point is when will we see your recommendations about how you would deal with those numbers starting in fiscal year 2014.

Mr. HALE. I mean, I think it would be sometime after May 31, but we need to give the Secretary time to review it.

Senator VITTER. But we will see that sort of proposal, whether you want to call it a new budget or whatever you want to call it. It does not matter.

Mr. HALE. I assume at some point, if the Secretary agrees, that we would share it with the Congress.

Senator VITTER. Mr. Secretary, would you share it with Congress?

Secretary HAGEL. Well, we will have to share it with Congress because, as I said in my opening statement, Congress is a partner here, and we have to let Congress know and work with Congress on how we intend to do this, to accomplish it.

Senator VITTER. Well, I think all of us feel like the sooner, the better and the more specific, the better because you all are the experts about these things far more than we are. So we would like that leadership and that guidance to continue that discussion in a productive way.

The second point. Even ignoring sequestration, the President's New START funding commitment is not kept in fiscal year 2014, \$300 million short. Now, as you know, these were very specific commitments related to the passage of that treaty, the ratification of that treaty. There were a lot of discussions in the Senate about

that, very specific discussions, and it is underfunded a couple years later, a year and a half later.

How is this going to be corrected? If it is not, what are we to take away from that experience? Very specific commitments are made in the discussion about ratification, and a very short time later, they are not kept. And that does not even account for sequestration.

Secretary HAGEL. I am going to ask the comptroller to talk specifically about the numbers.

But let me address it this way. The President is committed to carrying out the law. I am committed to carrying out the law and the commitments that the President made with the new treaty, as I noted here in an earlier conversation. The safety, security, reliability of our stockpile, the funds required to do that, the commitment to triad, some of the discussion we have had this morning are all part of that. And we will do that and we will continue to do that.

Now, your question about the \$300 million. Let me ask the comptroller to address it because there are some savings that we realized in some other areas as well.

Mr. HALE. I am going to need to get with your staff and get more information on the \$300 million.

Senator VITTER. We can follow up with that.

But my concern is a pretty simple one. Again, a lot of discussions about this related to the ratification of the treaty. Then the treaty gets ratified. Then the funding commitments are not kept a very short time later. And it has nothing to do with sequestration because the budget does not account for sequestration. So the lesson I would draw from it is do not believe anything you hear when an administration, maybe any administration, wants a confirmation because it evaporates 3 months after the ratification happens.

Mr. Secretary, you have suggested a new BRAC, and I think you have suggested an upfront cost of \$2.4 billion. I would suggest that Congress broadly does not have a big appetite for anything with a significant MILCON upfront cost. But I am also concerned that that \$2.4 billion just seems on a different planet from the last BRAC where GAO has said the first 5-year cost was \$35 billion. So how do you jibe all that?

Secretary HAGEL. Well, there will be no BRAC without the authorization of Congress, as we know.

I am going to ask the comptroller to deal with the specific number because we talked about it earlier this morning.

But I will respond this way, as I have already done. When you look at the infrastructure required, as we are bringing down our troops, reducing 100,000, we are unwinding from two wars, reducing responsibilities, commitments around the world, a different kind of a structure that we are dealing with now, funding now, preparing our forces for, that is also going to require less inventory and infrastructure. We are doing that in Europe now. We are going to continue to do that in Europe and around the world.

It is my thought and I think the President's thought that we need to look at our infrastructure here. Do we have excess capacity? The GAO report and the 2005 study showed that we did have about 25 percent excess capacity.

Now, as I said in my statement, it is going to come at some upfront costs, of course. But let me stop there because the 2005 BRAC versus what we are talking about in 2015 is different in certain ways which do account, I think, for the numbers that you asked about.

Chairman LEVIN. I wonder, Senator Vitter, because we have asked for that detail for the record, whether that might be satisfactory in terms of the time.

Senator VITTER. Okay, that is fine. Thank you, Mr. Chairman.

Chairman LEVIN. Would that be all right? Thank you, Senator Vitter.

Mr. HALE. Mr. Chairman, may I at least just reiterate we are not going to do 2015 the way we did 2005. It will be much more focused on closing and therefore the costs will be lower and the savings quicker. We are getting \$12 billion a year from BRAC. We cannot afford, in my view, not to do this because at some point 4 or 5 years from now, we will be having this same conversation and we need those savings.

Chairman LEVIN. Senator Vitter, they have committed to provide for us for the record that \$12 billion figure, what the basis of it is. Earlier they said it was from all the BRAC rounds not just from the last one. But we still are demanding that we see the data that supports that allegation.

Senator VITTER. It seems to me upfront MILCON costs are not adequately weighted into that the way I think they should be, given the fiscal situation and Congress' lack of appetite for upfront MILCON costs.

Chairman LEVIN. Thank you.

Senator INHOFE. Let me just comment. You were not here when I asked my questions, and that was my concern too. And of course, we will look and see. We have not seen a product yet, so we do not know what we are talking about. I suspect, though, it is going to be very similar to what we faced in 2005, and I know that they all said at that time, no, this is not going to happen this time. But it did and the costs were far greater than they anticipated prior to the 2005 round.

Chairman LEVIN. Thank you.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

And I want to thank the witnesses for being here.

Before I ask you a question, I just want to mention that in half an hour at Arlington National Cemetery, Lieutenant Colonel Don Faith is going to be interred. He was killed in Korea in 1950. He finally came home after 50-plus years in Korea from Washington, Indiana. He served under General Matt Ridgway, was at the Chosin Reservoir when they were overwhelmed by Chinese forces. His superior was killed, and he personally led the breakout of the troops. He was killed there, never came home. Over 50-plus years later, finally came home. They did DNA testing. They finally figured out who the lieutenant colonel was. And in half an hour, his daughter and the men he served with—he is at Arlington right now, a Congressional Medal of Honor winner. And I just wanted to mention his name and keep him in your prayers and thoughts. He is an American hero.

Chairman LEVIN. Thank you for mentioning that, Senator.

Senator DONNELLY. And this would be to Secretary Hagel. The Indiana National Guard—we were just off-ramped—a number of them. And it affected over 1,000 of our National Guard members. We had 570 members who were going to the Horn of Africa this month. 446 members were going to Egypt in June. They are the only ones this has happened to. These two units, less than 6 weeks from being deployed, were off-ramped and they were off-ramped and replaced by Active component forces.

We are willing to take our share of the hit as we move forward on sequestration and on all of these issues. But over 1,000 of these families will lose TRICARE in 4 days. 142 soldiers that reenlisted for these deployments and they were given a reenlistment bonus are being terminated and then being asked to reenlist without any bonus. 60 of these soldiers left their civilian employment and have lost their jobs. Others have had their employers already hire somebody else. They have gone back and their employer said we want to take care of our soldiers, but what do we do.

This has been extraordinarily damaging to the families and to our soldiers. And so, as I said, we are willing to step up and take our hit. We always have been. But there are only two minimal requests that the Indiana National Guard has made to me, and that is just that the units have 180 days of TRICARE. And number two is that the fellows who were promised a bonus get their bonus. The cost of that is less \$1 million. And this is simply a matter of keeping our word. Our people, as we have always said, are central to everything we do. They were prepared for the mission, ready to go on the mission, got bumped on the mission for Active-Duty Forces. And all we are asking—many of them have lost their jobs. Many of them are losing their health care. And so all we are asking is those minimal things, that we be able to do that.

Secretary HAGEL. Senator, thank you.

Let me ask the Chairman of the Joint Chiefs to respond to the entire framework of issues that you noted, the off-ramping of the Guard. I am generally aware of all those activities, but specifically about your request.

Senator DONNELLY. And in particular, these folks were 6 weeks out and had, in effect, basically done the packing, getting ready, canceling leases, getting the family squared away. And these are just two minimal things that they had asked me to talk to you—that the soldiers had asked me to talk to you about and to the General.

Secretary HAGEL. I do not know what our policies are, procedures about these specific issues. I will find out.

But let me ask the Chairman to respond here quickly to your bigger point. But I will look at your last request, and if the comptroller wants to add anything to this, we would welcome him. But we will look at it and we will be back to you on it.

General DEMPSEY. As you say, Senator, these off-ramp decisions are really challenging, active and guard. And of course, the Truman. You know, some people suggested that we off-ramped the Truman to make a political statement. I assure you I would not do that to 5,000 sailors who had the same issues. Families have gone home to live with their parents, terminated leases, sold cars,

stopped education courses. And of course, this issue on the off-ramping of the Indiana Guard.

So you have our commitment that when we off-ramp either because of sequestration—the other reason we are beginning to off-ramp some units is, of course, the glide slope in Afghanistan. We will always have the human dimension of this first and foremost.

We will go back and work on trying to meet your specific request.

Senator DONNELLY. Because I think after these decisions were made, they then said, well, we are not going to do it to any groups less than 120 days before. Well, these folks, in effect, were the ones who were caught in the middle, that 6 weeks out. And so if you could take a look at that, we would be extraordinarily appreciative of it.

And, General Dempsey, in Afghanistan, as we draw down, I am sure you have plans and metrics in place as we are going through this year as well. I wanted to see how we are doing on that, if we are on target, on schedule, and if the transition is moving the way that has been planned.

General DEMPSEY. It is, and we have got what we are calling milestone 2013 coming up later in the spring/early summer where Afghan security forces will be in the lead across the country. And what that gives us, Senator, is two fighting seasons now to allow them to demonstrate their capabilities while in the lead and us in support. And so we will continue to know more and more. We are accelerating enablers. We are talking about how long should we keep the Afghan security forces at 352,000. All of those are factoring into what we will recommend for our enduring presence. The enduring presence number is not in isolation. It is glide slope. It is ANSF capability, how long we keep them at 352,000, how successful are we at providing enablers and these two fighting seasons of experience. So I think we are in a pretty good place right now.

Senator DONNELLY. Thank you very much.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator Lee.

Senator LEE. Thank you, Mr. Chairman.

And thanks to each of you for your service to our country, for all you do to keep us safe. It is deeply appreciated by me, my colleagues, and my constituents back at home.

My first question goes both to Secretary Hagel and to General Dempsey. The former Chairman of the Joint Chiefs of Staff, Admiral Mullen, made a statement in 2011 that people on both sides of the aisle and across America have quoted many times since then, and I would like to repeat it because it is something that I think needs to be repeated often. He said, quote, I have said many times that I believe the single biggest threat to our National security is our debt. So I also believe we have every responsibility to help eliminate that threat. Close quote.

Do you both agree with that statement today when our national debt is significantly larger than it was in 2007—2011?

Secretary HAGEL. I agree with it, yes.

Senator LEE. You do.

Secretary HAGEL. I do, yes.

General DEMPSEY. Yes, I have always pointed out—by the way, I cannot tell you how many times that quote has been read to me. So thanks for reminding me again.

But, look, economics, our fiscal situation, the deficit, the budget are all threats to our security. There are a lot of physical, seen and unseen, threats out there that perhaps are different even from when Admiral Mullen made that comment. So I do align myself with the economic piece of it. But there are just groups out there that also threaten us.

Senator LEE. So you would not necessarily say it is the single biggest threat.

General DEMPSEY. No.

Senator LEE. Okay, thank you.

It is important for us, I think, to remember the President's budget, despite proposing pretty significant tax increases, would still contemplate adding about \$2.5 trillion to the total debt held by the public by the time he leaves office in 2017. And then by 2021, our payments, just our interest payments, on our debt will be larger than our defense outlays.

So it is for this reason that several weeks ago during the Senate budget debates, I put forward an amendment that would prohibit us from getting into a position where we are spending or contemplating spending more money on interest on our debt than we are on defense. I was happy that we got bipartisan support for that, at least narrow bipartisan support. I think we had all Republicans voting for it and one Democrat.

But, you know, the budget that is in the best interest of our National security is one that balances, one that gets to a balance and is able to turn off the sequester by focusing not just on cutting disproportionately out of our defense spending, but on spending as a whole.

To that end and consistent with following up on something Senator Vitter was asking, if the sequester is not turned off—the sequester or some would say that there are spending caps moving forward in the future years covered by the Budget Control Act—will we continue to see budgets that ignore these provisions, that ignore the sequestration provisions? Can we expect budgets like that to continue to be sent to Congress that do not reflect the law, that is, the Budget Control Act of 2011? Secretary Hagel?

Secretary HAGEL. The fiscal year 2015 budget that we will next present early next year will reflect the reality of whatever the situation is. I do not know if between now and next February if the Congress and the President are able to come together with some deficit reduction plan—I know the Congress has worked very hard on it, both parties. The President has. I know everyone was hopeful. But as you suggest, the law of the land is the law of the land, and that is reality. So that will be the budget that is presented.

Senator LEE. Okay, that is great. That is why we were surprised when it did not reflect it this time around, but I am happy to hear that it will reflect the law of the land next time around.

Mr. Secretary, you announced last month the addition of—that 15 additional ground-based interceptors will be deployed to Alaska as a reaction to the provocations that we have had from North Korea. This brings the numbers of GBIs in Alaska to the number

that was originally planned during the Bush administration, I believe, was later reduced by President Obama. I have a question for you about this.

Was the Russian Government consulted or informed that the United States was considering this decision before that decision was made, and if so, when did that occur?

Secretary HAGEL. Well, the answer is not to my knowledge. The Russian Government was not consulted in any way, and that decision, that policy was not decided based on any consideration of the Russian Government.

Incidentally, I would just add that those GBIs also not only are in Fort Greeley, AK, but some are in Vandenberg, California.

Senator LEE. Okay. But to your knowledge, they were not consulted. And if the Department were to decide that additional missile defense systems were needed to be deployed for the protection of the United States, whether domestically or abroad, would the Russian Government be consulted or informed before that decision was made?

Secretary HAGEL. Well, first, I cannot answer for the President. That would be a decision for the President to make. It would, I suspect, have to revolve around treaty obligations we have with the Russians and other issues like that.

Senator LEE. In March, the Russian Government requested that some meetings take place regularly to discuss plans with the European missile shield. Are there any plans for those talks to take place, and if there are plans for such talks, will these include any of our NATO allies as part of those discussions?

Secretary HAGEL. Again, Senator, I do not know about those talks. That would be in the purview of the Secretary of State and the White House. I have not been consulted on any talks or the possibility of what you are talking about.

Senator LEE. Okay. You are not certain of whether there have been talks of those talks, but to your knowledge, there have not.

Secretary HAGEL. To answer your question, I do not know of any conversations about what you suggested about resuming talks on the basis that you laid it out.

Senator LEE. Okay. I see my time is expired. Thank you very much, and thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Lee.

Senator HIRONO.

Senator HIRONO. Thank you, Mr. Chairman, and welcome to Secretary Hagel and General Dempsey and Secretary Hale. Thank you for your service, and of course, we thank the men and women of the armed services and their families for their service and sacrifice.

I would like to commend you and acknowledge the work that you are doing to stop sexual assault in our Services because it has been the subject of a separate hearing of a subcommittee of this committee. And, Secretary Hagel, thank you for your quick action in changing the UCMJ regarding the convening authority's right to overturn decisions—overturn verdicts. And I expect to continue to work with you and General Dempsey on these issues.

I also would like to thank you, Secretary Hagel, for your commitment to a continuing collaboration with the Veterans Administration and Secretary Shinseki to create a seamless transition for the

men and women who are transitioning from active service to civilian life. There are major issues regarding all of that, as you know.

My colleague, Mark Udall, Senator Udall, asked you some questions, Secretary Hagel, about the energy use of the Department of Defense. Of course, given the unstable fuel costs and the rising fuel costs and the impact of fuel costs on budget estimates, as well as the overall fiscal environment, I believe that controlling energy costs across the board, now and in the future, is an important goal for the Department of Defense.

The operational energy implementation plan identified incorporating energy security concerns into the requirements and acquisitions process as one of the targets for the Department to implement. I wanted to get your views on the importance of those goals and how we are doing in making sure that energy use criteria and factors are considered in acquisition planning processes.

Secretary HAGEL. Thank you, Senator.

As I noted in my response to Senator Udall, for me, for our leadership at the Department of Defense, our energy use, our energy sources, our cost of energy are and must be a high priority. That is research and development. It is not just the budget, but it is the security and reliability of our sources of energy. So we continue to put a high priority on those programs. We continue to invest in those programs. As you noted—it has been much of the conversation this morning—we have less money and it appears we are going to have even less money. So we have to balance the resources we have with the responsibilities we have.

But that all said, we are committed—I am committed to continue to follow through on the energy programs that we have in existence that continue to find more reliable, cheaper forms of energy.

Senator HIRONO. And I think that to reiterate, those kinds of energy security concerns should be very much part and parcel of how you analyze various priorities, going to equipment needs, all of those concerns. It should be an across-the-board part of our consideration as we meet our fiscal challenges.

Secretary HAGEL. Yes.

Senator HIRONO. I wanted to turn to, General Dempsey, the military-to-military relationships that we have. And we have been working to engage China in these exchanges, and you are going to China soon. Would you expect that the issue of our rebalance to the Pacific to be a matter of some concern to the Chinese? Do you expect this to become part of the conversation that you have when you are in China?

General DEMPSEY. I do, Senator. I have had some telephonic contact with my new Chinese counterpart, and he has indicated that he is eager to get my views and understand better our intentions, and I am prepared to have that conversation.

Senator HIRONO. And at the same time, to make sure that one of our intentions is to strengthen our communication and relationships with them, because as some of my colleagues have said, China is a very big part of the activities and actions of North Korea, and any stronger relationship we can have with the Chinese would be, I think, a goal to be sought.

General DEMPSEY. Yes. I am committed to that. I am committed to strengthening our relationship with China.

Senator HIRONO. Thank you.

Regarding recruiting, I know that we are drawing down our numbers in our Service. But at the same time, with all the news about the challenges facing our military, the Department of Defense, the cuts, the furloughs, all of that, Secretary Hagel and also General Dempsey, have you already seen an impact of all of this kind of news on recruitment now and in the future?

Secretary HAGEL. I am going to ask the Chairman to respond to that. But as far as I can see and know, I do not think it has yet impacted that recruitment, but the Chairman is closer to it than I am.

General DEMPSEY. And the answer is that we are having no difficulties right now, either recruiting or retaining high-quality, very high-quality individuals.

But here is a prediction, Senator. If sequestration affects readiness and young men who come in to be pilots are sitting not flying or they come in to be seamen, sailors, and they are sitting at dockside and not steaming and they come into the training on tanks and they are parked in the motor pool, then we will have a retention problem. I have actually got that T-shirt. We have done this before, and we did not do it correctly and shame on us if we do it again.

Mr. HALE. I would just add. I worry about our civilian workforce. I do not know. Three pay freezes, furlough potential. I am not sure why anybody would want to work for us right now, frankly. We need to do better. I think there are no problems I know of with 7.8 percent unemployment. But as the economy recovers, I think we have every reason to worry about the ability to recruit good civilians.

Senator HIRONO. Thank you for raising that point because, of course, we have some 18,000 civilians in Hawaii who are working for the Department of Defense and very concerned about potential furloughs and other changes.

Thank you.

Chairman LEVIN. Thank you, Senator Hirono.

Senator Cruz.

Senator CRUZ. Thank you, Mr. Chairman.

Secretary Hagel, General Dempsey, Under Secretary Hale, I want to thank you for being here. Thank you for your testimony this morning. And I want to thank all three of you for your service to this Nation.

As recent events have powerfully underscored, these are perilous times, whether we are speaking of the horrific terror attack in Boston this week or the escalating situation in North Korea. Your service is greatly appreciated, and I thank all three of you for serving on the front lines and protecting America.

The questions I would like to ask focus on two areas: one, financial planning going forward at the Department; and number two, missile defense and our ability to defend the Homeland.

I want to start with there has been much discussion today about sequestration, about that the current budget does not reflect the cuts in sequestration, but I understand that the Department will, hopefully in the month of May, submit a plan to comply with those

cuts. And that presents both short-term challenges and long-term challenges.

In addition, the budget contemplates a renewed BRAC commission process going forward.

I would suggest in the process both of assessing sequestration in the short-term and long-term and in the BRAC process that a significant component of the Department's assessment should include consideration of the degree to which we can reduce our footprint overseas, reduce our bases overseas, reduce our manpower overseas, consistent with the central imperative of protecting our national security.

And so the first question I wanted to ask Secretary Hagel is to what extent is the Department currently assessing, in complying with these financial pressures, our ability to draw down our overseas footprint, reduce bases. I would suggest it is preferable to reduce bases overseas than here at home, if it can be done consistent with national security. And to what extent is the Department engaged right now in that assessment and analysis?

Secretary HAGEL. Thank you, Senator.

Let me also clarify a point you made so there is no misunderstanding. I do not want an expectation that may be inaccurate. I did not say we are going to present a plan by the end of May to the committee on how we are going to deal with sequestration. What I said was the Strategic Choice and Management Review that I asked for was going to come back to me by the end of May, which then we will start making some assessments and decisions based on that, which obviously will affect complying with the law of the land, if we have to. I just want to make sure—

Senator CRUZ. If I may follow up then. Do you have right now an intention for a timetable of when the Department would get back to the committee on its intention and plan for complying with—

Secretary HAGEL. Well, this is evolving, and I have to look at the review that the Deputy Secretary of Defense and the Chairman of the Joint Chiefs are leading, and then we will proceed on that basis. But I do not want an expectation here that is not correct. So that is why I wanted to make sure I understand what is expected.

As to your questions about overseas and overhead and manpower and the other observations you made about how we are assessing what we have to do to comply with these new realities, yes is the first. We have been consolidating and closing facilities overseas for the last few years. We will have a study complete by the end of this year specifically on additional recommendations on closing facilities and consolidating overseas. So, yes, that has been an ongoing, should be. I agree.

At the same time, I think, the President thinks, and the leadership of DOD that we need to also take a look at our infrastructure in this country as well.

Mr. HALE. Can I just add a couple facts that might be helpful?

We have transferred more than 100 sites back to our allies since 2003. There are about 30 more scheduled over the next several years, in addition to any identified by this consolidation. So we have been aggressively looking at overseas infrastructure.

Senator CRUZ. Thank you very much.

General Dempsey, I would like to get your thoughts, in particular, about North Korea, both about how grave a threat the current North Korean situation poses and what is our capacity right now with missile defense to intercept and defend against a hostile launch from North Korea?

General DEMPSEY. Yes, Senator. As you know, there has been some discussion in the intelligence community about whether they have been able to weaponize, but as you might expect, as the Chairman of the Joint Chiefs, we will react to what we think could be the worst case scenario. And so we have postured ourselves to be capable of intercepting and destroying any ballistic missile that would be launched at our facilities or our personnel, and we are postured to do that.

Senator CRUZ. You know, I would note that the President's budget, while not accounting for sequestration, nonetheless cuts \$500 million from missile defense. And in my judgment, particularly given the threats we are seeing from North Korea, the potential threat we have from the Nation of Iran, reducing our commitment to missile defense at this point seems ill-advised. And indeed, our current posture on missile defense is at a minimum of 2 months in that we are right now deploying a THAAD system to Guam and at the same time reinstating ground-based interceptors that have been canceled in Alaska, both of which I think are reasonable and positive responses to the threat we are seeing. And yet, that seems inconsistent with reducing funding for missile defense, and it seems in many ways driven by our enemies rather than a comprehensive, strategic plan for missile defense. And I would welcome the thoughts of either Secretary Hagel or General Dempsey on that issue.

Secretary HAGEL. I think the budget reflects the priorities of our missile defense programs and plans. Missile defense is an essential component of securing this country, the interests of this country. I certainly would never sign off on any budget that would lessen that ability to fulfill that commitment to this country. I think I can speak for the Chairman and every leader in the Pentagon. So it is in my sense that it does comply with our requirements.

I will ask the Chairman if he would like to add anything.

General DEMPSEY. Well, I think in the interest of time, Senator, I think I would be happy to have someone kind of give you a lay-down of the way ahead, you know, what we have done this year, why, and where we think this is all going.

I would also say, you know, ballistic missile defense is an important investment. It can get to be extraordinarily expensive. And so one of the things we have to do is balance defense and offense. I often use the phrase that at some point you have to stop worrying about the arrow and start worrying about the archer. And I would suggest to our potential adversaries that we have not forgotten that we also have capabilities to deal with the archer.

Senator CRUZ. Thank you, General. I look forward to that ongoing discussion. I would thank all three of you for being here.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Cruz.

Just relative to the facilities overseas that are being closed, we do have rules as to the reimbursement to us for the improvements

which we have made in overseas facilities. We just issued a report yesterday, a committee report, which we hope you will take up, showing the failure of the Department to achieve that reimbursement in the way in which it is supposed to be made. And it has been going on too long. Part of it is a failure of oversight, but mainly it is a failure of the Department to enforce our rules relative to reimbursement by our allies for the improvements which we have made in those facilities which we are turning back to them. So that was a report which was released yesterday. It is, I know, on your desks, and we would look forward to your response.

Senator INHOFE. Just one comment about the overseas facilities. As you know, all of us know, in western Europe we had quite a few of them there. And one of the problems that came up is because of some of their environmental controls over there, they are restricting in Germany, for example, our ability to use a live range to so many hours a day and so many days a week. Finally, we had to go in and say, you know, if we cannot train, we are going to leave. And that got their attention. And so I think that we need to use the tools that we have to most efficiently train our people as we are supposed to be doing over there.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator Kaine.

Senator Kaine. Welcome to all of you. Thank you for the testimony this morning.

I am just going to jump right to it. I would like to say a word about sequester, a word about BRAC, and then a comment about Syria.

A lot of discussion about sequester. I agree with what Senator Sessions said earlier. It was a horrible idea. I do have the ability of not having been around when it was put in place. So that makes me very free to criticize, and we never should have allowed it to happen. To make a sixth of the budget, defense, take 50 percent of the cuts, that was foolish. To make one-eighth of the budget non-defense discretionary take 50 percent of the cuts, that was foolish.

And it is important to acknowledge there was an alternative. We had an alternative in this body that had 53 votes. That is the majority of the body that wanted to turn off sequester and do it a different way. That is sufficient votes to pass unless filibuster is invoked by the minority. In this instance, in late February filibuster was invoked by the minority and we needed more than 50 votes. But that is not an automatic. There was a sufficient vote in this body to turn off the sequester that is having, in my view, a very significant and negative effect.

Especially, Secretary Hagel, I do think Senator McCain's suggestion was an extremely helpful one. If there is to be any chance of this Congress, this Senate considering an alternative to sequester—and the sooner, the better—the more people have an understanding about the good faith, most considered judgment of the Pentagon about what is going to be cut if we have to knock that extra \$52 billion off, the more specifics we have about that, the more we look and say, boy, we do not want that to happen. We better come up with alternative. In the absence of an alternative that is so specific and granular and clear, it does not put any pressure on us at this point really to come up with an alternative. So I

would just say that I viewed Senator McCain's suggestion as actually a helpful one.

On BRAC, I worry, kind of, about the sturm and drang of BRAC. So when the testimony this morning said we have done five BRAC rounds and we have saved \$12.5 billion annually—and I look forward to the accounting of that. When BRAC is announced, what happens is that every community that has military assets, whether they are ultimately going to be on the chopping block or not—they lawyer up. They accountant up. They public relations up. There is an economic effect in the community of anxiety and uncertainty that can have its own economic effects. And if we are going to do all that to produce—if it has been \$12.5 billion for five BRAC rounds, if we are going to do all that to produce \$2.5 billion of savings, I really wonder if it is worth the trouble. It is important to lay out potential cuts to deal with these budgetary realities, and so just two examples.

As Governor, I had an \$80 billion budget and in 4 years—you just get one term in Virginia—I cut \$5 billion out of the budget. I did not convene a commission to do it. I sat with a bunch of budget folks and I made very specific reduction proposals, and I gave them to my legislature. And they all, Democratic and Republican, as soon as they say every one—and this was successive rounds—they said I was a heartless dope for everything I proposed. And then after they spent a bunch of time going through everything I proposed, they ended up approving 90 percent of what I proposed. That was a regular order process. By doing it that way, I did not make every last person or every last community in Virginia by announcing the BRAC round or something like that think oh-oh, we have got to lawyer up and lobby.

And so the one thing I would just encourage to you and encourage to my committee members—and I know Senator Inhofe had some concerns about the 2005 BRAC—is whether that is—we are dealing with the need to make some challenges. But whether a BRAC round really is the best way to reduce costs, when you add in the anxiety it creates, and you add in the economic effect of that and all the external transaction costs that it generates, is a BRAC approach the best way to reduce costs?

After the last BRAC round, your predecessor—one of your predecessors, Secretary Hagel, Secretary Gates, reached a conclusion that a particular mission in Virginia, Joint Forces Command, JFCOM, was probably not the best expenditure of money. That was, as I understand it, a jointness effort that might have been inspired by an early Secretary of Defense. I think Secretary Gates said, hey, if the Joint Chiefs of Staff have offices near each other in the Pentagon anyway, why do we need a separate Joint Forces Command in Norfolk. He did not do a BRAC. He just said I am not sure we need this, and he put on the table let us get rid of JFCOM.

The local community and the congressional delegation came forward and said we think this is a bad idea, and they laid out a case. And they reached an accommodation where essentially the JFCOM structure was removed, but some of the military missions that were being provided in Hampton Roads continued to be provided and there was compromise. And that was done not in a BRAC process

but with DOD laying down we think we should get rid of this and then Members of Congress saying we think you are wrong and then a compromise being reached.

And I would just recommend that as a potential way of thinking about it as an alternative to BRAC because BRAC will produce a whole lot of sturm and drang, and if it is going to do that and it is going to produce a \$2.5 billion savings which, by my quick math, is—you know, \$2.5 billion out of \$585 billion is about .6 of 1 percent of a savings, and that is what it is going to produce. I am not sure that the BRAC process and all the drama associated with it is worthwhile. And so I would just commend you to ponder that.

The last thing. I just want to say a word, Mr. Chair, with your permission about Syria. There will be additional discussion of Syria this afternoon. But there is a competing SASC hearing on the personnel aspects of the NDA proposal, and I am on Personnel and I think I am going to do that.

I am on Foreign Relations. We are spending a lot of time talking about Syria. And I have some sympathy with Senator McCain and others who said we need to explore the recommendation potentially to go from non-lethal to lethal assistance and what would be the conditions. My concern about Syria right now is this, that it looks more and more sectarian, that Assad as an Alawite and with a military that is—about 70 percent of the military leadership is Alawite. It is becoming sort of a death struggle for the Alawite community which is about a sixth of the population. If they believe that the only outcome of this is likely going to be whether they survive or whether they are purged as that community, then this will be a fight to death whether we offer lethal aid or not.

And I know one of the factors that must weigh in very heavily on any decision about whether to provide aid is what is the character of the opposition. Can we trust them? Will the weapons end up in the wrong place? If the opposition can do things that will bring Alawites into the opposition and convince the Alawite minority that it is not going to be a purge against that ethnic group, that would also have the effect of diluting the jihadist elements of the opposition and would probably give us an opposition that we could have more trust in.

In your tiering, General Dempsey, of non-permissive, permissive, or collaborative—and there is another tier in there—hostile, non-permissive, permissive, collaborative. Efforts that we would undertake to assure that the character of the opposition included members of the Alawite minority so that Alawites would not fear an ethnic purge in the aftermath of a conflict, that would make our decision easier. That would make the cost less. That would make the consequences less severe.

And so, you know, I would just put that on the table as part of the discussion of Syria. I am sure I have not said a single thing that you all have not thought five steps down the chessboard on, but for purposes of my committee members and others, I just wanted to state that.

General DEMPSEY. Thanks, Senator. We would be happy to have you put a chair right here and testify with us this afternoon.
[Laughter.]

Secretary HAGEL. Senator, thank you.

I listened very carefully to all three of your main points, and you make a lot of sense. So we will take all of your points under advisement.

Mr. HALE. Can I briefly add on BRAC? There are specific laws that stop us from closing bases above a certain level. JFCOM fell just under those or through exceptions. I am not sure it would work.

And \$2 billion a year for 10 years is \$20 billion. I do not know. It sounds interesting to me. I think we have got to think about it.

Senator KAINE. I am not against the \$2 billion. I am just suggesting you might be able to find a way that will create less drama.

Chairman LEVIN. Well, one of the things that Senator Kaine referred to has to do with the lawyering up and getting other kinds of consultants just by the mention of the possibility of BRAC, and I would urge our constituents not to start lawyering up and hiring consultants because it has got a long, long way to go before Congress approves another BRAC round. I think the implied suggestion of Senator Kaine is wise.

Second, I hope you did not suggest, Mr. Secretary, that Congress, both the Senate and the House, and the President did not comply with the law in your budget request. The Budget Control Act made certain requirements in order to avoid sequestration. The President did it in his budget. He avoided it in a way which is very different from what the House did. The House avoided it in a very different way from what the Senate did. Hopefully now the House and the Senate will get together and adopt a joint budget.

But in any event, I hope that you did not mean to imply in any way that the three budgets that are now out there are not in compliance with the Budget Control Act and I hope you did not mean to imply that your budget—these 2013 budgets are not in compliance. They do it in different ways. One has greater focus on cuts. One has greater balance of cuts and revenues. One has a greater balance yet on additional revenues. But they are I compliance, are they not, all three of them?

Secretary HAGEL. Yes. And I did not mean to imply that. My point in bringing that up was in reference to somehow—at least I interpreted some implication that the President's budget was somehow out here in the ether. And in fact, all three budgets were pretty closely aligned but not at all to imply that they were not complying with the law.

Chairman LEVIN. As I said before when Senator McCain made his comments, I agree with what Senator McCain said and what Senator Kaine just said. And I said it before. It will be helpful to us to avoid sequestration if you can get to us as quickly as you can the details, some of what the specific impacts would be if we do not avoid sequestration.

Secretary HAGEL. And we intend to do that, as I said. But at the same time, we wanted to make sure whatever we come up here with we can defend and make sense. And that is why I referenced the review, and until we get that review—and then go forward. I agree with that. I got it.

Chairman LEVIN. Senator Graham has shown up either just in time—

Senator GRAHAM. I will be last and certainly least.

Secretary Hagel, I want to congratulate you and the administration for, I think, a responsible handling of North Korea.

Very quickly—you have probably beat this to death, but I think 2013 is going to be a major year for national security issues.

General Dempsey, do you believe if we do not deal with the Iranian nuclear program between now and the end of the year, we are probably in trouble one way or the other?

General DEMPSEY. I have been disappointed about the progress, and I think that the urgency will only increase.

Senator GRAHAM. As I understand it, as we have been negotiating the P5 Plus 1, our intelligence tells us that the level of enriched uranium has gone up during the negotiations, not down. Do you agree with that?

General DEMPSEY. There has been a pattern of it going up and then transitioned into oxide to stay below what they think would be the threshold.

Senator GRAHAM. But the information I have received is that the amount of enriched uranium has actually increased over the last 6 months.

I very much support sanctions and a diplomatic resolution to the Iranian problem.

Secretary Hagel, when it comes to Afghanistan, I think you are still making an evaluation. Is that correct?

Secretary HAGEL. When you say “evaluation”—

Senator GRAHAM. Post-2014.

Secretary HAGEL. That is right.

Senator GRAHAM. Do you agree with me that the Iranians are probably watching us on multiple fronts in terms of our resolve?

Secretary HAGEL. Yes, I do and I have said that publicly, not specifically about the Iranians, but we have a global audience.

Senator GRAHAM. And that is why I am just so upset, for lack of a better word, that we would pick now of all times to basically gut our military.

Do you agree, General Dempsey, this is a time of great national security risk, that we live in pretty dangerous times?

General DEMPSEY. I do.

Senator GRAHAM. Well, from a GDP point of view, we are on sort of the low end of defense spending in time of conflict. Is that correct, Secretary Hagel?

Secretary HAGEL. We are. And General Dempsey and I were talking about this the other day, the ups and downs. But you are right.

Senator GRAHAM. Well, it is not that we cannot reform our Pentagon and reduce spending. We have \$489 billion and maybe there is some more to do. But \$600 billion, I will agree with both of you, will make us a hollow force at the time we need it the most.

So I would just urge you, as you meet with the President—there is a lot of bipartisan support for the idea that it is unacceptable for the Iranians to get a nuclear capability. There is no good ending to a nuclear-armed Iran. Our friends in Israel, our Sunni Arab allies—it would just take the whole region and throw it into chaos. Do you agree with that assessment, General Dempsey?

General DEMPSEY. I do.

Senator GRAHAM. So we are at a critical time.

How would you evaluate the security situation in Iraq, Secretary Hagel, at this point?

Secretary HAGEL. In Iraq?

Senator GRAHAM. Yes, sir.

Secretary HAGEL. Well, obviously that is a country still dealing with internal issues, and I think they are, unfortunately, playing out in some sectarian ways, al Qaeda. And they still have difficult challenges.

Senator GRAHAM. It seems to me that al Qaeda in Iraq is on the rise and their political process is sort of frozen.

When it comes back to Afghanistan, I know it is a frustrating country. And I think the detainee agreement you have negotiated is a good one. I think it really resolves the issues in a good way for us.

So my question really is, is now the time, given all the things going on in the world, to really be engaged in sequestration?

Secretary HAGEL. Well, Senator, I wish we were not. I am right with you on this. But as I have been constantly reminded all morning, it is the law of the land. So we have a responsibility to deal with that law and that reality.

Senator GRAHAM. And the people who made this law, as Secretary Panetta said, a dumb law—I think we have ability, if we choose, to replace it. It is not that I do not want to put us on a sound financial footing. I just do not want to destroy the military in the process.

So between now and the end of this year, we have got to deal with Syria. And we are going to talk about that in more detail. We have got to deal with how we end the war in Afghanistan.

General Dempsey, what would winning look like in Afghanistan? Do you agree with General Dunford—his definition of winning?

General DEMPSEY. Yes, I do, Senator.

By the way, let me thank you personally for your help on the detention issue.

Senator GRAHAM. You all found a good resolution to a hard problem.

What would losing look like in your opinion in Afghanistan?

General DEMPSEY. I think that the inability of the central government to control its urban areas and arteries. As well, I think it would be a loss if we did not have a long-term relationship with them.

Senator GRAHAM. Is morale being affected by this uncertainty we have created in the budget process?

General DEMPSEY. Absolutely.

Senator GRAHAM. The Chairman of the Joint Chiefs of Staff has just told this committee—all of us care about the military—that we are hurting morale by not having a better budget solution. I hope we will take that to heart. Thank you for your honesty.

Secretary Hagel, what would you like to see the Congress do this year, if you had a two- or three-item wish list, to help you confront the threats that we all face?

Secretary HAGEL. I would start with some certainty on dealing with sequestration on a budget. And if we could get that, as we have said this morning and I think particularly the Chairman's comments—I noted it to some extent—it would give us, Senator,

the time, the flexibility to do what we need to do to adjust to the realities that we are adjusting to as we unwind from two wars and all the consequences that come with that. That would be my main priority.

Senator GRAHAM. And I would end with this thought. There is an al Qaeda element on the Pakistan side of the border that we have been dealing with. Is that correct?

Secretary HAGEL. Yes.

Senator GRAHAM. The drone program has been pretty successful.

Secretary HAGEL. It has been, yes.

Senator GRAHAM. The infrastructure that we have in place to identify al Qaeda movements in Pakistan and Afghanistan and to neutralize their ability to hit us—I hope we do not dismantle that. As we wind down the war in Afghanistan, I hope we realize that this is the place we were attacked from, that al Qaeda still exists in that region, and that a stable, secure Afghanistan would be a tremendous win for us and our war on terror. I look forward to talking to both of you about troop levels, keeping the Afghan army at 352,000. I think this will be one of the most important decisions the President makes in his second term.

Thank you all for your service.

Secretary HAGEL. Thank you, Senator.

Chairman LEVIN. Thank you, Senator Graham.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

Thank you both for being here and thank you for your service to our country.

I want to begin by following up one of the questions that was asked earlier concerning sexual assault. I understand that a report was under preparation, expected to be delivered at the end of March, regarding potential changes and recommendations. And I know that you have answered a number of inquiries regarding sexual assault at this forum. But I wonder if you could tell us whether that report has been received and whether you can commit to providing it to us.

Secretary HAGEL. Thank you, Senator.

That request of the Office of General Counsel, as well as the Office of the Secretary of the Air Force, was given to me. And one of the requests was to give me their thoughts on recommendations on how they believe section 60 of the UCMJ should be amended. They did. I accepted those recommendations. We are now moving forward on working with our counsel to draft legislation that we would ask the Congress to look at and propose changes to section 60. We announced this about a week ago.

Senator BLUMENTHAL. And is that report available?

Secretary HAGEL. It is not exactly a report. It is recommendations, which I will get back to the General Counsel's Office and ask them.

Senator BLUMENTHAL. If you could provide them to us, I would appreciate it, Mr. Secretary. Thank you.

[The information referred to follows:]

[COMMITTEE INSERT]

Senator BLUMENTHAL. I want to turn now to an area that I think is very important to our National security, our submarine building

program. You and I have talked about it at various points, and I believe that the President's budget envisions continuing to build two submarines a year, both in this fiscal year and going forward in the next. And I assume that you share his apparent view that submarines are more important than ever to our strategic security.

Secretary HAGEL. Yes, I do.

Senator BLUMENTHAL. And on another issue that has not really been covered, the Joint Strike Fighter, I wonder if you could bring us up to date as to your views regarding what I view as an essential platform for our air superiority.

Secretary HAGEL. Well, you know the background and the problems and the issues. So I will not traverse that territory.

I met with the director of the F-35 program 2 weeks ago and asked for a report. He spent a couple hours with me.

It is my assessment that we are making progress. We are getting to where we need to be. We are not there yet. Our partners, our other allies, who went in with us on joining us in procurement of copies of the 35, are essentially hanging with us on this. They have delayed—most of the countries—on their orders. But the program is moving forward. I think it should. We put a lot of money in it. As you know, it is the largest acquisition program we have ever had, but I do think overall it is the answer for our Services.

Senator BLUMENTHAL. Well, I appreciate that.

General Dempsey.

General DEMPSEY. If I could just add, Senator. First of all, on submarines, I mean, they are truly our asymmetric advantage globally. No one—no one—comes anywhere near our capability beneath the sea, and I think we have got to keep those asymmetric advantages prominent.

On the Joint Strike Fighter, I happened to meet the Marine Corps lieutenant colonel who is running the operational squadron of the B variant down in Eglin. And I was kind of open-minded to hear whether he thought it was good or bad. I mean, I am a ground-pounder. So I did not have any predisposed notions. But I am telling you he convinced me.

And I will say this. We have not been attacked from the air since April 15, 1953. And I am not going to be the Chairman on whose watch that is reversed. So I am an advocate.

Senator BLUMENTHAL. I deeply appreciate both of your views on both submarines and the Joint Strike Fighter because I strongly share the commitment to those programs not only because they are stealthy, strong, and asymmetric, but also extraordinarily versatile, speaking about the submarines, and of course, the Joint Strike Fighter is, in my view, the linchpin to our air superiority in defending against the kind of aggression that you have just alluded to many, many years ago. So I thank you both for those answers.

Mr. Secretary, one of the reasons that I was so proud to support you and so grateful that you have been confirmed is your commitment to the well-being of our troops. And on health issues and health care, on their well-being while they are in service, but also I think you share my view that more needs to be done to enable and prepare them for lives after their service, particularly concerning employment and skill training. And I know that the minute-plus that I have left here will be absolutely inadequate to

an answer on this score from you and General Dempsey, but perhaps you can just give us your view as to how we are doing and where we should go in terms of preparing the men and women, particularly many of them who are going to leave the service in the very near future for civilian life.

Secretary HAGEL. Thank you.

I will ask General Dempsey for his comments as well.

First, I share absolutely your comments for the reasons you noted. These are young men and women who come forward and serve our country unselfishly with tremendous sacrifices that in most cases they make with their families.

We do have some responsibility here. We have programs now underway that we continue to fund to assist that transition. Can we do more? Yes. Can we coordinate that better? Yes. All the services are in complete agreement on this. No one is more committed than the Joint Chiefs and the senior enlisted and General Dempsey, as I am. So you have my continued commitment on this issue.

Let me ask General Dempsey for his thoughts.

General DEMPSEY. Transition assistance programs are going well. They can continue to be improved upon. They are resourced in our budget submissions. We are working on credentialing across States. As you know, there are initiatives to allow welders in the Army and the Navy, Air Force, Marines to be welders elsewhere. Working on the spouses' side as well, working with, for example, career trackers so that right from the time a young man or woman comes in, they begin thinking about transitioning instead of waiting until the last 6 weeks. So I think we get it.

We also know that as we down-size the force, we are going to make the challenge a little more challenging. But we are ready for it.

Senator BLUMENTHAL. Thank you. Thank you all for your testimony here today, and thank you for your service.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Blumenthal.

Senator KING.

Senator KING. Secretary Hagel, welcome. Nice to see you.

One of the advantages of going last is that most of the other questions have already been asked, but I do have one. It is more in the nature of a request.

Yesterday in the Intelligence Committee, we had a briefing by Jim Clapper on the intelligence budget going forward, and he produced a chart which basically showed—it started with fiscal year 2012 and then showed the effects of the first sequester and then the ongoing sequester, the President's budget, and other things that have affected that budget. It was a very powerful chart. And I would ask if you could check with him perhaps—it is chart number 11 in his presentation—and give us a similar visual breakdown of what your budget looks like, including as we now know, the sequester on an ongoing basis. If we do not do anything about it, what does it do?

And I found this information yesterday to be very important because what it shows is real cuts, not cuts to growth, but real diminutions of the amount of funds available. And I think it would be helpful to the committee to be able to see that data as it looks over

the next 10 years, building in different slices. You look at the director's chart and you will see what I am saying.

[The information referred to follows:]

[COMMITTEE INSERT]

Secretary HAGEL. We will, Senator. Thank you.

Senator KING. Thank you.

And just one other quick comment on this whole sequester and budget issue. And I am sure you fellows know this as well as I do. One of the first things you have to do in a situation like this is defer maintenance, but deferring maintenance is not saving. It is just a cost that somebody is going to have to pay in the future. I am sure you agree.

Secretary HAGEL. We do agree.

General DEMPSEY. You actually end up paying more. As I said earlier, even in things like training, it costs less to sustain training than it does to restart it. The same thing with maintenance.

Senator KING. I do not know if you have had this question. I apologize for not being here the entire hearing. But my sense is that this budgetary uncertainty is hurting morale and retention and those kinds of intangible assets that are such an important part of our force structure and our troops' readiness. Is that an accurate statement?

General DEMPSEY. It is absolutely true, Senator. I have a little formula that I carry around in my head that says today's readiness challenges are tomorrow's retention problems. And that always proves true. If you allow readiness to erode, the young men and women who come in to serve and to be trained and ready will not stick around very long.

Senator KING. And that is the essence of the deal is the personnel.

Final question. General Dempsey, you have been involved with two drawdowns, one at the end of Vietnam and once at the end of the Cold War. There was a significant drawdown. Share some lessons from those experiences that you think might be beneficial to us in this situation.

General DEMPSEY. Yes, thanks for asking, Senator, although I am not happy you reminded me about how long I have been serving.

A couple of things. One is the drawdown produced hollowness in different ways each time. The first time, it was manpower hollowness. The second time, it was equipment hollowness. What we are seeing in this one is a readiness hollowing of the force. So although we have learned lessons each time, it has been a little different challenge each time.

And I think we have to be alert for what we are doing this time to readiness. We have incredible young men and women in uniform. So the personnel side of it is good. Our equipment has been recapitalized and reset over time. So equipment is adequate, although it is aging and we do not want to stop modernizing. But where we are really suffering now is in readiness. We are not training to the level we should be training because of sequestration and its mechanism.

And the other factor, in terms of the three different drawdowns, is each time you start from a much lower start point. So I will take

the Army as an example. A million men in uniform in Vietnam, down to 781,000 by the end of the 1970s. You start at 781,000 and you draw down in the 1990s to roughly 500,000. Today we are starting at 490,000. We will be at 490,000 in the Army active as a result of the Budget Control Act 487,000. That is where you start from to absorb sequestration. So each time you start at a lower level. And I think we have got to remember that.

Senator KING. Thank you very much, General, and thank you all for your testimony.

Chairman LEVIN. Thank you very much, Senator King.

Just one quick reference on Senator Blumenthal's reference to article 60. I believe that it is understood that what you are considering are generic changes in terms of the convening authority's power, not just relating to sexual assault. It is a generic change for all—

Secretary HAGEL. Major offenses.

Chairman LEVIN. For major offenses.

Secretary HAGEL. That is right.

Chairman LEVIN. Thank you, and I think that is what we understood.

I think Senator Inhofe has a quick last comment.

Senator INHOFE. Yes. Senator Lee came out and expressed a concern. I do not think you had time to fully develop it. That is, to what degree are we going to be influenced by Russia in our missile defense decisions that we make.

It goes back to the decision that this President made the first year that he was President to pull the rug out from under both Poland and the Czech Republic on the ground-based interceptor. I can remember talking to Vaclav Klaus at that time, and he said, now, we are going to go ahead and do this. It is going to really anger Russia, but can we be sure that you are not going to pull the rug out from under us. And that is what I referred to. And he did in the first year. And I will always think it was a result of his effort to get along with Russia.

Now, you answered his questions about not having that influence. I would call your attention to the—and I am sure, Mr. Secretary, that you have had communication with the defense minister, whose name I never pronounce right, from Russia who said that he wanted to carry on conversations with you as this developed, as national missile defense developed. And so it kind of implies that Senator Lee is pretty accurate in his concern over how much influence that will be over us.

Do you have any thoughts? Do you think you would be willing to talk about it now?

Secretary HAGEL. Yes. Thank you, Senator. A couple thoughts in response.

First, on Poland and the announcement that we had made regarding the phased-adaptive approach. As you know, the Polish and Romanian Government were very supportive of that announcement and what we are doing. And I spoke, incidentally, to both the Polish defense minister and the Romanian defense minister about this.

Senator INHOFE. Well, no. This all happened before you were on board, though.

Secretary HAGEL. No. I am talking about the latest announcement that we made during the ground-based—

Senator INHOFE. Okay. I was talking about 4 years ago, that decision that was made.

Secretary HAGEL. Well, there is nothing I can say about that, but I can say again when Senator Lee asked me the question about this latest decision, which I announced that decision, as you know, the conversation I had with the Russian defense minister was after that decision was made, after that decision was announced. One of the things we did talk about was further missile defense issues, but we talked about a number of things. That was not the intent of the call. But it was after the announcement was made.

Senator INHOFE. Okay.

Chairman LEVIN. Well, I am glad we are not afraid to talk to people and on a positive note.

And we will reconvene in 30 minutes, which will be 10 to 2:00. Thank you.

[Whereupon, at 1:27 p.m., the committee adjourned.]