

**DEPARTMENT OF DEFENSE AUTHORIZATION
OF APPROPRIATIONS FOR FISCAL YEAR
2014 AND THE FUTURE YEARS DEFENSE
PROGRAM**

THURSDAY, APRIL 18, 2013

U.S. SENATE,
SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

THE CURRENT READINESS OF U.S. FORCES

The subcommittee met, pursuant to notice, at 2:38 p.m. in room SR-222, Russell Senate Office Building, Senator Jeanne Shaheen (chairman of the subcommittee) presiding.

Committee members present: Senators Shaheen, Donnelly, Kaine, and Ayotte.

Majority staff members present: Jason W. Maroney, counsel; Mariah K. McNamara, special assistant to the staff director; Michael J. Noblet, professional staff member; and John H. Quirk V, professional staff member.

Minority staff member present: Lucian L. Niemeyer, professional staff member.

Staff assistant present: John L. Principato.

Committee members' assistants present: Jason Rauch, assistant to Senator McCaskill; Chad Kreikemeier, assistant to Senator Shaheen; Marta McLellan Ross, assistant to Senator Donnelly; Karen Courington, assistant to Senator Kaine; and Brad Bowman, assistant to Senator Ayotte.

**OPENING STATEMENT OF SENATOR JEANNE SHAHEEN,
CHAIRMAN**

Senator SHAHEEN. Good afternoon, everyone. Welcome. I'm sorry to be a little late; I'm not quite on military time yet, so you have to bear with me.

At this point, I'd like to call the hearing to order and point out that this is this subcommittee's first hearing of the year. I'm very pleased to be taking over as chair of the Readiness and Management Support Subcommittee and sharing the leadership with my colleague from New Hampshire, Senator Ayotte. I hope—and I'm confident—that we'll continue to lead the subcommittee in the strong bipartisan way in which she and Senator McCaskill did when Senator McCaskill chaired the subcommittee. I'm sure you

will be pleased to know that we will bring you, from time to time, concerns we have from the Granite State of New Hampshire. [Laughter.]

So, that, I'm sure, won't come as any surprise to any of you.

I think it's also important to note that we are continuing the successful partnership of having the chair and ranking member of this subcommittee both be women. I think that's fitting, since New Hampshire is the first State to send an all-female delegation to Washington.

So, we're very pleased to be joined this afternoon by General John F. Campbell, USA, Vice Chief of Staff for the Army; Admiral Mark E. Ferguson III, USN, Vice Chief of Naval Operations; General John M. Paxton, Jr., USMC, Assistant Commandant of the Marine Corps; and General Larry O. Spencer, USAF, Vice Chief of Staff for the Air Force.

So, gentlemen, we very much thank you for coming this afternoon, and look forward to a fruitful discussion. I should say at the start that we also thank you very much for your service to this country and for the job that you do for the men and women who serve under you. Thank you.

The Readiness and Management Support Subcommittee meets today at a pivotal moment to discuss the current readiness of our forces. Our men and women in uniform continue to be burdened by sequestration cuts enacted by the Budget Control Act (BCA) of 2011, which, if they remain in place, as I'm sure you all will testify today, will significantly impact the Services' ability to conduct training and maintenance, and to sustain their readiness.

Currently, the Department of Defense (DOD) will incur several billions of dollars in reductions to its vital operation and maintenance (O&M) budget accounts in fiscal year 2013. As we've learned from our many past Readiness and Management Support Subcommittee hearings, for the last several years, readiness rates have consistently declined. However, I worry that this new crisis represents an even greater loss of surge capability, risks the grounding of pilots who may lose flight certification, erodes aircrew readiness, and foreshadows the hallmarks of a hollow force if our ground troops can't train above the squad level.

It's important to note that the impact of sequestration will be felt, not only in our Active components, but also in our National Guard and Reserve.

As we know, our uniformed personnel are not the only ones at risk under sequestration. DOD has announced that it will furlough civilian employees up to 14 days. I understand from the Navy that, while these furloughs may garner about \$308 million in sequestration reductions, it would also delay shipyard maintenance availabilities approximately 85 days and risk putting our ships behind schedule and possibly not available for deployment when we need them. Even worse, for the Navy, several accidents over the past year require unscheduled and unbudgeted repair work, such as with the USS *Miami*, which we're very familiar with because of its location at the Portsmouth Naval Shipyard, the *Guardian*, the *Porter*, and others.

The capital investment for the modernization of our shipyards will likely continue to suffer over fiscal year 2013. I know I speak

for Senator Ayotte when I say we eagerly await the shipyard modernization plan that we required in the National Defense Authorization Act for Fiscal Year 2012. We're interested in hearing from Admiral Ferguson on its status and how much risk you and all of the Vice Chiefs plan to take in your installation sustainment accounts.

In addition, we'd like to hear whether or not the Navy and the other Services funded the 6 percent of capital investment program, as required by law, in the fiscal year 2014 budget request.

We've recently learned that the agency responsible for purchasing fuel for DOD, the Defense Logistics Agency, will increase the price of fuel on May 1 from \$156.66 per barrel to \$198.24 per barrel. This fuel bill will cost DOD an additional \$1.8 billion. The fact remains that fossil fuels continue to be a strategic and financial vulnerability, not only to the DOD, but also to our Nation.

Perhaps the most overlooked aspect of sequestration is that the cuts are not short-term savings for DOD, nor are they realized savings for the taxpayers. In reality, sequestration merely increases operational and strategic risk by deferring vital maintenance and canceling necessary training. I believe the consequences of sequestration will, unfortunately, end up costing us more in the long run. I remember the testimony of Deputy Secretary of Defense Ash Carter, when he talked about the fact that the unit cost of everything we purchase through DOD will go up as the result of sequestration. We are unnecessarily making it harder on our forces to prepare for deployment by reducing flying hours for our squadrons, delaying maintenance, and reducing training.

I understand that there are no easy tradeoffs for the witnesses here today. Chasing resources to meet military requirements is nothing new. I'm not advocating that it's financially responsible to have unlimited military spending. But, as we all know, sequestration was designed to be onerous because it was never supposed to get enacted. We should solve the problem now, before we reach a time when our ships, aircraft, troops, and equipment can no longer train or deploy.

However, I know there's also hope. There are always ways to improve the way we operate, and there are many initiatives that continue to succeed. For example, the continued commitment to pursue greater energy efficiencies and renewable energy sources offers an enhanced combat capability to the DOD. I had the opportunity to see some of the efforts that are underway—the more efficient generators, the solar blankets, the installation energy investments—last year, when I conducted a hearing down at Norfolk on the USS *Kearsarge*. It was really impressive what all of you are doing in each branch of our military to save on energy and to move to alternative sources of energy. I think that these energy policies should not be partisan. They reduce the burden upon those in combat. I thank you, General Campbell, for all of the great work that the Army is doing, along with all of the other branches, in this regard.

So, even in these challenging times, I remain confident and encouraged that we still have the most resilient fighting force in the world today. I remain optimistic, because, even after a decade of war and the severe stress from all angles, each of you find ongoing

ways to improve how you operate. For the past 11 years, our military has consumed readiness as quickly as they've been able to create readiness. We're beginning to see some operational relief as we draw down from Afghanistan.

I thank all of you, particularly the Army and the Marine Corps, for recommitting to training for the full spectrum of operations in your fiscal year 2014 budget request.

Again, I sincerely thank each of you for being here. I thank your hardworking staffs for taking time to join us in this critical readiness discussion. We ask that you include your full statements for the record and, if you would, summarize what you have to say, hopefully within a 7-minute timeframe, so we can have more time for discussion.

So, thank you all very much. I'll turn the discussion over to my colleague, Senator Ayotte.

STATEMENT OF SENATOR KELLY AYOTTE

Senator AYOTTE. Thank you very much, Madam Chairman. It was really truly an honor to be in the leadership of this committee with you and to serve with you on behalf of the people of New Hampshire. I very much look forward to working with you to make sure that we work together to do the very best for our men and women in uniform to ensure their readiness in very challenging times.

This has always been one of the things I truly enjoy about the Senate Armed Services Committee—the strong bipartisan support and work that we do together. I look forward to doing that, certainly, with you, Senator Shaheen. So, thank you so much.

I also want to thank very much our witnesses for your dedication and your distinguished service to our Nation. Despite these difficult times and all that we have asked of our servicemembers, recruiting and retention remains strong, and our units continue to accomplish their missions. This is a testament to the quality of our men and women in uniform, but it is also a testament to your leadership. So, thank you very, very much.

The tragic events in Boston this week remind us that, despite the heroic efforts of our military forces and also efforts on our homeland security over the past 12 years, our country still remains vulnerable to terrorist attacks. We heard, this morning, from Director of National Intelligence James Clapper, that, “national security threats are more diverse, interconnected, and viral than at any time in history.” When faced with this ever-increasing range of threats, our Nation expects that our men and women in uniform will have the very best equipment and training that they need to protect our Nation. When our loved ones and fellow citizens step forward to serve, raise their right hand, and agree to deploy and face danger to protect the rest of us, we owe it to them to give them the very best support they can to accomplish their mission and to come home safely. When we fail to provide our servicemembers the very best training and equipment, we neglect our most fundamental constitutional duties as a Congress: to provide for the defense of this Nation.

Allies, rivals, and potential enemies around the world are watching. When we allow our military readiness to deteriorate, friends

and potential foes, alike, begin to question our resolve and capability, reducing the credibility of our deterrent. Potential enemies need to know that we have the capability to decisively respond to any attack on our Nation and on our citizens.

To solidify this deterrence, we need our military forces to be constantly ready to defend and protect our interests and those of our allies. Our military remains the very best in the world, and we are so proud of our military. But, as General Dempsey testified yesterday, “When budget uncertainty is combined with the mechanism and magnitude of sequestration, the consequences could lead to a security gap, vulnerability against future threats to our national security interests.”

That is exactly what my concerns are, and I echo the concerns that were discussed by the chairman about the impact of sequestration.

In January 2013, the Marine Corps reported that over 50 percent of its nondeployed combat units were rated with degraded readiness, while the Army is reporting that over 70 percent of those same forces have significantly degraded readiness. The Air Force has reported that less than half of its combat forces are ready, and there is a significant risk in its ability to meet contingency requirements. General Spencer, when we met the other day you talked about the impact of sequestration in 2013 as being an 18 percent reduction in sorties, that’s really jaw-dropping.

By the end of October, a majority of the Navy’s nondeployed ships and aviation squadrons, nearly two-thirds of the fleet, will be less than fully mission-capable and not certified for major combat operations.

These are alarming trends for our force readiness, given the threats we confront around the world and given the challenges that we have asked our men and women to do in conflicts we’ve been involved in, both in Iraq and Afghanistan and other conflicts we’ve supported around the world. They’ve done their very best. But, of course, that has taken a toll on our readiness, and we need to reset.

Yet, here we are, faced with sequestration, which is devastating cuts to—we just talked about flying hours, steaming days, and other core training requirements, as well as reduced maintenance for military systems and equipments that will result in declining readiness.

As the prepared statements of our witnesses today describe, the military is increasingly consuming readiness faster than it is being produced, resulting in a declining margin of safety for the American people and also, of course, our men and women in uniform. We are standing down flying units, canceling major unit rotations and carrier group deployments, deferring depot and shipyard work, curtailing facility repairs, and extracting limited savings from the paychecks of dedicated DOD civilians through furloughs. We all know that it’s not just our men and women in uniform, but those who work in the civilian sector have a critical role in supporting our men and women in uniform.

We are creating a bow wave of reduced readiness and increased risk that will take years to recover. We cannot continue to accept this. The ultimate price for reduced readiness will be paid by the

men and women serving on the front lines for our country around the world.

I want to close by quoting General Dempsey from a hearing the full committee recently held in an attempt to shed light on the devastating impacts of sequestration to our national security and the real prospect of a hollow force. He said, "Sequestration will redefine our military security role in the world. It will reduce our influence and our ability to secure our national interests. The erosion in military capacity will be manifested in our ability to deter adversaries, assure allies and partners, sustain global presence, and surge for contingencies."

Madam Chairman, I share the concerns you have echoed about our military's readiness trends, particularly in light of sequestration. I look forward to our witnesses this afternoon providing a candid and specific assessment as to the damage to their Services' readiness being caused by budget uncertainty and sequestration. I hope this hearing will demonstrate to Congress and the American people the urgent need to craft a bipartisan compromise this year, to identify alternative spending reductions that will allow us to eliminate Defense sequestration, and provide our men and women in uniform the certainty and support that they deserve.

I thank you so much for holding this important hearing, Madam Chairman.

Senator SHAHEEN. Thank you very much, Senator Ayotte.

We're going to begin with you, General Campbell, and go to your left. I misspoke earlier when I said you had 7 minutes. I think you only have 6 minutes. The 7-minute round is for our questions. [Laughter.]

As it should be. So, thank you, General—

General CAMPBELL. I can beat that standard, ma'am.

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

General CAMPBELL. Madam Chairman Shaheen, Ranking Member Ayotte, distinguished members of the subcommittee, thank you very much for the opportunity to appear before you today to discuss the readiness of your U.S. Army.

On behalf of Army Secretary John McHugh and the Army Chief of Staff Ray Odierno, I would also like to take this opportunity to thank all of you for your support and your demonstrated commitment to our soldiers, our Army civilians, and our families.

I have submitted my written testimony for the record, and I will keep my opening remarks here very brief, and look forward to answering, candidly, the questions that you will ask us today on readiness.

We certainly do appreciate the continued support from Congress by the enactment, last month, of the fiscal year 2013 DOD appropriations bill. Although these measures provided DOD some transfer authority to mitigate the risk to readiness and alleviate nearly \$6 billion of the Army's O&M account shortfall for fiscal year 2013, it doesn't resolve the remaining Overseas Contingency Operations (OCO) account shortfall that the Army has. That is very, very significant, and I can talk through that as we go through the questions.

With the events in the world today, with Korea, Syria, Iran, the continued fight in Afghanistan—ma'am, as you said, in Boston—a discussion on readiness could not come at a more critical time. I've only been the vice chief for a little over a month, but I was the Army's G-3, the operations officer, for 18 months prior to that, and I was a division commander in Afghanistan with the 101st for a year. So readiness is always on my mind.

For combat experience, the Army remains the world's best-trained and -equipped land force in the world. However, as you said, our Army is currently experiencing severe fiscal challenges that have serious implications for our ability to provide trained and ready forces for our combatant commanders and for our Nation.

The reality is that, if sequestration continues as it is and does not change between fiscal year 2014 through fiscal year 2021, the Army will simply not have the resources to support the current Defense Strategic Guidance, and we risk becoming a hollow force.

Maintaining a ready Army is not cheap, and we realize that, and we're not looking for more readiness than we need or that we can afford. But, we cannot afford, from a national security perspective, an Army that is unable to deploy, fight, and win our Nation's wars. Here are just a few examples of how sequestration is impacting your Army today:

The Army will reduce its force by 89,000 Active soldiers through fiscal year 2017. This is in accordance with the fiscal year 2011 BCA. Full sequestration will result in the significant loss of additional soldiers from the Active, the National Guard, and the Army Reserve.

[The information referred to follows:]

The Army will reduce its force by 80,000 Active soldiers through fiscal year 2017.

General CAMPBELL. To meet the sequester targets to protect warfighter funding in fiscal year 2013, we're currently curtailing training for 80 percent of our ground forces for the next fiscal year. We've canceled six combat maneuver training exercises at the National Training Center, in the Joint Readiness Training Center, and this impacts our readiness. We're focusing only on those that go to Afghanistan, those that follow them, the forces in Korea, and then homeland defense.

Sequestration will also result in delays to every 1 of our 10 major modernization programs, including Ground Combat Vehicle, the Network, and the Joint Light Tactical Vehicle. In most cases, this will increase their costs. It will create an inability to reset our equipment after 12 years of war. We've also canceled the majority of our third- and fourth-quarter depot maintenance. This will result in the termination of employees and a significant delay in equipment readiness for 6 of our 10 Active divisions.

Finally, while the Army will make every effort to protect critical Army family programs, they will be unavoidably affected by workforce reductions, cuts to base sustainment funding, the elimination of contracts, and the widespread use of soldiers in base support tasks. This will also detract from training from our wartime mission. This will further complicate our efforts for the requirement that the Army has to operate for long stretches underneath a Continuing Resolution (CR). To a limited extent, the impact of spend-

ing reductions can be mitigated a little if funding remains timely and predictable, enabling the Army to plan, resource, and manage programs that yield a ready force.

As always the Army will do our utmost to efficiently utilize the resources that Congress has appropriated for the remainder of fiscal year 2013.

If I sound concerned, it is because we live in a world where strategic uncertainty is increasing. Ma'am, you heard that today in the hearings. With that in mind, and knowing that the United States will have interests in a range of conflicts, I am certain that our soldiers will be called upon to deploy and fight in the future. The lessons of history on this point are very compelling.

While we recognize there will be tough choices and necessary sacrifices in the days ahead, we also recognize that we must act responsibly in order to ensure that what remains is a capable force successfully meeting our national security requirements. Whatever its size, our Army must remain highly trained, equipped, and ready.

Maintaining credibility based on capability, readiness, and modernization is essential to averting miscalculations by potential adversaries. Our Nation can accept nothing less.

Yesterday, General Dempsey stated, "There are plenty of constituents for infrastructure, compensation, and weapons, but not readiness." The members of this subcommittee, you really understand readiness, and we appreciate you taking the time to ensure that readiness remains a priority for our Nation.

Chairman, Senator Ayotte, and the members of the subcommittee, I thank you again for your steadfast support of your Army, of our outstanding men and women, Army civilians, and our families. I look forward to your questions.

Thank you.

[The prepared statement of General Campbell follows:]

PREPARED STATEMENT BY GEN JOHN F. CAMPBELL, USA

Chairman Shaheen, Ranking Member Ayotte, distinguished members of the subcommittee, thank you for the opportunity to appear before you today to discuss the readiness of your U.S. Army.

On behalf of our Secretary—the Honorable John McHugh and our Chief of Staff General Ray Odierno, I would also like to take this opportunity to thank you for your support and demonstrated commitment to our soldiers, Army civilians, and families.

This discussion of readiness could not come at a better time. Our battle-tested Army remains the world's best trained, led, and equipped land force in the world. However, the Army is currently experiencing severe fiscal challenges which have serious implications to our ability to provide trained and ready forces for the Nation. Here is the reality we face: If the reductions to discretionary caps as outlined in current law are implemented for fiscal year 2014 through fiscal year 2021, the Army may not be able to support the current Defense Strategic Guidance and we risk becoming a hollow force.

What do I mean by a hollow force? A hollow force occurs when the three critical areas of end strength, readiness, and modernization are out of balance. If we under-resource any one area, the Army will not be ready when called upon. For example, a large Army that lacks training and modernized equipment is not an Army we would want to send into battle. It might look good on paper, but it would be hollow. Here are just a few examples of how sequestration is impacting the force:

Additional cuts to the Army's budget, of the magnitude associated with sequestration, may drive our Active component end strength down below 490,000. If the Army is forced to take additional cuts due to the reduction in the outyear discretionary

caps, we would need to reduce further the number of soldiers out of the Active component, National Guard, and U.S. Army Reserve.

To meet sequester targets and protect warfighter funding in fiscal year 2013, we curtailed collective training for 80 percent of our ground forces for the rest of the fiscal year. This will impact unit basic warfighting skills, induce shortfalls across critical specialties, including aviation, intelligence, engineering, and even our ability to recruit new soldiers into the Army. For example, we have canceled six Maneuver Combat Training Exercises at the National Training Center and the Joint Readiness Training Center combat training, which impacts the future readiness of our force.

Sequestration will result in impacts to every 1 of our 10 major modernization programs including the Ground Combat Vehicle, the Network, and the Joint Light Tactical Vehicle. Potential impacts include delays in fielding and increased unit costs. Given the timing of the fiscal year 2013 cuts, the uncertainty of how they will be applied in fiscal year 2014 and the 10 year span of reductions, we continue to assess the magnitude of the impacts to all of our programs. It will also create an inability to Reset our equipment employed during years of war. In the third and fourth quarters of fiscal year 2013, we have canceled the majority of depot maintenance, which will result in the termination of an estimated 5,000 employees, a significant delay in equipment readiness for 6 divisions and an estimated \$3.36 billion impact to the surrounding communities.

Finally, while the Army will make every effort to protect critical Army family programs, they will be unavoidably affected by workforce reductions, cuts to base sustainment funding, the elimination of contracts and the widespread use of soldiers in base support tasks that detract from training for wartime missions. This could have a negative impact on recruiting and retention, which would degrade readiness. Similarly, our Department of the Army civilians face the prospect of furloughs which, once implemented, will certainly disrupt thousands of activities and have a negative impact on our missions and morale of the force around the world.

To a limited extent, the impact of spending reductions can be mitigated if funding remains timely and predictable, enabling the Army to plan, resource, and manage programs that yield a ready force. The Army will do our utmost to efficiently utilize the resources enacted in the fiscal year 2013 Consolidated Appropriations and Further Continuing Appropriations Act in the remaining time for this fiscal year.

In the future, the Nation will once again call upon the Army to deploy, fight, and win in support of vital national interests and the American people will expect the Army to be ready. We must avoid defense cuts that will ultimately have a long-term negative effect on readiness, increase the level of risk to our soldiers, and cause us to relook whether we can accomplish what is required under the national security strategy.

STRATEGIC CONTEXT AND THE DEMAND FOR U.S. LANDPOWER

In addition to the fiscal constraints, we must also account for a second, equally difficult challenge: strategic uncertainty. The United States will undoubtedly have interests in a range of conflicts in the years ahead to include deterrence, humanitarian crises, terrorism, regional crises, and other potential conflicts. The world we live in is increasingly dangerous and complex. Our charge then is to ensure we maintain a range of options, and that we remain prepared and ready to respond in support of Global Combatant Command requirements.

Maintaining a ready Army is not cheap—we realize that. However, the cost of a ready Army is miniscule in comparison to the cost in terms of national treasure and global prestige of committing an unready Army in the future. We are not looking for more readiness than we need or can afford—but we cannot afford, from a national security perspective, an Army that is unable to fight and win the Nation's wars.

Support to the Current Fight

The strategic transition in Afghanistan continues to prove challenging. Building the capacity and self-sufficiency of Afghan forces is critical to the transition. To meet combatant command requirements, the Army provides specifically-focused advisor training for deploying units to advise and assist the Afghan security forces. I am confident in the Army's role in support of equipment retrograde while concurrently conducting security force assistance and combat operations. Although the operational campaign plan drives the pace of retrograde operations, our goal remains to have all non-enduring equipment out of Afghanistan by the end of 2014.

Although we have the policies, authorities, and processes in place to support retrograde goals, appropriate funding levels are required to maintain operational flexibility during retrograde. The Army faces up to a \$7.8 billion shortfall in emerging warfighter requirements in Operations and Maintenance, Army (OMA) funding

within our Overseas Contingency Operations (OCO) account for fiscal year 2013. This impacts the preparation of units about to deploy, current operations in support of Operation Enduring Freedom (OEF), and our ability to reset equipment and personnel. In order to ensure our soldiers are prepared, we have paid and will continue to pay operation and maintenance requirements out of base funding for next deployers when not covered by OCO funds. This erodes necessary funding from our base budget that guarantees our future readiness.

The recently enacted Consolidated and Further Continuing Appropriations Act of 2013 provides the Department of Defense some transfer authority to mitigate the risks to readiness; this action does not solve the entirety of the OCO shortfall.

Current Readiness

The Army's readiness continues to center on supporting soldiers committed to operations around the world. At no other time in history has our Nation committed soldiers to war for as long. Our battle-tested All-Volunteer Army remains the world's best-trained, led, and equipped land force in the world. However, sequestration in fiscal year 2013 has a cascading effect on the readiness of our next-to-deploy forces and the forces behind them in the queue for operational employment. If further reductions are implemented for fiscal year 2014 through fiscal year 2021, the Army may not have the resources to support the current Defense Strategic Guidance without assuming greater risk.

As I appear before you today, your Army is a ready and capable force. Our priority is to support the 60,000 soldiers in Afghanistan and those next to deploy. We will focus on ensuring that they are properly equipped, prepared, and ready for the missions they face. We will also continue to provide for high levels of readiness for our forces in Korea. The latest tensions reinforce the importance of maintaining a ready and vigilant deterrence. We will do our best to prioritize training and equipping for the Army's Global Response Force, which is the Nation's rapid response, forcible entry capability for unforeseen contingencies. Finally, the Army is prepared to defend the Homeland and routinely conducts critical Defense Support of Civil Authorities operations.

For the vast majority of the rest of the force—those not scheduled for an Afghanistan rotation, supporting Korea or part of the Global Response Force—we will simply have to curtail, delay, or cancel training. This will have a negative effect on both unit and basic warfighting skills and may result in 80 percent of Brigade Combat Teams (BCTs) funded only to train to squad level proficiency. This level of funding prevents collective training above squad level. Some specialty skills may be especially hard-hit due to the length of time required to recoup lost skills. This atrophy will begin as soon as the fourth quarter of fiscal year 2013 and, once underway, the Army will have to redouble its efforts in order to regain rapidly lost readiness.

Regionally Aligned Forces

In order to elevate the overall level of Army readiness, be more responsive to our geographic combatant commanders and better enable our joint, interagency, intergovernmental and multinational partners, the Army is regionally aligning its forces to provide tailored capabilities. Joint exercises and operations with partners and allies are paramount to Secretary McHugh and General Odierno's vision of the Army's role in protecting American interests at home and abroad. Soldiers who receive regionally-specific training and equipment and participate in regionally-focused missions will effectively contribute to the shaping of the security environments. Adequate resources are required to ensure that as missions evolve and new threats emerge, aligned forces are trained, ready, and tailored to support the required mission.

Future Force Generation

Army Force Generation (ARFORGEN) put the Army on a rotational readiness cycle, which enabled us to provide cohesive units to combatant commanders for the enduring missions in Iraq and Afghanistan. We adjusted the training, equipping, and manning of our units to suit the requirements of emerging missions. Over the past several years as we have transitioned from Iraq and prepare to do the same in Afghanistan, the Army is applying lessons learned to develop an ARFORGEN model that reflects the current defense strategy and future missions.

The Army is in the final stages of modifying its ARFORGEN model and realigning our institutional systems. The new model will prioritize training for the future complex environment with a focus on combined arms maneuver. Combined arms maneuver training is essential after a prolonged period of focus on counterinsurgency operations and remains key and essential to Army capability. The Future Force Generation model intends to apply scarce resources and project manpower at the correct time and place to minimize risk, ensure readiness, and specifically identify those ca-

pabilities critical to meeting strategic requirements. The Army can only focus resources on those units deployed, deploying, or with critical contingency response missions.

Total Army Force Policy

The Army is committed to both the Army Total Force Policy as approved by the Secretary of the Army and the Chief of Staff of the Army and to the proper force mix to support the National Security Strategy. Our Total Army Force derives from the integration of Active, Reserve, and National Guard capabilities. The past 12 years of war have resulted in many experienced Army National Guard and Army Reserve formations which proved effective in combat, especially in Combat Support and Combat Service Support roles.

Now, after 12 years of persistent conflict, the Army must tailor its Force Generation requirements and deployments to meet the new budget realities and ensure we provide the optimal force required by the combatant commanders in support of the National Defense Strategy. To shape the force requires extensive analysis consisting of cost modeling and war gaming informed by our combat experiences to match specific timelines and readiness-capability levels.

For war plans and other demands that need more immediate, responsive forces for complex, combined arms maneuver, we rely on Active component (AC) BCTs and a mix of AC and RC enablers. For requirements that do not have the same immediacy or high difficulty from a collective training level, we rely on the RC for much of that capability. The added time provides the opportunity to invest additional money and training time to increase a RC unit's capability prior to deployment. Therefore, most RC forces are not kept at the same level of capability because they are not needed as quickly; this optimizes cost for the Nation.

All three components have important and distinct functions and have to be manned, trained, and equipped appropriately to meet those demands.

ESSENTIAL INVESTMENTS: PEOPLE AND EQUIPMENT

The Army of 2013 is the most experienced force in a half century and is immeasurably stronger than the Army of 2001. Not since the 1950s has the Army had a cadre of noncommissioned officers (NCO) and officers with an equivalent depth of combat experience. However, our Nation has been at this crossroads before. In the late 1940s, the early 1970s and early 1990s, the decision to draw down the Army resulted in a hollow force. In the latter two cases, the hollowness wasn't exposed in a war—but cost the Nation billions of dollars to return the Army to a readiness posture necessary to meet the security strategy of the time. In the first case, the Korean War exposed an Army that was unready by any measurable standard. The result was the unnecessary loss of life—and the near loss of the war. As the Army draws down this time, it is imperative that we do so in a way that preserves human capital and modernization to acceptable standards.

Soldiers, Families, and Army Civilians

We are focused on the many challenges and opportunities resulting from combat deployments. These include preserving and sustaining the health of the force—addressing issues, to include behavioral health injuries, suicide, the disability evaluation system, and transition services. The reality is the demand on our people and equipment has been tremendous. We are taking the steps necessary to address the full range of health and discipline issues to include strengthening soldiers' resiliency and coping skills through our Ready and Resilient Campaign that guides the full range of our support efforts. This campaign will aim to change and modify Army culture over the long term and we remain committed to helping soldiers and families better deal with the stressors and challenges they face in the current operational environment. Soldiers and their families deserve a quality of life commensurate with their service.

Ultimately, our goal is to sustain the high quality of our All-Volunteer Force—Active, Guard, and Reserve—in order to defend the United States and its interests. This we will do while reshaping our Force to prepare for a wider range of contingencies in the complex and unpredictable environments we find ourselves in today and for the foreseeable future. We also recognize we must accomplish all of these various tasks with significantly fewer resources and less people.

Throughout the past 12 years, Army families and Department of the Army civilians have likewise served and sacrificed. I note with pride for the profession of arms that children of soldiers have grown up to serve in our ranks as well. In spite of the heavy demands placed on them, our Force is remarkably resilient. As a brigade commander, deputy commanding general, and division commander in combat, I can attest to the expertise and maturity of the soldiers, and junior and senior leaders

I've been honored to serve with, who routinely adapt to complete any mission given them. This resilience is evident in the current strength of the All-Volunteer Force with high re-enlistment rates and the quality of soldiers recruited. It is evident in the increasing numbers of soldiers that voice concerns over their behavioral health with confidence that their chain of command and our medical system will stand by them.

Equipment Reset

Equipment Reset is defined as actions taken to restore equipment to an acceptable level of readiness through a combination of repair, replacement, recapitalization, and transition. Reset is a vital means for maintaining Army equipment readiness in order to sustain a force that is ready for any contingency. In order to return the force to required readiness levels, funding must continue as long as we have forces deployed and for 3 years after the last piece of equipment returns from Afghanistan to ensure readiness for the future. The analysis of retrograde timelines, capacity at industrial facilities, carry-over work and Reset actions to date supports the need for Reset funds for 3 years after the last piece of equipment leaves theater.

A fully-funded Reset program ensures that equipment worn by prolonged use in harsh environments is returned to a fully ready state, mitigating the effects of delayed desert damage. In the forecast for fiscal year 2013, the Army expects to Reset (repair) approximately ~100,000 items at its industrial facilities, in addition to over ~600,000 pieces of equipment on site where units are stationed (including over 400 aircraft). However, fiscal year 2013 budget reductions have already forced the cancellation of significant amounts of depot maintenance which will delay repairs and upgrades. Due to sequestration, we have lowered our level of maintenance for ground equipment from 10/20 standards to fully mission capable maintenance standards and additional safety standards.

Modernization

A key part of the Army's current and future readiness is our equipment modernization strategy. The Secretary of the Army and Chief of Staff, Army recently published an updated modernization strategy that focuses our efforts on empowering our soldiers and small unit formations, while maintaining the capacity to deter and defeat potential adversaries by: (1) identifying achievable requirements; applying best practices in acquisition and sustainment; seeking incremental improvements; and harnessing network enabled capabilities to solve near-term capability gaps, while (2) investing in military-unique revolutionary and evolutionary technologies to solve future capability gaps.

The centerpiece of our equipment modernization program is the soldier and the squad. Our investment plan provides our small units with a range of equipment including individual and crew-served weapons, next generation optics and night vision devices, body armor and advanced individual protection equipment, providing lethality and force protection to the soldier on the ground. Tactical overmatch will be facilitated by a suite of small-unit systems including unmanned aircraft systems, ground-based robots, counter-IED devices, and the latest surveillance systems.

To deliver the Network capabilities to the soldier, we will continue to invest in Warfighter Information Network-Tactical; Distributed Common Ground System-Army; the Family of Networked Tactical Radios; Nett Warrior; and Joint Battle Command-Platform. Finally, we will provide increased lethality and mobility, while optimizing survivability through the use of incremental improvements and mature technologies in developing the Ground Combat Vehicle, the Joint Light Tactical Vehicle, Armored Multi-Purpose Vehicle and Paladin Integrated Management Artillery system and upgrading our aviation fleet.

Army Organic Industrial Base

During time of war, the Army requires the Organic Industrial Base to repair and manufacture equipment as quickly and efficiently as possible to ensure it is available to train and support next deployers as well as those deployed. The Army Organic Industrial Base (AOIB) Depots and Arsenals surged to double, and in some cases, triple our pre-war output. As the AOIB transitions from wartime production to peacetime requirements, we must ensure it remains effective, efficient, and capable of meeting future Army contingency requirements. Last year, the Army published an updated AOIB Strategic Plan to help us make informed decisions on these issues. This plan provides the strategy and management framework needed to ensure that the AOIB remains viable, effective, and efficient. The current fiscal uncertainty could drastically impact our strategy and threatens retaining an AOIB that is a modern, reliable, cost effective, and highly responsive enterprise which meets both wartime and peacetime requirements, while maintaining the ability to surge during contingency operations.

Canceled maintenance repairs will remain reversible; however, the work that is not accomplished before the end of the fiscal year will result in increased carryover. Deferring maintenance could also cause production gaps in the industrial base and supply chain requiring 2–3 years to recover. These gaps greatly impact equipment readiness, industrial partnerships, and sub-vendors supporting the supply chain.

Given our budget uncertainty, we must ensure that we are using appropriated resources legally, effectively, and efficiently. Our audit readiness efforts focus on our responsibility to be good stewards of the funds appropriated to us. We are making great progress in audit readiness, to include implementing auditable enterprise-wide resources planning systems. In addition to improving systems and controls, compliance is monitored via a Commander's Checklist. As our funding decreases, it is critical that we improve the effective and efficient use of funds, so that readiness is properly resourced.

WHERE WE NEED CONGRESS' HELP

Critical to our success will be Congress' continued support of operations ongoing in theater. As we learned in Iraq, the costs associated with transition and retrograde, to include closing bases and transferring equipment, are not directly proportional to unit redeployment. In many cases, as our forces leave, costs will increase. Our need to Reset does not end when troops leave the theater of operations. In fact, it will likely continue for 3 years after our troops return home to ensure equipment readiness is restored for future contingencies. Reset is an inherent cost of war.

The lack of predictability in recent budget cycles and continuing uncertainty about the outyear reductions associated with sequestration-related provisions adds significant stress on our ability to mitigate cuts. The Army will certainly do its part to mitigate the effects of the sequestration, but to be clear, we are now facing dramatic cuts to personnel, readiness, and its modernization processes and programs.

Our Chief of Staff General Odierno has said, "We cannot take the readiness of our force for granted. We cannot send our soldiers into combat unprepared. If we don't have the resources to ensure their readiness, our soldiers will be the ones who pay the price. It is inconceivable to me that we will put this burden on the shoulders of those who have sacrificed so much during nearly 12 years at war."

CONCLUSION

With Congress' support, we have built a remarkable force that has performed magnificently under a sustained high operations tempo for the past 12 years of war. It is better trained and equipped and our young leaders are better prepared than at any other time in history. Your Army, together with our Joint partners, will continue to serve as a rampart against the compounding risks inherent in an uncertain and rapidly changing world. Leaders throughout our Army remain focused on effectively addressing current challenges, particularly with respect to fiscal demands and health of the Force, while also determining the needs of the Force for the future.

Until recent years, the Army's view of readiness has focused on the application of resources at the unit level to produce ready forces. The Army is expanding our view of Service Readiness beyond the traditional aggregation of tactical to include metrics and indicators that enable a strategic assessment of the total force and nominate a strategic action to mitigate future impacts. This process will allow us to see ourselves in a more holistic manner. Our strategic view will include past trends and current status, analyzed to project impacts of current resourcing decisions on our production of ready forces in future years.

The Army understands the fiscal landscape and is committed to doing its part to limit expenditures. While we recognize there will be tough choices and necessary sacrifices in the days ahead, we also recognize that we must do so responsibly in order to ensure that what remains is a force capable of successfully meeting our national security requirements. Whatever its size, our Army must remain highly-trained, equipped, and ready to meet the needs of the National Defense Strategy. Maintaining credibility based on capacity, readiness, and modernization is essential to averting miscalculations by potential adversaries. Our Nation can accept nothing less.

Madam Chairman Shaheen, Ranking Member Ayotte, and members of the subcommittee, I thank you again for your steadfast and generous support of the outstanding men and women of the U.S. Army, our Army civilians, and their families.

Senator SHAHEEN. Thank you very much, General Campbell.
Admiral Ferguson.

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

Admiral FERGUSON. Madam Chairman, Senator Ayotte, and distinguished members of the subcommittee, I appreciate the opportunity to testify today on Navy readiness and our fiscal year 2014 budget request. It's my great honor to represent the men and women of the U.S. Navy.

With the high global demand for naval forces, we are appreciative of the support of Congress in passing a fiscal year 2013 appropriations bill. This legislation provided us the necessary authorities and reduced the shortfall in our readiness accounts from \$8.6 billion to \$4.1 billion for this fiscal year.

As we reconcile our spending plan for the remainder of this fiscal year, it is clear that sequestration has impacted our ability to train our people, maintain our existing force structure, and invest in future capability and capacity. By the end of this fiscal year, two-thirds of our nondeployed ships and aviation squadrons will be less than fully mission capable and not certified for major combat operations. Due to sequestration, we reduced funding in fiscal year 2013 for our investment accounts by \$6.1 billion. This will mean reducing quantities of procurement, delaying the introduction of new systems into the fleet, and incurring increased costs to complete systems development.

At our shore bases, we have deferred about 16 percent of our planned facilities sustainment and upgrades, about \$1 billion worth of base operating support and improvements. We continue to reduce expenditures in other areas, as well. In coordination with the combatant commanders, the Secretary of Defense has approved selected deployment delays and cancellations to conserve operating funds. Civic outreach efforts, such as the Blue Angels and U.S. port visits, have been canceled to preserve funds for our deployed and next-to-deploy units.

As we address the shortfalls in fiscal year 2013, we intend to address them with the following priorities. We have to fund our must-pay bills, such as utilities and leases; fund fleet operations to meet the adjudicated combatant command requirements; provide fleet training, maintenance, and certification for next-to-deploy forces; and fund necessary base operations and renovation projects to support training, operations, and our sailors and their families.

Our fiscal year 2014 request continues the Chief of Naval Operations' readiness priorities of warfighting first, operating forward, and being ready, and is especially focused on supporting our shift to the Pacific and supplying ready forces for the combatant commanders. To meet our full readiness requirements, we are dependent upon the baseline budget, as well as supplemental funding. With fiscal year 2014 OCO funding, we anticipate meeting our projected operational requirements, and we will make every effort to recover the deferred maintenance on our ships and aircraft. Our budget request, with OCO, will allow the Navy to retain the ability to train, certify, and deploy two carrier strike groups and two amphibious ready groups, fully mission capable and certified for major combat operations. We will also retain an additional carrier strike group and amphibious ready group, fully mission capable and available for surge response.

If agreement is not reached to avoid the BCA reductions, our fiscal year 2014 obligation authority could be reduced by \$10 to \$14 billion, with approximately \$5 to \$6 billion coming from our readiness accounts. This would compel the Navy to again dramatically reduce operations, maintenance, and procurement, preventing us from meeting combatant command requirements, and negatively impacting our industrial base.

As exemplified by recent events in the Middle East and Western Pacific, our Navy must continue to operate where it matters, when it matters, to conduct the missions our Nation expects of us. We see no lessening of combatant commander requirements in the future.

We look forward, Madam Chairman and Senator Ayotte, to working with the committee as we advance through the budget process to ensure our Navy stands ready to protect and defend America's interests at sea. On behalf of all our men and women—Active, Reserve, and civilian—I thank you for your support, and I look forward to your questions.

Thank you.

[The prepared statement of Admiral Ferguson follows:]

PREPARED STATEMENT BY ADM MARK E. FERGUSON III, USN

Madam Chairman Shaheen, Senator Ayotte, and distinguished members of the Senate Armed Services Subcommittee on Readiness and Management Support, I appreciate the opportunity to testify on the current state of Navy readiness and our fiscal year 2014 budget request for Operations and Maintenance (Navy) (O&M(N)).

My testimony before the Senate Armed Services Committee on February 12th addressed the potential readiness impacts due to the combined effects of emergent requirements and fuel price increases, a year-long Continuing Resolution, and sequestration. With the passage of Consolidated and Further Continuing Appropriations Act of 2013 (Public Law 113-6), Congress restored \$4.5 billion of the projected \$8.6 billion shortfall to our O&M(N) account and enacted authorities necessary to execute our fiscal year 2013 appropriations. We appreciate congressional support for the readiness of our force.

My testimony today will focus on the current readiness of the force as we complete fiscal year 2013 and our readiness budget request for fiscal year 2014.

OUR NAVY TODAY

With the passage of Public Law 113-6, our Navy has sufficient funding to meet the requirements of the adjudicated fiscal year 2013 Global Force Management Allocation Plan (GFMAP). We will train those forces required for operational deployments in fiscal year 2014, while accepting some risk in nondeployed forces and infrastructure. When compared to the President's 2013 budget request, our appropriated funding represents a \$4.1 billion reduction in our O&M(N) account. This reduction, when combined with emergent requirements and fuel price increases, necessitated we take a thoughtful and prudent approach to readiness accounts for the remainder of the fiscal year. We have therefore established the following priorities: retain adequate funding for mandatory reimbursable accounts; sustain the readiness of forces to meet the adjudicated fiscal year 2013 GFMAP; prepare forces to meet the projected fiscal year 2014 combatant commander requirements; sustain base infrastructure and operations that support deployed forces and those preparing to deploy; and maintain an appropriate level of funding for critical sailor and family support programs.

Sequestration will result in lower readiness levels in the fleet and ashore. We have reduced training and steaming days for nondeployed surface ships and flying hours for nondeployed aviation squadrons. In fiscal year 2013, we will reduce intermediate-level ship maintenance, defer an additional 84 aircraft and 184 engines for depot maintenance, and defer 8 of 33 planned depot-level surface ship maintenance availabilities. At our shore bases, we have deferred about 16 percent of our planned fiscal year 2013 shore facility sustainment and upgrades, about \$1 billion worth of work.

We continue to reduce O&M(N) expenditures in other areas. We have reduced our civic outreach efforts, such as the Blue Angels and U.S. port visits. In coordination with the combatant commanders, the Secretary of Defense has approved selected deployment delays and cancellations to conserve operating funds.

By the end of fiscal year 2013, a majority of our nondeployed ships and aviation squadrons—nearly two thirds of the fleet—will be less than fully mission capable and not certified for Major Combat Operations. Until we restore the readiness of forces impacted in this fiscal year, we will see reduced availability of forces for full spectrum operations in fiscal year 2014 and beyond.

Furloughs of our civilian workforce will impact our ability to generate ready aircraft carriers (CVNs), ballistic missile submarines (SSBNs), guided-missile submarines (SSGNs), and attack submarines (SSNs) through fiscal year 2014 by slowing completion of maintenance in public shipyards. The lost work due to furloughs would also create a “domino” effect to maintenance schedules for the next several years that could impact ship and aircraft availability. The Department of the Navy is exploring options to minimize these impacts.

We have focused our base operating funds on delivering required services for Fleet port and air operations with restricted operating hours. In the event of a furlough, we will have no choice but to make additional restrictions in the support of Fleet operations.

OUR NAVY TOMORROW

Our fiscal year 2014 budget request continues the CNO’s readiness priorities of Warfighting First, Operate Forward, and Be Ready, which are specifically focused on ensuring the readiness of the Navy. Our budget, with continued OCO funding, meets projected operational requirements and builds future capabilities, while sustaining the readiness of our ships and aircraft over the course of their expected service lives. It continues to support the Defense Strategic Guidance, expands forward presence through both traditional and innovative approaches, and ensures the Fleet is where it matters, when it matters, to achieve the security interests of the Nation.

The Navy will retain the ability to support the fiscal year 2014 GFMAP with two carrier strike groups (CSG) and two amphibious ready groups (ARG) fully mission-capable and certified for Major Combat Operations. We will also retain one additional CSG and ARG in the United States that are fully mission capable, certified for Major Combat Operations and available for surge within 1 to 2 weeks. We anticipate sustaining a 1.0 carrier presence in the U.S. Central Command (CENTCOM) Area of Responsibility (AOR) and slightly less in U.S. Pacific Command. Our submarine force will continue to meet adjudicated combatant commander requirements. Until we restore the readiness of those nondeployed forces impacted by fiscal year 2013 reductions, we will be limited in our ability to respond for full spectrum operations.

Generating the Force

Navy manages force generation using the Fleet Response Plan (FRP). This plan establishes a sustainable cycle of maintenance, training, and operations for both individual units and task groups. With this process, Navy generates the ready forces required to meet global presence requirements and also develops the capacity for surge response for contingencies and homeland defense. The plan operates as a cycle, so that forces undergo maintenance, training, and then deployment/sustained surge readiness in defined periods. The flexibility of this approach enables Navy to develop greater surge capacity in response to contingencies than did earlier approaches to force generation.

For over 10 years, Navy forces have been operating at a war-time pace, essentially expending our surge capacity. We are evaluating enhancements to the FRP to meet higher levels of operational availability within the operating cycle. We are mindful that operating the fleet at a sustained high tempo could reduce the service life of our platforms and place a high level of stress on our sailors and their families.

Ship Operations

The baseline Ship Operations request for fiscal year 2014 supports the highest priority presence requirements of the combatant commanders. Our budget request supports generating 2.0 global presence for carrier strike groups, 2.4 amphibious ready groups and an acceptable number of deployed submarines. The baseline request provides for 45 days of deployed operations per quarter and 20 days of non-deployed operations per quarter.

It will be necessary to direct funding to recover the readiness of nondeployed forces impacted by funding reductions in fiscal year 2013 to meet surge requirements in fiscal year 2014.

Air Operations (Flying Hour Program)

The Flying Hour Program (FHP) funds operations, maintenance, and training for 10 Navy carrier air wings, 3 Marine Corps air wings, Fleet Air Support aircraft, training squadrons, Reserve Forces and various enabling activities. The fiscal year 2014 baseline FHP meets funding to maintain required levels of readiness for deployment or surge operations, enabling the Navy and Marine Corps aviation forces to perform their primary missions as well as funding the enduring T2.5/T2.0 USN/USMC readiness requirement in the base budget.

Fleet Training, Training Ranges and Targets

We are sustaining investments in key training capabilities, including Fleet Synthetic Training, Threat Simulation Systems, and the Tactical Combat Training System. Our request continues procurement of high speed, maneuverable surface targets to provide live fire training for operator proficiency.

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

Our fiscal year 2014 budget request seeks a balance between maintenance requirements and our investment accounts. The request is built upon our proven sustainment models for nuclear aircraft carriers and submarines, our ongoing investment in the readiness of our surface combatants, and plans for the integration of new capabilities into naval aviation.

Surface ship maintenance is executed in both public and private sector shipyards. We have instituted the same processes used for many years for aircraft carriers and submarines into our surface ship depot availabilities in fiscal year 2014. In this updated process, availability planning, execution, and certification are codified; all required maintenance actions are tracked to completion; and all proposed maintenance deferrals are formally reviewed. This comprehensive process ensures adjudication by the appropriate technical authority and rescheduling in a follow-on availability or other appropriate maintenance opportunity.

In fiscal year 2014, the budget request, with anticipated supplemental funding, will meet Navy readiness requirements for aircraft carrier, ship, submarine, and aircraft maintenance. Additionally, our revised surface force maintenance process has identified the backlog of maintenance in these ships resulting from the recent years of high operational tempo and deferred maintenance. These requirements are now incorporated into our maintenance plans.

Supporting Reset of the Joint Force

Navy expeditionary forces support enduring global missions by deploying security, construction, explosive ordnance disposal, logistics and training units operating with ground combat units of the other Services. Our baseline funding request in fiscal year 2014 represents 43 percent of the enduring requirement, while supplemental funding must be applied to meet the full requirement. As U.S. Force Management Levels (FML) in Afghanistan reduce and infantry units return home, Navy Seabees and EOD operators will be instrumental in the retrograde and reset of equipment and personnel, providing engineering and maneuver support to the joint ground combat elements.

Readiness Investments Required to Sustain the Force—Shore Infrastructure

The Navy's shore infrastructure—both in the United States and overseas—provides essential support to our Fleet. In addition to supporting operational and combat readiness, it is also a critical element in the quality of life and quality of work for our sailors, Navy civilians, and their families.

Our planned fiscal year 2014 investment of \$425 million in our naval shipyards, Fleet Readiness Centers, and Marine Corps depots complies with the 2012 National Defense Authorization Act requirement for 6 percent investment infrastructure. We continue to sustain and recapitalize our shipyards within today's fiscally constrained environment, focusing on mission-critical facilities such as production shops, piers, wharves, and dry docks. We mitigate the level of deliberate risk we take in the sustainment of our infrastructure by prioritizing projects for repair.

OUR NAVY INTO THE FUTURE

As we look to the future, we see theaters of operation around the world increasingly assume a maritime focus. Our naval presence is important to regional stability in the deterrence of aggression and the assurance of our allies. Over the last year, we have responded to demand for naval forces in both the Middle East and in the Pacific. Our Navy is operating where it matters, when it matters—and we see no

lessening of requirements to do so in the future. As a result, the demand for ready forces will not abate in the near future.

Our sailors are the highest quality, most diverse force in our history and continue to make us the finest Navy in the world. On behalf of all these men and women of the U.S. Navy—Active, Reserve, and civilian—thank you for your continued support.

Senator SHAHEEN. Thank you very much.
General Paxton.

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

General PAXTON. Good afternoon, Madam Chairman Shaheen, Ranking Member Ayotte, and the members of the subcommittee. Thank you for the opportunity to report on the readiness of your U.S. Marine Corps.

Right now, more than 23,000 marines are forward deployed and forward engaged. More than 9,000 are in Afghanistan, while others, partnered with our closest joint partner, the U.S. Navy, are globally deployed, protecting influence, deterring aggression, building partner capacity, and poised for crisis response.

With the submission of the President's budget, your Corps' next deployers—those who are due to leave between June and October to Operation Enduring Freedom, on our Marine Expeditionary Units (MEU), on our Unit Deployment Program, and for tactical aviation integration—those next deployers will remain fully trained, equipped, and ready. We anticipate the same for the deployers due to leave after that, between November and February. However, after that point, we are less confident about our sustained readiness.

With the onset of sequestration in March, we commenced a deliberate, yet unfortunately unplanned and uncoordinated series of cuts to Defense programs and capabilities. The Secretary of Defense, both the current and the former, and the Chairman of the Joint Chiefs of Staff, our Commandant, and my own predecessor, have repeatedly counseled that sequestration effects will be quick, stark, often unanticipated, and potentially devastating in the long term. As we have scrubbed our operations, sustainment, and modernization plans over the past 3 to 4 months, I can assure you that the effects of sequester will be serious, prolonged, and difficult to quickly reverse or repair.

Some of these sequestration impacts are in areas neither Congress nor DOD would have liked to have had adversely impacted—most notably, on the forward deployment of individuals and units ready for combat. I look forward to explaining examples of anticipated adverse impacts on our training proficiency, on equipment maintenance, and on unit readiness. In all of these areas, the impacts will be slow to predict, difficult to localize, and challenging to reverse.

As we navigate the current fiscal environment, we will strive to maintain balance across the five pillars of readiness for your U.S. Marine Corps:

Pillar number one is to recruit and retain the highest quality people. Pillar two is to maintain a high state of unit readiness. Pillar three is the ability to meet combatant commanders' requirements with marines. Pillar four is to ensure that we maintain ap-

propriate infrastructure investment. Pillar five is to keep an eye towards the future by investing in the capabilities we'll need for tomorrow's challenges—modernization.

As we begin this hearing, I would like to highlight a few points from my written statement.

With regard to high-quality people, your U.S. Marine Corps continues to achieve 100 percent of its officer and enlisted recruiting goals for both the Active and the Reserve components, while exceeding DOD quality standards for high school graduates and mental categories.

Within the ranks of our civilian marines, an integral part of our force, they face potential readiness and human impacts associated with potential furloughs.

With regard to the second pillar, unit readiness, the Marine Corps has, and always will, sourced the best-trained, most ready forces to meet combatant commander requirements. Equipment readiness of our nondeployed units is of great concern to us. We have taxed our home station units as the billpayer to ensure that marines in Afghanistan and in our MEUs have everything that they need. As a result, the majority of our nondeployed forces are reporting degraded material readiness levels.

Additionally, the tempo of operations and the harsh environments in which we have been operating over the past decade has accelerated the wear and tear on our equipment. Money to reset and rebuild the Marine Corps will be required for several additional years after the end of the war. This will have the added impact of delaying our rebalance to the Pacific until well after the 2017 projections.

Finally, we continue to proudly support the DOD colleagues at 152 embassies and consulates around the world. Our fiscal year 2014 budget request funds 1,635 marines for this program. In the aftermath of events at some of our diplomatic missions, and as requested by Congress, we are working with the Department of State, DOD, and the Joint Staff, and we seek your continued support as we determine the need for additional manning of approximately 1,000 marines, and the associated funding to support them. We will report back to you and the committee by October 1 on this initiative.

I thank each of you for your faithfulness and your bipartisan support to our Nation's military. I request that my written testimony be accepted for the record.

Your Corps remains committed to providing a Nation—the Nation a ready force capable of handling today's crisis today.

I look forward to your questions. Thank you very much.

[The prepared statement of General Paxton follows:]

PREPARED STATEMENT BY GEN. JOHN M. PAXTON, JR., USMC

Today's marines are thoroughly trained, combat proven and are meeting all Operation Enduring Freedom (OEF) and combatant commander requirements. The approximately 7,400 marines deployed in Helmand Province under Regional Command South-West remain our top priority. Rotation after rotation, their professionalism, training, and morale remain high. In the last several years they have successfully created the conditions for the Afghan National Security Forces to grow and mature, and they have given the Afghan people an opportunity for a better future.

Outside of Afghanistan, marines have participated in more than 120 security cooperation engagements (in 2012), developing partner nation capabilities and build-

ing up stores of goodwill among our global neighbors. Additionally, our forces at home and abroad have been ready and able to respond to a range of incidents from natural disasters to civil uprisings. Marines were sent to Libya in the wake of the assassination of our Ambassador and other U.S. personnel. Marines deployed to reinforce the security of our embassies in Egypt and Yemen following the attempted breach of the embassy walls by protestors. Marines supported Hurricane Sandy relief efforts here in our Northeast and super typhoon Pablo relief efforts in the Philippines. In short, marines stand ready and able to respond to future incidents that threaten our Nation's interests regardless of the location or the nature of the occurrence.

CURRENT READINESS

The readiness of our force is integral to our ethos; it's a state of conditioning that marines work hard to maintain. Our crisis response mission is incompatible with tiered readiness. Marines don't get ready when a crisis occurs, we must be forward deployed and ready to respond immediately; that's the most important aspect of who we are and what we do.

Readiness comes at a cost and the high readiness of the deployed forces comes at the expense of our nondeployed units' readiness. The Marine Corps can sustain its current operational requirements on an enduring basis; however, to maintain the high readiness of our forward deployed units, we have globally sourced equipment and personnel for Afghanistan and other emerging threats from our nondeployed units. The nondeployed forces' principal readiness detractor is the reduced availability of equipment at home stations with which to outfit and train units. Currently, slightly more than half of nondeployed units are experiencing degraded readiness due to portions of their equipment being redistributed to support units deployed forward. The manning of our home station units also suffers due to the need to meet the personnel requirements for deploying units, Individual Augments and Security Force Assistance Teams. The primary concern with the out-of-balance readiness of our operating forces is the increased risk in the timely response to unexpected crises or large-scale contingencies, since the nondeployed forces likely would be the responders. Efforts to maintain the readiness of the deployed force and correct the readiness imbalance of the nondeployed forces could be further exacerbated by sequestration if our Operations and Maintenance (O&M) account is diminished.

In addition to ensuring units are properly manned and marines are properly equipped, training of marines is an equally important component of readiness. As part of ensuring marines are appropriately trained and are able to maintain currency in their required skills, we must ensure training ranges are available and suitable to meet those needs. In the near term, that means ensuring the plans to expand our Marine Corps Air Ground Combat Center under the Twentynine Palms Land Expansion initiative are executed.

RESETTING THE FORCE

Reset is a subset of reconstitution and comprises the actions taken to restore units to a desired level of combat capability commensurate with the units' future missions. After more than a decade of combat, this will require an unprecedented level of effort. The Marine Corps is resetting its forces "in stride" while fighting the war in Afghanistan and transitioning to the new Defense Strategic Guidance. Unlike previous post-conflict periods, such as after Operation Desert Storm, we do not anticipate taking an "operational pause" to reset as we transition from OEF.

The Marine Corps' Operation Enduring Freedom Ground Equipment Reset Strategy, released in January 2012, serves to identify the equipment we will reset or divest. The reset strategy prioritizes investment and modernization decisions to develop our middleweight force. Last year our reset liability was approximately \$3.2 billion. We estimate it will be something less, however; we are unsure exactly what that number is until we can get a better picture on both the totality of the costs associated with returning our equipment from Afghanistan and the detailed costs associated with resetting our gear after 10 years of combat.¹ This revised forecast is primarily based on the replacement of combat losses, the restoration of items to serviceable condition, and the extension in service life of selected items. The liability

¹This reset liability is our "strategic" reset liability; or simply, the cost to reset our Afghanistan equipment set to a like new condition. In addition to strategic reset, we have requested \$1.3 billion in OCO in fiscal year 2013, primarily to cover cost of war issues, but some of which is slated for strategic maintenance for reset. How much of the \$1.3 billion will be used for reset is dependent on both the quantity of equipment that flows out of Afghanistan and our depot capacity.

accounts for execution of reset dollars provided in fiscal year 2012 and the first quarter of fiscal year 2013 and the establishment of the Marine Corps' enduring Mine Resistant Armored Protected (MRAP) vehicle requirement of 1,231.

The Marine Corps 1,231 enduring MRAP requirement strikes the right balance between capabilities immediately available to the operating forces, those geographically positioned for crisis response and MRAPs placed in a cost-effective long-term storage capacity for enduring conflict. The 609 MRAPs in short-term storage within our strategic prepositioning stocks afloat, in Norway and Kuwait will be maintained at a heightened state of readiness; available for crisis response with little notice. Four hundred and sixty-three MRAPs will move into long-term storage at our organic depot facility in Barstow, CA. The remaining 159 MRAPs will reside within our operating forces and supporting establishment; available for training and immediate response.

The Retrograde and Redeployment in support of Reset and Reconstitution Operational Group (R4OG) is a vital element to the Marine Corps' responsible drawdown from Afghanistan and the successful execution of the Ground Equipment Reset Strategy. The R4OG which began in May 2012 is the Marine Corps' component to the U.S. Central Command Materiel Recovery Element and is tasked with preserving the operational capacity of combat units shouldering the load of clearing the battle space of equipment, supplies, and sustainment stocks. The R4OG is focused on accountability and efficiency within the redeployment and retrograde process. This process includes retrograding more than \$324 million of equipment, repairing more than 1,200 shipping containers, and processing more than 230,000 pounds (net explosive weight) of ammunition, and has overseen the retrograde of more than 4.5 million square feet of aviation AM2 matting and more than 5,700 equipment items. The Marine Corps has retrograded 60 percent of its equipment items; 70 percent of the supplies, repair parts, and ammunition; and 85 percent of its AM2 matting in Afghanistan. Additionally, the R4OG brings discipline to the retrograde process ensuring Marine Corps combat units can dutifully withdraw from Afghanistan concurrent with the directed redeployment of Marine Corps forces.

DEPOT CAPACITY

The bulk of reset execution occurs in our depots. The continued availability of our ground equipment depot capacity at both Barstow, CA and Albany, GA is essential for reset for our ability to both self-generate readiness and surge in response to demand. As the Marine Corps shifts from OEF sustainment to execution of our reset strategy, more equipment is returning to the depot in battle worn condition and requiring of extensive and overdue depot maintenance repairs. Based on the current funding levels provided by Congress in H.R. 933 we will be able to remain on schedule with our reset plan in fiscal year 2013, however; the long-term impacts of reductions on reset may result in cuts to depot maintenance and procurement accounts, which may hinder the Marine Corps' ability to reconstitute in stride by fiscal year 2017.

If planned funding is reduced, a "Depot Lag" or a backlog of equipment requiring depot maintenance is expected to occur. Due to the reset workload, depot maintenance requirements—both sustainment and reset requirements—are at peak levels for fiscal year 2014 and fiscal year 2015. In these times, we require maximum throughput of our organic depot capability and also rely on other sources of repair to include other service depots and commercial options. Reduced funding defers the maintenance requirements to out-years, thus increasing the backlog of equipment requiring service. Sustained funding reductions cause a ripple effect eventually leading to a backlog that will adversely affect near- and long-term readiness. Compounding this problem, depot capability could be impacted by permanent workforce furloughs.

The long-term impact of sequestration is deferred maintenance. We will have to closely scrutinize and determine equipment maintenance priorities, assume risk in mission-essential weapon system readiness, delay normal depot sustainment, and, as stated, delay reset operations. For example, the Marine Corps will have 44 scheduled aircraft depot inductions across all type/model/series that will not occur as a result of sequestration reduction to the fiscal year 2013 budget. Of the 44 aircraft, 23 are F/A-18A-D aircraft. This will result in less aircraft available for assignment to Marine F/A-18 squadrons and reduce the assets available for training and operational support. Each operational F/A-18 squadron should be equipped with 12 aircraft. Of the 12 USMC F/A-18 squadrons, 5 are deployed—4 Unit Deployment Program/Request for Forces (UDP/RFF) and 1 carrier air wing (CVW). The 4 UDP/RFF squadrons have 12 aircraft and the 1 CVW squadron has 10 aircraft. The reductions to depot throughput will cause the 7 nondeployed squadrons to each have ~6 aircraft

available. The long-term effect on nondeployed F/A-18 squadrons is the inability of the unit to achieve and maintain minimum combat readiness required for follow-on deployments. The training squadron will be maintained constant at ~33 aircraft to meet training requirements for Navy and Marine Corps F/A-18 A, C, and D pilots and Weapons System Operators.

RECONSTITUTION

The Marine Corps has a strategic trajectory to reconstitute to a ready force by fiscal year 2017. Our reconstitution efforts will restore and upgrade our combat capability and will ensure our units are ready for operations across the range of military operations. Additionally, reconstitution will rebalance and sustain home station readiness so that our units are ready to deploy on short notice. To ensure we are organizing for the emerging security environment and its inherent and implied challenges, the Commandant directed a Total Force Structure Review in 2010. This review aligned our force to meet the needs of the Nation and took into consideration the realities of constrained spending levels; the Defense Strategic Guidance; and the lessons learned from 10 years of war, particularly the requirements to conduct distributed operations. Then in 2012, the Commandant directed another internal-look, a Force Optimization Review, to prioritize potential future cuts.

To meet the Defense Strategic Guidance within the fiscal realities, we are decreasing our active duty end strength. From a wartime-high force level of 202,100 we are conducting a drawdown to 182,100 by the end of fiscal year 2016. We are currently at approximately 194,280 marines. We will retain our Reserve component at 39,600 marines. The active duty end strength reductions will occur at the rate of no more than 5,000 per year. We have no plan to conduct a reduction-in-force. These end strengths will retain our capacity and capability to support steady state and crisis response operations; while the pace of the reductions will account for the completion of our mission in Afghanistan, provide the resiliency that comes with sufficient dwell times, and keep faith with our marines. Reshaping the Active Duty component to 182,100 marines will entail some risk relative to present and future capacity requirements; but it's manageable, particularly as we maintain the Reserve component's operational capability. Further force level reductions would cause us to reevaluate the Marine Corps' role in the National Defense Strategy.

FIVE READINESS PILLARS

To achieve institutional readiness, sustain operational requirements, and be prepared for crisis and contingency response, we must restore and maintain a balance for our Marine Corps across five pillars:

- High quality people
- Unit readiness
- Capacity to meet combatant commander requirements
- Infrastructure sustainment
- Equipment modernization

HIGH QUALITY PEOPLE

The recruiting and retention of high quality people remain essential to attain a highly ready and professional force. We need the right quantities and occupational specialties to fulfill our role as an expeditionary force in readiness. In fiscal year 2012, the Corps achieved 100 percent of its officer and recruiting goals for the Active and Reserve components, while exceeding DOD quality standards for Tier 1 High School Graduates and Mental Categories I-IIIa. We expect to achieve the same in fiscal year 2013. The Marine Corps also achieved its retention mission in fiscal year 2012 and anticipates doing so again in fiscal year 2013. A critical enabler of recruiting and retaining a high quality force is appropriate compensation and benefits; we thank Congress for its focus on this issue through the decade of war. We rely on Congress' continued support of pay and benefits, incentive pays, and selective reenlistment bonuses to meet future recruiting challenges, position the force for the impending drawdown, and shape the All-Volunteer Force to meet the new defense strategy.

Civilian marines are an integral part of our Total Force, supporting the Corps' mission and daily functions. Marine civilians are a "best value" for the defense dollar, are shaped to support the Corps into the future, and are the leanest appropriated funded civilian workforce within DOD, with only 1 civilian for every 10 marines. Fewer than 5 percent work in the Pentagon. The vast majority of our civilian marines, more than 95 percent, work at our installations and depots. Sixty-eight percent are veterans who have chosen to continue their service to our Nation. If fur-

loughed, our civilian marines could lose a substantial amount of pay during the last quarter of fiscal year 2013. The potential readiness and human impacts associated with furloughing our civilian marines are significant. While we would like to believe that a discontinuous furlough will reduce the impact on our employees, most will not be able to easily absorb the loss of income, even over a 14-week period should it come to that.

The Marine Corps' Wounded Warrior Regiment (WWR) is a fundamental component of the Marine Corps' pledge to "keep faith" with those who have served. The WWR supports marines wounded in combat, those who fall severely ill, and those injured in the line of duty. The regiment administers the Marine Corps' Recovery Coordination Program that ensures medical and nonmedical needs fully integrate with programs such as the Warrior Athlete Reconditioning Program. Facilities such as our new Warrior Hope and Care Centers provide necessary specialized facilities allowing us to support our wounded warriors and their families.

Key to this care is ensuring marines execute recovery plans that enable their successful return to duty or reintegration to their civilian communities. Around the country we have established District Injured Support Coordinators whose duty is to assist marines transitioning from active duty to veteran status. Our WWR Medical Staff provides medical subject matter expertise, advocacy, and liaison to the medical community. The Sergeant Merlin German Wounded Warrior Call Center conducts an average of 7,000 outreach calls per month and receives calls for assistance 24 hours a day from both active-duty and veteran marines. Our contact centers also conduct outreach to marines who remain with their parent command to ensure their needs are met. Depending upon the individual marine's requirements, these programs and services are coordinated for optimal care delivery, proving that Wounded Warrior care is not a process, but a persistent relationship between the Marine Corps and our marines.

The Marine Corps is greatly concerned about the long-term care and support for our wounded veterans. Many of our young men and women have sustained injuries that will require support for the remainder of their lives. Given the youthfulness of this wounded population, this represents a debt to our Nation's warriors that will have to be paid for several decades. Our wounded warrior capabilities are an enduring measure of our commitment to keep faith with our young men and women, and we expect this capability will continue well beyond our return from Afghanistan.

UNIT READINESS

This pillar upholds maintaining and shaping the readiness of the operating forces, to include the necessary O&M funding to train to core missions and maintain equipment. The Marine Corps has, and always will, source our best trained, most ready forces to meet combatant commander requirements. The challenge is to maintain the readiness of the nondeployed forces so they can respond to crises and contingencies with the proper balance of equipping, manning, and training.

As our forces return from Afghanistan, our focus will be on training to our core expeditionary and amphibious mission capabilities. We anticipate incremental increases in the core training readiness of units as marines and equipment flow back from Afghanistan over the next 12–24 months.

After the drawdown from Afghanistan, we expect to be increasingly engaged around the world—training, engaging, deterring, and responding to all manner of crises and contingencies. O&M funding is essential for our readiness to conduct steady state operations, including amphibious and Maritime Prepositioning Ships Squadron (MPSRON) operations, provide support to the combatant commanders, and provide for our supporting establishment's sustainment for the operating forces. The battlefields of today and tomorrow necessitate more distributed operations and decentralized command—both of which will drive training costs higher. We know that these future requirements to maintain readiness will increase demand on O&M funding.

Also, sufficient O&M funding is essential in the Pacific to support our unit deployment program in Japan; provide rotational forces in Australia and Guam; and engage throughout the region. It is also needed to cover the transportation costs for bringing together the widely dispersed Marine Expeditionary Brigade and Marine Expeditionary Force elements for training and exercises.

CAPACITY TO MEET COMBATANT COMMANDER REQUIREMENTS

Force-sizing to meet geographic combatant commander (GCC) requirements, with the right mix of capacity and capability, is the essence of our third readiness pillar. The GCCs continue to register an increased demand for crisis response and amphibious forces in order to meet requirements across the range of military operations

(ROMO). Decisions made in our Force Structure Review and Force Optimization Review will provide a better breadth and depth of Marine forces capable of executing a regional major contingency operation and optimized for current operations and crisis/contingency response. The capacities of our organic intelligence, surveillance, and reconnaissance; command and control; and unmanned aircraft systems will be increased.

Our critical capacity versus requirement concerns include: shifting forces to III Marine Expeditionary Force in the Pacific, ensuring we retain a global crisis response capability, and ensuring the availability and readiness of amphibious shipping and maritime prepositioned assets to meet increased training and contingency requirements. The primary challenge of the Marine Corps from a logistics standpoint is the “tyranny of distance” inherent in the laydown of forces across the Pacific covering an area thousands of miles wide and linkable only by airlift and sealift. To sustain our forces in the Pacific and mitigate gaps, we will rely on our own organic capabilities and external support from other Services, the Defense Logistics Agency, and U.S. Transportation Command. This combination of support will provide flexibility, agility, and responsive support to the operating forces.

Marine Expeditionary Units (MEUs), coupled with their Amphibious Ready Group (ARG) partners, continue to remain one of the key means by which the Marine Corps provides rapid response to emerging global crises. Their composition and capabilities see them frequently requested by combatant commanders to fulfill various theater engagements; most often they support Central Command and Pacific Command requirements. We have assumed some risk in the Mediterranean but do still maintain the capability to respond to crises in European Command and Africa Command (the Mediterranean). This response capability also includes our Fleet Anti-Terrorism Support Teams (FAST) from Marine Corps Security Forces Regiment deployed to Rota, Spain and Special Purpose Marine Air Ground Task Force-Africa stationed in Sigonella, Italy. In order to further mitigate the risk and in response to the “new normal” of an enhanced baseline of security at U.S. diplomatic facilities, we are looking to form a crisis response force whose primary duty will be to cover that region. This force will be specifically designed to provide embassy reinforcement and fixed site security in addition to other limited crisis response capabilities. As with all our MAGTFs it will be forward deployed; rotational; and be self-contained with inherent ground, aviation, logistics, and command and control capabilities. This capability does not replace a MEU but serves to provide presence where MEUs are not currently located.

INFRASTRUCTURE SUSTAINMENT

Infrastructure sustainment, our fourth readiness pillar, is the investment in real property, facilities maintenance, and base infrastructure to support the missions and readiness of our operating forces and other tenant commands. The quality of life for our marines, sailors, and families is measurably impacted by the condition of our facilities. As such, the Marine Corps is committed to the proper stewardship of our bases and stations to include the natural resources they encompass. We must adequately resource their sustainment to maintain our physical infrastructure and the complimentary ability to train and deploy highly ready forces. Additionally, as we rebalance toward the Pacific, we will strive to make the proper investments in ranges and facilities to maintain the training readiness of deployed forces to and within that area of operations.

Funding for our facilities sustainment, recapitalization, and modernization, as well as military construction and operations is required to provide and maintain quality infrastructure for our future force. We request Congress’ continued support for facilities sustainment and demolition, family housing, environmental management, energy conservation and essential MILCON funding to support critical programs, units and institutions such as the Joint Strike Fighter, MV-22, Marine Corps Security Forces, Marine Corps University, Marine Cyber Forces, and the Townsend Bombing Range.

EQUIPMENT MODERNIZATION

In this austere fiscal environment, we are conducting only essential modernization, focusing especially on those areas that underpin our core competencies. We are mitigating costs by prioritizing and sequencing our equipment modernization and sustainment programs to maintain their readiness in a fiscally responsible manner. To maintain operational capabilities and readiness, modernization is critical in the areas of ground combat tactical vehicles; aviation; amphibious and pre-positioning ships along with their associated connectors; expeditionary energy; and intelligence, surveillance, and reconnaissance. Our modern expeditionary force will require fixed

wing aircraft capable of flexible basing ashore or at sea in support of our Marine units. The Joint Strike Fighter is the best aircraft to provide that support today and well into the future. Likewise, a core capability of our expeditionary forces is the ability to project forces ashore from amphibious platforms and to maneuver once ashore. We remain committed to developing and fielding an Amphibious Combat Vehicle that meets this critical need.

While we have not cancelled or extended any programs as a result of the fiscal year 2013 budget decisions, the uncertainty associated with fiscal year 2014 and out-year budgets could require us to continually review and adjust our program plans consistent with the changing budget environment. Decreasing budgets within ongoing acquisition programs would necessarily lead to a review of the programs' ability to execute approved cost, schedule, and performance parameters. Our HMMWV, AAV, LAV, and tank modification programs, which are critical to maintaining the operational availability of these vehicles, would likely be slowed significantly yet remain essential to our medium- and long-term operational readiness. Critical survivability and mobility upgrades to the AAV and LAV fleets would be delayed. These delays would ultimately impact our ability to support our forward and deployed marines with ready, relevant, and capable combat systems. We request Congress' continued support for modernization to maintain the high level of future readiness our Nation will need.

PREPARED TO SUPPORT THE DEFENSE STRATEGIC GUIDANCE (DSG)

Last month, Secretary Hagel launched a Strategic Choices and Management Review to help define the major decisions that must be made in the decade ahead to preserve and adapt defense strategy and management under a range of future strategic and budgetary scenarios. We are confident the Navy-Marine Corps team and our inherent naval forward basing, crisis response capabilities and theater engagement capacity make us ideally suited to support the current strategic guidance and any future reiteration of it, particularly any focus on the Pacific Command region. The Marine Corps will rebalance its unit deployment program to 2001 levels during fiscal year 2013 and fiscal year 2014. Last year we deployed a company of marines from Hawaii to Australia to usher in a rotational presence that will grow to a Marine Expeditionary Unit sized Marine Air Ground Task Force, with associated units and equipment, during fiscal year 2016 to fiscal year 2017. Our rotational presence throughout Asia serves to reassure our allies, strengthen our ties, and demonstrate our commitment to the region. The sea-basing capability provided by our MPSRONS provides the flexibility to deploy forces anywhere, without reliance on mature infrastructure such as ports and airfields. Simply, sea-basing is uniquely suited to this theater where a vast amount of the area is water and does not have readily available port infrastructure to support a less expeditionary capability.

Our prepositioning programs are a unique strategic capability, giving us the ability to quickly respond to a wide scale of global crises and contingencies.

The MPSRONS are an afloat asset capable of providing global support to operational forces across the entire spectrum of military operations. A MPSRON provides an increased sustainment capacity and also supports the establishment of a Marine Expeditionary Brigade (MEB). Increasing strategic flexibility, the MPSRONS provide near immediate closure of equipment and supplies to the combatant commander to meet any contingency from combat operations to humanitarian assistance and disaster relief. This strategic program will require continued congressional support. In order for sea-basing to be effective, using both amphibious ships and MPSRONS, the amphibious ship-to-shore connectors will also require modernization.

The Marine Corps Prepositioning Program-Norway prepositions equipment and supplies ashore in caves. While available for global employment, they are particularly important assets for use in the European and African theaters. In a cost-sharing partnership with the Norwegian Ministry of Defense, we have built a viable capability that has been used in recent years to support theater security cooperation as well as several humanitarian relief efforts. Originally designed to hold the equipment and supplies to support a MEB, we are reorganizing the program to maintain its relevancy. Of note, we are adding communications and ordnance assets not previously prepositioned.

PARTNERED WITH THE NAVY

Sea-based and forward-deployed naval forces provide day-to-day engagement, crisis response, and assured access for the joint force in a contingency. Partnered with the Navy, we will continue to pursue innovative concepts for maritime expeditionary operations with platforms such as the Joint High Speed Vessel (JHSV) and the Mobile Landing Platform. As new maritime prepositioning force ships are integrated

into the MPSRONS, they will provide additional operational benefits to the combatant commanders, such as an over-the-horizon surface connector capability and better selective access to equipment and supplies.

A critical component in building, training, and maintaining an expeditionary forward presence is the availability and readiness of amphibious ships. The combat readiness of our amphibious ships is a foundational requirement for expeditionary force presence, and when required, amphibious force projection. As such, the Navy has acknowledged that low amphibious ship availability and readiness can present a significant challenge to the training readiness of our Naval Expeditionary Forces and is addressing maintenance readiness shortfalls. Since 2010, the average deployment length for a West Coast and East Coast Amphibious Ready Group/Marine Expeditionary Unit has been 219 days and 292 days respectively. The increased duration of deployment combined with a high operational tempo, reduced ship inventory, and deferred/compressed maintenance periods demonstrates the imperative to maintain planned/scheduled maintenance cycles and to build to adequate inventory. This has a direct impact on the readiness of the amphibious fleet and on ensuring the ships reach their service life. Continued congressional support for the Navy's shipbuilding and surface ship-to-shore connector plans is vital to the Nation's ability to retain and maintain an adequate fleet of modern combat-ready amphibious ships, which can provide continuous naval expeditionary presence and project power across the globe whenever and wherever needed.

Providing our Nation's leaders with "offshore options", naval aviation enables global reach and access regardless of changing circumstances. Through our partnership with the Navy, Marine Corps aviation continues to transition from 13 to 6 aircraft with current deployed forces successfully utilizing transition aircraft: the MV-22, AH-1Z, and UH-1Y. Top priorities for naval aviation include investing in fifth generation strike fighter capability (F-35B/C); persistent multi-role intelligence, surveillance, and reconnaissance; supporting capabilities such as electronic attack and vertical lift; robust strike weapons programs; and targeted modernization of the force for relevance and sustainability.

ADDITIONAL COMMITMENTS

In addition to providing the Nation well-trained, forward-deployed, and forward-engaged units of marines, the Marine Corps supports other national imperatives. In Indian Head, MD, the Marine Corps maintains a nationally engaged and pre-eminent Chemical Biological Incident Response Force capable of responding to chemical, biological, radiological, nuclear, or high yield explosive incidents.

Around the clock, our Marine Corps Security Forces Regiment marines guard a substantial portion of America's strategic arsenal. Marine Security Forces also encompass the deployment of Fleet Antiterrorism Support Teams to the Commanders of Pacific Command, European Command, and Central Command. These teams serve as a crisis-response force and guard high value American assets.

We are reshaping organizations, capabilities, and capacities to increase aggregate utility and flexibility across the range of military operations, to include enhanced support to U.S. Special Operations and Cyber Commands. We now have 759 Marine Special Operators and 549 Marine Critical Skills Special Operators of the 3,171 total Active Force marines, sailors, and civilians currently serving at Marine Corps Forces Special Operations Command (MARSOC), U.S. Special Operations Command (SOCOM). We will continue to complete our build of MARSOC, reaching full operating capability in fiscal year 2016 with an active-duty end strength of 3,113. Additionally, we currently have 308 marines assigned to Headquarters, SOCOM and its subordinate joint commands. From training, command and control and operational employment, all of these marines provide a critical role in realizing geographical combatant commander requirements in support of our National Security Strategy.

At Cyber Command we have created an assigned company of marines. The mission of this company, Company L, is to plan and execute cyberspace operations in order to support joint and Marine Corps requirements. Company L is planned to grow significantly to meet Marine Corps Forces Cyberspace Command requirements by 2016.

Finally, Marine Corps Embassy Security Guards support 152 U.S. embassies and consulates around the globe and our fiscal year 2014 budget request funds 1,635 marines for this program. As requested by Congress, we are working with the Department of State to determine the appropriate number of marines and will report to Congress by October 1, 2013.

SUMMARY

On behalf of the marines and sailors who provide this Nation with its versatile, reliable, middleweight force in readiness, I thank Congress for your constant interest in and recognition of our challenges. Readiness contains a temporal aspect and with 32,000 to 38,000 new regular accessions a year, currency in our readiness is a state we continuously work to maintain. Without the ability to transfer money among accounts and the restricted ability to make choices regarding where to take cuts, the impact of reduced funding will end up disproportionately affecting our five pillars of readiness. Your continued support is requested to provide a balance across the five readiness pillars so that we can maintain our institutional readiness and, as you charged more than 60 years ago, "be most ready when our Nation is least ready".

Senator SHAHEEN. Thank you.
General Spencer.

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

General SPENCER. Good afternoon, Madam Chairman, Ranking Member Ayotte, and distinguished members of the subcommittee. Thank you for the opportunity to share the Air Force's current readiness posture.

The cornerstone of our airmen's ability to provide airpower for the Nation at a moment's notice anywhere in the world is their readiness. Today, we are concerned about readiness for two reasons. First, 2 decades of sustained combat operations in missions around the world have stressed our force, decreased our readiness, and limited our ability to train for the full spectrum of missions our combatant commanders might call upon us to provide. Second, just as we were about to take a step forward in our fiscal year 2014 President's budget submission to arrest that decline in training and return to full-spectrum readiness, sequestration took us several steps back, and its impacts are not only affecting us now, but will continue to do so in the future.

You have already heard that sequestration will force us to induct 60 less airplanes and 35 less engines into our depots. This will have a direct impact on the aircraft available for our missions.

You may also be aware that sequestration has forced us to reduce approximately 200,000 flying hours in the last 6 months of the year. This reduction in flying hours and related support forced us to recently standdown nine fighter squadrons and three bomber squadrons. These standdowns are a direct hit to our readiness posture.

To put a face on this, last week I spoke with the wing commander at one of our three F-15E Wings. In addition to having two combat-coded fighter squadrons, one of which has been stood down, she also has two squadrons which are part of the Formal Training Unit (FTU) that trains new F-15E pilots and weapons systems operators. Since the remaining F-15E squadrons in the Air Force are either stood down or preparing to deploy, she has the only remaining squadron that is currently flying to full combat readiness.

Graduating from FTU is the final step before our young F-15E pilots and weapons systems operators move on to one of our three wings to begin their career in the jet that they dreamed of it is the reason they joined the Air Force. The commander worries about the morale of her fighter pilots and weapons systems operators with no jets to fly. Depending on how long the jets remain stood down, she

worries about how she and her fellow wing commanders will get their pilots and weapons systems operators requalified.

Before I completed my college degree and became a commissioned officer, I spent 8 years in the Air Force as an enlisted member. I can tell you first hand that all my fellow airmen and myself wanted was to ensure we could launch and maintain airplanes and space satellites so that we can fly, fight, and win as our Nation expects us to do. Whether we guard at the front gate, worked in finance, maintained the base infrastructure, or turned a wrench on an aircraft, we all got goosebumps when the Earth seemed to shake beneath a space vehicle launch or the roar of a jet engine, something we refer to as the “sound of freedom.”

While our focus today is on readiness, we cannot forget that a ready force also needs to be modern and technologically advanced. Not modernizing our force in a timely manner will likely increase unit costs and drive inefficiencies for our long-term programs, like the F-35, KC-46, and long-range strike bomber, that are so critical to our continued ability to hold targets at risk around the globe.

Nearer term, modernization is also necessary to conduct our core missions. For example, we must modernize our fourth-generation F-15s and F-16s until we have sufficient fifth-generation aircraft to continue to provide the joint team with the air superiority on which they and America rely.

Madam Chairman and committee members, our Nation is fortunate to have world-class people who work hard to produce world-class airpower every day. Despite the current challenges we face, our airmen are the finest in the world, and they have—throughout our history, are stepping up to the challenge to deliver global vigilance, global reach, and global power for America.

The Air Force supports combatant command missions that require 24/7 availability and attention. Many of our high-priority missions cannot be done adequately, and in some cases cannot be done safely, at low readiness levels. Allowing the Air Force to slip to a lower state of readiness that requires a subsequent long build-up to full combat effectiveness will negate the essential strategic advantages of airpower and put the joint forces at increased risk.

America’s Air Force remains the most capable in the world, but we cannot allow readiness levels to decline further, and modernization cannot wait for the next cycle of increased defense spending.

The U.S. Air Force and our sister Services comprise the premier fighting force on the planet, and our Air Force leadership team is fully committed to ensuring that we remain so.

Thank you, and I look forward to your questions.

[The prepared statement of General Spencer follows:]

PREPARED STATEMENT BY GEN. LARRY O. SPENCER, USAF

INTRODUCTION

America’s Air Force has conducted 22 years of sustained combat operations and is continuing to meet high operational tempo demands to support today’s fight. This has inevitably taken a toll on our weapons systems and people, and since 2003 has strained and degraded the overall readiness of the force. The Air Force fiscal year 2014 budget request attempts to align resources to slow our readiness decline and set the stage for restoring full-spectrum readiness. However, the current fiscal environment threatens to derail these efforts and put into jeopardy the Air Force’s ability to meet combatant commander requirements. The rebalance to the Asia-Pacific

and our continued presence in the Middle East and Africa indicate that the demand for Air Force capabilities will remain constant, or perhaps even rise, over the next decade. To ensure that our airmen can continue to contribute our five enduring core missions to the joint team, our readiness must improve.

READINESS

The Air Force provides Global Vigilance, Global Reach, and Global Power for America through its five core missions of air and space superiority, intelligence, surveillance, and reconnaissance (ISR), rapid global mobility, global strike, and command and control. By integrating capabilities across these core missions, we bring a unique set of options to deter war, deliver rapid, lifesaving responses to threatened areas anywhere on the planet, and strike hard and precisely wherever and whenever the national interest demands.

The cornerstone of our airmen's ability to provide airpower to the Nation and contribute our core missions to the joint team is their readiness. "Readiness" is the ability of a unit to provide its designed operational capabilities within the required timeframe. It is comprised of personnel requirements, training (to include flying hours), weapon system sustainment, facilities, and installations. A responsive readiness posture depends on good health in all of these key areas. While protecting future readiness includes modernizing weapons systems and equipment, creating combat readiness in the near-term is a complex task involving the intersection of personnel, materiel, and training. It includes balancing time between operational and training commitments, funding from multiple sources, informed levels of risk, and effectively managing resources to achieve the desired state of readiness.

Mitigating the risk associated with a smaller military requires a ready force. If we attempt to sustain current force levels while personnel and operational costs rise, there will be progressively fewer resources available to support our current number of installations, maintain existing aircraft inventories, vital equipment and weapons, and invest in future capabilities—the definition of a hollow force.

The Air Force supports combatant command missions that require 24/7 availability. Space operations, command and control, cyber defense, ISR, special operations, personnel recovery, and nuclear deterrence are all high priority missions that cannot be done adequately, and in some cases cannot be done safely, at low readiness levels. In support of U.S. defense strategy, our air forces must be capable of quickly responding and shifting between theaters of operation. Allowing the Air Force to slip to a lower state of readiness that requires a long buildup to full combat effectiveness negates the essential strategic advantages of airpower and puts joint forces at increased risk.

The Consolidated and Further Continuing Appropriations Act, 2013, combined with sequestration reductions, results in approximately \$4.4 billion less than our request from our operations and maintenance accounts from which we fund some of our foundational readiness programs, including weapons system sustainment (WSS) and our flying hour program (FHP). We project that sequestration will reduce WSS and FHP by about \$2.1 billion from our original fiscal year 2013 budget request. These cuts will affect fiscal year 2014 and beyond by driving down aircraft availability rates, and potentially preventing our ability to fly additional hours even if funded.

The President's budget includes balanced deficit reduction proposals that would allow Congress to replace and repeal sequestration in fiscal year 2013 and the associated cap reductions in fiscal year 2014–2021. If sequestration is not replaced, the Air Force will have to rebuild degraded unit readiness, accept further delays to modernization, absorb the backlog in depot maintenance inductions, and invest additional funding to restore infrastructure. However, because sequestration impacts are already occurring, even if our readiness programs are funded to the levels requested in the fiscal year 2014 President's budget (PB), our readiness levels may still not recover to pre-sequester levels in fiscal year 2014. If the post-sequester Budget Control Act funding caps remain in effect, the Air Force will be unable to reinvigorate readiness and align with the Defense Strategic Guidance. In both the short- and long-term, sequestration will have devastating impacts to readiness, will significantly affect our modernization programs, and may cause further force structure reductions.

Weapons System Sustainment

WSS is a key component of full-spectrum readiness. Years of combat demands have taken a toll across many weapon systems, and we continue to see an increase in the costs of WSS requirements, which are driven by sustainment strategy, complexity of new weapon systems, operations tempo, force structure changes, and growth in depot work packages for aging, legacy aircraft. With recent force structure

reductions, we must carefully manage how we allocate WSS in order to avoid availability shortfalls. We are planning to fund WSS to 81 percent of the fiscal year 2014 requirement using funds from the base budget as well as overseas contingency operations (OCO) funds.

Sequestration has further set back our efforts to improve WSS. Depot delays will result in the grounding of some affected aircraft. The deferments mean idled production shops, a degradation of workforce proficiency and productivity, and corresponding future volatility and operational costs. It can take 2 to 3 years to recover full restoration of depot workforce productivity and proficiency.

Moreover, WSS funding requirements for combat-ready air, space, and cyber forces have consistently increased at a rate double that of inflation planning factors. Although service life extension programs and periodic modifications have allowed our inventory to support 22 years of unabated operations, the cost of maintenance and sustainment continues to rise. WSS costs still outpace inflationary growth, and in the current fiscal environment, our efforts to restore weapons system availability to required levels will be a serious challenge. Although the fiscal year 2014 PB adds baseline funds for WSS, we continue to rely on OCO funding for global contingency operations.

Flying Hour Program

The emphasis on readiness in the Defense Strategic Guidance reinforced the Air Force focus on the importance of maintaining our FHP as part of our full-spectrum readiness. For the fiscal year 2014 budget request, the Air Force balanced the allocation of flying hours across the Total Force to maintain—and in some cases—incrementally improve readiness levels.

However, as with WSS, sequestration affects our ability to improve readiness, and in fact, readiness levels are already declining. Lost flight hours will cause unit stand-downs which will result in severe, rapid, and long-term unit combat readiness degradation. We have already ceased operations for one-third of our fighter and bomber force. Within 60 days of a stand down, the affected units will be unable to meet emergent or operations plans requirements. Lost currency training requires 6 months to a year to return to current sub-optimal levels, with desired flying proficiency for crewmembers requiring even longer.

The flying hour program will continue to rely on OCO funding to support Operation Enduring Freedom and the redeployment of combat forces from Afghanistan. With the expectation of decreasing OCO flying hours, we have programmed increasing operations and maintenance (O&M)-funded flying hours in fiscal year 2015 and throughout the Future Years Defense Program (FYDP). Beginning in fiscal year 2015, the program meets approximately 90 percent of the peacetime training requirement to attain full-spectrum readiness across the Total Force.

The Air Force is committed to a long-term effort to increase our live, virtual, and constructive operational training (LVC-OT) capability and capacity by funding improvements in LVC-OT devices (e.g., simulators and virtual trainers) and networks. Adjustments to the flying hour program will continue to evolve as the fidelity of simulators and LVC-OT capabilities improve. Increasing our virtual capabilities will minimize fuel consumption and aircraft maintenance costs while ensuring high quality training for our aircrews.

Full-spectrum training also includes the availability and sustainability of air-to-air and air-to-ground training ranges. Many of our ranges are venues for large-scale joint and coalition training events and are critical enablers for concepts like Air-Sea Battle. In fiscal year 2014, we are increasing funding to improve and sustain these crucial national assets to elevate flying training effectiveness for the joint team, which in turn improves individual and unit readiness levels.

Readiness and Modernization

The decline in future budgets does not allow us to maintain force structure and continue all planned investment programs while also improving readiness. To prioritize readiness, we have made a conscious choice to assume additional risk in some modernization programs. Although we have been more effective in our use of operating resources and garnered savings from better business practices, the Air Force has been forced to terminate or restructure several programs. Program restructures and terminations include terminating the Space Based Surveillance Block 10 follow-on, freezing Gorgon Stare at Increment II, terminating Air Force participation in the Joint Precision Approach and Landing System land-based segment, and divesting the UAV (unmanned aerial vehicle) Battlelab. In addition, several key modernization priorities were deferred, including a replacement for the aging T-38 trainer and the Joint Surveillance and Target Attack Radar System surveillance aircraft.

To achieve the readiness levels we desire, the Air Force needs sustained modernization. For example, our legacy, or fourth generation, fighter fleet has secured more than 20 years of an air superiority advantage, but may lose its ability to operate as effectively in contested environments. Weapon systems like the F-22, with contributions from the F-35, are what will carry America's Air Force forward to continue to provide air superiority. During F-35 development, it is imperative that we maintain our fourth-generation fighter fleet. Therefore, at least 300 F-16s will undergo a service life extension program and a capability enhancement called Combat Avionics Programmed Extension Suite, which permits them to remain relevant in the near-term threat environment until the F-35 is available in sufficient numbers. We are also upgrading the F-15 fleet's radar and electronic warfare capabilities that will permit it to operate in conjunction with fifth-generation aircraft in the future threat environment.

Other top modernization programs include the KC-46A and the Long-Range Strike Bomber (LRS-B). Because the future will likely call for us to provide rapid global mobility to remote, austere locations in contested environments, we will require a very capable tanker fleet. The KC-46A program will ensure that our Nation retains a tanker fleet able to provide crucial air refueling capacity worldwide for decades to come. The LRS-B is a key piece of the development of our long-range strike family of systems, the capabilities of which are critical to our ability to carry out our global strike mission.

America's Air Force remains the most capable in the world, but we cannot allow readiness levels to decline further and modernization cannot wait for the next cycle of increased defense spending. We have important production lines underway and development programs that are, or will soon be, mature enough for production. Cancelling programs in anticipation of a future generation of technology would be wasteful and, in some cases, risk the loss of critical engineering talent and technological advantage. New threats and corresponding investment needs are not theoretical future possibilities. They are here, now. Air superiority and long-range strike capabilities cannot be assumed. Significant investment in fifth-generation platforms and munitions is essential to address these threats. The future success of the Nation's military and the joint team depends on modernizing our Air Force and keeping it ready to fight.

CONCLUSION

The Air Force's core missions will continue to serve America's long-term security interests by giving our Nation and its leadership unmatched options against the challenges of an unpredictable future. In the last several decades, Air Force airpower has been an indispensable element of deterrence, controlled escalation, and, when so tasked by the Nation's leadership, destruction of an adversary's military capability—all accomplished with minimal casualties to U.S. service men and women and civilians. However, investments in Air Force capabilities and readiness remain essential to ensuring that the Nation will maintain an agile, flexible, and ready force. This force must be deliberately planned and consistently funded, as reconstitution of a highly sophisticated and capable Air Force cannot occur quickly if allowed to atrophy.

Today's Air Force provides America an indispensable hedge against the challenges of a dangerous and uncertain future, providing viable foreign policy options exclusive of a large military commitment on foreign soil. Regardless of the future security environment, the Air Force must retain and maintain its unique ability to provide America with Global Vigilance, Global Reach, and Global Power.

Senator SHAHEEN. Thank you very much, everyone.

You've all spoken very eloquently to the potential impact of sequestration. One of the things that I have been struck by as I've listened to you and talked to other of our leaders in the military is that this is not just a problem for 2013, but it becomes an increasingly difficult problem as we go into 2014 and beyond. So, I wonder if you could talk about what our forces are going to look like at the beginning of 2014 if sequestration remains in place. Then, assuming we can address it by the beginning of 2014, how long will it take us to restore readiness to the levels that you all would like to see?

I don't know if someone would like to go first or—I'm going to ask all of you to address that.

General SPENCER. Sure, Senator, I'll start.

First of all, we don't know what our budget is in 2014, so there is a lot of uncertainty there. There's the law—current law, which is sequestration; and there's the President's budget submission; and there is a House and Senate version. So, we don't know yet what our future is. That uncertainty is very unsettling.

But, let me give it a couple of examples. If you stand—I mean, I—at home, I have a 1972 Chevrolet Monte Carlo. Because it's old, I have to start that car at least once a week to get the transmission and everything working, or it won't run very well. It gets cranky. Airplanes are similar. If you sit airplanes down and you don't turn the engines, they don't taxi, they don't takeoff, they don't work very well. So, if you stand down airplanes over several months, that's a problem.

Next, obviously the aircrews are not flying those airplanes. So, over time, their currency degrades and deteriorates.

The same with the maintenance troops that fix those airplanes. If they aren't fixing airplanes, if they aren't working on airplanes, then they are not as sharp as they need to be.

So, that's airplanes. On the other—just to give you another example, I mentioned that we're going to send 60 fewer aircraft and 35 fewer engines in the depot. I used to be the vice commander of the depot in Oklahoma City. For a KC-135, which is a tanker, it takes a little over 200 days to get that airplane in, get it stripped down, fully redone, and out. So, that's 200 days for just that airplane.

When you start backing up that line of airplanes that are stuck—so, first of all, you have those airplanes who can't fly in, so now, depending on how many hours they have on them, they too will be grounded and are sitting around. You have the civilians there who potentially could be furloughed. So—and you have those engines, now, that are backed up. So, you have this whole clogged system of airplanes and engines and people that need to move and need to be active to be sharp.

So, it's almost like a weight or an anchor, if you will, that we're going to pull, now, from 2013 cross the 2014 line. So, regardless of what happens in 2014, if sequestration goes away and we cross that line into 2014, we still have those airplanes and those pilots and those maintenance people and those engines and those aircraft that didn't go into depot sitting on our doorstep. So, we have to start, first in that hole, to try to dig ourselves out.

Senator SHAHEEN. Thank you.

Anyone want to add to that at all?

General PAXTON. If you wanted us to go by Service, Madam Chairman, and—just a few things on the Marines side. I would echo what General Spencer said, in that, with the fiscal cuts, the degradation may be linear, but the restoration is not linear. Because once you bottom out, things don't repair that quickly, either the equipment or the lack of training for the individual or the training for the cohesed unit, if you will.

As an example, I would take, on the Marines side, our F-16 aircraft—our F-18 aircraft. Right now, we have 5 of our 12 squadrons deployed, and we have another squadron that's a training squadron. Those are fully manned, organized, trained, and equipped. As

I said in my written and oral statements, we believe that those squadrons will stay that way, not only for the current deployment, but at least for the next two deployers, the one that will go in the fall and the one that will go late winter, early spring.

What that means, though, is, for the seven squadrons who are back at home, that they have aircraft that are not going into their phased maintenance, and they're what we call out-of-cycle reporting. So, with the passage of time, those aircraft will stay off the line. Their gripes or their maintenance complaints will go up, and then the repairs will go down.

So, what we will have is pilots who need to train on those aircraft who will not get their minimums. So, what—right now, we have 12 average aircraft per squadron, and normally we have about 9 or 10 that are up and ready. Our prediction is that, a year from now, those squadrons will only have five or six aircraft that are up and ready, about half of that number. The 19 pilots who are in the queue waiting to train will then be vying for minimal hours on those aircraft. Plus, if you tie it in with the Navy, if they have reduced steaming days, some of those pilots will need to get night-vision operations or deck bounces on the aircraft. So, it's a compounding effect.

So, the linear degradation won't get restored the same way, ma'am.

Senator SHAHEEN. Thank you.

Admiral?

Admiral FERGUSON. I would just add, is that, as you look at sequestration, the impacts on both the readiness accounts, where we're adjudicating \$4 billion in reductions in—so, we've deferred some of that maintenance, and we've moved that training into this year. On our shore infrastructure, we've deferred about \$1 billion worth of work, and so that will take about 5 years to recover. On our depot maintenance, if we get the fiscal year 2014 levels, we can try and eliminate or—that backlog in about a year or 2, on the ship side.

But, this cumulative effect of introducing new capabilities, because a \$6 billion reduction in investments and then there's another reduction next year—it's going to be very difficult to catch up. The effects, I would agree, are cumulative, particularly on the readiness side. It does take longer, and more expensive, for you to recover that readiness later.

Senator SHAHEEN. Thank you.

General CAMPBELL. Yes, ma'am, I'd agree with all my colleagues, here. We're really compounding risks. So, as we continue to move to the right, your Army—our Brigade Combat Teams (BCT)—I'll use that as a measurement; easier to do that—if they're trained at a brigade level, which is what we would send them to go fight, we talked about 80 percent by the first quarter fiscal year 2014 being at squad level. So, that will take more time, more resources to get them up to a level to be able to deploy. It's—and it is about time, and it is about risk.

An example would be if General Thurman, in Korea, had to deploy BCTs for an operation plan. Without going into great numbers, if we continue on the path we're at, he said, "I need X amount of BCTs," probably by the first quarter of 2014, we'd be able to pro-

vide him the one that's already on the ground in Korea, because we'll continue to fund that where it is today; we have the global response force that we'll continue to fund; we may have one or two other BCTs who are at a level they can rapidly respond. The rest of them will take more time, more resources to build out of that hole. We'll continue to dig that hole in 2013; it'll carry over into 2014.

On the aviation piece, as far as the Army's concerned, on pilots, the same issues with pilots and being able to train in the time. An example: 2 years ago, we had a backlog of pilots at Fort Rucker of about 300. It took us about 3 years to get them back up to speed. We're looking at now about 700 pilots, based on fiscal year 2013 numbers, that we're going to have to carry over into 2014. We anticipate probably 3 to 4 years to get them back up to a level they need to be.

Senator SHAHEEN. Thank you. Thank you all.

Senator Ayotte.

Senator AYOTTE. Thank you very much, Madam Chairman.

I wanted to ask, to follow up on Senator Shaheen's question on sequestration, and particularly wanted to ask about the concept of a hollow force. Something that we've talked about, heard about, I think we've seen, historically—for example, the examples of Task Force Smith, in Korea, when we've previously reduced defense spending and been brought to a hollow force. Can you please let me know, on your testimony—probably starting with the—certainly, each of the branches, but starting with the Army, what are the indicators of a hollow force? What—based on those indicators, how—as we go forward with sequestration, how close are we to a hollow force? When does that risk become grave?

General CAMPBELL. Thank you, ma'am.

For a hollow force, we really look at three components: end strength, modernization, and then readiness. As you noted Task Force Smith, after Korea—after every conflict, we continue to bring our Armed Forces down. The difference today is that we live probably in the most dangerous times of our life, we are in a continued fight for the next couple of years, and, as we're trying to bring down that force, we have to continue to supply that force.

So, we have to balance both modernization, which we're not able to do, with sequestration, to the level that we think is required. End strength, we're already coming down 80,000 on the active side. At 490,000, based on the Defense guidance now, we believe that we can accomplish the missions that are required. But, with sequestration, we will definitely go below 490,000.

For the Active and for the Guard and for the Reserve: For the Guard, we cut 8,000, but no end strength. For the Reserve, we cut 1,000, and no end strength. That was based off the BCA. Under sequestration, we'll have to go back to the National Guard and to the Reserve and take a proportional cut from those forces, as well.

So, when we get end strength, the modernization, and the readiness out of balance—you could have a very large end strength, but you can't modernize, you can't get them trained—then you become hollow.

Senator AYOTTE. Any other comments on that? [No response.]

Just so our colleagues understand, even beyond this committee, isn't that—this concept of a hollow force is a real, tangible risk of sequestration, that, if we follow through with this, we could end up in this position, given, right now, I think, the readiness of our forces; meaning we've fought valiantly in Iraq and Afghanistan, and they're phenomenal, but this is a real risk that we face if we continue on this.

Admiral FERGUSON. Senator, I would just add, there's one other element, for us, because we're a very capital-intensive service. We rely on our industrial base and the ability to create the new weapon systems, maintain our ships and aircraft. That is an element, as well, in addition to the three that General Campbell mentioned that I agree with.

Senator AYOTTE. Admiral Ferguson, following up on that, where are we with our fleet size? We've said that we need, I believe, 306, is it, as a fleet size for the Nation to meet all of the requirements of our Strategic Guidance for the Nation and for, obviously, our shift to the Asia-Pacific region. So, where are we now with that, with sequestration? Where does our fleet end up if we continue with these cuts, going forward, over the—not only the Future Years Defense Program (FYDP), but going over to the 10-year period?

Admiral FERGUSON. Senator, I think if you—when we submit our 30-year shipbuilding plan with this budget, you'll see that we project to be at approximately 300 ships by 2019, is what our current projections are, assuming that level of funding. With sequestration, that number will have to come down to keep the readiness of the force in balance so that the ships we have are ready. We see that number in the FYDP period falling to about 260, I would believe; and then, over the long term, the fleet size would decrease even smaller than that.

Senator AYOTTE. Previously, I had heard that number of—if we keep going over the—to the 10-year period, that it could get down to 230–235. Is that true, Admiral?

Admiral FERGUSON. That is a correct number, yes, ma'am.

Senator AYOTTE. Thank you for that.

I also wanted to understand, in thinking about the *Virginia*-class submarine program—first of all, how is that program performing, operationally?

Admiral FERGUSON. The *Virginia*-class is performing extraordinarily well, operationally. It's very stealthy, it's valuable, it contributes across a whole range of joint force missions. We're very happy with it. In terms of production, it's coming in on its cost targets, and it's even being produced ahead of schedule by the builders. So we're—

Senator AYOTTE. How often can we say that around here? That's great.

What percentage right now of combatant commander requirements for attack submarines was the Navy able to support in fiscal year 2012?

Admiral FERGUSON. We're meeting 100 percent of what the Joint Staff adjudicates. But, of the actual combatant commander requests, it's about half of those, about 50—

Senator AYOTTE. So, half of the requested attack submarine support by combatant commanders is met?

Admiral FERGUSON. That's correct.

Senator AYOTTE. Obviously, if our fleet were to go down substantially, that would be even a more diminished number, based on what they think they need in the field.

Admiral FERGUSON. That's correct, Senator.

Senator AYOTTE. How important is it that we go forward with the Virginia payload module as it is now—

Admiral FERGUSON. Well, as you—

Senator AYOTTE.—to the attack submarine fleet?

Admiral FERGUSON.—as you look at our force structure, we are—the SSGN fleet will reach the end of its service life. So we're investing in the research, development, test, and evaluation project to add a Virginia-payload module, which would give us a strike capability from that vessel. We're targeting the Block 5 buy to finish the design work to make the decision to install it. But, we think it's important to replace that strike capability from the submarine force.

Senator AYOTTE. Thank you.

General Campbell and General Paxton—so, at this point, as we're reducing the size of our forces—you talked about, General Campbell, us going to 490,000 with an 80,000 reduction in the Army. Are we in a place where we have to do any involuntary separations? As we move forward and we have to make—if we continue with the sequestration and have to make further reductions to our forces, will there have to be involuntary separations, which, of course, so people understand, we're—we would be issuing these, sometimes, to individuals who have served multiple tours, who have done what we've asked of them, and then, here we are, saying, "We'd like you to go."

So, General, can you tell us what the possibility of that is?

General CAMPBELL. Yes, ma'am. For the 80,000 decrease we're going through right now, we really worked hard to get the personnel policies to make sure we could take care of all of our soldiers and families, working most of that reduction by regular attrition, but we will have to take down involuntary separations for colonels and for lieutenant colonels. We'll try to keep that number low. At some point, we'll probably have to go to the captain level and reduce some of our captains, as well. So, these could be young captains that served two or three, maybe multiple tours, either in Afghanistan and/or Iraq. We are working that very hard with our leadership. We will be very compassionate. But, again, that's 80,000. We will have to do some involuntary separation. We will have to do a lot more of those through sequestration.

General PAXTON. Yes, thank you, Senator Ayotte.

Much in line with the Army, we have a planned reduction. With the—after September 11, the Marine Corps went from about 185,000 or 186,000 up to 202,000. We're on our way down to 186,000 now. We thought, prior to sequestration, and certainly in the immediate aftermath, that we may have to go down to about 182,000. So—General Amos has articulated that in his testimony. So, we have a drawdown plan, if you will, to get from 202,000 to 186,000 and perhaps to 182,000.

Right now, our cohorts that have come in through entry level are leaving, probably, at about the rate of 3,500 to 5,000 a year. We can manage that over the handful of the next couple of years.

It's obvious that recruiting and retention at the entry level will not be sufficient. We have to grade-shape the force. This past year, for the first time in many years, we did do selective early retirements. So, at the lieutenant-colonel-to-colonel and major-to-lieutenant-colonel level, those who had been looked at and not selected, we did do some selective early retirements. Very modest number, but we predict that we will probably have to do that again.

We're about 65 percent first-term. So, most of the marines are under the age of 25. So, it becomes important, then, as we do what General Campbell said, which is to balance our readiness and our modernization, that we're going to have to grade-shape those who are there. Many have stayed and served most admirably in Iraq and Afghanistan, but at some point, some of the ones—whether they're a master gunnery sergeant, sergeant major or a lieutenant colonel/colonel, we just won't be able to keep them around.

Senator AYOTTE. Thank you all for being here.

Senator SHAHEEN. Thank you.

Senator Donnelly.

Senator DONNELLY. Thank you, Madam Chairman.

Thank all of you for your efforts.

One of the areas we've been working on is the tragedy of suicide in our military. I would like to thank each of the Services and the Veterans Administration (VA) for recognizing the damage that this causes. Currently our mental health system relies on the servicemember's or veteran's willingness to self-report. The backup to the system is relying on peers and coworkers and—to make judgment calls as to the mental health of the servicemember.

Suicide mental health is often considered a personnel issue, but I also consider it to be a readiness issue. This is something, when we looked—it breaks your heart that more committed suicide than were killed in Afghanistan last year. We don't want to lose anybody at any time, but you think of that figure, and it is staggering. As we try to solve this problem—to each of you—what do you see as the leading cause of this within the military?

Admiral FERGUSON. Well, Senator, we've done a lot of work on that recently. We appointed a task force, headed by a two-star, that really looked at the Navy issues, followed on the work of the Army and the other Services.

Senator DONNELLY. By the way, I just want to mention very quickly, General Chiarelli, who was formerly Vice Chief, has done an extraordinary job working on this. It is his passion, I know that.

Admiral FERGUSON. Yes. What we're seeing, it's—they're not Service- or Navy-unique. It's relationship problems, psychiatric history, discipline, legal problems, and physical health. We don't see a tie, in the Navy cases, to operational tempo (OPTEMPO), and we actually don't see a generational divide, in terms of millennials being more susceptible than other generations. They're actually not. They're bringing our rates down.

We see the main risk factors of those that lose a feeling of belonging—to an organization or to a family. They feel overwhelming hopelessness, and they've overcome the fear of hurting themselves,

to make the pain that they're experiencing go away. So, we think we have to address those factors as we go forward. That's what we see as the causes.

General CAMPBELL. Senator, I'd just echo that, as well. We, a couple of weeks ago, started our Ready and Resilient Campaign. Really, we have to look at it from a cultural change in the Army, on suicides. It is about education. You're absolutely right. It is all about readiness, and we have to make that tie. We have to continue to work to make sure that people understand the trends that we see out there; the same ones that the Navy just talked about are the same ones that we see.

This is not a Service issue, this is a national issue. If you take a look at our Nation, I think it's one every 14 or 18 minutes, somebody commits suicide in our Nation. If you take a look at the Services and look at that population of young men and women in the 17 to 24–25, we're probably commensurate with the rest of the Nation.

But, it is a national problem. We all have to work together to get the mental health professionals, be able to afford that, get them down to the lowest level. I think, for the Army, we continue to work that very hard. General Chiarelli has led that force. He continues to do that in the civilian world now. I will champion that for the Army, as well as the Secretary and the Chief, on health of the force.

But, financial—we have not really seen that it's deployments/not-deployments. It's about 50–50. There are people that have come into the Service, I think, that have stressors already, and they come in, and they lose a sense of belonging. We have to just continue to work that from the lowest levels. It's about knowing every single soldier, and it's—it is a command responsibility. We just have to get back into knowing everything we can about every single soldier, about their family. I think leadership will get us through this.

General PAXTON. I was going to add, Senator—thank you—that I agree with, obviously, my two colleagues here, and I think all the Services have, not only service-unique, but a lot of the shared ideas and a lot of shared data about campaign plans on how to tackle this. It is about small-unit leadership. It's about some intrusive leadership and really getting to know your soldiers, your sailors, and your marines.

I think, germane to today's testimony, in the issue of sequester and fiscal resources, I know, in the specific case of the Marine Corps, and, I believe, all the Services, we're committed to apply resources—fiscal resources to keep these programs alive. Because, for us, this is all about the most important thing, which is that individual soldier, sailor, airman, and marine, and the actual Americans that go out and execute these hard missions.

Senator DONNELLY. We are working on legislation to integrate annual mental health assessments into the servicemembers' overall health assessment. As you said, almost bringing it down to knowing your marines, knowing your airmen, your sailors, and your soldiers, and would appreciate it very much if, in the process of this, we can lean on you for your recommendations and for your advice in this process.

I just want to switch, very quickly, to the National Guard. We just had a situation where a number of our Indiana Army National Guard groups were off-ramped with 6 weeks to go before they were to be deployed. It's been extraordinarily difficult on their families—on the soldiers, but also on the families, as well. We were just wondering, when the Army off-ramps a National Guard unit and moves it to the bottom of the patch chart, what does this do to the unit's readiness?

General? General Campbell?

General CAMPBELL. Yes, sir, thanks for your question, sir.

Both Active and National Guard and Reserve soldiers are being off-ramped. As the President announced a while back, we're going to cut 34,000 in Afghanistan, so we really depend on U.S. Central Command (CENTCOM) and International Security Assistance Force to provide us where they want to take those soldiers, those units out, and then we continue to work that piece. So, it is something that we do not want to do, especially to the National Guard, because of the unique nature that they have to be able to get ready. We try to do that and give them as much notice as we can. We try to work that at least 180 days out. In the case we're referring to, I know we did not do that, and that was compounded by a year or 2 ago, as we came out of Iraq very quickly, we had to off-ramp some units. When we came out of Iraq, we were able to put some folks in Kuwait, we were able to transfer some folks into Afghanistan. At this point in time, we're not able to do that.

As we took a look at the severity of the budget impacts, we had to look everywhere we could. We were able to use an Active component, as opposed to National Guard in this case, and it saved us upwards of \$80-plus-million to be able to do that. We understood the impact that that would have on the National Guard. It was a very, very tough decision. But, again, we're making those decisions, taking everything into consideration. Both the Active, the Reserve, and National Guard have—

Senator DONNELLY. On such a short notice, 60 days out—I know that has been changed to make it 120 days now—but, to those soldiers who in—who it did happen to, how do you ever—what do you say to them to convince them they are still considered a partner and a teammate in this effort?

General CAMPBELL. Sir, as on the suicide piece, leadership can make anything happen, here. You have to get down to small-level unit, you have to talk to them about how important they really are. This was a timing issue. This is nothing against National Guard, verse Indiana, verse another State, verse Active. It was all about timing. I think that the leadership needs to grab those soldiers, sit them down, tell them we appreciate what they've been doing for the past year and a half to get ready to go, and that we need them to continue to stay ready. The next time that they are asked to go, that they will be ready, and that they have value—that we value their service. But it's hard for me to do it up here. I need the leadership down on the ground level to grab them, look them in the eyes and talk about that. Again, we have to do that across the force.

Senator DONNELLY. Thank you all for your service.

General CAMPBELL. Thank you, sir.

Senator SHAHEEN. Thank you, Senator Donnelly.

Senator KAINE.

Senator KAINE. Thank you all for being here today.

One of the things that I've been doing to climb the learning curve as the new guy is—on this committee and in the Senate—during recess weeks, traveling around to installations around Virginia. I've been to, let's see, Belvoir and Lee, and at Oceania and Norfolk Naval Base, Quantico, Langley, Guard armories, VA hospitals, military contractors—to just kind of climb the learning curve. One of the things I think we've said about sequester, for example, is that the warfighter is exempt. We're protecting warfighting. Obviously that means that—the operations in Afghanistan or—elsewhere. But, it does seem as I travel around to the installations and I found out what the actual effect is, that it's a pretty thin line. I mean, I think we need to say we're protecting the warfighter, and we are, if you define it pretty narrowly, but some of the things that we're allowing to degrade have a pretty direct effect on warfighting.

So, for example, each of you—each of your Service branches makes extensive use of civilians for very important and critical missions. Am I right about that? You use them in different ways, and you have different strategies about how to manage things like furloughs. But, I mean, the—a civilian could be a nurse at an Army hospital at Fort Belvoir that's taking care of warfighters, that are in a Wounded Warrior Brigade, or it could be a maintainer of F-22s at Langley, that are pretty critical. So, the fact that it's—"Oh, it's just civilians," I mean, this is pretty critically related to the warfighting mission.

The effect on contracting and capital—you mentioned, Admiral, you're pretty capital heavy on the Navy side, and the shipyards in Virginia, the shipyards in New Hampshire and Maine, and these are directly connected to our ability to forward-deploy force. When maintenance or other things get delayed, or we decide not to deploy the *Truman* or something, I mean, it has a direct impact upon the support for warfighting missions.

I was wondering about this, General. You referred briefly to the embassy security, which, we know, in the aftermath of Benghazi, how important that is. I visited the Marine security guard training facility at Quantico, and you're in a phase-up there. You're both doing a—physical infrastructure phase-up, with a mock embassy compound. But, you're supposed to significantly increase the number of Marine security guards that you're training. Is that a warfighting mission that's protected from sequester, or is that something that's subject to sequester?

General PAXTON. No, sir. In the short term, it's not—it is protected, because it's the next-to-deployer. So, we will take a look at those classes of watch-standers and those classes of noncommissioned officers that are going through, and we will pull them out of—most of them have probably done two, three deployments—Afghanistan or Iraq; they've just recently reenlisted, or are about to; probably a corporal at the 4- or 5-year mark. So, that's the talent pool that will go to the school. So, we will ask the commands, as they look at reenlistment stuff, to send that talent to Quantico, and we'll keep the next couple of classes going.

So, in the short term, it is protected. In the long term, you're absolutely right, it's like everything else. What—we want to increase the number of Marine security guards out there. We have a master plan with the State Department, where I think we have 13 that are projected to grow, and 4 of which we will source by the end of this calendar year.

But, there's a larger appetite there, a larger requirement, for both consulates that have not been protected or embassies that need additional protection, that we are—we feel obliged to support, that we are ready to support, operationally, but it's going to require extra end strength; or, if we take the end strength out of existing end strength, as we have on hand now, then those are other missions that we have not—that we may not be able to do.

So, this is—it's an ongoing discussion. It's part of the initiative that Congress asked us to take a look at, and they're working with the State Department. But, we're going to have to carve out our way ahead, in any set of circumstances, and now it's aggravated by sequestration.

Senator KAINE. The Accountability Review Board, in the aftermath of Benghazi, suggested not only that the Marines bulk up, but that the foreign affairs security training also bulk up, on the State Department side. The State Department had proposed, or were pursuing, that recommendation to do a significant coordinated training center. They had an Environmental Impact Statement out, they were about to make an announcement, this month, of that, down at Fort Pickett, and they've pulled that back in and said that we're going to have to delay doing this. Again, the sequester effect, either on your side or on the—we may be protecting the warfighter, but if we're not doing the—all the things we need to do to—with dispatch about embassy security—we know that's a vulnerability; we've been made painfully aware of it—

General PAXTON. We're—continue to look at it, Senator. We have a good model. We can predict the number of people we need. We can predict the facilities that we need. We can predict the training pipeline and everything. So, now it's a matter of the resources. Consequently, when you get to the resource piece and sequestration is in effect, how you fund that and how you take care of that is going to be—

Senator KAINE. How much of the readiness in each of your divisions is related to the issue of the retrograding of equipment back from Afghanistan and then refurbishing and reusing that equipment? To the extent that there's delays or that that's a challenge, how does that affect the readiness issue?

General CAMPBELL. Sir, I think it's going to be huge. For the Army, we have about 80 percent of the equipment over there. It's about \$28 billion worth of equipment. We need about \$22 billion back here to make sure that we can maintain readiness for our Army in the future. It's a little bit more difficult than Iraq. In Iraq, we could drive it out. We had Kuwait as sort of a catcher's mitt. Afghanistan, landlocked, the problems we have with Pakistan—we developed some routes through the Northern Distribution Network—will help. We're flying a lot more out, so that's much more expensive. But, the equipment that we have here, we can—that we have there, we cannot afford to just leave it there and then buy

new equipment. We just can't do that. So, we need \$22 billion worth of equipment out of Afghanistan, here in the next 18 or so months. So, I'm very concerned about that. But, we need that for the readiness of our Army to continue in the future.

Senator Kaine. Just to kind of cross X or go a little farther, so you need to have \$22 billion of that back. Then you've factored in—because it's been there and been in use. I mean, it's not just about getting it back and then you can immediately use it. You have to get it back, you have to then put some investments into making it—

General Campbell. Yes, sir.

Senator Kaine.—suitable for the next deployment. To the extent that we're delayed getting it back or the dollars for the investments are not there or it's delayed—you're—

General Campbell. Sir, we've been very consistent, the last 3 or 4 years, that we need 3 years of OCO money after the last piece of equipment's out of Afghanistan—3 years.

Senator Kaine. That's largely around the equipment issue?

General Campbell. It's around the equipment, yes, sir.

Senator Kaine. General Paxton, were you going to—

General Paxton. Yes, sir. Army and the Marine Corps have been pretty much in step on this, sir. So, it is 3 years from the time the last individual, last piece of equipment comes out of Afghanistan. That's about the time we estimate that it'll take to reset. The Marine bill is about \$3.2 billion right now, sir. We also have indicated that, because we have so much of our—so many of our equipment sets in Afghanistan, as well, that, with the sequestration, that'll mean less equipment to do home-station lane training with here. If the depots are adversely impacted with sequestration, it's a slower rebuild and restoration of the equipment that comes back. A real issue to the committee and to Congress is, we have pledged to rebalance to the Pacific, in line with the Defense Strategic Guidance, and we think that that—the rebalance to the Pacific will now be delayed beyond 2017, unless we get all the equipment out and then can maintain all the equipment.

Senator Kaine. Thank you.

Thank you, Madam Chairman.

Senator Shaheen. Thank you.

Senator McCaskill.

Senator McCaskill. Thank you.

Thank you all for being here, and thank you for the work that you have done and others have done along with my colleagues on the Senate Armed Services Committee, some of whom are here today, on our effort at getting at—after sexual assault in the military.

But, today I want to talk about the Distributed Common Ground System (DCGS). As you all know, DCGS is about a 15-year project from concept to today, around \$4 billion. The idea was, we were going to integrate hardware and software, and take all the decision items and put them in a package that would make it interoperable platforms in each branch, be able to do everything from intelligence, communication, to weather, all in one package with a bow around it.

Your lab, last year, General Campbell, said that it was not operationally effective, not operationally suitable, and not survivable. Their words. In spite of that report—its strongest—by the way, the strongest criticism was around the intelligence capability, on top secret, which obviously is incredibly important to our fighters, that they know what we know about what danger there is in any environment they're in, based on our intelligence. We're spending an awful lot of money on intelligence, and the notion that we've spent this kind of money on this system, and we can't get that intelligence information to them in an effective way is, frankly, unacceptable.

What really worries me is that acquisition, technology, and logistics (AT&L) went ahead and approved it, in December, for full deployment, calling it Release 1. Obviously, a budget justification for this was—for DCGS—was operating a networked environment at multiple security levels. I'm disturbed, confused as to how this could be deployed at this point. There's \$270 million in the budget for 2014 for more money for DCGS. I—it has been reported, and I have personal awareness from folks, that units have filed urgent needs—the ones who have gotten DCGS have filed urgent needs—these are warfighters—saying, “Please give us this different program that has additional capability,” and the Army has resisted that.

If we—if there is a program out there that is off-the-shelf and has this capability, in light of these programs and problems, shouldn't we be offering that to our units that are asking for it, who have used it and said, “This is what we need right now”?

General CAMPBELL. Yes, ma'am. I mean, I've been a beneficiary of the operational needs statement, of rapid equipping fielding, as a division commander, as a brigade commander, and as a deputy division commander in both Iraq and Afghanistan. The ability to grab a piece of equipment off the shelf, provide that to the warfighter, is critical. So, I've been a beneficiary; it has saved lives.

In the particular case you're talking about, on DCGS, on the TS, or the top-secret piece, that's a very, very small percentage of the capability of DCGS. I want to say less than 10 percent. So having seen DCGS in combat myself as a commander, although I didn't make that decision with AT&L, I would support that 100 percent.

The system you're talking about, I believe, is Palantir. DCGS takes over 500 feeds, as a system of systems, to be able to integrate the intel and fuse that. Palantir is just a complementary piece of it. It is a easy-to-read piece. If you're down at a small combat operating post and you just need a localized area, if you hook Palantir into DCGS, that'll give the young soldier on the ground a better picture, it will help him out, but he may be missing a lot of the intel feeds that DCGS would get him. So, if they use that by itself, you're going to put more people at risk. I'm telling you that, from my experience on the ground, that is the case.

My son is a soldier in the 82nd. He's a specialist. He deployed to Afghanistan. He was one of the units that asked for DCGS—or his brigade did, not him, himself. All the units that have asked for Palantir, which is a complementary piece that fits into DCGS, the Army has been able to give that to them, and the training, for the most part. The ones that they did not—I believe there's about three

units—there was an exception why they didn't, that either they didn't have enough time in country to get the training, they were in an area that it would not work, and then one I think a request was put in, and, again, they just couldn't get the equipment to them in time. But, all the units that asked for that, both the Secretary and the Chief wanted to make sure, if it was out there, we're going to give that to them, and we'll continue to work that piece of it.

So, I'm a believer in DCGS. I'm a believer that Palantir and DCGS, if they continue to work together, that they can make that system more effective. But, Palantir is a very, very small part of DCGS. It does—you can't even compare the two; it's like apples and oranges.

Senator MCCASKILL. Well, I'm not here to push anything.

General CAMPBELL. Right.

Senator MCCASKILL. I'm here to get to the bottom of whether or not we should have a system that has been deployed without full capability after we spent \$4 billion.

General CAMPBELL. Ma'am, DCGS has saved lives. I mean, that's—

Senator MCCASKILL. I'm all for that, but I still want it to work and do everything that the budget justification said it would do.

General CAMPBELL. Absolutely.

Senator MCCASKILL. Frankly, that intelligence piece that it's missing right now would also save lives.

General CAMPBELL. It would.

Senator MCCASKILL. So that's what I'm focused on, how do we get to that place? What is the—what's it going to cost to get to that place? What is the problem? Is—was it a good idea for it to be pushed forward in December, even after the finding by your own lab that it was a problem?

General CAMPBELL. Ma'am, I believe it was a good decision. Again the top-secret piece is a very small piece. That's about a year-old data. Most of those corrections have been made to that system. I think we deploy a lot of systems into combat that we can incrementally improve, and we learn as they're in country, and we apply lessons learned, and we continue to add to that. If we didn't do that, we'd have people asking for stuff over there. If we wait for the 100 percent perfect solution, we'd put more lives at risk. So, I'm—

Senator MCCASKILL. Is the intelligence piece fixed now?

General CAMPBELL. Ma'am, I don't have the exact answer of the particular problem you're talking about. I know we've done a lot of improvements on that. I can get somebody to come back and talk to you—

Senator MCCASKILL. That'd be great.

General CAMPBELL.—specifically on the top-secret piece—

Senator MCCASKILL. That'd be great. I'd love to learn more—we've had a little difficulty on this one. I wrote to General Odierno and Secretary McHugh about it. But, I'd really like to know about the integration and how the other systems—regardless of what it is, are there other systems off-the-shelf that can complement, in a way that's less expensive than going back and doing some reconfiguration of DCGS? Because, I mean, here's—the good news and the

bad news is, after 6 years of this, you guys are given a job, you figure out how to do it. You just do.

General CAMPBELL. Ma'am, we'll get the folks over—

Senator MCCASKILL. That's—

General CAMPBELL.—to come—

Senator McCaskill:—that's what the military does. On the other hand, you are so good at getting the job done, it's very hard sometimes for you guys to say, "Maybe we need to stop here and not go further with this, because maybe we're not going to get it where it needs to be in a cost-effective way." In a way, I'm glad that happens, because that just means everybody has such a determination to get something done that we start, that no one wants to stop. I want to make sure that we're not so wedded to DCGS, that's been very expensive, that we're not complementing with whatever is available off-the-shelf.

General CAMPBELL. Yes, ma'am. No, we're with you, ma'am.

Senator MCCASKILL. Okay.

General CAMPBELL.—I'll make sure we get the right folks here—

Senator MCCASKILL. Okay.

General CAMPBELL.—to give you a more in-detail depth of it.

Senator MCCASKILL. Thank you all for your service.

Senator SHAHEEN. General, if you could also share that with the rest of the subcommittee, we would appreciate that.

General CAMPBELL. Yes, ma'am.

[The information referred to follows:]

The Distributed Common Ground System-Army (DCGS-A) is the Army's system for tasking, processing, exploiting, and disseminating intelligence at Coalition Releasable, Secret, and the Top Secret/Sensitive Compartmentalized Information (TS/SCI) levels. The DCGS-A program currently connects the Army to the Intelligence Community at the TS/SCI classification level through multiple fielded systems, including the Analysis and Control Element Block II, DCGS-A Enabled Tactical Exploitation System, DCGS-A Fixed sites, and the Guardrail Integrated Processing Facility. Consequently, there is no TS/SCI capability gap.

However, the use of multiple programs to search across a wide range of intelligence information at the TS/SCI level is extremely inefficient and time-consuming. Moreover, the Secret and TS/SCI systems do not currently cross-talk, which further adds to a labor intensive process. The next release of the program, DCGS-A Release 2, will address this inefficiency by integrating intelligence from multiple sources and will be interoperable with the DCGS-A Release 1 software, currently operating successfully at the Secret level. Moreover, the common software platform in the DCGS-A program will simplify the necessary training and associated learning curve as analysts use the system.

The DCGS-A software baseline 1.0 initial testing in May through June 2012 was not successful. However, it is important to note that the majority of the issues identified were within the TS/SCI software domain. Ninety-five percent of our operations in Operation Enduring Freedom are conducted below TS/SCI, where DCGS-A Release 1 successfully operates.

Following this initial testing, the DCGS-A program moved rapidly to correct and retest each major issue prior to the December 2012 review, and deferred incorporation of the TS/SCI capability to the next release (Release 2). The Army also reconfigured the program to fully address other risks identified during the earlier testing. The Director, Operational Test and Evaluation (DOT&E) tested this modified configuration and concluded that the system would provide users capabilities at least as good as those provided by the versions of DCGS-A utilized by deployed units. This assessment, coupled with the Army's inclusion of a number of incremental upgrades within the modified configuration, led the DOT&E to concur with the Army's Full Deployment Decision (FDD). Furthermore, the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) reviewed the program on December 7, 2012, and approved DCGS-A for its FDD. The cost to conduct the additional testing (\$2.3 million) was offset by program efficiencies.

The DCGS-A acquisition strategy has always planned for an iterative delivery of software, and had already included plans to enhance the TS/SCI capability originally included within Release 1 through an improved version in Release 2. The deferral of all TS/SCI software implementation to Release 2 results in minimal impact to the DCGS-A program and long-term fielding approach. An operational test of Release 2, to include planned full TS/SCI capability, will be conducted in the second quarter of fiscal year 2014. Release 2 will begin fielding in the fourth quarter of fiscal year 2014. The cost to develop, test, and integrate Release 2 is \$38.9 million.

Senator SHAHEEN. I want to follow up—we're going to do at least one more round. I have some additional questions. I'm sure that others here do, as well. But, I want to follow up on the issue that Senator Kaine was raising about furloughs, because—General Campbell, I was struck, in your testimony, when you talk about canceling the majority of depot maintenance, that—for third and fourth quarters—that that will result in the termination of an estimated 5,000 employees and a—not only a delay in equipment readiness for 6 divisions, but also an estimated \$3.36 billion impact to the surrounding communities. Now, given what everyone has said about the potential for furloughs and—I'm assuming that we can multiply that impact across the Services and see that that will have a significant impact on the civilians that we count on to keep our forces ready and also the communities in which they work. I know it's an issue at the Portsmouth Naval Shipyard, because I've heard from shipyard workers there.

So, I wonder if you all could talk about any mitigation plans that you have in place to prevent the furlough of civilian workers, and how hopeful you are that those will be successful.

General CAMPBELL. I'll go first, ma'am. Again, we value our great civilians; I know all the Services do. We could not do what we do every single day without their great support. I understand the uncertainty, the stress of furlough/no-furlough, 21 days, 14 days, will put on them and their families. I would hope that we wouldn't have to put them through that.

For the Army—and I think it's different for each Service, but for the Army, our biggest issue—we have a huge, huge hole, and it comes from our OCO piece, and it's about \$2.8 billion after—if we get all the reprogramming that we think we may get. So, if you look at a \$2.8-billion hole that we do not know how we're going to fill, and then you rank-order everything out there and kind of create a one-to-end list, and furloughs is on there, and you take a look and prioritize, again, to the warfight, to Korea, to global response force, where furloughs come, and it's below providing to the warfight. We just have to rack and stack that way.

Out of our O&M account, it's a little over \$500—about \$530 million for the Army. There's some RDA piece here, based on some other furloughs, that take it up into the neighborhood of \$700-plus million for the Army. So, if we were to buy back \$700 million on furloughs, we would, again, eat up \$700 million of readiness, potentially for next deployers going into Afghanistan, because that's why the Army really is looking at that very hard. We're working through the Service Secretaries and through the Joint Staff at the Office of the Secretary of Defense (OSD). This is not a place we want to go, but it's a place that we really have to look hard at based on the prioritization of everything else we have out there.

Senator SHAHEEN. Well, based on some of the testimony, are you not concerned, all of you, that, in the short term, the savings from those furloughs are going to get added on in the long term because we're going to lose those skills and capabilities? Then, of course, the impact on maintenance from the equipment that's going—that's not going to get done? Is—have you figured out the long-term impact of that?

General CAMPBELL. Again, ma'am, we don't know what our budget is for 2014, as was discussed earlier by General Spencer, but we have, we've looked at all that. Again, we have—it's about prioritization, it's about risk, and so, we've taken a hard look at that. Right now, the decision—there has not been a decision made. I think this will be a department-level decision, not a Service decision. We do realize and understand that morale, productivity, all those things will continue to go down. It's not a decision that we'll take lightly.

Senator SHAHEEN. Thank you.
Admiral?

Admiral FERGUSON. Senator, I would say that we're—all of us are involved in a very productive dialogue with OSD on this issue. Secretary Hagel's made it clear that if we can do better, we will do better.

From our perspective, furloughs impact mission readiness, and it's especially critical in our shipyards. It is critical as we look at the nuclear repair work that's done on our submarines and our aircraft carriers. There's a cascading effect that takes place that will reduce operational availability of those forces in the future. Second, if we attempt to recover later, there's a higher cost through the use of overtime and other means, at that point, to try and recover it.

It directly affects several carrier availabilities in the Norfolk Naval Shipyard and submarine work up at Portsmouth. For us, we recognize each Service is in a different place, and we have to make—and we're compelled to consider the furloughs, because of the O&M reductions that we're seeing under sequestration. So we're looking at a range of options because of the impact on readiness that we see.

Senator SHAHEEN. Are there other efforts that you all are undertaking, General Paxton, General Spencer?

General PAXTON. Senator, I think the other efforts—as General Campbell alluded to, this is—it's an issue of prioritization and rank order. None of these are palatable—

Senator SHAHEEN. Right.

General PAXTON.—solutions. We would prefer not to do any of them. But, as you and Senator Ayotte brought up earlier, none of us, by our DNA—we're not in the business of saying no. So, we're going to, unfortunately, mortgage long-term readiness to guarantee short-term readiness, because we really think that's what we're in the business to do for the Nation, to be ready if the balloon went up tomorrow, each Service to a different degree.

Admiral Ferguson brought up a great point; that when you look at CRs, sequestration, and OCO, each of the four Services is really in a unique place. We're not radically different, but the impacts of those three different fiscal constraints affect each Service differently. So, you're not going to get a one-size-fits-all. In the issue

of furloughs, you won't get a one-size-fits-all. I think both the Chairman and the Secretary talked yesterday about the trade space they're trying to carve out between short-term fiscal gain, the long-term fiscal problem, and what's good for both the performance and sometimes good for the optics for the team. So, these are just tough decisions, ma'am.

Senator SHAHEEN. Thank you.

General Spencer?

General SPENCER. Senator, I really appreciate your question, because I think all the Services are in a similar place, in that 80 to 90 percent of our civilians don't work in the Pentagon, they work out in the field. I'm not sure everybody quite understands that.

As an example, at our training bases, where we train pilots to—for pilot training—at several of our bases—I'll just pick one: Laughlin Air Force Base, in Texas—100 percent of the maintenance on those airplanes is performed by Civil Service civilians. So, if you talk about a furlough—I mean, that's a direct cut to the amount of airplanes they can provide and the amount of pilots we can train.

I think—and, on top of that, if you add onto that—we've stopped overtime. We have a hiring freeze on. So, it's really a bad problem. We all are in a little bit different place. But, I think, as Admiral Ferguson said, we are trying to work through this as best we can with OSD to see what is possible. We're at a point where we're looking at our checkbook, if you will, and we have flying hours, furlough, depots—we're trying to balance all of that. The issue is—and I don't, frankly, separate—I don't draw any distinction between Civil Service—we call them civilian airmen—I don't draw any distinction between civilian airmen and readiness, because they are so key to readiness.

So, trying to balance all that is really pretty difficult and is something that we're fighting every day.

Senator SHAHEEN. Thank you.

Senator Ayotte.

Senator AYOTTE. Thank you very much.

I just wanted to follow up briefly, General Campbell, just to clarify one point that you made earlier. I think you said, at one point, the Army faces a \$2.8 billion shortfall in O&M funds without OCO for 2013. Is it actually \$7.8 billion? I just want to make sure that we get all the—

General CAMPBELL. It's \$7.8 right now. Yes, ma'am.

Senator AYOTTE. Okay.

General CAMPBELL. It's fluctuating a little bit. We're looking, hopefully, to maybe get some reprogramming, potentially at \$5 billion. That would put it at \$2.8. That's not guaranteed at all. So, \$7.8 is really the OCO shortfall.

Senator AYOTTE. Okay. I just wanted to make sure. Thank you.

In fact, as we look at the testimony, certainly both of you, General Paxton and General Campbell, you've both testified that DOD will need 3 years of OCO funding post the last piece of equipment from Afghanistan. One of the things that I worry about is that—I sit on other committees here, and there have been a lot of people trying to claim that OCO money for other purposes. So it may be news to some people around here, outside of the Senate Armed

Services Committee, that you're going to continue to need the OCO money for the reset, the 3 years.

So, is it clear, the 3—I assume that the 3-years reset requirement, that's been made clear to OSD. So just making sure that everyone here within Congress understands that so that we don't try to designate that money for other purposes. This is absolutely critical to our readiness, not something we can skimp on or use for other purposes.

General CAMPBELL. Ma'am, I think we've been very consistent. I would tell you, I was a colonel, executive officer to the—our Chief of Staff, Pete Schoomaker, in 2003, 2004, 2005. At that time, we were saying we needed OCO reset, 2 to 3 years. As we've looked at it over the last several years, we've moved toward 3 years, as that equipment has been in country much longer than people may have thought, years ago.

We've been able to mitigate a lot of that, based on the great support we've had from this committee and Congress with the OCO, to reset in theater, reset back here. As kind of—people think, as you bring down the number of forces, that the OCO should come down. If you take a look at Iraq, at the end of that, we came down very quickly. The price of bringing soldiers out increased.

We've closed all of the small combat operation posts, all of those. The ones we have left to do to get out by the end of 2014 are the big ones—the Bagram, the Shanks—those type of things. It's going to cost a lot more. We expect that has to come out of OCO. What we're doing right now, because we already have an OCO shortfall, is, we're taking from our base to pay some of those bills, putting us farther into the hole.

But, 3 years OCO for reset, yes, ma'am.

Senator AYOTTE. Could I follow up, as well, on this OCO issue, going forward, with respect to the Navy and the Air Force? Because I certainly understand you have some of the same issues with OCO, as I understand it. So, if you could make sure that that's clear to all of us.

Admiral FERGUSON. If you look at our base budget submission, compared to the OCO submission, we require, absolutely, the OCO funds both to sustain operations forward as well as depot maintenance during depot maintenance requirements. So, about 20 percent of the depot maintenance on aircraft and ships is funded in OCO for us. So, we're absolutely dependent on it.

Senator AYOTTE. Admiral, as we think about winding down in Afghanistan—obviously, but with what else is happening in the world—that 20 percent, is that something that we're going to have to incorporate in the base for the Navy going forward or is there a period of time? We've heard obviously from the Marine Corps and the Army, the 3-year period.

Admiral FERGUSON. Right. We've been on a path to reduce our dependence on OCO for that enduring maintenance. You've seen reductions in that from 2011 to 2013. We are going to need some period of transition as we come out of Afghanistan for us to make that migration, or an increase in the top line for the readiness accounts, for us to accommodate it.

General SPENCER. Senator, we're about in the same place as the Navy. We have a lot of our weapon systems support, depot support,

if you will, in OCO that would, at some point, have to roll to the base. We also have about a 2- to 3-year—we think—about a 3-year period after we draw down Afghanistan, for reset, as well.

Senator AYOTTE. Well, I appreciate it—and that's certainly something we want to work on with you, because that is a core part of readiness. When we have a conflict, we're involved, the OCO piece goes well beyond just the immediate conflict, because we have to reset. Sir, I appreciate that and your giving us that.

When you think about where we are right now—and I'm just going to ask you all a very straightforward question. What is it that most keeps you up at night with your responsibilities and the challenges you've faced?

General CAMPBELL. We have no certainty on where we're going with the budget. As we talked about earlier, you have three of them out there. You're going to ask us which one we would give you prioritization on. It's hard for us to answer that. We have great planners who'll continue to work it. As you said, it's not in our DNA. We're going to do the best we can. The problem we have is, we never say no. At some point, we're going to have to tell you, "We can't do that. We can't continue to do more with less," and—or else we're going to put soldiers, marines, airmen, sailors' lives at risk. So, I'm worried that too many people here in Washington forget that we're in a fight.

Senator AYOTTE. Right.

General CAMPBELL. We're going to be there for several more years. Tonight there's 60,000 people—troops in Afghanistan that are in harm's way. We can never forget that. We can't forget the sacrifice of their families.

Senator AYOTTE. Also, less than 1 percent of our Nation defending—

General CAMPBELL. Yes, ma'am.

Senator AYOTTE.—defending the rest of us, gratefully. Thank you.

Admiral FERGUSON. I would echo that concern about the fiscal uncertainty. For us, it's coupled with the extraordinarily high operational tempo that we're operating the fleet at. Over the last decade, we've decreased the fleet size by about 10 percent, while our deployed presence has remained about the same. We're seeing squadrons and ships spending an average of about 15 percent more days away from home per year than they did 10 years ago. You're seeing deployment lengths go up, in terms of the average carrier. An amphibious-ready group will deploy, 7 to 8 months. *Eisenhower* came home, turned around and went back for an additional deployment. Several will go for 9 months, and our ballistic missile defense ships are at 9 months.

This cumulative stress, with a very high OPTEMPO, fiscal uncertainty, and decreasing resources, from my perspective, is the one that I spend the most time thinking about.

General PAXTON. Yes, Senator Ayotte, three things, if I may.

First, on your previous question on the OCO, like—as with the Army, we've been fairly clear and consistent about the first 2 to 3, and now closer to 3 years, OCO after the closure of operations and activities in Afghanistan. But, I would just caution that that's not time-driven, that's event-driven.

So, you can actually finish something over there, and you can have the Pakistan ground lines of communication closed for 15 months because of negotiations and movement of vehicles. That will further delay things.

Senator AYOTTE. Right.

General PAXTON. So, we are obviously obligated, in terms of the way we do our fiscal planning in Washington, or the way we do our recruiting and training, to look at things in quarters and years, but it's an event-driven issue instead of—

Senator AYOTTE. Obviously, we have a bilateral security agreement that has to be worked out—

General PAXTON. Right.

Senator AYOTTE.—and there are so many other contingencies, yes.

General PAXTON. Then, in terms of, Senator, the things that keep me up at night, as General Campbell said, the unpredictability of the fiscal environment is one thing. It's easy to get lulled into a sense that the only big thing we have going on is Afghanistan. There's a lot of unease and unrest and potential danger elsewhere around the world that you expect your soldiers, your sailors, your airmen, and your marines to be ready for. Indeed, in the case of the Marine Corps, where we think, since 1950–1952, that's our mandate. With the Navy, we're supposed to be most ready when the Nation's least ready.

So, I worry that if we continue to focus on Afghanistan, then the gradual and seemingly negligible, but obviously compounding-over-time impact on home station training and the readiness of the next-to-deploy units, if the balloon goes up and you're relying on a home-surge capability, it's not going to be there. Unfortunately, the readiness—I worry less about a hollow force than I do about, particularly, broken units, and you won't see it until it's in the rear-view mirror.

General SPENCER. Senator, along with my colleagues, I'm really concerned about the uncertainty of our budgets going forward. But, that's sort of a Pentagon worry for me.

As I mentioned to you, I haven't always been a general. I started off as an E-1. So when I go visit a base, although we can't visit that much anymore, we don't have much money to travel, but I go right to those E-1s and E-2s and E-3s. I don't want to talk to the colonels.

If you visit a base that's had a—one of their squadrons stood down, I mean, they look at us and say, "What in the world is going on? What are we doing?"

I'm going to be very honest. I mean, everyone at this table could get out of the military and go make more money. But, we're here for one reason; it is those troops that are out there getting the mission done, and that's all they want to do. As you mentioned, only 1 percent of the public are even eligible to serve, and they don't deserve that. I mean, all they want to do is come in and serve. They watch the news, and they know the threats as well as you do. We're going to—if we get called to go do something, we want to go trained and ready, we want the best equipment we can have, and we want to go over there and get the thing done and come back. That's all that troops want to do. We owe it to them, I think, to

make sure that we're doing everything we can to get them the training and the equipment that they need. That's what keeps me up at night.

Senator AYOTTE. Thank you.

Senator SHAHEEN. Thank you.

Senator Kaine.

Senator Kaine. General Spencer, just one question real quick to connect a couple of the points. It really picks up on what you just said.

You talked about your maintenance folks are all civilians in Texas, a high number of civilians at Langley in Virginia. This tiered readiness structure, where you're standing down combat wings without saying more than you should—I mean, I—we're doing a lot of contingency planning for things like Syria or North Korea or Iran right now I would be fair to assume that the Air Force has pretty significant roles in all that contingency planning.

General SPENCER. Yes, sir.

Senator Kaine. If any of those contingencies or, God forbid, more than one, were to come to pass, there would be a pretty immediate need for an awful lot of Air Force activity.

General SPENCER. That's correct.

Senator Kaine. That depends upon training and maintenance and folks being ready to roll right at the moment.

General SPENCER. Yes, sir.

Senator Kaine. Yes, that's what keeps me up at night. Thank you.

Senator SHAHEEN. Thank you, Senator Kaine.

Apropos your comments, General Campbell, about, "At what point might we have to say no when the country comes and asks?"—one of the things that I'm not going to ask you all about, but I just want to put on for the record today, is, as you all know, we're changing over the system by which you report on readiness to this committee and to Congress. I know there have been some challenges in getting that new system up and running. I just think, given the comments that you and—all of you really have had, testifying about the readiness challenges, that it's incumbent on all of us to figure out how to get that reporting system done in a way that better reflects the real circumstances that you're experiencing so that Congress can better understand what's going on and, hopefully, be very responsive to that.

I just want to follow up with one more question about energy because, as I said in my opening statement, it's one of the things that has significantly affected your budgets. While over the last 10 years, there's not been much fluctuation in DOD's fuel consumption, there has been tremendous volatility in the price of—the cost of fuel. I wonder if you all could talk about the link between readiness and fuel price volatility and how—what you think is going to suffer in this budget because of the additional cost of fuel, because of the increases.

Admiral Ferguson, do you want to begin?

Admiral FERGUSON. We're very, very dependent on fuel, and we're facing a bill due to this recent price jump of about \$450 million that we have to resolve. A good rule of thumb for us is, every dollar change in the price of oil is \$30 million to me and my readi-

ness accounts. So, it ends up we have to curtail existing operations, start to curtail some other base operating support, and move the money within the account to cover it. We're going to be relying on a reprogramming action, I think, to cover some of these costs this year for that. But that's kind of our rule of thumb, when you see those dollar amounts change.

Senator SHAHEEN. Thank you.

General SPENCER. Senator, the Air Force uses the bulk of the fuel in the DOD, and we've done a lot of work in that area. Since 2006, we've reduced our requirement by about 12 percent, which is actually 2 percent ahead of where we thought we would be.

To sort of put a dollar on that, if we were to pay for the same amount of fuel today that we did in 2006, we're paying, now, a billion and a half less, based on those efforts. So, we've really taken a—we've gone to these metrics—for example, large airplanes, the ton-mile-per-gallon. I don't know if you've flown in a C-17 lately. I had that experience. I was up in the cockpit with the pilots, and a young—former C-17 pilot, here—and I was pleasantly surprised; as I was sitting there looking around in the cockpit, they were talking to each other about optimum fuel load, optimum speed, optimum altitude to get the best fuel efficiency. So, it is becoming a culture. We're really working hard at that.

The thing that bothers me about sequestration, frankly, is we have about 220 energy projects in our facilities, sustainment, restoration, and modernization budget, or our installation support budget, that we can't get to now because we've had to cut that account by about 50 percent, and we're only doing emergency repairs. So, that's a problem. We aren't able to now fund a lot of those energy projects that we have.

Senator SHAHEEN. Thank you.

Any—General Campbell?

General CAMPBELL. Yes, ma'am. A lot of our fuel really is embedded in our OPTEMPO, and—but, I think we will see an increase in costs for U.S. Transportation Command or secondary destination transportation costs will come up that'll impact retrograde, as well.

But, at a different level, at the tactical level, the investment that we're making in the operational energy piece—and you talked a little bit about that—whether it's battery packs or solar panels we put on soldiers to decrease the weight by 40 percent, by changing out—40 percent of the fuel we use in Afghanistan is in generators for the Army. By investing in a different type generator, by putting a different type fuel cell in at different forward operating bases, I mean, we really reduce the fuel dependability on the soldiers there. So, I think, at that level, we've been doing a lot of great work there to help out, and we'll continue to work that very hard.

Senator SHAHEEN. Thank you.

General Paxton, do you want to add anything?

General PAXTON. Yes, ma'am. It's the same thing. Because you get—fuel benefits will be seen tactically, operationally, and strategically. I mean, you'll have—you'll be able to lift more people further distances if you have less load to carry. You'll be able to have less dependency on the internal lines of communication for the amount of fuel you need to support an operation, and then you'll

have greater flexibility to move strategically. So, we all pay attention to it at all three levels.

Senator SHAHEEN. Yes. I think the story of what you all have done with addressing your fuel consumption is an amazing story that's really little known to the public, as a whole. It really provides a great model for where I think the private sector is going. They've figured out what you all have figured out, is that it's not just a cost to your bottom line, but there are other benefits, as well.

So, I hope we're going to continue to tell that story because I think it's very impressive.

So, thank you all. I don't have any further questions. Anyone else?

Thank you very much for being here. We will continue this discussion and look forward to working with you.

The hearing's adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR KELLY A. AYOTTE

IMPACT OF FISCAL YEAR 2013 SEQUESTRATION

1. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, due to sequestration, the Department of Defense (DOD) is faced with an immediate reduction of \$41 billion for the rest of fiscal year 2013. As you have discussed in your opening statements, the immediate impact of these cuts to the readiness of your forces will be severe and long lasting, creating a bow wave of reduced readiness and increased risk for years to come. Are additional funds budgeted for fiscal year 2014 in your operation and maintenance (O&M) accounts to recover from the sequestration cuts in 2013?

General CAMPBELL. No, the fiscal year 2014 President's budget (PB) request does not contain additional funds in our accounts to recover from the sequestration cuts in 2013. We developed the fiscal year 2014 PB request prior to the start of sequestration on March 1, 2013.

Admiral FERGUSON. No. The fiscal year 2014 budget submission does not include additional funds to recover from all of the readiness impacts of sequestration in fiscal year 2013. For example, civilian furloughs, restructured ship construction, and maintenance schedules are irreversible once they are executed. Similarly, deployment schedules would preclude a fiscal year 2014 recovery of deferred fiscal year 2013 maintenance that was deferred by sequestration funding reductions. This deferred ship/aircraft maintenance will have to be funded and rescheduled at the next major maintenance availability. Recovery of this maintenance, in some cases, will take several years and could be at risk due to future funding levels.

General PAXTON. No, the Marine Corps did not budget additional funds in our operation and maintenance appropriation in fiscal year 2014 to recover from sequestration cuts in fiscal year 2013. Despite the constrained funding resulting from sequestration, the passing of H.R. 933 mitigated most of the near-term operational impacts of sequestration in fiscal year 2013. The Marine Corps will meet near-term readiness commitments for deployed and next-to-deploy forces and will continue to rebalance to the Pacific and support the Marine Rotational Force Darwin and the Unit Deployment Program.

While the Marine Corps is capable of meeting near-term readiness commitments in fiscal year 2013, we have taken risks in our long-term infrastructure sustainment and the unit readiness of our home station units. We cannot continue to sustain these levels of reductions in fiscal year 2014 without immediate impact to our deployed and next-to-deploy forces and our nondeployed crisis response forces at home.

General SPENCER. No. The Air Force submission for the fiscal year 2014 budget request was compiled prior to sequestration and did not take into account sequestration impacts on readiness caused by an approximate \$3 billion reduction to critical readiness accounts in fiscal year 2013.

2. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, how will you reverse the damage caused in these 6 months?

General CAMPBELL. The Army's fiscal year 2014 President's budget does not include all the resources needed to recover from lost readiness in fiscal year 2013. The

impact of sequestration reductions is an atrophy of readiness due to cancelled training, deferred equipment maintenance, and delayed procurements. Any new unfunded directed missions will also negatively impact our OPTEMPO accounts and our ability to build readiness for all except the top priority units of those next to deploy, rotating to Korea, or a part of the Global Response Force. Funding above the amounts requested in the fiscal year 2014 President's budget would help buy back some of the lost readiness.

The Army has significant unfunded Operation and Maintenance, Army (OMA) requirements needed to recover lost training and rebuild lost readiness. Adding funds to those OMA accounts and to procurement accounts would be a positive step toward rebuilding readiness in fiscal year 2014. This would not, however, address the need to restore the Army's base funding for Overseas Contingency Operations (OCO)-funded training, sustainment, and procurement that supported the Army at war for nearly 12 years. As more soldiers return to home stations, the restoring base funding is among the biggest challenges in an environment of continued fiscal uncertainty.

As soon as we can provide forces with the resources they need to execute their full training strategies, they will be able to progressively build readiness for a broader range of missions. It takes an Army Brigade Combat Team (BCT) approximately a full year to reset from a deployment and train-up for another mission. Even with full funding, a unit's training progression is generally linear, which limits acceleration. Units must go through the steps of building proficiency from smaller units to larger formations, from easy conditions to ambiguous or varied conditions, from basic tasks to synchronization of more complex operations. A BCT is not considered fully ready for decisive action until it has completed a training rotation at a maneuver combat training center (CTC). The Army will manage limited training assets (like CTC rotations) as best we can to support the training progression of priority units. Even with additional funding for CTC rotations, units at squad-level proficiency at the end of fiscal year 2013 would not have time to adequately prepare and benefit from a CTC rotation early in fiscal year 2014.

Admiral FERGUSON. We continuously assess the damage of sequestration to our readiness and are in the process of determining the actions necessary to recover from its impact and the associated cost; however, we will not be able to reverse all of the effects of sequestration.

For example, we cancelled the deployment of a second carrier strike group to U.S. Central Command in February and have cancelled other operational training and deployments to U.S. European Command, U.S. Pacific Command, and U.S. Southern Command. We have also reduced our parts purchases, lowering our ability to surge forces and maintain our readiness levels while deployed. Nondeployed readiness will continue to decline over the remainder of the fiscal year and can only be recovered at a higher funding level.

For our deferred maintenance, deployment and maintenance facility schedules will result in some maintenance being deferred for several years or cancelled altogether. Where possible, we will attempt to recover the most critical maintenance requirements.

Much of our reduction was focused on shore infrastructure, where we have both reduced base operating support and curtailed repairs. For example, we have deferred noncritical dredging in places such as San Diego, Pearl Harbor, Guam, and Japan. This dredging must be done in the future to maintain safe port operations, and will cost more when we do it. To remain within future budgets, other dredging projects will be deferred. This creates a continued rightward push of projects for what amounts to a one-time, nonrepeatable savings. As such, future budgets will not have the trade space available to address the readiness damage incurred. In fact, should sequestration continue and the Department is placed on a lower funding path, the readiness impacts will increase disproportionately, as shore infrastructure degrades and all the one-time cost deferments are used up.

For our acquisition programs, we have reduced quantities and deferred payment of certain program costs into fiscal year 2014. Without an increase in funding, we will see higher unit costs, lower purchase quantities, and longer time to introduce new capabilities into the fleet.

General PAXTON. Despite the constrained funding resulting from sequestration, the passing of H.R. 933 mitigated most of the near-term operational impacts of sequestration in fiscal year 2013. The Marine Corps is capable of meeting all near-term readiness commitments in fiscal year 2013; however, we have taken risks in our long-term infrastructure sustainment and the unit readiness of our home station units by incurring significant reductions in facilities sustainment.

These reductions in facilities sustainment are not sustainable and could degrade home station training and quality of life for marines and their families. As such,

the Marine Corps' facilities sustainment in fiscal year 2014 fully funds the maintenance and upkeep of our vital facilities as we continue to strive to be good stewards of the infrastructure we have.

An additional impact of sequestration and the uncertainty of the fiscal year 2013 budget during the first 6 months of the year is that the Marine Corps has been directed to furlough our civilian workforce. Although these furloughs have not yet begun, the continual uncertainty associated with lost pay damages our workforce's morale and the trust they have in the institution. This trust, once lost, cannot easily be recovered.

General SPENCER. We estimate between 3 to 6 months are needed for stood-down, combat-coded units to regain pre-sequester readiness levels. The Air Force estimates approximately a 10 percent increase in flying hours is needed in fiscal year 2014 above the current budgeted program for these stood-down units. In addition, there are weapon system sustainment costs and a multi-year recovery period from the bow wave created in fiscal year 2013.

3. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, how does this affect the risk to our military members?

General CAMPBELL. Fiscal year 2013 budget uncertainty has delayed the Army's ability to refocus the training of contingency forces on conventional threats and required the Army to accept risk in meeting force deployment timelines in Combatant Commander Operational Plans. Only units with high-priority missions are able to fully prepare. Lower priority units will not be able to fully execute broader-focused training strategies since they must constrain training activity to the squad/crew/team level. These forces will require additional time to prepare for an unforeseen contingency, or will have to be deployed at less than full effectiveness. If units are deployed before being fully trained, operational commanders will have to use all available time to continue to prepare and assess whether mission requirements warrant the risks of force employment or offer alternatives. All military members would, however, have the personal skills needed to protect themselves with their individual weapon and equipment within context of any operation.

Admiral FERGUSON. In the near term, the fiscal year 2013 sequestration has impacted our ability to train our people, maintain our existing force structure, and invest in future capability and capacity. While we have made every effort to protect family and sailor programs, these programs will be affected through reduced operating hours and availability of support.

In addition to reducing the readiness levels of our nondeployed forces and bases, sequestration will mean lower levels of training and maintenance. It will place a premium on safety and risk management, as our sailors are asked to do more with resources that are being stretched and with less operational proficiency. We will carefully monitor the safety performance of the force to minimize risk.

Over the long term, sequestration presents additional risk with respect to the capability of the force and its operational proficiency.

General PAXTON. Despite the constrained funding from sequestration, the passing of H.R. 933 mitigated most of the near-term operational impacts of sequestration in fiscal year 2013; the Marine Corps will meet near-term readiness commitments for deployed and next-to-deploy forces. In order to meet these commitments, the Marine Corps has been forced to reduce other accounts such as long-term infrastructure sustainment, Warrior and Family Support programs, and civilian personnel funding.

The Marine Corps has taken risk in our long-term infrastructure sustainment by incurring significant reductions in facilities sustainment and thus degrades unit readiness of our home station units. Reductions in facilities sustainment are not sustainable in the long-term and will degrade home station training and quality of life for marines and their families.

Although Warrior and Family Support Programs will be protected to the greatest extent feasible, the long-term effects of sequestration will impact these programs. The Marine Corps' approach to sequestration cuts will be focused on preserving programs that support the health and welfare of our marines, including the Wounded Warrior Regiment and Combat Operational Stress Control for those returning from Afghanistan. We will prioritize our resources to ensure we maintain these programs while taking risk in lower priority programs, such as our leisure and recreation programs.

As a result of sequestration, the Secretary of Defense has directed implementation of up to 11 days of furlough, which will have a significant impact on not only the affected employees and their families, but also to uniformed marines and overall readiness of the Marine Corps. The impact of an 11 workday furlough in the final quarter of this fiscal year will result in an approximate 20 percent pay reduction

for affected employees and a commensurate reduction in work. Of our civilian marines, 68 percent are veterans that have chosen to continue to serve our Nation, and of those, 16 percent have a certified disability. As a result of this loss of income, employee stress will increase, morale will decline, productivity will suffer, and the burden on military personnel will increase—all of which translates to reduced readiness.

Civilian furloughs will also impact the Marine Corps bases and stations with a commensurate reduction in services to our personnel, as these civilians provide critical functions that support our marines, sailors, and their families. With a ratio of 1 civilian to every 10 marines, the Marine Corps already maintains the leanest civilian workforce—each of these civilians are an integral part of our total workforce. Ninety-five percent of civilian marines work outside the headquarters and support critical missions at our depots, bases, and stations in a multitude of roles that serve our active duty personnel and their families. Missions such as depot maintenance and training range operations directly support the warfighter and the Marine Corps' mission to provide the best-trained and -equipped marines.

Sequestration's impacts include degradation to infrastructure sustainment, Warrior and Family Support Programs, and civilian Marine contributions due to furloughs—all of which affects our All-Volunteer Force and reduces readiness.

General SPENCER. Sequestration diminishes ready forces for steady state and emergent requirements. Sequestration has introduced heightened risk to current and emergent missions due to fewer trained and ready aircrew, maintenance, and support personnel.

4. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, do you believe your Service will have the opportunity to advocate for a higher budget in fiscal year 2015, if the impacts to readiness from sequestration become too severe?

General CAMPBELL. We expect we will have an opportunity to advocate for a higher budget in fiscal year 2015 informed by fiscal year 2013 and fiscal year 2014 sequestration readiness impacts and DOD Strategic Choices Management Review (SCMR). However, as an Army, we share the sacrifice of all Americans during this period of fiscal uncertainty and must shape the Army of 2020 with an understanding of both our national security obligations and the fiscal constraints we all share.

Admiral FERGUSON. We will articulate the funding requirements necessary to meet the National Defense Strategy and to meet the readiness requirements of the force. Our planning and recommendations must be informed by the discretionary budget caps enacted into law.

General PAXTON. The fiscal year 2015 budget is still under development; however, given current expectations the Budget Control Act caps will remain in place during coming fiscal years, it is unrealistic to expect larger budgets in the out-years.

General SPENCER. While the Air Force has made every effort to minimize impacts to readiness and people, the bow-wave of reductions, deferments, and cancellations will challenge the strategic choices made in the fiscal year 2014 request.

The exact impact of sequestration on readiness in fiscal year 2014 and beyond is still being assessed. We do know that more reductions will drive additional risks to our readiness, force structure, and ability to modernize our aging aircraft inventory. As we navigate the uncertain way ahead, we will continue to work with Congress.

CIVILIAN FURLOUGHS

5. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, as you may know, many of us in the Senate tried for more than a year to get firm details on the impact of defense sequestration with little cooperation from the administration. Now that we are experiencing sequestration, there is still some uncertainty regarding the real effects, including the need to furlough civilian employees. Not only do furloughs put our skilled DOD civilians in a difficult financial position, but I am concerned that furloughs will inflict serious damage to our military readiness. What would be the readiness impact of furloughs on your Service?

General CAMPBELL. Civilian furloughs will impact the training capability at the Army's training institutions. Most U.S. Army Training and Doctrine Command (TRADOC) and non-TRADOC schools use Department of the Army civilians as instructors and their absence will require the training institutions to implement less than optimal training alternatives, in part all or in. These alternatives could include extending the program of instruction time period and creating a student throughput

delay or backlog, or accepting risk in training standards. Degraded administrative support such as resource management, quality assurance, and course program management may cause a disruption to student services. Furloughs will also degrade the capability to provide development of doctrine, training, concepts, and requirements determination.

Civilian furloughs will impact Army training support system capabilities as well. Maintaining training support, range operations, and airfield operation capabilities will require qualified borrowed military manpower to replace DA civilian shortfalls. Some of these training support capabilities include the use and/or maintenance of simulators (flight and ground vehicle, weapon, tactical, etc.), distributed learning facilities, and training aids, devices, and simulations, for which soldiers are not normally trained in their Military Occupational Specialty (MOS) to use or maintain. Furloughs limit Army civilians available to offset reductions as incremental funding of Mission Command Training contracts reduce workforce available to support units' preparations for future training exercises.

The impact on Combat Training Center (CTC) rotations is expected to be manageable. All CTCs will work with their respective DA civilians to schedule furloughs around CTC rotations. This will ensure training units are adequately supported while at the CTCs. Currently there are 842 DA civilians working at the 4 different CTCs. The primary effect of furloughs will be a reduction in the ability of the CTC staff to react to changes during a rotation. While uniformed personnel can, in many cases, cover down on a furloughed civilian position, the military personnel often lack the technical expertise or required certifications necessary to perform certain tasks expeditiously. Furloughing civilian employees at our organic depots and arsenals will slow production, increase repair cycle time, and potentially result in increased carryover.

Admiral FERGUSON. Furloughs, combined with the ongoing hiring freeze and overtime restrictions, will have an extended impact on Fleet maintenance capacity. Over time, it is our assessment furloughs will impact the morale of our civilian workforce, our ability to retain that workforce, and our ability to recruit new skilled workers into Federal service.

Specifically, the combination of the civilian hiring freeze, overtime restrictions, and 11 furlough days at the aviation depots is expected to delay the delivery of approximately 66 aircraft and 370 engines and modules from fiscal year 2013 into fiscal year 2014. Recovery of the delayed work will drive additional unbudgeted costs.

The naval shipyards have been exempted from the furlough but capacity is still being impacted by overtime restrictions and the hiring freeze. This capacity reduction will result in maintenance availability completion delays.

If the hiring freeze continues through the end of fiscal year 2013 it will prevent the naval shipyards from hiring approximately 1,030 production artisans and engineers. Fiscal year 2013 capacity would be reduced by 87,000 mandays, resulting in a 2 month delay for 1 aircraft carrier maintenance availability; a 2 month delay for 1 ballistic missile submarine maintenance availability; and a total of 8 months delay for 2 fast attack submarine maintenance availabilities.

General PAXTON. The full impact of civilian furloughs has yet to be determined since they are not scheduled to begin until July 8, 2013. However, once furloughs are implemented, it is expected that the lost days of labor from our civilian marine workforce will begin to affect overall Marine Corps readiness in the last quarter of fiscal year 2013. Furloughs will not only affect the overall readiness of the total force in terms of morale, stress, and quality, it could more specifically cause undue and immeasurable readiness impacts to organizations and entities that rely heavily on civilian workforces to complete their mission.

Civilian marines comprise the leanest appropriated funded civilian workforce within DOD, with only 1 civilian for every 10 marines. Less than 5 percent of civilian marines work at the Headquarters elements in the Pentagon; most work at bases, stations, depots, and installations. Veterans comprise 68 percent of civilian marines and 13 percent of these veterans have a certified disability. Many civilian marines, who have already gone 3 years without salary increases, will not be able to easily absorb the loss of income from furloughs. Prolonged budgetary uncertainty extending into fiscal year 2014—regarding furloughs—will increase employee stress, reduce morale, and could be detrimental to retaining quality civilian personnel.

As mentioned, the effect on organizations and entities that rely on a proportionally heavy civilian workforce may be significant. For instance, productivity at maintenance depots and Fleet Readiness Centers (FRCs) will suffer because of reduced labor hours. Approximately 20 percent of the remaining fiscal year 2013 depot and FRC organic capacities will be lost, resulting in requirements to shift post-combat reset workload completions into fiscal year 2014 and beyond. Equipment shortages are the biggest readiness detractors for the Corps and furloughs will exacerbate that

problem. Aviation readiness is already decremented due to aircraft, engines, and components awaiting depot work. The furlough of civilian employees at FRCs is anticipated to create up to a 1-month delay for aircraft, engine, and component deliveries in the remainder of fiscal year 2013. These delays would affect the aircraft materiel readiness condition and availability for training of F/A-18, AV-8B, CH-53E, MV-22B, AH-1, and UH-1 aircraft. Should civilian furloughs continue into fiscal year 2014, the impacts would be extended across the operating forces, Reserves, and the supporting establishment. The impacts to depots and FRCs will result in deferred inductions, degraded overall materiel condition, reduced aircraft and equipment availability for training, and increased risk to safety and combat readiness. Units with aircraft inducted into the maintenance cycle would be impacted first, followed by training and operational units that would be forced to defer maintenance actions and training and readiness requirements that are imperative to producing qualified aircrews and being deployment-ready.

General SPENCER. The Air Force is comprised of over 170,000 civilian employees (one third of the entire Air Force) with the vast majority currently expecting to be impacted by furloughs. The entire Air Force will be affected. The most significant impact will be felt in those areas that rely primarily on civilians. For example, the depot workforce is 77 percent civilian, and the depot role is vital to aircraft sustainment and modernization. Civilians also contribute invaluable expertise in the staffs at major commands and headquarters and their absence will further increase the workload on our uniformed force.

6. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what will be the impact to the morale of our civilian employees?

General CAMPBELL. On January 10, 2013, the Deputy Secretary of Defense directed the components to take necessary steps to mitigate the impact of a financial shortfall, which resulted in an immediate freeze on civilian hiring. Not only does this freeze hinder the civilians' ability to support the soldier and the mission, it also limits the promotional opportunities for our workforce. The Army has also released temporary employees and allowed term appointments to expire, which only places increased workload and demands on our existing workforce. These actions, in addition to the continued freeze on civilian pay, the limitations placed on overtime, the discontinuance of monetary awards, and the implementation of furlough are having significant impact on the morale of our civilian workforce, particularly because it impacts their financial stability.

All of these actions are a reflection of budgetary constraints and in no way reflect the outstanding quality and performance of the Army civilian professionalism.

Admiral FERGUSON. Furloughs present an immediate challenge to our workforce in terms of morale, retention, and recruiting. Navy civilians enable the Navy and Marine Corps team to operate forward around the globe, as the majority directly supports the readiness of our force. DOD will execute up to 88 hours, or approximately 11 furlough days, by the end of the fiscal year. Civilian employees will incur a 20 percent reduction in their pay due to the furlough. In addition to previous pay freezes, this adversely affects morale, will likely result in recruiting and retention challenges of skilled personnel in the future, and will impact the performance of the workforce overall. Through exemptions and other actions, we have attempted to reduce the impacts to readiness and operations where possible and consistent with DOD policy.

General PAXTON. Our civilian marines support the mission and daily functions of the Marine Corps and are an integral part of our Total Force. Serving alongside our marines throughout the world, in every occupation and at every level, our civilian appropriated funded workforce remains the leanest of all Services, with a ratio of 1 civilian to every 10 active duty marines. More than 93 percent of our civilians do not work in Headquarters' elements in the Pentagon; they are at our bases, stations, depots, and installations. Sixty-eight percent are veterans who have chosen to continue to serve our Nation; of those, a full 13 percent have a certified disability.

The potential human impact associated with furloughing our civilian marines is significant. While we would like to believe that a discontinuous furlough will reduce the impact on our employees, most will not be able to easily absorb this sudden loss of income, even over a period of several months. With prolonged budgetary uncertainty, including the possibility of additional furloughs in fiscal year 2014, employee stress is increasing, civilian morale is declining, and at some point productivity will begin to suffer.

General SPENCER. We have a dedicated and professional civilian force that serves our Nation proudly. However, our civilian employees are concerned about lost pay due to the furlough and potential future reductions due to sustained budget cuts; all of this negatively impacts the morale of our civilian airmen.

7. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, within your current budget constraints, could your Service find a way to avoid civilian furloughs without taking unacceptable risks in other budget areas?

General CAMPBELL. The current budget constraints do not permit us to avoid a civilian furlough without taking unacceptable risks in readiness. From the outset of the budgetary uncertainty, the Army identified significant shortfalls in its OMA account. The shortfalls were due to the effect of the Continuing Resolution, the impact of sequestration, and the higher than expected costs related to Operation Enduring Freedom.

On March 1, sequestration went into effect across the Federal Government. DOD's budget was reduced by \$37 billion, including \$20 billion in the O&M accounts that pay many of our civilian workers.

Because our wartime budget is also subject to sequestration, we must utilize funds originally budgeted for other purposes in order to provide troops at war with every resource they need. These factors lead to a shortfall in all Defense O&M accounts of more than \$30 billion—a level that exceeds 15 percent of the DOD budget request, with fewer than 6 months left in the fiscal year in which to accommodate this dramatic reduction in available resources. At this time, we simply do not have a lot of flexibility to account for the large shortfalls in O&M dollars. However, we will continue to closely monitor funding for the remainder of the fiscal year, and if the funding situation permits, we will avoid or end furloughs.

Admiral FERGUSON. Yes. The Department of the Navy presented fiscal options to avoid the necessity of furloughs for the Navy and Marine Corps. These options were considered but not authorized by DOD.

General PAXTON. Given current funding levels, the Marine Corps could avoid civilian furloughs. However, because of the overall funding deficiencies of DOD, the Secretary of Defense has directed implementation of furloughs. Implementing furloughs will have a significant impact to Marine Corps readiness.

General SPENCER. There are limited options to absorb sequestration reductions of this magnitude during the year of execution. The Air Force has maximized every option to minimize the risk to readiness which includes our civilians. The Air Force is highly leveraged and furloughing our civilians is not a desirable option, but unfortunately necessary.

8. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what is the total projected savings in 2013 for your Service for both a 14-day and a 7-day furlough, and could that savings be found elsewhere?

General CAMPBELL. Based on our current estimates we believe that we could save approximately \$726.5 million across all appropriations with a 14-day furlough. If we are directed to reduce the number of furlough days to 7, our savings would be reduced to approximately \$363.3 million. Continuing to reduce the number of furlough days will force us to assume increasing risk in other parts of the budget, such as taking further reductions to unit training or reducing services our installations provide to our soldiers and their families. This would also be on top of the emerging OCOs shortfall of approximately \$8.3 billion with which we are currently grappling. We planned to use the furlough as a tool of last resort, and I think we have reached that point. We could find the savings elsewhere, but based on Army priorities, that would force us to assume additional and unacceptable risk in our readiness accounts, further affecting our ability to provide ready forces in the case of emerging contingencies.

Admiral FERGUSON. The most current estimates of projected savings are for the 11-day furlough announced by the Secretary of Defense on 14 May 2013. Estimated savings in Operation and Maintenance, Navy and Operation and Maintenance, Navy Reserve are approximately \$130 million and \$2 million, respectively.

For Navy, savings could be found elsewhere within the Department of the Navy. However, Department-wide civilian furloughs were directed on 14 May 2013 to prioritize military missions and minimize adverse mission effects, and subject to that criterion, to ensure reasonable consistency and fairness across the Department.

General PAXTON. Per the letter dated 14 May 2013, the Secretary of Defense has directed up to 11 days of furlough for all DOD civilian employees with limited exceptions. The Marine Corps projects the savings from an 11-day furlough to be approximately \$58 million and will implement furloughs as directed. The passage of H.R. 933 helped mitigate some of the near-term impacts of sequestration. Consequently, the Marine Corps could prioritize its available funding to meet near-term readiness commitments for deployed and next-to-deploy forces, while taking risk in other areas to otherwise find the \$58 million that would be made available by furlough.



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

MAY 14 2013

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEFS OF THE MILITARY SERVICES
COMMANDERS OF THE COMBATANT COMMANDS
CHIEF OF THE NATIONAL GUARD BUREAU
DIRECTOR, COST ASSESSMENT AND PROGRAM
EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Furloughs

This memo directs defense managers to prepare to furlough most Department of Defense (DoD) civilians for up to 11 days. The schedule for furloughs, and some specific exceptions, are described later in this memo and in the attachment. I have made this decision very reluctantly, because I know that the furloughs will disrupt lives and impact DoD operations. I, along with the senior civilian and military leadership of the Department, have spent considerable time reviewing information related to the need for furloughs, and I would like to share with you the reasoning that led me to this difficult decision.

Major budgetary shortfalls drove the basic furlough decision. On March 1, sequestration went into effect across the federal government. DoD's budget for FY 2013 was reduced by \$37 billion, including \$20 billion in the operation and maintenance (O&M) accounts that pay many of our civilian workers. In addition, because our wartime budget is also subject to sequestration, we must utilize funds originally budgeted for other purposes in order to provide our troops at war with every resource they need. To compound our problems, when we estimated future wartime operating costs more than a year ago, we planned on fuel costs below what we are currently experiencing. Taken together, all these factors lead to a shortfall in our O&M accounts of more than \$30 billion – a level that exceeds 15 percent of our budget request, with fewer than six months left in the fiscal year in which to accommodate this dramatic reduction in available resources.

We are taking actions to reduce this shortfall. One main priority has governed our decisions: to minimize the adverse effects on our military mission, including military readiness. With this in mind, early this calendar year we cut back sharply on facilities maintenance and worked to hold down base operating costs -- decisions we knew would build a backlog of maintenance and adversely affect our bases. We are also preparing a request to Congress that would permit us to shift some funding from investment and military personnel accounts into the O&M accounts. If approved by Congress, this initiative -- known as a reprogramming -- would help close the gap.

But these actions are not enough. We have begun making sharp cuts in the training and maintenance of our operating forces -- cutbacks that are seriously harming military readiness. The Army, for example, has terminated most remaining FY 2013 training rotations at its combat training centers. The Air Force has or soon will stop all flying at about one-third of its combat-coded squadrons in the active forces. The Navy and Marine Corps are cutting back on training and on deployments -- including a decision not to send a second carrier strike group to the Gulf. These are only a few of the many cutbacks we have made in training and maintenance. These actions reduce our ability to handle future military contingency needs, both this year and in subsequent years.

Even after taking all these actions, we are still short of needed operating funds for FY 2013, and we cannot rule out unexpected increases in costs during the next few months. So we confront a difficult set of trade offs. We can make even larger cutbacks in training and maintenance, further reducing readiness to handle contingency operations and putting into even greater jeopardy our military readiness in future fiscal years. Alternatively, we can furlough civilian personnel to help close the gap and, knowing that morale, productivity and readiness would be affected. This is an unpleasant set of choices, but this is the situation we face.

Before making a decision, I sought advice and inputs from senior leaders in the military departments and agencies as well as advice from my senior civilian and military staff. I asked them to keep in mind our fundamental criterion to minimize adverse mission effects and, subject to that criterion, to ensure reasonable consistency and fairness across the Department for any furloughs that we impose.

Based on all these inputs, I have decided to direct furloughs of up to 11 days for most of the Department's civilian personnel. Furloughs for up to 11 days represent about half of the 22 days that can legally be imposed in a year and also about half the number we had originally planned. This halving of previous furlough plans reflects vigorous efforts to meet our budgetary shortfalls through actions other than furloughs as well as Congressional passage of an appropriations bill in late March that reduced the shortfalls in our operating budget and expectations of Congressional action on our reprogramming request.

Furloughs will be imposed in every military department as well as almost every agency and in our working capital funds. All of our civilian employees are important, and I would prefer not to furlough any of them. However, there will only be limited exceptions driven by law and by the need to minimize harm to mission execution. We will except civilians deployed to combat zones and civilians necessary to protect life and property (but only to the extent needed to provide that protection). A few categories of workers will be excepted for specific mission reasons while some categories of workers will be excepted because furloughing them would not

free up money for critical DoD mission needs. The attachment provides details regarding approved exceptions. Fewer than one fifth of all civilians paid with appropriated funds will be excepted from furloughs.

The planning and implementation of furloughs will be carried out based on the schedule below:

- May 28 - June 5: Furlough proposal notices will be served to individual employees subject to furloughs.
- June 4 - June 12: Individual employee reply periods end 7 calendar days from when the proposal was received, unless Component procedures allow for a different reply period.
- June 5 - July 5: Furlough decision letters will be served to individual employees subject to furloughs, depending on when the proposal was received and prior to the first day of furlough.
- July 8: Furlough period begins no earlier than this date.

We will begin furloughs on July 8 at the rate of 1 furlough day per week for most personnel. For now, we plan to continue furloughs through the end of FY 2013. That schedule would lead to 11 furlough days – one fifth of the week for about one quarter of the year. Moreover, I am directing all components to monitor funding closely for the remainder of FY 2013. If our budgetary situation permits us to end furloughs early, I would strongly prefer to do so. That is a decision I will make later in the year.

Consistent with this memo and with applicable laws and rules, commanders and managers will have the authority to develop the specifics of furlough procedures in order to minimize adverse mission effects and also limit the harm to morale and productivity. Further bargaining with unions may also be required. The Under Secretary for Personnel and Readiness has already issued guidance as appropriate regarding personnel and union issues related to furloughs and will issue additional guidance as needed. Overall coordination of sequester and furlough policies will be the responsibility of the Under Secretary of Defense (Comptroller).

Each of the Department's civilian employees makes an important contribution to the readiness of our Department to meet the nation's national security needs. I understand that the decision to impose furloughs imposes financial burdens on our valued employees, harms overall morale, and corrodes the long-term ability of the Department to carry out the national defense mission. I deeply regret this decision. I will continue to urge that our nation's leaders reach an agreement to reduce the deficit and de-trigger sequestration. If no agreement is reached, I will continue to look for ways to limit the adverse effects of sequestration and associated budgetary shortfalls both on the men and women of the Department of Defense, and on our national defense.

Attachment:
As stated.

*DAVID
HABEL*

Department of Defense Furlough Exceptions

This attachment provides Components with final dispositions on categorical exceptions to the Department of Defense (DoD) plan to furlough civilian employees for a maximum of 88 hours or 11 discontinuous workdays because of the current financial crisis caused by a sequestration for Fiscal Year (FY) 2013, increased costs for ongoing Overseas Contingency Operations, and other emerging requirements. In order to minimize adverse effects on mission, employees in the following categories are excepted from furlough for the reasons noted:

- a) In order to avoid harm to war efforts, all employees deployed (in a Temporary Duty status) or temporarily assigned (to include Temporary Change of Station) to a combat zone (as defined in notes below) are excepted from furlough.
- b) In order to avoid harm to mission, those employees necessary to protect safety of life and property are excepted to the extent necessary to protect life and property. This includes selected medical personnel. Later portions of this attachment provide details.
- c) Employees in Navy shipyards will be excepted from furlough because it would be particularly difficult to make up delays in maintenance work on nuclear vessels and these vessels are critical to mission success. All other depot employees, whether mission-funded or working capital fund employees, will be subject to furlough.
- d) Furloughs for employees funded with National Intelligence Program (NIP) funds will be determined by the Director of National Intelligence. Employees funded with Military Intelligence Program (MIP) funds will be subject to furlough.
- e) Because there would be no savings, Foreign Military Sales (FMS) employees whose positions are exclusively funded from FMS Administrative and FMS case funds (case number may be required to validate funding source) and from Foreign Military Financing accounts are excepted from furlough. Furloughing employees in this category would not reduce the expenditure of DoD budgetary resources and so would not assist in meeting sequestration reductions. The FMS case-funded positions funded in whole or part by DoD appropriations (to include "pseudo-FMS" cases) are subject to furlough.
- f) By law, all individuals appointed by the President, with Senate confirmation, who are not covered by the leave system in title 5, U.S. Code, chapter 63, or an equivalent formal leave system, are excepted from furlough.
- g) All employees funded by non-appropriated funds (NAF) ¹ (regardless of source of NAF funding) are excepted from furlough. Furloughing employees in this category would not reduce the DoD budget and so would not assist in meeting sequestration reductions.
- h) All Outside Contiguous United States foreign national employees, many of whom are subject to Status of Forces Agreements, are excepted from furlough because their situation vary greatly by country/region and because, in some cases, they are paid by host governments.

¹ NAF employees are not covered by the requirements and procedures applicable to furloughs of appropriated fund employees under FY13 sequestration. However, NAF employees may be furloughed under DoD NAF and Component policies and procedures for business-based reasons.

- i) Any employees who are not paid directly by accounts included in the Department of Defense-Military (subfunction 051) budget are excepted from furlough. For example, this would include employees funded by the Arlington National Cemetery (705 function) and DoD Civil Works (various non-051 functions) programs. These exceptions have been identified by the Components. Furloughing these employees would not reduce the expenditure of DoD budgetary resources and so would not assist in meeting sequestration reductions.

The following portion of this document provides the definitive list of additional approved exceptions beyond those listed in the preceding paragraph. The exceptions approved for the safety of life and protection of property category are granted with the understanding that these are the minimum exceptions needed to maintain operations and provide security on a 24/7 basis and that furloughing these employees would result in the Department incurring additional costs for premium pay. Similarly, the exceptions for the medical category are approved with the understanding these exceptions preserve the minimum level of personnel needed to maintain quality of care in 24/7 emergency rooms and other critical care areas such as behavioral health, wounded warrior support, and disability evaluation. Furloughing these employees would result in unacceptable care being provided, and the Department would incur increased costs for premium pay or TRICARE. The exception for Child Development Centers is granted with the understanding that this is the minimum level needed to maintain accreditation and maintain quality care for children in military families. Some Department of Defense Education Activity employees, while not excepted from furlough, may only be furloughed when they are in a pay status. Therefore, they will only be subject to furlough for up to five days at the beginning of the 2013 school year.

Recognizing that circumstances can change in this dynamic environment, the Secretaries of the Military Departments, and the Principal Staff Assistants for the Defense Agencies and Field Activities, may approve up to 50 additional individual, mission-based, exceptions as needed to ensure safe and efficient operations of their respective Departments. Any such exception must be reported to the Acting Under Secretary of Defense (USD) for Personnel and Readiness and the USD Comptroller. There are no other approved exceptions provided based on the Components' submissions. Furlough proposal notices should be issued to all impacted employees beginning May 28, 2013.

Relative to the review and decision on individual employee requests for exception, per guidance issued via the Principal Deputy Assistant Secretary of Defense, Readiness and Force Management, memorandum, dated March 13, 2013, activities should designate the Deciding Official. The designated Deciding Official will be no lower than a local Installation Commander, senior civilian or equivalent who would be in the best position to determine the fair and equitable application of the furlough. Deciding Official responsibilities may not be further delegated. Deciding Officials are charged with, and are accountable for, making final decisions on furloughs for individual employees after carefully considering the employee's reply, if any, and the needs of the Department. Deciding Officials must also ensure they make final decisions in cases where an employee does not submit a reply. Deciding Officials will have the authority to execute the full range of options with respect to providing relief in individual employee cases. This authority includes, but is not limited to, reducing the number of days/hours an individual employee is furloughed, or granting the individual employee an exception from the furlough altogether.

Component	Safety of Life & Property	Medical Personnel	Others	Comments
DoN	7,543	1,418	212 CIVPERS at Sea 4,712 CIVMARS 514 Appropriated Fund (APF) Child Development Centers (CDCs) 15 28,000 1,657	CIVPERS deployed at sea are subject to furlough upon return from deployment CIVMARS are subject to furlough upon return from deployment Maintain safety standards and quality of care Support to classified programs Shipyard Workers, General Shipyard Workers, Nuclear and Naval Reactors Staff
USA	263	Up to 6,600	555 APF CDC Employees 75 17 257	Maintain safety standards and quality of care ARNG Dual Status Technicians for Alerts, Firefighting, Personnel Recovery and other missions Support to classified programs Non-immigrant employees requiring H-1B visas at Defense Language Institute

Component	Safety of Life & Property	Medical Personnel	Others	Comments
USAF	933	410	62 1,123 30 Students 94 Multi-IOC 24/7 Plant Operators 2 3 1,634 APF CDCs	Support to classified programs ANG Dual Status Technicians for Alerts, Firefighting, Personnel Recovery and other missions Intel School & FLETC Heating/Waste Water Plant minimum safe manning Contingency Planners Special Law Enforcement Pay Maintain safety standards and quality of care
DLA	363			
DA&M	623			546 are from the Pentagon Force Protection Agency; the remaining 77 are Washington Headquarters Services for Pentagon safety and emergency communications. Most will be furloughed fewer than 11 days due to the need to maintain operations and security 24/7.
US Court of Appeals for Armed Services			59	The Chief Judge will decide how many days to furlough employees, if at all.
JTFCAPMED		368		165 @ Walter Reed 203 @ Fort Belvoir

Component	Safety of Life & Property	Medical Personnel	Others	Comments
USUHS	22		5	Animal Husbandry Technicians Non-immigrant employees requiring H-1B visas
Office of the Military Commissions – Defense Legal Services Agency			9	Civilian Trial Practitioners
Department of Defense Education Activity (DoDEA)			10,950	9-month DoDEA employees, which includes teachers, educational aids, and support staff may only be furloughed for up to 5 days at the beginning of the 2013 school year.
DCAA			1	Non-immigrant employees requiring H-1B visa

Notes:

1. Safety of life and property exceptions are based on need for 24/7 coverage in most instances. It is expected all Components will furlough for less than 88 hours in these areas where feasible.
2. Individuals for whom law enforcement premium pay would result in no loss of pay if furloughed will be excepted from the furlough.
3. 20 CFR 655.731 requires that the employer of a H-1B non-immigrant who is not performing work and is placed in a nonproductive status due to a decision by the employer (e.g., placed in a non-pay/non-duty status due to administrative furlough) pay the salaried employee the full pro-rata amount due, or to pay the hourly-wage employee for a full-time week (40 hours or such other number of hours as the employer can demonstrate to be full-time employment for hourly employees, or the full amount of the weekly salary for salaried employees) at the required wage for the occupation.

1. References.

- a) Title 26, U.S. Code, Section 112, Certain combat zone compensation of members of the Armed Forces
- b) Executive Order 12744, January 21, 1991
- c) Executive Order 13119, April 13, 1999
- d) Executive Order 13239, December 12, 2001
- e) Public Law 104-117, To provide that members of the Armed Forces performing services for peacekeeping efforts in Bosnia and Herzegovina, Croatia, and Macedonia shall be entitled to tax benefits in the same manner as if such services were performed in a combat zone.

2. The following locations are designated as "Combat Zones" by law, Presidential Executive Order or by DoD certification that members of the Armed Forces serving in such locations are serving in direct support of military operations in a combat zone:

Countries:

Afghanistan (EO 13239)	United Arab Emirates (EO 12744)
Albania (EO 13119)	Uzbekistan (DoD certification)
Bahrain (EO 12744)	Yemen (DoD certification)
Bosnia (PL 104-117)	Croatia (PL 104-117)
Djibouti (DoD certification)	Herzegovina (PL 104-117)
Iraq (EO 12744)	Jordan (DoD certification)
Kuwait (EO 12744)	Kyrgyzstan (DoD certification)
Macedonia (PL 104-1170)	Montenegro (EO 13119)
Oman (EO 12744)	Pakistan (DoD certification)
Philippines (Only troops with orders referencing Operation Enduring Freedom) (DoD certification)	Qatar (EO 12744)
Saudi Arabia (EO 12744)	Serbia (includes Kosovo) (EO 13119)
Somalia (DoD certification)	Tajikistan (DoD certification)

Sea Areas:

Adriatic Sea (EO 13119)

That portion of the Arabian Sea that lies north of 10 degrees north latitude, and west of 68 degrees east longitude (EO 12744)

Gulf of Aden (EO 12744)

Gulf of Oman (EO 12744)

Ionian Sea north of the 39th Parallel (EO 13119)

Persian Gulf (EO 12744)

Red Sea (EO 12744)

3. Adherence to the following principles ensures consistency in applying the "deployed to combat zone" exemption to civilian employees in the context of the administrative furlough:

- a) "Deployed civilian" is defined as a civilian employee who is deployed (in temporary duty (TDY) status) or temporarily assigned (to include temporary change of station (TCS)) to a "combat zone" as set forth above.
- b) "Combat zone" is defined as those locations listed as combat zones in Executive Orders 12744, 13119 or 13239 and locations where military are eligible for combat zone tax benefits under law or because DoD has certified that they are providing direct support to military operations.
- c) A "deployed civilian's" period of deployment includes time spent in attendance at mandatory pre-deployment training as well as in completing mandatory post-deployment requirements.
- d) A civilian employee who was deployed to a combat zone but redeploys mid-way through the furlough period will receive a notice of proposed furlough upon return to their parent organization and prior to any furlough. Further, the number of hours for which the employee will be furloughed will be pro-rated.

General SPENCER. The savings associated with furlough are \$409 million for 14 days and \$205 million for 7 days.

The Air Force has taken every action to live within our reduced top line and reduce the adverse impact sequestration is having on readiness. The Air Force has stood down flying squadrons to include one-third of combat coded squadrons, deferred depot inductions, and deferred critical facility projects as well as implemented a hiring freeze. Unfortunately, after taking all these actions, we still had to make the extremely difficult decision to furlough civilians for 11 days.

LONG-TERM IMPACTS FROM SEQUESTRATION

9. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, the President's budget for fiscal year 2014 does not take into con-

sideration the potential impact of the sequestration of \$53 billion to defense accounts in 2014. What is your assessment regarding the readiness impact of a continuation of sequestration in 2014?

General CAMPBELL. If sequestration continues into fiscal year 2014, the Army will potentially have to reduce the ground OPTEMPO and flying hour programs. This can impact the Army's ability to provide units trained for decisive action by limiting the training events at home stations and combat training centers. Less training will reduce required repairs of depot level repairable components and the workforce required to make those repairs. The Army may curtail units scheduled to train at the combat training centers or send only portions of those units, limiting the benefits of world class opposing forces, after action reviews by observer controllers, and an operational environment with training in multiple environments against hybrid threats. The Army will be challenged to prepare for a variety of contingencies and may require more time to prepare forces for deployment.

Potential reductions could also impact the Army's ability to execute home station individual and collective gunnery training by limiting the availability of ranges and deferring replacement of damaged targets. Range modernization efforts may be impacted as several projects will not have unexploded ordnance clearance completed. Reduced mission training complex capabilities will limit battalion, brigade, division and corps staff proficiency on their mission command systems in a realistic environment. Training support centers may not be able to provide instructor/operator support for numerous complex virtual trainers, including flight simulators and medical simulation training.

Potential reductions may impact the Army's institutional training capability to conduct Initial Military Training and critical functional skills training. This could result in a backlog of recruits awaiting training at the institutional training base. Soldiers may not receive duty-specific skill training required by the soldier's unit, thus contributing to degraded unit readiness. Additionally, funding reductions may impact the Army's ability to develop agile and adaptive leaders by reducing the opportunities for Professional Military Education.

Significant reductions to training accounts will reduce jobs for Department of the Army civilians and contractors who maintain and operate key training enablers to include ranges, mission command training centers, training aids, devices, simulators, and simulations.

Admiral FERGUSON. While we have not yet completed our assessment of the potential readiness impacts of sequestration in fiscal year 2014, we expect to take similar actions as those in fiscal year 2013 to address an estimated \$5.7 billion reduction to our Operation and Maintenance Navy accounts.

These potential actions include:

- Reductions in operational deployments;
- Reductions in readiness levels of nondeployed units;
- Deferred or reduced maintenance availabilities for ships and aircraft;
- Reduced base operating support and improvements in shore infrastructure; and
- Reductions to investment accounts.

Our priorities for O&M, Navy expenditures in fiscal year 2014 will be:

- Fund our must pay bills;
- Fund fleet operations to meet adjudicated combatant commander requirements;
- Provide required training, maintenance, and certification for next-to-deploy forces;
- Fund necessary base operations and renovation projects to support training and operations; and
- Sustain sailor and family support programs

By the end of this fiscal year, two-thirds of our nondeployed ships and aviation squadrons will be less than fully mission capable and not certified for major combat operations. Should sequestration continue through fiscal year 2014, this percentage will likely increase.

General PAXTON. DOD and the Marine Corps are still examining the implications of sequestration continuing into fiscal year 2014. Budget complexities and a lack of details pertaining to sequestration and/or a Continuing Resolution in fiscal year 2014 make it difficult to predict detailed impacts. The Marine Corps maintains the long-term health and readiness of its force by balancing resources across five broad pillars: high quality people, unit readiness, capability and capacity to meet requirements, infrastructure sustainment, and equipment modernization. Maintaining balance across all five pillars is critical to achieving and sustaining Marine Corps readiness. Given the impacts of sequestration for fiscal year 2013, the Corps ensured its

short-term readiness with actions such as transferring facilities sustainment funding, delaying military construction (MILCON) to support operations, and delaying equipment maintenance and modernization. These actions created an imbalance across the readiness pillars that resulted in both near- and far-term readiness shortfalls and concomitant impacts with respect to long-term readiness. Sequestration in fiscal year 2014 would underfund the readiness needed to execute the National Defense Strategy, potentially leading toward a hollow force.

The Marine Corps is drawing down to an Active Duty end strength of 182,100 by the end of fiscal year 2016, at the rate of no more than 5,000 a year, and it will be retaining the Reserves at 39,600 marines. This will allow it to retain the capacity and capability to support steady state and crisis response operations; complete the mission in Afghanistan; provide sufficient dwell times; and keep faith with its marines. Further force reductions, due to sequestration, would cause the Corps to re-evaluate its role in the National Defense Strategy and break faith with its marines.

The Marine Corps anticipates a significant reduction in deployable readiness due to reduced funding for the flying hour program, to the extent that by fiscal year 2015, approximately half of all aviation squadrons would not meet the minimum requirements for combat deployment. Reductions in training and maintenance would put more than 50 percent of tactical units at unacceptable levels of readiness for deployment. The curtailment of training and maintenance due to sequestration would further degrade the readiness of nondeployed crisis response forces. Nearly half of the Marine Corps' ground units and one-third of its aviation combat units would remain below acceptable readiness levels. Sequestration would also have adverse impacts on the availability and combat readiness of amphibious and maritime prepositioning ships, which are a foundational requirement for training and executing expeditionary force presence and amphibious force projection capabilities. Sequestration would decrease Service, joint, and combined training opportunities since the Corps would be forced to reduce its scale, scope, and participation in operations and exercises for geographic combatant commanders.

Facilities sustainment reductions in fiscal year 2014 and beyond due to sequestration would be unsustainable, hinder the rebalance to the Pacific, degrade training range sustainment, and reduce the quality of life for marines and their families. Equipment shortages are a principal readiness detractor for the operating forces and sequestration's impacts on depots would adversely impact the modifications, critical survivability and mobility upgrades, and modernization programs for equipment. Sequestration also would significantly delay the modernization programs essential to our medium- and long-term operational readiness.

General SPENCER. Sequestration has created significant readiness shortfalls and reduced our ability to meet future steady state and surge requirements. A sequestered 2014 budget will exacerbate those impacts. Examples of current sequestration impacts include stood-down, combat-coded flying units, postponement of field-level maintenance and depot inductions, reductions in depot production, and interruption of aircraft modification and modernization efforts. Under ideal budget scenarios, achieving full mission readiness goals will be a multi-year effort beyond what is achievable in fiscal year 2014. If fiscal year 2014 is sequestered, readiness recovery is not possible and the downward readiness trend will continue.

10. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, if sequestration is allowed to occur in 2014, in your professional military judgment, what changes to our National Military Strategy (NMS) will have to occur for your Service?

General CAMPBELL. If sequestration occurs, we will necessarily have to revisit the Defense Strategic Guidance announced by the President in January 2012. Our existing service strategy to support the Defense Strategic Guidance was predicated on pre-sequestration manning of the force, but did include force reductions mandated under the 2011 Budget Control Act. The drastic cuts necessitated by sequestration will warrant a comprehensive review of the defense strategy. That process is underway as part of the SCMR directed by Secretary Hagel on 15 March 2013.

Admiral FERGUSON. Under this scenario, Navy would be unable to meet the National Defense Strategy as presently written. We are working with the Office of the Secretary of Defense (OSD) in the SCMR to inform the major decisions that must be made in the decade ahead to preserve and adapt our defense strategy, our force, and our institutions under a range of future budgetary scenarios. The results of this review will frame the Secretary's fiscal guidance and will ultimately be the foundation for the Quadrennial Defense Review due to Congress in February 2014.

General PAXTON. DOD and the Marine Corps are still examining the implications of sequestration continuing into fiscal year 2014. Under sequestration, we may be forced to do less, but that does not invalidate the guidance provided in our NMS.

Some of our customary ‘ways’ and ‘means’ may have to be revisited, because we will have less capacity, but sweeping changes to strategic goals (or ‘ends’) do not seem to be warranted. The Marine Corps does not believe a radical departure from the broad goals articulated in our current strategic guidance is necessary until we have exhausted every effort to achieve these goals within a reduced resource environment.

As the Nation’s principal crisis response force, maintaining a high state of readiness across the entire force is necessary in order to ensure the security of our country’s global interests. This readiness comes at a cost and the high readiness of our deployed forces has come at the expense of the Corps’ nondeployed unit readiness. To maintain the high readiness of our forward deployed forces, we have had to source equipment globally while sourcing personnel for Afghanistan and other emerging threats from our nondeployed units. These nondeployed forces’ principal readiness challenge is the reduced availability of equipment at home stations with which to outfit and train units, due largely to portions of their equipment being redistributed to support units deployed forward. The manning of home station units also suffers due to the need to meet enhanced personnel requirements for deploying units, Joint Force Individual Augments, and Security Force Assistance Teams. The primary concern with the out-of-balance readiness of the Corps’ operating forces is the increased risk it creates in the timely response to unexpected crises or large-scale contingencies, since these nondeployed forces will likely be the responders.

General SPENCER. With the fiscal year 2013 sequestration ongoing, we have already noticed serious concerns with respect to readiness and response capability. We have stood down a number of our frontline active-duty fighter and bomber squadrons and have made unavoidable cuts in other operations and training budgets, and to our modernization accounts. As we continue into fiscal year 2014—if sequestration continues—I believe we will be challenged to provide a ready joint force with the proper capabilities and capacities to execute the NMS. Our senior leaders will be faced with some very difficult choices.

11. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, please provide a detailed assessment of the impacts to military readiness and capabilities if sequestration continues into 2014.

General CAMPBELL. If sequestration continues into fiscal year 2014, the Army will potentially have to reduce the ground OPTEMPO and flying hour programs. This can impact the Army’s ability to provide units trained for decisive action by limiting the training events at home stations and combat training centers. Less training will reduce required repairs of depot level reparable components and the workforce required to make those repairs. The Army may curtail units scheduled to train at the combat training centers or send only portions of those units, limiting the benefits of world class opposing forces, after action reviews by observer controllers, and an operational environment with training in multiple environments against hybrid threats. The Army will be challenged to prepare for a variety of contingencies and may require more time to prepare forces for deployment.

Potential reductions could also impact the Army’s ability to execute home station individual and collective gunnery training by limiting the availability of ranges and deferring replacement of damaged targets. Range modernization efforts may be impacted as several projects will not have unexploded ordnance clearance completed. Reduced mission training complex capabilities will limit battalion, brigade, division and corps staff proficiency on their mission command systems in a realistic environment. Training Support Centers may not be able to provide instructor/operator support for numerous complex virtual trainers, including flight simulators and medical simulation training.

Potential reductions may impact the Army’s institutional training capability to conduct Initial Military Training and critical functional skills training. This could result in a backlog of recruits awaiting training at the institutional training base. Soldiers may not receive duty-specific skill training required by the soldier’s unit, thus contributing to degraded unit readiness. Additionally, funding reductions may impact the Army’s ability to develop agile and adaptive leaders at all levels by reducing the opportunities for Professional Military Education.

Significant reductions to training accounts will reduce jobs for Department of the Army civilians and contractors who maintain and operate key training enablers to include ranges, mission command training centers, training aids, devices, simulators, and simulations.

Admiral FERGUSON. Should sequestration continue in 2014, Navy would continue to apply the general principles we used to assess readiness options in fiscal year 2013. Based upon the CNO’s three tenets, “Warfighting First, Operate Forward, and Be Ready,” Navy would have the following impacts:

- Navy forces on the ground engaged in combat operations and those forces forward providing direct support to combat operations would be at full readiness.
- Navy forces scheduled to deploy or forward deployed would be provided the resources to complete essential maintenance and training to meet their deployment date. The number of deployed forces would decrease.
- Beyond these first two criteria, hard choices would again be required with respect to the readiness of the remainder of the force.
- These choices would include:
 - Prioritizing support for the fiscal year 2014 Global Force Management Allocation Plan (GFMAP), cancelling additional deployments;
 - Reducing operating funding (Flying Hours/Steaming Days) for forward deployed forces not directly engaged in combat operations or supporting combat operations, reducing the level of operations by forward forces;
 - Deferring ship depot and intermediate maintenance below that is required to efficiently sustain expected service life. Ships deploying in fiscal year 2014 or fiscal year 2015 would be prioritized, but maintenance deferred would need to be completed later at a higher cost;
 - Deferring induction of airframes and engines for aviation depot maintenance, building a significant backlog into future years, and increasing cost;
 - Reducing training, technical support, repair parts, and admin support for forces not scheduled to deploy in fiscal year 2014 or early fiscal year 2015;
 - Imposing a hiring freeze or conducting limited furloughs of the civilian workforce. We would also assess the necessity to conduct a reduction in force;
 - Continuing deferral of facility sustainment and modernization, prioritizing projects involving life, health and safety, critical infrastructure, mission critical shipyard projects, and high return energy projects. Overall condition of shore infrastructure will deteriorate; and
 - Reducing quantities and cancelling selected procurement programs.

General PAXTON. DOD and the Marine Corps are still examining the implications of sequestration continuing into fiscal year 2014. Budget complexities and a lack of details pertaining to sequestration and/or a Continuing Resolution in fiscal year 2014 make it difficult to predict detailed impacts. The Marine Corps maintains the long-term health and readiness of its force by balancing resources across five broad pillars: high quality people, unit readiness, capability and capacity to meet requirements, infrastructure sustainment, and equipment modernization. Maintaining balance across all five pillars is critical to achieving and sustaining Marine Corps readiness.

Given the impacts of sequestration for fiscal year 2013, the Corps ensured its short-term readiness with actions such as transferring facilities sustainment funding, delaying MILCON to support operations, and delaying equipment maintenance and modernization. These actions created an imbalance across the readiness pillars that resulted in both near- and far-term readiness shortfalls and concomitant impacts with respect to long-term readiness. Sequestration in fiscal year 2014 may underfund the readiness requirements necessary to execute the National Defense Strategy, potentially leading toward a hollow force.

The Marine Corps is drawing down to an Active Duty end strength of 182,100 by the end of fiscal year 2016, at the rate of no more than 5,000 a year, while retaining a trained Reserve component of approximately 39,600 marines. This force structure balance will enable your Corps to retain a capacity and capability to support steady state and crisis response operations; complete the mission in Afghanistan; provide sufficient dwell times; and keep faith with our marines. Further force reductions due to sequestration may cause the Corps to break faith with its marines and have to revisit its role in the National Defense Strategy because we have less capacity (ways and means) to support the strategic goals (ends).

The Marine Corps anticipates a significant reduction in deployable readiness due to reduced funding for the flying hour program to the extent that by fiscal year 2015, approximately half of all aviation squadrons would not meet the minimum requirements for combat deployment. Reductions in training and maintenance will put more than 50 percent of tactical units at unacceptable levels of readiness for deployment. The curtailment of training and maintenance due to sequestration would further degrade the readiness of nondeployed crisis response forces. Nearly half of the Marine Corps' ground units and one-third of its aviation combat units would remain below acceptable readiness levels. Sequestration would also have adverse impacts on the availability and combat readiness of amphibious and maritime prepositioning ships, which are a foundational requirement for training and executing expeditionary force presence and amphibious force projection capabilities. Sequestration

would decrease Service, joint, and combined training opportunities, as the Corps may be forced to reduce its scale, scope, and participation in operations and exercises with the geographic combatant commanders.

Facilities sustainment reductions in fiscal year 2014 and beyond due to sequestration would be unsustainable, hinder the rebalance to the Pacific, degrade training range sustainment, and reduce the quality of life for marines and their families. Equipment shortages are a principal readiness detractor for the operating forces and sequestration's impacts on depots would adversely impact the modifications, critical survivability and mobility upgrades, and modernization programs for equipment. Sequestration would also significantly delay the modernization programs essential to our medium- and long-term operational readiness.

General SPENCER. If we do not receive sufficient funding in fiscal year 2014, we may have to rotationally stand down flying units, or fly them at a reduced rate, similar to the actions we've taken in fiscal year 2013. This sequester-induced non-combat ready posture of a portion of our fleet will impact our ability to fill our operation plan and Secretary of Defense-ordered missions, continue to degrade our depot maintenance and modernization programs, and will significantly erode our training and force development efforts creating long-term readiness shortfalls. Detailed assessments are ongoing and will require a classified venue for presentation.

PUBLIC SHIPYARDS

12. Senator AYOTTE. Admiral Ferguson, you state in your written testimony regarding the impact of sequestration, that, "In fiscal year 2014, we will reduce intermediate-level ship maintenance and defer 8 of 33 planned depot-level surface ship maintenance availabilities." Previously, the Navy announced the need to defer essential maintenance that allows our public shipyards to provide our combatant commanders the well-maintained fleet they require to protect our country. Can you explain how the Navy plans to minimize the disruption sequestration will cause the workforce at our public shipyards—which play such a critical role in maintaining our fleet's readiness?

Admiral FERGUSON. Navy plans to continue to meet the requirements in title 10, U.S.C., to provide the essential organic capability to perform depot- and intermediate-level maintenance, modernization, emergency repair work, and in-activations on nuclear-powered aircraft carriers and submarines. Additionally, to mitigate the impact of sequestration on maintenance availabilities for our ships, we requested and the OSD approved furlough exemptions for over 29,000 general and nuclear shipyard workers. Where possible, we will commence rehiring workers in the shipyards.

We will continue to manage public depot civilian employment on the basis of workload and the funds available for such depot maintenance, remaining within the limitation that no more than 50 percent of depot-maintenance funds can be contracted out to the private sector.

13. Senator AYOTTE. Admiral Ferguson, if sequestration goes forward in 2014, will it become increasingly difficult to shield our public shipyards from the impacts of sequestration?

Admiral FERGUSON. Yes. Navy will continue to do everything possible to protect the naval shipyards from the impacts of sequestration due to the immediate readiness impacts to our nuclear powered submarines and aircraft carriers. While we will be able to sustain their workload in the near-term, eventually shortfalls will accrue to the point where even nuclear work will have to be deferred. At that point, the public shipyards would experience similar funding shortfalls as those currently seen in the private sector depots.

HOLLOW FORCE

14. Senator AYOTTE. General Paxton and General Spencer, the Chairman of the Joint Chiefs recently testified that if Congress allows major across-the-board spending cuts to go forward, the military eventually will be asked to deploy troops who are unready and ill-equipped. He said, "if ever the force is so degraded and so unready, and then we're asked to use it, it would be immoral." Each of you have testified about severe long-term degradations of nondeployed unit readiness by the end of the fiscal year. These same forces could be called upon to respond to an unanticipated major regional contingency like an attack by North Korea. What are the first indicators that your Service is becoming a hollow force?

General PAXTON. A critical measure of the effectiveness of the Marine Corps is its institutional readiness. This readiness is preserved through a careful balance of high quality people, well-trained units, modernized equipment, well-sustained installations, and a force level sufficient to accomplish its many missions. Failure in any one of these pillars of readiness begins to set the conditions for an eventual hollowing of the force. Lessons learned from past post-war budget patterns (e.g. Korea, Vietnam, Cold War, etc.) have been institutionally inculcated. Some of the warning signals of approaching “hollowness” were such things as reductions in defense spending without reductions in forces, reductions in unit readiness levels, infrastructure and installations that could not support unit warfighting requirements, and reduced morale and retention. Additionally, safety and mishap rates could be an indication of inadequate training associated with reduced readiness. The Marine Corps is attuned to such indicators and is carefully watching for them.

Through close and continual Service command interactions and communications, the Defense Readiness Reporting System-Marine Corps (DRRS-MC), and Service-level personnel, materiel, installation, medical, and other data systems are utilized to inform Marine Corps leadership with respect to the status of the five institutional readiness pillars. Service-level readiness is further integrated into the Joint DOD community through the Chairman’s Readiness System to measure the military’s preparedness to achieve objectives as outlined by the NMS. These processes will inform the Marine Corps and enable it to inform Congress before the Service reaches a readiness crisis.

General SPENCER. A hollow force is one that looks good on paper, but has more units, equipment, and installations than it can support, lacks the resources to adequately man, train, and maintain them, and is not provided with enough capable equipment and weapons to perform its missions. We believe we’ve already seen the first indicators of a hollow force. Readiness is down, we are unable to train, our installations are not being maintained, and our weapons inventory is inadequate. The Air Force has been able to meet all Secretary of Defense-ordered missions remaining in fiscal year 2013, by maintaining combat-ready status for only select units. However, sequester jeopardizes our ability to surge additional forces to meet contingency and emergent combatant commander requirements. Based on our global intelligence, surveillance, and reconnaissance mission, the sequester-induced readiness deficit we are currently experiencing has placed us beyond the red line, or tipping point, in terms of risk. This will, however, only be evident outside of DOD in the event of a crisis requiring rapid and robust response.

15. Senator AYOTTE. General Paxton and General Spencer, what percentage or status of nondeployed unit readiness will be the red line or tipping point for your Service?

General PAXTON. As the Nation’s principal crisis response force, maintaining a high state of readiness across the entire force is necessary in order to ensure the security of the country’s global interests. Readiness comes at a cost and the high readiness of our deployed forces has come at the expense of the Corps’ nondeployed unit readiness. To maintain the high readiness of our forward deployed forces, we have had to globally source equipment and personnel for Afghanistan and other emerging threats from our nondeployed units. These nondeployed forces’ principal readiness challenge is the reduced availability of equipment at home stations with which to outfit and train units. The manning of home station units also suffers due to the need to meet enhanced personnel requirements for deploying units, Joint Force Individual Augments, and Security Force Assistance Teams. The primary concern with the out-of-balance readiness of the Corps’ operating forces is the increased risk in the timely response to unexpected crises or large-scale contingencies, since these nondeployed forces will likely be the responders.

Financing near-term readiness has caused the Corps to decrement continually its modernization and infrastructure accounts. Over the long-term, resourcing short-term readiness by borrowing-forward from long-term investment resources is unsustainable, and will eventually degrade unit readiness to an unacceptable level. Full implementation of sequestration and the associated cap reductions in the coming years may require a top-to-bottom re-examination of priorities, missions, and what it will take to continue to be your Nation’s Expeditionary Force in Readiness.

General SPENCER. Hollowness is best described in terms of risk. Under sequester, the Air Force is experiencing heightened risk that is exceptionally difficult to manage as we continue to meet the Defense Strategic Guidance. Based on our mission requiring global intelligence, surveillance, and reconnaissance, the sequester-induced readiness deficit we are currently experiencing has placed us past the red line or tipping point in terms of risk. This will, however, only be evident outside of DOD in the event of a crisis requiring a rapid and robust military response.

16. Senator AYOTTE. General Paxton and General Spencer, how close is your Service to becoming a hollow force?

General PAXTON. A critical measure of the effectiveness of the Marine Corps is its institutional readiness. This readiness is preserved through a careful balance of high quality people, well-trained units, modernized equipment, well-maintained installations, and a force level sufficient to accomplish our many missions. Failure in any one of these pillars of readiness begins to set the conditions for an eventual hollowing of the force. Lessons learned from past post-war budget patterns (e.g. Korea, Vietnam, Cold War, etc.) have been institutionally inculcated. Some of the warning signals of approaching “hollowness” were such things as reductions in defense spending without reductions in forces, reductions in unit readiness levels, infrastructure and installations that could not support unit warfighting requirements, and reduced morale and retention. Additionally, safety and mishap rates could be an indication of inadequate training associated with reduced readiness. The Marine Corps is attuned to such indicators and is carefully watching for them.

Through close and continual Service command interactions and communications, coupled with the DRRS–MC and Service-level personnel, materiel, installation, medical, and other data systems, Marine Corps leadership remains informed with respect to the status of the five institutional readiness pillars. Service-level readiness is further integrated into the Joint DOD community through the Chairman’s Readiness System to measure the military’s preparedness to achieve objectives as outlined by the NMS. These processes inform the Marine Corps and enable it to inform Congress before the Service reaches a readiness crisis.

General SPENCER. As we enter fiscal year 2014, we will focus on returning units that have been stood down to operational levels of readiness to prevent further erosion in their capabilities. However, if we do not receive sufficient funding in fiscal year 2014, we may have to again rotationally stand down units, or fly them at a reduced rate, similar to the actions we’ve taken in fiscal year 2013 while under sequester. A hollow force is one that looks good on paper, but has more units, equipment, and installations than it can support; lacks the resources to adequately man, train, and maintain them; lacks sufficient logistical support to employ forces effectively; and is not provided with enough capable equipment and weapons to perform their missions.

We believe we have already seen the first indicators of a hollow force. Readiness is down, we are unable to train, our installations are not being maintained, and our weapons inventory is inadequate. A sequester-induced non-combat ready posture of a portion of our fleet will impact our ability to fill operational plans and Secretary of Defense-ordered missions, as well as significantly erode our training and force development efforts, creating long-term readiness shortfalls. Overall, this lack of readiness creates increased and significant risk, and is incompatible with the Defense Strategy.

17. Senator AYOTTE. General Paxton and General Spencer, are your forces ready today to defend South Korea and Japan from the full range of possible North Korean attacks?

General PAXTON. A Marine Active-Duty Force of 182,100 will absolutely retain the capacity and capability to support current and crisis response operations through rotational deployments, and to rapidly surge in support of major contingency operations.

The Marine Corps’ ability to execute our expeditionary crisis response role is based on one word—Readiness. This requires trained marines, ships at sea, and aircraft in the air. With fewer ready amphibious ships and fewer well-trained Marine units, we will still respond to crises, but the Nation’s response options may be more limited, and our response times dramatically slowed.

General SPENCER. Under sequestration, we have preserved the flying hours for Pacific Air Force’s squadrons to ensure these “fight tonight” forces are ready. Detailed descriptions of the Air Force’s ability to meet South Korea and Japan defense requirements are classified and may only be presented in a classified venue.

WORLDWIDE THREATS

18. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, do you agree with Director Clapper, the Director of National Intelligence, that national security threats are “more diverse, interconnected, and viral than at any time in history”?

General CAMPBELL. Together with his remarks to this subcommittee, Director Clapper’s statement is consistent with and supports the Army’s view of the current

and future operational environment. In his remarks Director Clapper expanded on the statement quoted above saying, "I do not recall a period in which we confronted a more diverse array of threats, crises, and challenges around the world." On 16 November 2012, in response to the Chairman of the Joint Chiefs of Staff in the Comprehensive Joint Assessment, General Odierno stated, "we face a complex and interconnected global operational environment characterized by a multitude of actors. This presents a wide range of possible threats." The Army agrees with Director Clapper and further asserts that conditions across the future strategic environment will range in scope from major conventional fights to limited contingency operations such as humanitarian assistance, stability missions, and cyber operations. Potential adversaries will range from conventional forces to unconventional forces; from international terrorist to homegrown violent extremist; and from foreign intelligence entities to trusted insiders and criminal elements.

Admiral FERGUSON. Yes.

General PAXTON. We concur with Director Clapper's characterization of the nature of the national security threats we are currently facing. Moreover, his view is reflective of the threat perceptions that have been driving Marine Corps combat and doctrine development for the last several years. In the U.S. Marine Corps Service Campaign Plan 2012–2020, our principal strategic planning document, we envisioned a "world of increasing instability and conflict, affected by competition for resources, urbanization, overpopulation, poverty, and extremism." Over the last several years, analysts within the Marine Corps Intelligence Enterprise have, in fact, shared this view with their Intelligence Community counterparts. Further, we assess that failing and failed states or those that cannot adequately govern their own territory have strong potential to become safe havens for terrorist, insurgent, and criminal groups that threaten the United States and its allies. These combined stresses will not help to simplify the threat forecast Director Clapper outlined.

General SPENCER. Yes, as Director Clapper points out, we face an unprecedented array of threats. Because of this rapidly evolving and highly complex operating environment, we continue to invest in world-class intelligence, surveillance, and reconnaissance capabilities focused on reducing uncertainty for combatant commanders as well as Joint and Allied Forces.

19. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, how would you assess the readiness of your force to respond to the full range of diverse threats?

General CAMPBELL. Fiscal year 2013 budget uncertainty has delayed the Army's ability to refocus the training of contingency forces on conventional threats and required the Army to accept risk in meeting force deployment timelines in Combatant Commander Operational Plans. The Army does have a professional core of combat-tested leaders, but that will decay without further training challenges.

For the past decade, the Army's focus has primarily been on preparing forces to support operations in Iraq and Afghanistan. We learned and institutionalized much about conducting unified operations as part of whole-of-government campaigns in contemporary operating environments against asymmetric threats. In the process, we have forged a combat hardened core of Army leaders in both our Active and Reserve Forces. We understand the importance of mastering core tasks from which leaders and forces can adjust to unexpected and evolving assigned-mission circumstances.

As forces are no longer needed to deploy, we will use available resources to prepare them for the missions they were doctrinally designed to perform, that is, for decisive action in unified operations across a broader range of military missions and against a range of diverse contemporary threats. As forces are able to fully execute broader-focused training strategies, they will regain experience against conventional adversaries as well as irregular ones. The President's fiscal year 2014 budget will largely enable the Army to sustain leader core competencies through professional military education and begin building broadbased unit readiness. It takes an Army BCT approximately a full year to reset from a deployment and train-up for a broad range of missions. In the face of fiscal year 2013 budget uncertainty, the Army will ensure units with high-priority missions have the resources they need to be fully prepared and must accept risk in lower-priority units. Lowest priority forces may not be able to fully execute broader-focused training strategies and will only be able to achieve training proficiency up to the squad/crew/team level. If sequestration continues in fiscal year 2014, the Army will not have the resources to support the current Defense Strategic Guidance, placing readiness at risk. The Army will be unable to meet the range of missions in the existing strategic guidance if sequestration requires us to further reduce end strength.

Admiral FERGUSON. Our deployed forces are fully ready to support the President's Defense Strategic Guidance and operate forward in accordance with the adjudicated Global Force Management Plan.

Due to the impact of sequestration, by the end of this fiscal year, two-thirds of our nondeployed ships and aviation squadrons will be less than fully mission capable and not certified for Major Combat Operations. Additionally, we remain able to support 2.0 carrier strike groups deployed.

The most immediate impact is a reduction in the number and availability of fully-trained surge forces to support combatant commander crisis response requirements.

General PAXTON. The Marine Corps can sustain its current operational requirements into fiscal year 2014; however, to maintain the high readiness of our forward deployed forces the Corps has globally sourced equipment and personnel for Afghanistan and other emerging threats from its nondeployed units. These nondeployed forces' principal readiness challenge is the reduced availability of equipment at home station with which to outfit and train units. The manning of home station units also suffers due to the need to meet enhanced personnel requirements for deploying forces, Joint Individual Augmentation requirements, and manning Security Force Assistance Teams.

The primary concern with the out-of-balance readiness of the operating forces is increased risk in the timely response to unexpected crises or large-scale contingency, since those nondeployed forces will likely be the responders. Efforts to maintain the readiness of all of our forces may be further exacerbated if the O&M account is diminished and an annualized Continuing Resolution or sequestration is implemented in fiscal year 2014.

An annualized Continuing Resolution and/or sequestration in fiscal year 2014 would also adversely impact the availability of amphibious and maritime prepositioning ships. The combat readiness of these ships is a foundational requirement for training to and executing expeditionary force presence and amphibious force projection.

General SPENCER. Sequestration negatively affects Air Force full-spectrum readiness at a time when we have been striving to reverse a declining readiness trend. While the Air Force has met the demands of a high operational tempo in support of today's fight, this has inevitably taken a toll on our weapons systems and people, putting a strain on the overall readiness of the force. The effects of sequestration on readiness create heightened risk for the Air Force to respond to the full range of threats with ready forces.

20. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what would you consider to be your Service's greatest capability gaps?

General CAMPBELL. Our greatest capability gaps come if we are challenged concurrently by multiple major events. Additionally, when rapidly declining resources cause us to ramp down too quickly, we will be unable to balance modernization, readiness, and end strength appropriately, resulting in a hollow force.

Admiral FERGUSON. One of the most important characteristics of our naval force is that we operate forward where it matters. Some of our most significant capability gaps are where potential adversaries develop or invest in Anti-Access/Area Denial (A2/AD) systems and strategies. The gaps that the Navy faces from A2/AD threats include:

- Mines
- Small boat attacks
- Anti-ship missiles
- Undersea threats from adversary submarines and torpedoes
- Air threats from advanced aircraft and aircraft targeting systems
- Cyber attack capabilities
- Denying access to coastal areas and port facilities

The Navy's fiscal year 2014 budget submission prioritizes developing future capabilities in the above domains to address these capability gaps. Our development of future capability is bench-marked to support our rebalance toward the Asia-Pacific and is guided in large part by the Air-Sea Battle concept, which implements the Joint Operational Access Concept. Both these concepts are designed to assure U.S. forces freedom of action and access to support deterrence, assurance of our allies and partners, and the ability to respond to crises. Our investments (detailed in question #21) focus on assuring access in each domain, often by exploiting the asymmetric capability advantages of U.S. forces across domains.

General PAXTON. The Marine Corps' greatest capability gap concerns the ability to project ground maneuver forces to inland objectives from amphibious ships posi-

tioned over-the-horizon at distances of 12 nautical miles or greater. As certified in 2007 by the Chairman of the Joint Chiefs of Staff, and in light of projected future threats and operational scenarios, an amphibious capability remains essential to our national security.

Today, the Amphibious Assault Vehicle (AAV), originally fielded in the mid-1970s, provides a limited amphibious capability for Marine Corps infantry. The vehicle has several component obsolescence issues which make it increasingly difficult and expensive to maintain and, beyond that, it was not designed to operate in the way we now require it to. Specifically, when the AAV's capabilities are measured against current and future operational requirements and threat capabilities the vehicle's performance falls critically short in water and land mobility, personnel protection, lethality, communications, navigation, and situational awareness.

We are addressing this critical capability gap with the Amphibious Combat Vehicle (ACV) program which is now in the requirements definition phase of development. An ACV is a key capability for the Nation's expeditionary force-in-readiness. The capability to project power from the sea ensures joint freedom of maneuver against increasingly sophisticated A2/AD strategies across the range of military operations in areas vital to our national interest. To this end, an ACV creates operational and tactical options through rapid maneuver on sea and land, provides for the seamless transition of combat power from sea to land, enables rapid response to crisis, enables the introduction of joint follow-on forces and can impose disproportionate costs on our enemies who must extend their defenses.

General SPENCER. The ability to penetrate, operate, hold targets at risk, and persist in highly contested environments is our Service's greatest challenge. The long-term Air Force commitment is to maintain the world's best air force and sustain the capability to operate anywhere the Nation requires, including highly contested airspace. Near-term improvements and acquisitions will bolster the Air Force's capability to support our Joint Forces. Specifically, the Air Force must continue to move forward with force modernization of key weapon systems and inventory fulfillment of preferred munitions.

Our legacy, or fourth-generation, fighter fleet has secured more than 20 years of an air superiority advantage, but may lose its ability to operate as effectively in highly contested environments. Air superiority and long-range strike capabilities cannot be assumed. New threats and corresponding investment needs are not theoretical future possibilities; they are here, now. Significant investment in fifth-generation platforms and preferred munitions is essential to address these threats. The future success of the Nation's military and the joint team depends on modernizing our Air Force and keeping it ready to fight. Weapon systems like the F-22, with contributions from the F-35, are what will carry America's Air Force forward to continue to provide air superiority. The Long-Range Strike Bomber is a key piece of the development of our long-range strike family of systems, the capabilities of which are critical to our ability to carry out our global strike mission. There are also areas of research and development which have the potential to sustain and extend America's edge in aerospace technology, which will be delayed and perhaps not achieve fielding given current resource constraints. Potential specifics would be in the area of ballistic missile defense and advanced jet engine development.

21. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what funding is included in the fiscal year 2014 budget request to address those capability gaps?

General CAMPBELL. The 2014 budget request reflects what would be required to execute the January 2012 Defense Strategic Guidance. However, that assessment predates sequestration or any changes to the guidance necessitated by sequestration-imposed budget cuts. The capability gaps we will face will be caused, if not compounded, by the steepness of those cuts above the gradual reductions now programmed within the budget.

Admiral FERGUSON. The fiscal year 2014 budget submission improves capabilities in our ability to counter A2/AD threats and address vulnerabilities in our capabilities and provides our forces with proven technologies that limit the adversary's ability to defeat our ability to project power.

- Mine threat: Countering potential enemy ability to use mines to deny access to naval forces continues to be a significant emphasis in the near term. The Navy budget request funds Littoral Combat Ship MCM Mission Package development to include MH-60S helicopter Airborne Laser Mine Detection System and Airborne Mine Neutralization System systems, MCM hull-mounted sonar, and accelerates fielding of the MK-18 UUV and Seafox mine neutralization system;

- Small boat and anti-ship missile threat: Small boats with explosives and anti-ship missiles remain a potential threat to our forces in the constrained waters of the Arabian Gulf. The Navy budget request funds integration of an Advanced Precision Kill Weapon System into our MH-60R helicopters to counter small boats with explosives or anti-ship missiles. The Laser Weapons System is also being tested in the Arabian Gulf onboard USS *Ponce* and we are investing in development and testing of near-term modifications to existing weapons on our larger surface combatants;
- Undersea threat: Navy's dominance of the undersea domain provides U.S. forces their most significant asymmetric advantage. Our investments continue to improve our capability to deny the undersea to adversaries, while exploiting it for our own operations. The Navy budget request sustains and plans production of proven Anti-Submarine Warfare (ASW) platforms including MH-60R Seahawk helicopters, P-8A Poseidon maritime patrol aircraft, and DDG-51 and *Virginia*-class nuclear submarines. The request also funds capabilities such as advanced airborne sensors for the P-8A Poseidon, accelerates torpedo defense systems for CVN, improves Navy's Undersea Surveillance system, continues development of the Large Displacement Unmanned Underwater Vehicles and additional payloads for existing submarines. We also continue to practice and refine warfighting in wargames and real-world exercises including Valiant Shield and Rim of the Pacific which practices high-end ballistic missile defense, surface warfare and ASW in simulations and live-fire missile and torpedo events;
- Air threat: Air power is a key component of the naval force, and improving the capability of our CSGs to project power despite threats to access closes a key gap. The Navy budget request funds the continued development and low rate production of the new F-35C Lighting II and capability improvements such as infra-red sensors and weapons that provide air-to-air capability that are not susceptible to radio frequency jamming. The request also funds improvements to further network sensors and weapons in the Navy Integrated Fire Control Counter Air capability that uses a network between Aegis ships and the E-2D aircraft to seamlessly share threat information. Lastly, the budget funds the development and testing of the Unmanned Combat Air System Demonstrator;
- Electromagnetic Spectrum and Cyber: Future conflicts will be fought and won in the electromagnetic spectrum and cyberspace, which are converging to become one continuous environment. This environment is becoming increasingly important to defeating threats to access, since through it we can disrupt adversary sensors, command and control and weapons homing. The Navy budget request funds two additional squadrons of EA-18G Growler electronic warfare aircraft, the Next Generation Jammer, seven SLQ-32 Electronic Warfare Improvement Program (SEWIP) block I upgrades, accelerates research and development on SEWIP Block 3, fields new deployable decoys to defeat anti-ship missiles and continues procurement of improvements to Navy's Ships Signal Exploitation Equipment to provide protection from electronic attack; and
- Amphibious warfare: The flexibility to come ashore in unexpected areas or from less predictable directions is an asymmetric advantage against adversary anti-access efforts. The Navy budget request funds training to conduct integrated operations with the Marine Corps, construction of an 11th "big deck" amphibious assault ship (LHA-8), which will bring enhanced aviation capacity and a traditional well deck to expand its ability to support the full range of amphibious operations, improvements to extend the life of USS *Peleliu* through fiscal year 2015, and sustaining our ship-to-shore connector capacity through life extensions and recapitalization.

General PAXTON. Many of the Marine Corps' ground combat tactical vehicles show signs of age, but none more than the current AAV which has been in service since the mid-1970s. The legacy AAV has served the Corps well for more than 40 years, but faces multiple component obsolescence issues that affect readiness, sustainment costs, safety, and our ability to respond from the sea. The ACV is needed to replace this aging fleet. To meet the demands of both amphibious crisis response and forcible entry, the ACV program will develop and field an advanced generation, fully amphibious, armored personnel carrier for Marine Corps expeditionary forces.

The ACV will provide the ability to maneuver from the sea and to conduct amphibious and combat operations ashore by providing the capability to self-deploy from amphibious ships and to seamlessly transition between sea and land domains. The ACV will enable the efficient, tactical mobility of infantry combat forces from ships to inland objectives across beach landing zones under uncertain, non-permis-

sive, or hostile conditions in order to facilitate the rapid buildup of combat power ashore. Our objective in the ACV acquisition program is to provide a sufficient quantity of vehicles to ensure we can meet the requirement of the surface assault force for forcible entry and sustain Marine Air Ground Task Force (MAGTF) operations. To support this program, the Marine Corps has requested \$137 million for research and development of the ACV in fiscal year 2014.

During the interval in which we design, build, and field the ACV, we must ensure the continued safety, reliability, and operational capability of our “legacy” AAV. The current AAV platform faces significant maintenance challenges and obsolescence issues. Accordingly, AAV sustainment efforts remain a top Marine Corps recapitalization effort priority until fielding of the ACV. As such, the Marine Corps has requested \$70 million for AAV sustainment in fiscal year 2014.

General SPENCER. The Air Force fiscal year 2014 budget request is strategy-based, fiscally informed, and sets a course toward full-spectrum readiness of the force to execute the Defense Strategic Guidance (DSG). Furthermore, the fiscal year 2014 request addresses modernization challenges and keeps the Air Force “Big 3” modernization programs (Long-Range Strike Bomber, KC-46A, and F-35A) on track. These are critical programs to ensure the Air Force can operate and win in highly contested environments worldwide.

Specifically, the fiscal year 2014 research, development, test, and evaluation appropriation request includes \$1.6 billion for the KC-46A and \$800 million to support development of the F-35A Joint Strike Fighter. It also funds \$400 million towards efforts to develop a new long-range, nuclear capable, optionally-manned, penetrating bomber. The fiscal year 2014 procurement portfolio delivers both immediate and future capabilities through investments across four specific appropriations: aircraft, missile, ammunition, and other procurement. In fiscal year 2014, the Air Force procures 19 F-35As and 3 CV-22B Ospreys in addition to various upgrades and modifications to the existing fleet.

The priorities articulated and funded in the fiscal year 2014 budget request balance the Air Force’s requirement to support the current DSG with today’s fiscally constrained environment. We will continue making tough trade-offs to preserve our core capabilities and deliver on our commitment to national defense.

BREAKING FAITH—MORALE OF OUR FORCES

22. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, I am concerned that continuing to ask our military members and DOD civilians to assume more risk by doing more with less will eventually break faith with our troops. How would you assess the trends in the morale of the military members and civilians working in your Service?

General CAMPBELL. The current source of morale data is from the Spring 2012 Sample Survey of Military Personnel (SSMP). The SSMP was distributed between May and August 2012 and contains the responses of over 12,000 Active Army, Army National Guard, and U.S. Army Reserve soldiers. Results for Active Army respondents were not significantly different from previous data collected in 2011. Since this was the first distribution of the SSMP to the Reserve component (RC), previous RC survey data are not available for comparison. When asked how they would rate their current morale, 35 percent–54 percent of Active, U.S. Army Reserve, and Army National Guard soldiers responded “high” or “very high,” 33 percent–38 percent responded “moderate,” and 10 percent–28 percent responded “low” or “very low.” When asked how they would rate the morale in their unit, 21 percent–45 percent of Active, U.S. Army Reserve, and Army National Guard soldiers responded “high” or “very high,” 38 percent–48 percent responded “moderate,” and 12 percent–40 percent responded “low” or “very low.”

Although furlough is only a short-term fiscal mitigation tool, it may pose long-term financial implications for our civilian workforce. The continued freeze on civilian pay, limitations placed on overtime, discontinuance of monetary awards, and implementation of furlough are having significant impact on the morale of our civilian workforce, particularly because it impacts their financial stability.

Admiral FERGUSON. By our most recent surveys, overall health of the force is good, morale remains near historic high levels, and work satisfaction has increased over the last 12 years. Aggregate retention remains strong, though some areas of highly skilled sailors are showing indications of reduced retention. The 2012 Quality of Life Survey and Behavioral Health quick polls revealed positive feedback with standard of living, income and job satisfaction, while concern was expressed about manning shortages, long work hours, and high operational tempo.

These surveys were taken before the force had observed the impact on readiness and operating schedules due to reduced funding, and potential force structure cuts. We do not presently see a trend in morale after a few months of sequestration. We anticipate a more negative trend to emerge as furloughs are enacted, maintenance is cancelled or deferred, and operational tempo changes for the force. We will continue to monitor this closely.

General PAXTON. Marines and their families are resilient and morale remains high; however, talk of looming budget cuts and the possible impact those cuts will have on marines' quality of life, families, and jobs all take a toll. In the fiscal year 2013 Enlisted Retention Survey: 76 percent of respondents said they are either satisfied or very satisfied with being a marine, which is in line with what we have seen over the past 2 years; and 57 percent of respondents said they are either likely or very likely to reenlist, which also is in line with what we have seen over the past 2 years. In the most recent Officer Satisfaction Survey, 85 percent of respondents said they are satisfied with the military lifestyle.

Our civilian marines support the mission and daily functions of the Marine Corps and are an integral part of our Total Force. Serving alongside our marines throughout the world, in every occupation and at every level, our civilian appropriated funded workforce remains the leanest of all Services, with a ratio of 1 civilian to every 10 active duty marines. More than 93 percent of our civilians do not work in Headquarters' elements in the Pentagon; they are at our bases, stations, depots, and installations. Sixty-eight percent are veterans who have chosen to continue to serve our Nation; of those, a full 13 percent have a certified disability.

The potential human impact associated with furloughing our civilian marines is significant. While we would like to believe that a discontinuous furlough will reduce the impact on our employees, most will not be able to easily absorb this sudden loss of income, even over a period of several months. With prolonged budgetary uncertainty, including the possibility of additional furloughs in fiscal year 2014, employee stress is increasing, civilian morale is declining, and at some point productivity will begin to suffer.

General SPENCER. We have a dedicated and professional force that serves our Nation proudly. However, with many of our pilots not flying, our civilian employees worried about lost pay due to the furlough, and the future of our morale, welfare, and recreation and quality of life programs in question, all of this negatively impacts the morale of our airmen.

23. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, are you concerned that the steep decline in DOD budgets will eventually erode morale for military members and DOD civilians, ultimately having an insidious effect on readiness?

General CAMPBELL. Yes, I am concerned that steep budget cuts could lead to a decline in morale, which could impact readiness. Our soldier survey data does not indicate a drop in morale now, but the data was collected too early to take into account sequestration. If soldiers are continually asked to do more with less, it will have an impact. I am also concerned that civilian morale will be affected by furloughs, pay and hiring freezes, curtailment of training opportunities, and overtime limitations. Any decrease in morale in our civilian workforce will have a negative impact on readiness.

Admiral FERGUSON. Overall, the health of the Active Duty and Reserve Force is good and morale as determined through our surveys remains positive. We continue to monitor the force to measure the impact of fiscal uncertainty, budget reductions, and furloughs on their morale and propensity to serve.

We continue to meet overall active duty recruiting and retention goals, though we are beginning to see some impacts to the retention of highly skilled sailors and a slight drop in recruit quality as the economy improves. Anecdotally, the multi-year pay freeze, hiring freeze, and pending furloughs have begun to impact the morale of our civilian workforce. We will continue to monitor this closely to assess the impact of funding reductions.

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General SPENCER. Sequestration reductions are already negatively affecting Air Force readiness and morale. Currently nine combat-coded fighter units and three combat-coded bomber units are stood down and have ceased flying operations. Seven combat-coded units are flying at basic mission capable levels and will only return to combat mission ready status if funding becomes available. Flying hour reductions will halt training for the rest of the year in many units and will take up to 6 months to restore pilot proficiency. Additionally, there is the furlough of our valued civilian workforce, significantly reducing civilian pay and slowing productivity.

24. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, how will this impact retention and recruitment?

General CAMPBELL. By shifting funding, the Army addressed the risk of military recruitment mission failure in fiscal year 2013 due to sequestration. Future civilian furloughs will not affect the ability of Army accessioning agencies to achieve fiscal year 2013 accession missions. However, if the U.S. Military Entrance Processing Command curtails operations in fiscal year 2013 due to civilian furloughs, some delays in contracting new servicemembers for entry into the Army, Navy, Air Force, and Marine Corps in fiscal year 2014 may occur. The Army plans to mitigate these delays by processing these soldiers after the beginning of the new fiscal year.

Sequestration has impacted retention in terms of reenlistment rates, training, and Selective Retention Bonuses. Since 2012, the Army has observed a slight decline in retention rates that is attributable to a general loss of predictability in benefits, assignments, and promotion opportunities in consequence of sequestration and the ongoing Army drawdown. An indicator of this emerging trend is the fiscal year 2013 Expiration Term of Service mission to retain 7,800 Active component enlisted soldiers. We anticipate that the Army will only retain around 7,500 soldiers in this particular category. The Army National Guard is also anticipated to fall short of its fiscal year 2013 retention mission. The impact of these retention mission shortfalls will be somewhat mitigated as the Army decreases its force structure. Sequestration has constrained the conduct of essential training that develops career counselors' abilities and effectiveness to advise commanders at all levels on retention policies and issues. Sequestration has also constrained future funding of the Army's Selective Retention Bonuses and Critical Skill Retention Bonuses. These monetary incentives are employed to retain and attract soldiers into the most critical skills that either have higher attrition rates and/or require a higher level of skill and training. The Army's continued investment in these critical skills is essential to mission success.

On January 10, 2013, the Deputy Secretary of Defense directed the Services to take necessary steps to mitigate budget execution risks, resulting in an immediate freeze on civilian hiring and the release of personnel on temporary appointments. Not only does the freeze hinder Army Commands' ability to support their missions, it limits the civilian workforces' promotional opportunities. This may negatively affect retention rates, especially those deemed hard to fill (e.g., medical and behavioral health occupations) and immediately impact the retention for our temporary workforce. The ultimate result of these actions could drive civilians to see DOD as not a viable career.

Admiral FERGUSON. Economic conditions for the past several years have favored recruitment and retention in our Active-Duty Forces. Reductions in funding, the impact of reduced training, last minute deployment cancellations, and extended deployments may hinder our ability to recruit and retain high quality individuals to meet aggregate and critical skill manning requirements in the future. A prolonged sequestration would likely inhibit recruiting efforts and reduced training opportunities would be felt across increasingly larger segments of the force.

General PAXTON. Severe budget constraints related to sequestration that result in reductions in recruiters and recruit advertising, and potential civilian furloughs at our recruit processing stations will degrade the quality of our recruit pool, cause disruptions in our pipeline of recruits, and place added stress on our recruiters, 71 percent of whom already work in excess of 60 hours per week. Reductions to our recruit advertising budget jeopardizes our established market share and awareness with prospects and their influencers. All service recruiting will be impacted by civilian furloughs at Military Entrance Processing Stations (MEPS) because 80 percent of MEPS personnel are civilians. The mandated civilian furlough reduces their available processing capacity. Implementation of a 4-day processing week will therefore degrade our accession efforts. Similarly, additional cuts to our retention programs, such as re-enlistment incentive pays, will impact our ability to shape our force to meet continuing mission requirements and retain critical MOSs with the most qualified marines.

General SPENCER. We have enjoyed a robust recruiting and retention environment in recent years mostly due to the relatively high unemployment rate and a struggling economy. Youth studies, such as those done by Joint Advertising Market Research and Studies already indicate that youth are less likely to serve in our Nation's military than they have been in the past. The study also indicated that 47 percent of new recruits were undecided about a career choice and were influenced to consider the military within a year of joining the Service. Budget cuts to advertising, marketing, and outreach programs will jeopardize the Air Force's ability to meet career field and DOD quality requirements within a shrinking recruiting pool. Additionally, respondents to these surveys also indicate pay and educational opportunities as two of the major reasons for their decision to enlist and DOD budget cuts are a perceived threat to these benefits.

NAVY FLEET OPERATIONS TEMPO

25. Senator AYOTTE. Admiral Ferguson, last year at our hearing, I asked you about the unsustainable pace of surged fleet operations as high demand for ships and submarines was taking its toll. You responded that the Navy was taking measures to ensure appropriate levels of readiness by shifting to a more sustainable deployment model including fully funding ship maintenance and midlife modernization periods. The Navy has been through a lot in the past year, including sequestration, the loss of a minesweeper, and other significant, unanticipated ship expenses. Can you provide me an update on efforts in fiscal year 2013 to prevent further degradation to fleet readiness?

Admiral FERGUSON. As reflected in our initial fiscal year 2013 budget, Navy remains committed to performing the necessary ship depot maintenance to sustain the readiness of the Fleet. Our budget fully funded surface ship maintenance availabilities in fiscal year 2013. We also funded the Total Ship Readiness Assessment program to improve ship readiness through the earlier identification of material readiness deficiencies, and the Surface Maintenance Engineering Planning Program to provide centralized life cycle maintenance engineering and class maintenance planning and management for the surface fleet.

Because of sequestration's impact to surface ship maintenance funding, we were unable to execute eight of the planned fiscal year 2013 availabilities. Those eight remain a top priority and we are pursuing options in conjunction with OSD Comptroller to fund them this year. Aircraft carrier and submarine availabilities were fully funded in fiscal year 2013, and the impacts of sequestration have been mitigated by exempting the public shipyard workforce from furlough. Despite these efforts to reduce the impact of sequestration on readiness, by the end of this fiscal year, two-thirds of our nondeployed ships and aviation squadrons will be less than fully mission capable and not certified for Major Combat Operations.

26. Senator AYOTTE. Admiral Ferguson, will any of this work be recovered in the Navy's budget request for fiscal year 2014?

Admiral FERGUSON. No. The Navy's fiscal year 2014 budget is based on the assumption that all fiscal year 2013 work is completed as planned. Any work deferred from fiscal year 2013 will either displace planned fiscal year 2014 work, be deferred into a future year, or be cancelled. It could be executed should the Navy receive additional funding in the O&M account.

27. Senator AYOTTE. Admiral Ferguson, can you provide a list of unplanned or unbudgeted ship repairs identified in fiscal year 2013 and the Navy's plan to fund those repairs?

Admiral FERGUSON. Navy prioritizes scheduling and funding of unplanned, emergent requirements as necessary to return ships to full service as soon as practicable. The following emergent work has occurred or is in progress in fiscal year 2013. All listed work has been funded or obligated with fiscal year 2013 Operation and Maintenance, Navy funds.

- USS *Porter* (DDG 78) collision repairs
 - \$77 million firm-fixed-price contract awarded to BAE Systems Norfolk Ship Repair for the fiscal year 2013 extended dry-docking selected restricted availability to complete final permanent repairs as well as previously scheduled maintenance and modernization
- USS *Montpelier* (SSN 765) collision repairs
 - Newport News Shipbuilding/Huntington Ingalls Industries is in the process of repairing the ship with a current cost estimate of approximately \$52 million
- USS *San Jacinto* (CG 56) collision repairs
 - Repaired in BAE Systems in Mayport, FL, at a cost of approximately \$13 million
- USS *Guardian* (MCM 5) grounding damage
 - Repair not economically feasible, decommissioned on 6 Mar 2013
 - Dismantling and disposal cost an estimated \$45 million
- USS *Miami* (SSN 755) fire damage
 - Repair estimates are currently under review.
 - \$45 million for USS *Providence* availability cost (associated with shift to private sector)
- USS *Nimitz* (CVN 68) cooling pump repairs
 - \$32 million for repairs

28. Senator AYOTTE. Admiral Ferguson, how would you assess the readiness of our carrier force to meet combatant commanders' requirements?

Admiral FERGUSON. Our carrier forces are meeting operational demands and required readiness levels, but are operating under strain.

For the past 3 years, carrier forces have met adjudicated Global Force Management presence requirements; however, in doing so, they have been deployed at unsustainable rates, deferring maintenance and increasing the risk of significant cost growth in subsequent maintenance availabilities. The deployment rates have also exceeded original CVN force structure plans, thereby increasing the risk of not reaching expected CVN service lives. The combination of increased CVN operational tempo and current budgetary constraints has resulted in accumulating pressures on personnel, CVN material condition, and service life.

With respect to surge requirements, the fiscal year 2014 budget request would support only a single carrier strike group available for worldwide surge. This is a reduction from previous years, when generally three carrier strike groups were fully trained and available for surge operations.

CONTRACTS FOR ESSENTIAL MILITARY SERVICES

29. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, on April 1, 2013, U.S. Transportation Command (TRANSCOM) issued a \$50 million solicitation to procure contractor services for short take-off and landing services for military casualty evacuation, military personnel airlift, cargo airlift, and military air drops in the Trans-Sahara area of Africa for the next 4 years to support high-risk military operations. According to the solicitation, the Services shall be based from Burkina Faso and be capable of conducting operations from various temporary forward operating locations, to include primitive field accommodations such as tents. I have some fundamental concerns about this solicitation. In your experience, is the use of a commercial contract for these types of services common in the military?

General CAMPBELL. TRANSCOM, a unified combatant command, is responsible for managing air and surface lift utilizing an appropriate mixture of organic and contracted commercial capabilities. The Army routinely utilizes TRANSCOM managed capabilities for the movement of cargo, passengers, and casualties worldwide to include contingency operations support. The Army is confident that TRANSCOM will maintain the appropriate mix of organic and commercial capabilities and will provide the appropriate asset to meet Army mission requirements.

Admiral FERGUSON. The Navy's contracting authority is limited to support of the Navy's core mission. The Navy has no contracting authority to procure commercial contractor services for short take-off and landing services for military casualty evacuation, military personnel airlift, cargo airlift, and military air drops to support high-risk military operations overseas.

General PAXTON. The use of commercial contract airlift support has evolved into a standard practice since its inception during Operation Iraqi Freedom (OIF) and continued use during Operation Enduring Freedom-Afghanistan (OEF-A); it is a viable and often cost effective transportation capability that compliments operational and tactical airlift resources. United States Forces-Afghanistan (USFOR-A) manages ISAF Contracted Air Transportation (ICAT) which provides support to each regional command in Afghanistan. The program has been successful in providing relief to Marine Corps assault aircraft that would otherwise be required to support these usually non-priority/regularly scheduled logistics runs of bulk items to outlying Combat Outposts.

AFRICOM engaged TRANSCOM to leverage contracting authority to satisfy a gap in current medical coverage from Level I to Level V in their area of responsibility. Currently, there is inadequate capability for short-term intervention for injured, wounded, and ill servicemembers in a geographically huge theater with numerous remote locations. Specifically, there are no personnel, aircraft, or in-patient medical facilities. DOD has historically contracted for services not available in the Military Health System in the continental United States (CONUS) or outside CONUS.

DOD Aeromedical Evacuation using U.S. military airlift is designed to function in contingencies with large casualty numbers. In regional areas and when moving single casualties from regions with a low level of activity, military airlift is expensive and challenging to access since it is unlikely in the region. The use of smaller, more agile contract aircraft is often more efficient and effective (timelier) for the patient.

General SPENCER. Yes. Utilizing current military assets is normally the preferred method to fulfill requirements, but is not always appropriate given competing operational requirements and diplomatic sensitivities. Diplomatic concerns regarding a large U.S. military presence in the region played a significant role in the selection of this course of action to support the warfighter. The use of military aircraft not only introduces overtly marked U.S. military aircraft to the region, it also requires a larger footprint of U.S. military enablers. Contracted airlift meets this requirement without adding to our military presence. Additionally, organic military aircraft cannot access the smaller airfields in the region, and diplomatic clearance timelines for military aircraft range from 7 to 21 days (based on country), whereas contracted lift processes clearances through the commercial channels which greatly reduces this timeline (in some cases gaining clearance in 48 hours or less).

30. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, wouldn't you consider medical casualty evacuation and air drops in a high risk area to be an inherently military function?

General CAMPBELL. We always plan to utilize military means when developing the medical evacuation plan in support of our conventional forces. We go to great lengths to ensure our commanders are properly resourced for this critical lifesaving mission and will not compromise the safety of our soldiers. Likewise, our preferred method for air drop is also via military means, however, under exceptional circumstances if the contractor is certified, we do make exceptions for both casualty evacuation and air drop operations.

Admiral FERGUSON. While the Navy does not have the authority to contract for commercial air services, I do consider medical casualty evacuation and air drops in a high risk area to be an inherently military function. In combat or during other high risk activities, a commander must have the ability to personally direct personnel to perform certain functions.

General PAXTON. Yes, medical casualty evacuation and air drops in a high risk area are considered an inherently military function. The use of commercial contract support for aerial delivery and medical casualty evacuation has been in use over the past 10 years to complement military resources and fill shortfalls in support of combat operations. Medical contract support offsets our limited capabilities and serves as an alternative but shouldn't be used as the primary enabler if at all possible.

Any designated non-kinetic environment, such as transporting patients from a strategic hub to Ramstein Air Force Base for further treatment and follow-on movement to CONUS, could be supported via a commercial/contracted aero evacuation solution so long as appropriate medical staff and equipment are included in the contract.

Contracted aerial delivery is conducted today on a routine basis to support combat operations in Afghanistan and can be considered to support future operations in other areas of the world.

General SPENCER. Yes. However, contracted air services have proven more than a sufficient level of capability in certain permissive environments. Utilizing military assets is normally the preferred method to fulfill requirements, but is not always appropriate given competing operational requirements and diplomatic sensitivities.

31. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, if you were commanding forces in military operations in that part of the world, would you be comfortable relying on a contractor to evacuate your wounded or to drop your commandos?

General CAMPBELL. Speaking as a former division commander and brigade commander in Iraq and Afghanistan, the care and welfare of our soldiers is paramount in all military operations. In planning and execution the preferred method of evacuating wounded is always via military means, as is the delivery of troops via air. In some unique circumstances if the contractor is certified, we do make exceptions and execute these missions by other means.

Admiral FERGUSON. The functions to which you are referring by definition fall under "inherently governmental" and therefore should not be contracted support services.

General PAXTON. Given the fact the contractor is a non-combatant, and extracting wounded and dropping marines in a hot zone is a military (combatant) function, I would not feel comfortable having to primarily rely on a contractor to support these types of missions. Contract support should be considered as a complement to military air or as an alternative in a benign or otherwise stable environment with military oversight.

General SPENCER. U.S. Africa Command (AFRICOM) created and validated the requirement to provide Special Operations Command Africa with airlift for both medical evacuation and logistical support in Western Africa. This contract replaces an existing contract with similar specifications which expires at the end of the fiscal year. To date, the aircraft and personnel under the existing contract have performed admirably in support of our operations in Africa and there is no reason to believe that fact will change. Personnel drops will not be accomplished with these assets.

32. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, are you aware of a command request for forces for the missions specified in the solicitation which was denied?

General CAMPBELL. The Army is not aware of any Request for Forces for the missions specified in the TRANSCOM solicitation.

Admiral FERGUSON. I am unaware of any Navy command submitting a request for these services which was denied.

General PAXTON. This particular solicitation offers a TRANSCOM contracted solution to an AFRICOM operations and exercise capacity shortfall for Joint Special Operations Task Force-Trans Sahara. The Marine Corps has been queried by the Joint Staff on multiple occasions concerning our Services' ability to support AFRICOM combat search and rescue-personnel recovery requirements. The Marine Corps has consistently responded to the Joint Staff with the ability to provide a limited, in lieu of casualty, evacuation capability. The Marine Corps has not been directed to provide this limited capability to date.

General SPENCER. Requests for forces are initiated by combatant commanders, then routed through the Joint Staff for tasking to the appropriate Service. The Air Force is not aware of a denial for any request for forces for the missions specified in the solicitation.

33. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, I realize that this administration's revised defense strategy calls for less force structure and greater operational flexibility in certain combatant command areas of responsibility, but in your opinion, will our Armed Forces need to rely more on contractors for these types of services in the future?

General CAMPBELL. The Army will not necessarily need to rely more on contractors to meet the needs of the combatant commands. The defense strategy calls for less structure and greater operational flexibility which requires the Army to further optimize our modular formations allowing them to meet a wider range of missions and provide greater latitude in fulfilling combatant command needs. This may increase reliance on contractors in some areas and decrease the reliance in others. Like today, where resources, force structure, or modular designs are inadequate, the

Army will continue to consider all aspects of risk in determining which capabilities are built into Army force structure and where we can rely on contractor services.

Admiral FERGUSON. While the Navy manpower force structure supports the current military defense strategy, we continually assess the proper mix of Active, Reserve, civilian, and contractor personnel in the planning for our missions. I would anticipate certain missions clearly defined as not inherently military or governmental would be open to increased contractor participation in the future. Inherently military or governmental functions should not be opened to contractors.

General PAXTON. The Services organize, train, and equip forces for use by the combatant commanders. With a force of 182,100 marines, we are able to meet the combatant commanders' most critical needs/requirements. It will be up to the combatant commanders to determine priorities and decide which initially unfilled missions/requirements are delayed, are filled by contractors, or are never filled. The combatant commanders are in the best position to analyze operational risk to their assigned U.S. Forces and determine when contractors are utilized for certain missions, vice U.S. Active or Reserve component military forces.

As the Nation's crisis response force, the Marine Corps is organized, trained, and equipped to conduct expeditionary and amphibious operations across the globe and in the most austere locations without the requirement of contractor or host nation support. We are careful to retain the right balance of logistics capabilities in our Active Forces to enable this expeditionary and amphibious character. However, in a prolonged conflict, where enduring bases are established and manned to support combat personnel, the answer is "yes," we will likely be required to rely more on contractors for logistical sustainment services.

Although the Marine Corps possesses varying degrees of combat service support force structure (equipment/personnel) to sustain our expeditionary and amphibious requirements, we do not possess enough combat service support force structure to provide the enduring level of support of these types of services on the scale provided by the U.S. Army and contractors in Iraq and Afghanistan. As we experienced in Iraq and Afghanistan, contractors free up military personnel and equipment from managing the day-to-day caretaking tasks of base management functions (feeding/laundry/power generation, etc). This allows the warfighter to focus on combat and combat support operations.

General SPENCER. Not necessarily. Utilizing military assets is preferred, but is not always feasible given competing operational requirements and diplomatic sensitivities. In every case, a rigorous analysis will be performed that takes into account the operating environment, legal requirements, availability of military assets, political sensitivities, and capabilities of contractor services. In those cases, where it makes operational and political sense, contractors will be used to support specific operational support missions.

34. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what risk does this pose to our military members?

General CAMPBELL. Sequestration risks are putting us on the path to creating a hollow force. We must reduce the Army's overall structure through a drawdown strategy that ensures that we keep a high-quality, mission-capable force to achieve end strength without jeopardizing readiness. Civilian reductions must be determined in advance and be a part of planned strategic human capital decisions to avoid arbitrary cuts that impact readiness. Reductions implemented too quickly risk breaking the All-Volunteer Force social contract, and drastically affect readiness in the near term. Hollowing out the force will also incur greater costs to buy back lost readiness should the force be called to respond to a contingency, and directly increases the risk to our military members going into harm's way.

Admiral FERGUSON. Because the Navy force structure supports the defense strategy, there is no additional risk to Navy military members based on increased service contractors.

General PAXTON. Supported by our recent experiences in Iraq and Afghanistan and other contingencies and crises around the globe, there is no direct risk to our military members by using contractors to support enduring base operations. Although the Marine Corps possesses varying degrees of combat service support force structure (equipment/personnel) to sustain our expeditionary and amphibious requirements, we do not possess enough combat service support force structure to provide the enduring level of support of these types of services on the scale provided by the U.S. Army and by contractors in Iraq and Afghanistan. The use of contracted services frees up military personnel and equipment from managing the day-to-day caretaking tasks of base management functions (feeding/laundry/power generation, et cetera). This allows the warfighter to focus on combat and combat support operations.

General SPENCER. Contractor services are not inherently more risky than organic military operations. All operations are evaluated to ensure that acceptable levels of risk are attainable for a desired mission end state. It is important to understand that though contractor services are available, military assets will still be used if a particular operation warrants the required capability. This decision will be made during the planning phases of each operation and reflects the commander's analysis of operating environment and associated risk.

FLYING HOURS IMPACT OF BUDGET CUTS AND SEQUESTRATION

35. Senator AYOTTE. General Spencer, in your written testimony you correctly state: "The cornerstone of our airmen's ability to provide airpower to the Nation and contribute our core missions to the joint team is their readiness." You also stated: "Readiness is the ability of a unit to provide its designed operational capabilities within the required timeframe." Spending cuts have eliminated 44,000 flying hours through September with the Air Force grounding 17 squadrons, including 12 combat coded squadrons. Some units will be grounded upon return from deployment. That includes the F-22s from the 1st Fighter Wing that are deployed to the Pacific right now to deter Kim Jong Un and stand ready to take action if he makes a wrong step. Are these grounded squadrons tasked to fill COCOMs' operations plans?

General SPENCER. Under sequestration, we've preserved the flying hours for Pacific Air Force's squadrons to ensure these "fight tonight" forces are ready. Although the details of our ability to source Combatant Commander Operational Plans may only be discussed in a classified forum, it can be said that the number of stood down units adversely affects our ability to fulfill Combatant Commander Operational Plan requirements.

36. Senator AYOTTE. General Spencer, what is the impact of our ability to fill all COCOMs' operational requirements?

General SPENCER. The Air Force prioritized which combat-coded squadrons received flying hours to maintain readiness to meet the requirements of Secretary of Defense-ordered missions and to deter any potential adversaries. However, if the Air Force does not receive sufficient funding in fiscal year 2014, we may have to rotationally stand down units again or fly them at reduced readiness rates, similar to the actions we've taken in fiscal year 2013. This sequester-induced readiness deficit will impact our ability to fill operational plans and Secretary of Defense-ordered missions, continue to degrade our depot maintenance and modernization programs, and will significantly erode our training and force development efforts, creating long-term readiness shortfalls. Detailed descriptions of unit taskings and ability to meet operational plans are classified and may only be presented in a classified venue.

37. Senator AYOTTE. General Spencer, how does grounding impact the Air Force's ability to both deter and conduct combat operations, if required, outside of Afghanistan?

General SPENCER. The Air Force prioritized which combat-coded squadrons received flying hours to maintain readiness to meet the requirements of Secretary of Defense-ordered missions. Almost all of these mission-ready units are tasked to Secretary of Defense-ordered missions or forward-based, so the ability of the Air Force to provide requisite numbers of ready forces for emergent requirements is severely limited and will continue to become more difficult the longer we operate under these conditions. Detailed descriptions of unit taskings and ability to meet operational plans requirements are classified and may only be presented in a classified venue.

38. Senator AYOTTE. General Spencer, how many aircrew are impacted by the grounding; how many hours will have to be dedicated to bring all these aircrews back up to mission ready status; and how much will that cost?

General SPENCER. Approximately 750 crew members are assigned to the stood-down units. In order to bring units back to current, sub-optimal readiness levels, it is anticipated the stood-down units would need an additional 10 percent increase over the fiscal year 2014 budget request for flying hours and would require 3 to 6 months.

39. Senator AYOTTE. General Spencer, how will the student pilot pipeline be impacted ... pilot training and the initial qualification training for each of the Air Force's weapon systems?

General SPENCER. Under the Air Force's current plan, we have allocated sufficient flying hours to enable our basic student pilot pipeline production to continue. However, we will potentially experience impacts if there is a civilian furlough because Air Education and Training Command maintenance and simulators are primarily run by government civilians. In addition, the absorption of these future graduates into operational units will be slower due to sequester-induced flying hour reductions. Due to sequestration, we have also curtailed and/or cancelled advanced training courses, such as the Weapons School Instructor course, which will have a significant impact on our ability to maintain the requisite tactical expertise in our operational units.

40. Senator AYOTTE. General Spencer, as the Air Force focuses its flying hours on getting the grounded aircrews mission-ready again, what is the impact on the rest of the force?

General SPENCER. There are myriad second- and third-order effects of sequestration, including the impact on the rest of the force as the stooddown crews return to fly. Since flying hours are contained within our significantly reduced O&M budget, freeing up additional flying hours will adversely impact other training and direct-support accounts such as base operating support, facility maintenance, and professional military education. Overall, the Air Force does not have sufficient O&M funding in fiscal year 2013, and will not in fiscal year 2014, if the President's 2014 budget request is sequestered. In both cases, we are compelled to make difficult choices that impact the whole force.

41. Senator AYOTTE. General Spencer, what are the safety risks associated with reducing Air Force flying hours?

General SPENCER. The Air Force flying hour model identifies required hours, by weapon system, for aircrews to accomplish their assigned missions in a safe and proficient manner. Providing fewer flying hours reduces the readiness of these aircrews and places them at higher risk if they are called upon to execute operational taskings. As we return stooddown units to combat mission readiness, doing so safely will remain a top priority.

42. Senator AYOTTE. General Spencer, we know this will impact our aircrews and their readiness. How will the groundings impact the readiness of other mission essential personnel such as munitions, maintenance, and life support?

General SPENCER. Units which have stood down flying operations are focusing their efforts on preserving skill sets vital to our maintenance, munitions, and life support operations. Aircraft not committed to flying operations, and those that have stood down, are being used to facilitate on-the-job training for personnel in upgrade training as well as for specialized field training courses. Despite the fact internal business rules have been put in place to ensure limited resources are allocated correctly across the enterprise, these efforts only slow the loss of proficiency and individual training progression remains limited. Lack of training opportunities limits our workforce's ability to attain and maintain required skill sets and reduces the Air Force's ability to cultivate a well-trained/qualified force which ultimately will lengthen our readiness recovery period.

43. Senator AYOTTE. General Spencer, the Air Force starts fiscal year 2014 with a backlog of flying hours requirements but the fiscal year 2014 budget does not include extra funding for these hours and it does not factor in sequestration. Can the Air Force return its total force back to required mission ready status in fiscal year 2014 given these budget impacts?

General SPENCER. No, the fiscal year 2014 budget does not factor in sequestration and was submitted before fiscal year 2013 sequestration was in place. Consequently, we cannot return the Active Force back to required readiness. The Air National Guard and Air Force Reserve Command readiness programs were not significantly affected by sequestration. We will manage our readiness levels as best we can with the funding provided in fiscal year 2014, but there will continue to be considerable negative impacts to readiness if critical readiness accounts (such as flying hours and weapon system sustainment) are not adequately funded in the future.

As we enter fiscal year 2014, we will focus on returning units that have been stood down to operational levels of readiness to prevent further erosion in their capabilities. However, if we do not receive sufficient funding in fiscal year 2014, we may again have to rotationally stand down units, or fly them at reduced readiness rates, similar to the actions we've taken in fiscal year 2013. This sequester-induced non-combat ready posture of portions of our fleet will impact our ability to fill operational plans and Secretary of Defense-ordered missions, continue to degrade our

depot maintenance and modernization programs, and will significantly erode our training and force development efforts, creating long-term readiness shortfalls. Overall, this lack of readiness prevents us from attaining required mission ready status in fiscal year 2014, creates heightened risk, and is incompatible with the defense strategy.

DEPOT IMPACT OF BUDGET CUTS AND SEQUESTRATION

44. Senator AYOTTE. General Spencer, the Air Force has been at war for the past decade in both Afghanistan (2001) and Iraq (2003), and it has been constantly deployed conducting combat operations for over 20 years. This has taken a toll on its aircraft. The Air Force is planning to fund weapon system sustainment to 81 percent of the fiscal year 2014 requirement using funds from the base budget as well as OCO funds. Do you know what the OCO funds will be?

General SPENCER. The Air Force has requested \$1.76 billion in OCO funding for weapon system sustainment in the fiscal year 2014 President's budget.

45. Senator AYOTTE. General Spencer, what have you requested?

General SPENCER. The Air Force has requested \$1.76 billion in OCO funding for weapon system sustainment in the fiscal year 2014 President's budget.

46. Senator AYOTTE. General Spencer, do you expect to be fully funded?

General SPENCER. The Air Force requests full support of the President's budget to fund our requirements. We will likely see additional unfunded requirements in fiscal year 2014 as a result of deferred workload in fiscal year 2013 due to sequestration.

47. Senator AYOTTE. General Spencer, as you have stated, depot delays will result in aircraft grounding, degradation of workforce proficiency and productivity, and increased costs. You have also stated that it can take 2 to 3 years to recover full restoration of depot workforce productivity and proficiency. What are the safety risks associated with reducing depot maintenance?

General SPENCER. There are no safety risks. The reduced depot maintenance is a result of fewer depot inductions, but does not affect quality of maintenance. Those aircraft and engines not inducted will be grounded (not flown) until the required depot maintenance can be performed.

48. Senator AYOTTE. General Spencer, the Air Force is on track to start fiscal year 2014 with a backlog of depot and maintenance requirements, but the fiscal year 2014 budget does not include extra funding and it does not factor in sequestration. Can the Air Force fully restore readiness in fiscal year 2014 given these budget impacts?

General SPENCER. No, the fiscal year 2014 budget does not factor in sequestration and was submitted before fiscal year 2013 sequestration was in place. Consequently, we cannot return the Active Force back to required readiness. The Air National Guard and Air Force Reserve Command readiness programs were not significantly affected by sequestration. We will manage our readiness levels as best we can with the funding provided in fiscal year 2014, but there will continue to be considerable impacts to readiness if critical readiness accounts (particularly weapon system sustainment, to include organic and contract depot maintenance programs) are not fully funded in the future.

As we enter fiscal year 2014, we will focus on accomplishing deferred depot and maintenance activities to ensure adequate aircraft availability for flying squadrons to properly train and deploy. If we do not receive sufficient funding in fiscal year 2014, we may have to rotationally standdown units, or fly them at a reduced rate, similar to the actions we've taken in fiscal year 2013. This sequester-induced non-combat ready posture of a portion of our fleet will impact our ability to fill operational plans and Secretary of Defense-ordered missions, continue to degrade our depot maintenance and modernization programs, and will significantly erode our training and force development efforts, creating long-term readiness shortfalls. Overall, this lack of readiness prevents us from attaining required mission ready status in fiscal year 2014, creates heightened risk, and is incompatible with the defense strategy.

49. Senator AYOTTE. General Spencer, is the Air Force assuming the fiscal year 2014 budget becomes law on October 1, 2013?

General SPENCER. We would like to see enactment of the fiscal year 2014 Defense Appropriations Act by October 1, 2013.

50. Senator AYOTTE. General Spencer, what happens to readiness of the Air Force fleet of aircraft if this does not happen?

General SPENCER. If we do not receive sufficient funding in fiscal year 2014 for weapon system sustainment accounts, to include depot and maintenance programs, aircraft availability rates across the Air Force will likely decrease, which will have an adverse impact on readiness. In addition, weapon system sustainment reductions tend to have longer-term impacts, e.g., depot deferrals have cascading impacts on future depot schedules, so reductions in fiscal year 2013 will impact fiscal year 2014 and beyond. These impacts cannot be solved solely by increased funding; depot capacity limits our ability to recover from deferrals.

ARMY READINESS

51. Senator AYOTTE. General Campbell, the fiscal year 2014 President's budget request for Army O&M exacerbates existing fiscal year 2013 readiness challenges from which it will take years to recover. From your written testimony, I understand that the Army has already curtailed or canceled seven major training exercises for those units not preparing to deploy and will defer depot maintenance activities. From your experience, how can the Army recover from the steps you have had to take in the current fiscal environment?

General CAMPBELL. Fiscal year 2013 budget uncertainty has delayed the Army's ability to refocus the training of contingency forces on conventional threats and required the Army to accept risk in meeting force deployment timelines in Combatant Commander Operational Plans. Only units with high-priority missions were able to fully prepare. Lower priority units will not be able to fully execute broader-focused training strategies since they must constrain training activity to the squad/crew/team level.

As soon as we can provide forces with the resources they need to execute their full training strategies, as reflected in the President's fiscal year 2014 budget submission, they will be able to progressively build readiness for a broader range of missions. We will manage limited training assets (like CTC rotations) as best we can to support the training progression of priority units. A unit must go through all the steps of building proficiency, and a brigade combat team is not considered fully ready for decisive action until it has completed a training rotation at a maneuver CTC. Even with additional funding for CTC rotations, units at squad-level proficiency at the end of fiscal year 2013 would not have time to adequately prepare to benefit from a CTC rotation early in fiscal year 2014. Time required by non-deploying forces to restore readiness in fiscal year 2014 will depend largely on how far their readiness slips in fiscal year 2013.

With additional funding, Army force readiness would benefit from additional maneuver CTC rotations and additional warfighter exercises (designed to train BCT, division and corps level staffs). Unfortunately, there is a time component of readiness. We are now going to go through a period where we need to buy back readiness to prepare forces for next year. Even with full access to additional training resources in fiscal year 2014, it will take a BCT approximately a full year to reset and train-up for another mission—assuming they will have access to required training support facilities and ranges.

52. Senator AYOTTE. General Campbell, does the Army need a fiscal year 2013 supplemental funding request?

General CAMPBELL. The Army may need a fiscal year 2013 supplemental funding request to ensure adequate resources are available to support ongoing contingency operations. The Department recently submitted two reprogramming actions for fiscal year 2013 that uses all the OCO special transfer authority and all but \$200 million of general transfer authority for fiscal year 2013. Congressional approval of the reprogramming actions as submitted will help reduce Army's current OCO shortfall from \$8.3 billion to \$3.3 billion. The Army is continuing to work with U.S. Force-Afghanistan and all other OCO stakeholders to reduce the remaining \$3.3 billion shortfall. If unsuccessful, the Army may have to submit a request for supplemental funding later in fiscal year 2013.

MARINE CORPS READINESS

53. Senator AYOTTE. General Paxton, prior to the Continuing Resolution, the Commandant described a steady deterioration in Marine Corps readiness should there be an annualized Continuing Resolution and the implementation of sequestration. Now that Defense appropriations have been passed for fiscal year 2013, DOD still must implement \$41 billion in sequestration cuts. From your experience, how do you assess the Marine Corps' ability to recover from the steps you have had to take in the current fiscal environment?

General PAXTON. America's "Force in Readiness" must maintain a high state of readiness at all times to be able to respond to contingencies and commitments throughout the globe. Despite the constrained funding resulting from sequestration, the passing of H.R. 933 mitigated most of the near-term operational impacts in fiscal year 2013. The Marine Corps will meet near-term readiness commitments for deployed and next-to-deploy forces and will continue to rebalance to the Pacific and support the Marine Rotational Force Darwin and the Unit Deployment Program.

While the Marine Corps is capable of meeting near-term readiness commitments in fiscal year 2013, we have taken risks in our long-term infrastructure sustainment and the unit readiness of our home station units. We cannot continue to sustain these levels of reductions in fiscal year 2014 without immediate impact to our deployed and next-to-deploy forces and our nondeployed crisis response forces at home.

Sequestration's impacts on the availability of amphibious and maritime prepositioning ships are a concern for maintaining the Marine Corps' forward amphibious presence. The combat readiness of these ships is a foundational requirement for training and executing expeditionary force presence and amphibious force projection operations. As such, reduced amphibious ship availability and readiness could present a significant challenge to the training and maintenance of Naval Expeditionary Forces, thus driving overall readiness levels lower. Continued congressional support for the Navy's shipbuilding and surface ship-to-shore connector programs is vital to retain and maintain an adequate fleet of modern combat-ready amphibious ships.

54. Senator AYOTTE. General Paxton, what concerns do you have for Marine Corps readiness as you enter fiscal year 2014?

General PAXTON. DOD and the Marine Corps are still examining the implications of sequestration continuing into fiscal year 2014; however, we believe the Marine Corps can sustain its current operational requirements into fiscal year 2014. To maintain the high readiness of our forward-deployed forces, the Corps has globally-sourced equipment and personnel for Afghanistan and other emerging threats from its nondeployed units. These nondeployed forces' principal readiness challenge is the reduced availability of equipment at home station with which to outfit and train units. The manning of home station units also suffers due to the need to meet enhanced personnel requirements for deploying forces, Joint Individual Augmentation requirements, and manning Security Force Assistance Teams.

The primary concern with the out-of-balance readiness of the operating forces is increased risk in the timely response to unexpected crises or large-scale contingency, since those nondeployed forces will likely be the responders. Efforts to maintain the readiness of all of our forces may be further exacerbated if the O&M account is diminished and an annualized Continuing Resolution or sequestration is implemented in fiscal year 2014.

An annualized Continuing Resolution and/or sequestration in fiscal year 2014 would also adversely impact the availability of amphibious and maritime prepositioning ships. The combat readiness of these ships is a foundational requirement for training to and executing expeditionary force presence and amphibious force projection.

READINESS REPORTING

55. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, I am interested in knowing about readiness reporting requirements through the quarterly readiness reports. Are the reports useful to you in planning? If not, why?

General CAMPBELL. The Quarterly Readiness Report to Congress (QRRC) is useful in describing the operational overview of deployed and forward stationed soldiers, the Army's top readiness concerns, and supports the Joint Staff's effort to communicate DOD's current readiness posture.

The Army is developing AR 525-XX-B, Army Strategic Readiness. This process will inform the quarterly readiness reports. The Army Strategic Readiness process

will enable the Army to obtain a holistic view of Army Readiness. The Army staff elements will conduct detailed analysis of relevant readiness metrics associated with the six strategic readiness tenets (SRT) of manning, equipping, sustaining, training, installations, capacity, and capability. This analysis will encompass current and historical trends ranging from tactical unit readiness (i.e. unit status reporting trends) to aggregated analysis and prediction of critical elements supporting the six SRTs. Combined, these assessments will support Senior Leader decisionmaking processes across a range of DOD forums.

Admiral FERGUSON. The QRRC helps inform our fundamental analysis of current readiness and readiness trends and is useful to Navy's planning process. The QRRC information is also evaluated in concert with the real time readiness reporting by individual units and group commanders, the narrative reporting by our Fleet and Naval Component Commanders, and in support of assessments of the Joint Force readiness. The resulting comprehensive readiness analysis is used to inform our decisionmaking processes across the full range of Navy man, train, and equip responsibilities.

General PAXTON. The information contained in DOD QRRC is principally constructed to report military readiness to Congress per section 482, title 10, U.S.C. Some of the information in the QRRC, particularly that pertaining to the Chairman's Joint Force Readiness Review and Joint Combat Capability Assessment, reflect the Marine Corps' inputs for joint planning, readiness reporting, and risk assessments. Those inputs are useful both for Service planning and Joint Force planning.

General SPENCER. The Air Force submits our QRRC to the OSD who then compiles and submits the report to Congress. The QRRC requirements are dictated by title 10, U.S.C., and the Air Force provides the information required by the statute. This specific report is not used as a planning document; however, the Air Force closely monitors readiness from myriad sources and incorporates the information into planning, programming, and budgeting processes.

56. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what systems do you use internally to track readiness trends?

General CAMPBELL. Unit commanders measure their unit readiness using the four functional areas of Manning, Equipping, Equipment Readiness, and Training. The unit overall readiness levels are reported using Core Mission (C) levels and Assigned Mission (A) levels. The C level assessment indicates the ability of the unit to accomplish its core mission while the A level assessment indicates the unit's ability to accomplish its directed mission currently assigned. Headquarters, Department of the Army uses numerous processes to measure readiness in addition to the Commanders Unit Status Report, the Joint Forces Readiness Review to Congress, the Strategic Readiness Update, and the QRRC. Additionally, we analyze command feedback from the Combatant Commanders Integrated Priorities List, Critical Needs Assessments, Mid-Year Review, Operational Needs Statements, Joint Manning Documents, and Equipment Enterprise Reuse Conference. As our processes evolve, we look forward to developing a tool for predictive analysis to project readiness changes in the budget execution and forecast readiness concerns across the Future Years Defense Plan.

Admiral FERGUSON. Navy uses a variety of databases and a business intelligence tool to mine readiness trends. The Navy Readiness Reporting Enterprise (NRRE) database is the primary system through which Navy manages a series of subsystems that collect readiness information. The most significant of these subsystems is the Defense Readiness Reporting System-Navy. To increase the breadth of information available for readiness analysis, data is also collected from other systems outside the NRRE. One example is the Maintenance Figure of Merit database, which provides access to shipboard systems and material condition readiness of ships. Additionally, the quarterly Integrated Fleet Readiness Report tracks Fleet platform operational availability and readiness production metrics for the Chief of Naval Operations using a variety of data sources.

General PAXTON. The system used by the Marine Corps to track readiness trends is the program of record DRRS-MC. Commanders' assessments are inherently part of the DRRS-MC reporting system and provide operational perspective in terms of unit design mission capability and readiness.

General SPENCER. The Air Force uses the Status of Resources and Training System (SORTS) and the Defense Readiness Reporting System (DRRS) to track readiness trends. SORTS focuses on resources (people, equipment, and training), and DRRS focuses on capabilities. Further, there are many other indicators of readiness that are tracked by the Air Force, such as funding for flying hours, weapons system sustainment, training resources, and personnel readiness metrics.

57. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, do you have suggestions for alternative reporting mechanisms?

General CAMPBELL. Presently, the Army is developing AR 525-XX-B, Army Strategic Readiness. This regulation will define Army Strategic Readiness and codifies the concept for developing the Army Strategic Readiness Assessment. The Army will track leading indicators across the six strategic readiness tenets of manning, equipping, sustaining, training, installations, capacity, and capability in order to provide a holistic view of Army readiness. Upon analyzing the leading indicators and associated trends, the Army staff will be able make readiness projections and recommend courses of actions to Senior Army leaders in efforts to mitigate impacts upon Army readiness at the strategic level. The Army Strategic Readiness Assessment will inform existing external reports such as the Joint Force Readiness Review and the QRRC.

Admiral FERGUSON. Navy would not recommend establishing alternative reporting mechanisms, although we will support adjustments to current reporting that the OSD and Congress determine should be made. For example, we are currently working with OSD to provide additional narrative context to the information provided in the QRRC.

General PAXTON. The DRRS enterprise is the best readiness reporting system for DOD. The system used by the Marine Corps to track readiness trends is the program of record DRRS-MC. With this readiness reporting system, commanders' assessments are an inherent part of the reporting process and they provide an operational perspective in terms of a unit's designed mission capability and its readiness to execute those missions. No alternatives are currently recommended.

General SPENCER. In a constrained fiscal environment, we are hesitant to advocate for additional reporting systems. However, the Air Force continues to analyze mechanisms for aggregating and synthesizing data from the various existing input sources in order to provide decision-quality strategic level readiness input for operational planning, force presentation, and the programming and budgeting processes.

58. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what will tell you we have reached a readiness crisis?

General CAMPBELL. There will not be one signature event to indicate a "readiness crisis." Rather, the long-term impacts of sequestration and the associated out-year reductions, particularly to force structure and readiness, threaten the Army's ability to provide trained and ready forces to perform enduring and vital missions. If steep cuts are made in fiscal year 2014 and beyond, this will create imbalance and significantly compound risk. It will cause a disproportionate investment across manpower, O&M, modernization, and procurement, challenging our ability to sustain appropriate readiness in the near term in support of our current defense strategy. Together, these impacts will further negatively impact Army readiness.

Admiral FERGUSON. A ready force has properly equipped and maintained ships and aircraft, crewed by trained and proficient sailors, with adequate spare parts and technical support, sufficient fuel and ready ordnance to execute mission requirements and contingency operations. Forces should be available to meet adjudicated Global Force Management Plan requirements. Sufficient surge capacity should exist to provide the combatant commander trained forces for crisis response as delineated by the National Defense Strategy.

Failure to meet these standards would cause me to have concerns regarding the readiness of the force.

General PAXTON. Enabling close and continual Service command interactions and communications, the DRRS-MC; and Service-level personnel, materiel, installation, medical, and other data systems help to inform Marine Corps leadership with respect to the status of the five institutional readiness pillars. Service-level readiness is then integrated with the Joint DOD community through the Chairman's Readiness System to measure the military's preparedness to achieve objectives as outlined by the NMS. These processes will inform the Marine Corps and enable it to inform Congress before the Service reaches a readiness crisis.

General SPENCER. The Air Force has conducted 22 years of sustained combat operations and is continuing to meet high operation tempo demands to support today's counterinsurgency-centric fight. This has inevitably taken a toll on our weapons systems, people, and ability to meet the full spectrum of current and potential warfighter requirements. The Air Force provides unique capabilities for rapid response to taskings worldwide and response times are measured in hours, not days.

The proper execution of the core missions our joint and allied partners rely on require our forces to be ready now. Combatant Commander Operational Plans do not provide the time for the Air Force to recover from a tiered readiness posture. The net effect is a requirement to maintain a high state of readiness across the

Total Force, at all times. Pre-sequestration, the Air Force was already below acceptable readiness levels and sequestration has significantly exacerbated the situation. The Air Force will require additional resourcing above the President's fiscal year 2014 budget request, operation tempo relief, and at least 2 years to recover to required readiness levels.

59. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what is the plan to address these impacts?

General CAMPBELL. Readiness degradation will stop as soon as we can support execution of unit-level training strategies and protect professional military education, at least to the levels supported by the President's fiscal year 2014 budget submission. The budget submission protects initial military training and professional military education as a hedge against a hollow force, supports training in Active Army units at moderate risk, preserves investment in an operational Reserve component as required by Army force generation models, and supports critical requirements of the training support system in the near term.

The budget submission does not provide funding to accelerate recovery. With additional funding, Army readiness would benefit from additional maneuver CTC rotations and additional warfighter exercises (designed to train a BCT, division, and corps level staffs).

Admiral FERGUSON. Guided by the CNO's three tenets—"Warfighting First; Operate Forward; and Be Ready," Navy has taken actions to ensure the readiness of our units in the fight and all those operating forward. We are also focused on ensuring the readiness to deploy those forces planned to support the combatant commanders under the adjudicated GFMAP for the remainder of fiscal year 2013 and through fiscal year 2014. The funding provided in the fiscal year 2014 budget submission, with anticipated OCO funding, will support improved readiness in our nondeployed forces by the end of fiscal year 2014.

Should fiscal year 2014 funding be sequestered, Navy will follow these same general principles, but we will not be able to fully support the fiscal year 2014 GFMAP as currently configured, and readiness of nondeployed forces will further degrade rather than recover. We are working with OSD, the Joint Staff, and the other Services in the SCMR to determine what further steps may be necessary to sustain a ready force in those circumstances.

General PAXTON. America's "Force in Readiness" must maintain a high state of readiness at all times to respond to contingencies and commitments throughout the globe. Despite the constrained funding resulting from sequestration, the passing of H.R. 933 will mitigate most of this year's near-term operational impacts from sequestration. The Marine Corps will meet its near-term commitments for deployed and next-to-deploy forces. It will continue to rebalance to the Pacific and support the Marine Rotational Force Darwin and the Unit Deployment Program.

The funding levels for depot maintenance allow for the continuation of planned reset activities. H.R. 933 supports recruiting, advertising, and restores funding for tuition assistance programs. The fiscal year 2014 budget, if approved, would help put the Marine Corps on a trajectory to reconstitute its combat capability. It would continue the transition to a post-OEF Marine Corps that complies with strategic guidance and is capable across the range of military operations.

General SPENCER. Bringing the Air Force back to full-spectrum mission readiness goals requires one full training cycle (approximately 2 years) and additional resources above the President's 2014 budget request (approximately \$3.2 billion increase in fiscal year 2014 and approximately \$3.2 billion increase in fiscal year 2015) as well as a reduction in the number of deployment units currently are ordered to fulfill. The Air Force continues to plan for alternate funding and operation tempo scenarios, which will drive readiness recovery beyond 2 years and, in many cases, will not permit readiness recovery to acceptable levels.

60. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, when will Congress be notified of mitigation measures?

General CAMPBELL. Given the dynamic fiscal environment, there are still significant risks to the areas of collective training, equipment readiness, personnel impacts, and facility sustainment and modernization. The budget submission does not provide funding to accelerate recovery. Therefore, at this time, we do not have a timeline on when any mitigation measures may be instituted.

Admiral FERGUSON. Navy's approach to mitigating the impacts of the initial Continuing Resolution and then sequestration of fiscal year 2013 funding has been the subject of testimony before Congress and discussed widely in other venues. We are working within the OSD SCMR to consider broad options in response to the potential for further reductions in DOD's top line in fiscal year 2015 and beyond. The

Navy will work with OSD and the other Services to develop a budget that maximizes capability within the limits of the funding provided to us. Notification of Congress will be concomitant with the budget submission by the Department.

General PAXTON. Congress is provided the QRRC in accordance with title 10, U.S.C. statutory requirements. This report is prepared by the Office of the Under Secretary of Defense for Personnel and Readiness. It contains the status of the Department's readiness and the risks it faces in executing the National Military Strategy. As part of the Chairman's Readiness System, the Marine Corps also participates in the Joint Combat Capability Assessment process, which assesses and reports on DOD's readiness to execute the National Military Strategy. The Marine Corps also participates in the Chairman's Risk Assessment and the Secretary's Risk Mitigation Plan. In the latter document, for instance, the Marine Corps stated in 2012 that one of its risk mitigations was to regain proficiency in amphibious operations and reposture to the Pacific. The Marine Corps will also provide testimony as requested.

The Marine Corps is participating in the SCMR. The SCMR will examine choices underlying the defense strategy, force structure, investments, and institutional management. The SCMR will help define major decisions that will inform the 2014 budget execution, guide the Quadrennial Defense Review (due to Congress in February 2014), and inform DOD's 2015 budget submission.

General SPENCER. The Air Force will continue to inform Congress of our ongoing mitigation measures during future readiness and posture hearings.

VIRGINIA-CLASS ATTACK SUBMARINES

61. Senator AYOTTE. Admiral Ferguson, how is the *Virginia*-class submarine performing operationally and as a program?

Admiral FERGUSON. The *Virginia*-class continues to be a highly successful acquisition program with ships consistently delivering early and within budget. Nine ships have delivered, the last being USS *Mississippi* (SSN 782), delivered 1 year ahead of schedule with a Navy Board of Inspection and Survey (INSURV) rating of "green" in all 22 areas. The last ship of the Block II increment is USS *Minnesota* (SSN 783) and is on schedule for a June 2013 delivery. All eight of the Block III ships have been funded with seven under construction. Block IV is on track to be awarded in October 2013. Overall, the program increased production to two ships per year in fiscal year 2011, starting with the construction of USS *Washington* (SSN 787) in September 2011, with a follow-on multi-year procurement contract for 10 ships in fiscal year 2014–fiscal year 2018.

Delivered ships are exceeding expectations for operational performance, with five ships already completing successful full length, worldwide deployments: USS *Virginia* (SSN 774), USS *Texas* (SSN 775), USS *Hawaii* (SSN 776), USS *North Carolina* (SSN 777), and USS *New Hampshire* (SSN 778). *Virginia*-class ships are preferentially assigned our most challenging missions and have performed superbly. Specific mission highlights are available at the appropriate classification level.

62. Senator AYOTTE. Admiral Ferguson, what critical capabilities does it provide our combatant commanders?

Admiral FERGUSON. *Virginia*-class submarines dominate the undersea domain and allow us to "tunnel underneath" an adversary's A2/AD systems. Their stealth, intelligence collection capability, and combat power give us access with influence to maintain overmatch—the ability to produce asymmetric effects by operating freely in the adversary's backyard—and are the mainstays of the conventional deterrence provided by our undersea force. In peacetime, *Virginia*-class submarines collect critical intelligence in support of national, combatant commander, and fleet tasking, as well as providing forward presence and warfighting readiness and flexibility.

63. Senator AYOTTE. Admiral Ferguson, what percentage of COCOM requirements for attack submarines was the Navy able to support in fiscal year 2012?

Admiral FERGUSON. COCOM requirements, including those for submarines, are sourced using the Global Force Management (GFM) process. For fiscal year 2012, COCOM unconstrained demand was 18.77 submarines for worldwide SSN presence. The Navy met 100 percent of the GFM adjudicated requirement of 9.94 submarines deployed.

64. Senator AYOTTE. Admiral Ferguson, as *Los Angeles*-class submarines retire in the coming years and we fail to replace them quickly enough with *Virginia*-class

submarines, our number of attack submarines will drop from 54 today to 43 in 2030. As a result, how much will our undersea strike volume decline?

Admiral FERGUSON. Undersea strike volume will decrease by approximately 63 percent in the 2030 timeframe due to two factors: SSN force structure reductions and SSGN retirement.

The Navy is examining options to mitigate SSN shortfall, including: life extension for select *Los Angeles*-class submarines, decreased build time for new construction of *Virginia*-class submarines, and extended deployments for SSNs.

Additionally, the Navy is examining an option to increase strike volume via a payload module inserted into future *Virginia*-class SSNs that would restore approximately 94 percent of our current undersea strike volume.

65. Senator AYOTTE. Admiral Ferguson, in order to at least partially address this decline in undersea strike volume, how important is it that we go forward with the *Virginia* payload module (VPM)?

Admiral FERGUSON. Undersea strike contributes to our ability to counter adversary A2/AD capabilities while providing additional attack capacity in our submarine force.

The VPM could potentially more than triple the vertical launch capacity in current *Virginia*-class ships. VPM provides an additional four large diameter payload tubes per *Virginia*-class SSNs. VPM could replace the undersea strike volume gap created by the retirement of the SSGNs. The current advanced engineering design work on VPM will enable the Department of the Navy to consider incorporating VPM in the fiscal year 2019 Block V *Virginia*-class buy.

While VPM represents a significant improvement in strike capacity, it comes at a cost. Given the increased costs, VPM would introduce in the *Virginia*-class concurrent with our efforts to field the SSBN(X) replacement, it may render VPM unaffordable as we assess the future fiscal impact of sequestration.

DEFENSE INDUSTRIAL BASE

66. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what role does our Defense Industrial Base (DIB) play in our military readiness?

General CAMPBELL. The role that the DIB plays in our military readiness is of paramount importance. Our DIB provides the products and services in a timely manner to serve the needs of the warfighter. The DOD is pursuing efforts to ensure robust, secure, resilient, and innovative industrial capabilities upon which it can rely to fulfill warfighter requirements. DOD is assessing the health of the industrial base sectors by providing detailed analyses and in-depth understanding of the increasingly global, commercial, and financially complex industrial supply chain essential to our national defense, and recommending or taking appropriate actions to maintain the health, integrity, and technical superiority of that supply chain. DOD is addressing the challenges of critical and fragile elements of the base to identify systemic and fundamental issues that can be resolved through engagement across the public and private sectors. DOD is also pursuing innovation within supply chain sectors and supports responsible investment to advance industrial productivity through a variety of authorities and programs, including the sector-by-sector/tier-by-tier assessment, the Defense Production Act, and the Manufacturing Technology program, among others.

Admiral FERGUSON. A strong DIB is vital to our Navy and Marine Corps sustaining our position as the preeminent naval force in the world. We depend on the DIB to build and maintain our weapon systems, develop new systems to pace evolving threats, and provide surge industrial capacity to meet crises.

The human capital of the industrial base is the foundation of our technological advantage against potential adversaries and ensures we remain a dominant naval force. Competition and innovation provide us the ability to control costs in an environment of reduced defense spending. The capacity resident in our industrial base to build ships, aircraft, and submarines is a strategic hedge in an uncertain future.

General PAXTON. The Marine Corps' organic industrial base plays a critical role in our ability to sustain a high rate of equipment readiness in our operational forces and is central to the Marine Corps' role as the Nation's force in readiness. The bulk of our reset execution is occurring in our organic depots. The continued availability of our ground equipment depot capacity in both Barstow, CA, and Albany, GA, is essential for reset and our ability to both self-generate readiness and surge in response to demand. The broader DIB is just as critical to our Service readiness. Like our sister Services, the Marine Corps depends on a robust and capable defense in-

dustry to develop, field, and maintain high-quality equipment and services that provide our warfighters with unsurpassed technological advantage.

General SPENCER. The readiness of the Air Force to provide the capabilities inherent in global vision, global reach, and global power is sustained by the products and services purchased from the national technology and industrial base. Without the support of both the organic and the commercial components of the industrial base, the Air Force would not be ready to respond to the needs of the Nation. From the laces in our boots to the electronics in our air, space, and cyber systems, the Air Force draws upon a broad and diverse network of suppliers. Through this dynamic network, we equip our airmen; maintain our bases, laboratories, and ranges; modernize our current systems; and design, develop, and procure new capabilities to remain the world's preeminent Air Force.

67. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what impact has sequestration had on our DIB?

General CAMPBELL. Sequestration has had a significant impact on our industrial base, especially as we face uncertainty in our long-term budgets. In the current fiscal year, we have deferred 50 percent of third and fourth quarter depot maintenance for fiscal year 2013. In the short term, the deferred depot maintenance requirements will have minimum to moderate risk on readiness, but the prospect of long-term fiscal uncertainty will significantly affect the industrial base with associated risks to equipment readiness and impact our core requirements and critical skills.

Admiral FERGUSON. There are several aspects to our DIB and each sector is being impacted differently. In the case of new ship construction, the near-term impacts to the prime contractors have been relatively minor with some slowdowns in contract awards. However, those slowdowns impacted subcontractors, which supply much of the material used by the primes. These suppliers represent, in many cases, small businesses that can ill afford breaks in their production lines.

The surface ship maintenance industrial base depends on conventional surface ship maintenance availabilities which the Navy sends to the private sector. The uncertainty in available work and the contracting delays for this maintenance has significantly affected the ship maintenance industrial base. Even when we are able to restore ship availabilities, several of these businesses may have lost critical skilled trades.

In aviation, we have already considered reduced quantities of aircraft, which generally causes the cost of the remaining units to increase, and places our aviation subcontractor industrial base at risk. We are seeing this trend in weapons procurement programs as well.

For new systems, we are seeing delays to fleet introduction schedules, impacts to our ability to purchase systems in economic quantities, and higher overall program costs.

General PAXTON. The Marine Corps' depot workload is fully funded for fiscal year 2013; however, the recently announced 11-day civilian workforce furlough could potentially delay or defer scheduled maintenance. The challenge in mitigating the effects of the furlough will be maintaining the density in skill sets required to complete the fiscal year 2013 workload on schedule. Delayed or deferred maintenance caused by the furlough could result in additional carryover of fiscal year 2013 work into fiscal year 2014 and could create a ripple effect that would ultimately degrade readiness and delay completion of reset.

General SPENCER. The primary or first order impacts of sequestration have been on our airmen, military and civilian, on our readiness, and on our modernization programs. We are still in the very early stages of being able to identify and potentially assess the secondary impacts of sequestration, including those on the industrial base. It is similar to watching a river at flood stage. Observers can know exactly how high the river will crest, but not exactly where or when the water will spill beyond the banks. What begins as a small leak may lead to a cascade.

For example, the Air Force has curtailed flying for some combat ready units. The readiness of the pilots and maintainers immediately begins to decline. The base purchases less jet fuel, uses fewer expendable parts and supplies, and the time interval between inspections based on flying hours lengthens. In turn, these reductions in demand flow across the organic and commercial industrial base supply chains. Large suppliers with a diverse customer base are like homeowners who live on high ground. The flood is around them but it doesn't touch them. Small or specialized suppliers who depend primarily on Air Force demand are like those who live in the flood plain watching anxiously as the water approaches. For them it is just a question of how high the water will get. Will it stop at the doorstep or leave only the rooftop visible? Neither the Air Force nor DOD has the ability to know exactly where or exactly how bad the impacts will be.

The impacts go beyond the DIB to all those individuals and companies in our Nation's economy who provide goods and services to the Air Force. For example, the Air Force has severely limited official travel for temporary duty. We are making fewer airline and hotel reservations and have reduced the demand for food and transportation services at formerly frequented travel destinations. Again some industries will be impacted more than others, but the Air Force has no capability to predict which industries may be impacted and, if they are, to what extent.

At this very early stage of sequestration, the Air Force can only accurately report on the size of the cuts, the immediate impacts to Air Force readiness, the delays to our modernization programs and provide preliminary estimates of restoring readiness and overcoming the delays in projects and programs. It is too soon to know the specifics of exactly where or exactly how significant the impacts of sequestration may be on the DIB and the Nation's economy.

68. Senator AYOTTE. General Campbell, Admiral Ferguson, General Paxton, and General Spencer, what will be the impact on our DIB if we allow sequestration to continue this year and next?

General CAMPBELL. The impact on our DIB if we allow sequestration to continue this year and next will be moderate to high. While it is too early for the Army to identify specific impacts associated with long-term sequestration on the DIB, the prospect of significant reductions and fiscal uncertainty are having some effect. Beyond fiscal year 2013, sequestration may result in the elimination or substantial modification of Army modernization programs, which will further affect the health of the industrial base. The Army is currently monitoring the stability of the DIB through active engagement in the following efforts:

- The Department-wide sector-by-sector/tier-by-tier industrial base analysis that establishes early warning indicators of risk, particularly at lower-tiers, to strengthen the supply chain and to mitigate potential points of failure;
- The Industrial Base Baseline Assessment that conducts a sector/sub-sector assessment of programs identified as critical by Program Executive Offices and Life Cycle Management Commands and determines the impact of reductions in funding to program requirements; and
- The AT Kearney industrial base assessment that seeks to develop viable strategic alternatives to sustain the Combat Vehicles Industrial Base within a constrained fiscal environment.

Admiral FERGUSON. As the Assistant Secretary of the Navy for Research, Development, and Acquisition, the Deputy Chief of Naval Operations and Deputy Commandant of the Marine Corps testified to the House Armed Services Committee in February of this year, the Department of the Navy's \$7.8 billion sequestration investment reduction would potentially impact over 100,000 private sector jobs across the Nation considering direct and indirect impacts to the economy. If sequestration continues this year and the next, these impacts would continue to be realized with the resulting loss of industry capability to produce defense equipment in the long run accompanied by a reluctance of the capital markets to invest in the defense sector.

General PAXTON. The long-term impact of sequestration is degraded readiness. The Marine Corps will have to closely scrutinize and determine equipment maintenance priorities, assume risk in mission-essential weapon system readiness, delay normal depot sustainment, and potentially delay reset operations. Our efforts to maintain the readiness of the deployed force and correct the readiness imbalance of the nondeployed forces would be further exacerbated by sequestration if our O&M accounts continue to be diminished.

General SPENCER. The Air Force's primary concern is the impact that continued sequestration will have on our airmen, military and civilian, on our readiness and our modernization programs. Our country and our allies depend on the air, space, and cyber capabilities the Air Force provides through global vision, global reach, and global power. The immediacy and abruptness of this year's sequestration has added uncertainty to the concerns of our airmen, and caused us to reduce our readiness, defer needed infrastructure maintenance, and delay our modernization programs.

The DIB, both the organic and commercial components, provide the goods and services that build and sustain the systems that enable the Air Force's core missions of air and space superiority; global strike; rapid global mobility; intelligence, surveillance and reconnaissance; and global command and control. Continued sequestration may place some elements of that industrial base at risk, which in turn, could impact Air Force capability.

While the Air Force can accurately estimate the size of the cuts stemming from continued sequestration and assess their impact on Air Force readiness and modernization, our ability to do the same for the industrial base is limited. The expectation is that larger firms with their capital structure are better equipped to respond to continued sequestration. However, slightly more than half of each contracted dollar goes to subcontractors. Some of these are small businesses and may lack the financial reserves to deal with the uncertainties of continued sequestration.

The key issue is uncertainty. Uncertainty increases risk, reduces willingness to invest in a defense-oriented portfolio, and dries up innovation. While the Air Force can monitor and assess the impacts of continued sequestration on the industrial base, we may only learn of the loss of a key industrial base capability when we are forced to replace or restore it.

JOINT STRIKE FIGHTER

69. Senator AYOTTE. Admiral Ferguson, General Paxton, and General Spencer, how important is the F-35 Joint Strike Fighter to the future readiness and capabilities of your Service?

Admiral FERGUSON. The F-35C will provide a significant additive value when brought to bear with the networked fighting concepts of the U.S. Navy Carrier Strike Group and in a joint/combined warfighting arena. The F-35C provides a fifth generation fighter aircraft to the Navy carrier air wing and brings with it the ability to effectively engage and survive a wide range of threats, both air and surface, in contested airspace. It provides a “day-one” strike capability enabling tactical agility and strategic flexibility required to counter a broad spectrum of threats and win in operational scenarios that cannot be addressed by current legacy aircraft, including operations in an anti-access/area-denied environment.

General PAXTON. The F-35 JSF is the next generation strike weapons system designed to meet an advanced threat, while improving lethality, survivability, and supportability. It will be the cornerstone of a multi-mission joint force possessing improved mission flexibility and unprecedented effectiveness to engage and destroy both air and ground threats. The F-35 is designed to participate in a wide variety of operations from routine, recurring military activities to Major Theater War, and peacekeeping operations.

The short takeoff and vertical landing (STOVL) F-35B is the centerpiece tactical aviation aircraft needed to support our MAGTF. Our requirement for expeditionary tactical aviation capabilities has been demonstrated repeatedly, most recently with forward operating bases (FOBs) in Operation Enduring Freedom (OEF). The F-35B surpasses our current generation of aircraft in combat effectiveness and survivability in the current and future threat environment.

The capability inherent in a STOVL aircraft allows the Marine Corps to operate in harsh conditions and from remote locations where few airfields are available for conventional aircraft. It is also specifically designed to operate from amphibious ships—a capability that no other tactical fifth-generation aircraft possesses. The ability to employ a fifth-generation aircraft from 11 big-deck amphibious ships doubles the number of “aircraft carriers” from which the United States can employ fifth-generation capability. The expanded flexibility of STOVL capabilities operating both at-sea and from austere land bases is essential, especially in the Pacific.

The Marine Corps will leverage the F-35B’s sophisticated sensor suite and very low observable fifth-generation strike fighter capabilities, particularly in the area of data collection and information dissemination, to support the MAGTF well beyond the abilities of current MAGTF expeditionary attack, strike, and electronic warfare assets. Having these capabilities in one aircraft provides the Joint Force Commander and the MAGTF commander unprecedented strategic and operational agility.

Marine Corps alignment with the security demands articulated in the 2012 Strategic Guidance for the 21st Century is enhanced by the F-35’s unprecedented lethality, and survivability; capabilities that do not exist in today’s legacy fighter attack aircraft.

General SPENCER. Only a fifth-generation fighter, such as the F-35, provides the Air Force the levels of lethality and survivability required to gain and maintain air superiority in current and evolving high-end threat environments, ensuring we are able to continue to meet our defense planning guidance-directed joint warfighting requirements.

Since World War II, the United States has relied on its ability to control the skies over the battlefield, protecting friendly forces while holding adversary targets at risk. For the past 30 years, our fighter fleet remained ahead of this evolving threat,

superbly performing all its missions and supporting the joint warfighter in operations such as Operations Desert Storm, Allied Force, Enduring Freedom, and Iraqi Freedom. We have reaped the benefits of developing the most powerful Air Force on the globe and adversaries are keenly aware of our unrivaled ability to exploit the air to achieve our Nation's political objectives. Evidence of the respect adversaries have for U.S. Air Force capabilities is seen in the proliferation of new threat systems designed to counter our asymmetric advantage.

The Air Force's ability to gain air superiority remains an imperative for providing freedom from enemy attack while ensuring our own freedom of maneuver. The threats we may face continue to evolve in technology and complexity. Potential adversaries are acquiring advanced fighters on par with or better than our legacy fleet, developing sophisticated and networked early warning radar surveillance systems, and fielding surface to air missile systems with increasing range and lethality. These capabilities all work together to create advanced, and extremely dangerous, integrated air defense systems. These A2/AD environments seriously challenge our ability to gain air superiority and hold targets at risk. We already face this challenge in select areas of the world and these threat environments will continue to expand as these systems proliferate.

Our fleet of legacy fighters is approaching the limits of both service life and capability modernization that permits them to survive and operate in these environments—they simply do not have the capabilities, enhanced by advanced stealth, required to defeat the emerging threats. Only our fifth-generation fighter fleet's combination of advanced stealth, precision weapons, unmatched electronic warfare systems, fused multi-spectral battlespace awareness, combat identification systems, maneuverability, and speed has the ability to operate and survive in these advanced threat environments. All these capabilities inherent in the F-35, particularly its advanced stealth properties, ensure the United States and our allies have an air superiority advantage, and will enable our combatant commanders to bring the full spectrum of capabilities of the joint force to the fight.

SIZE OF THE ARMY AND MARINE CORPS

70. Senator AYOTTE. General Campbell and General Paxton, if sequestration continues next year, do you believe it will be necessary to further reduce the size of the Army and the Marine Corps? If yes, by how much?

General CAMPBELL. If further budget cuts are directed and end strength goes below 490,000 in the Active component, the Army could be put on a path toward a hollow force—that is an Army that has prolonged and disproportionate investments across manpower, O&M, modernization, and procurement without corresponding adjustments to strategy. Sequestration will have long-term impacts that extend well beyond fiscal year 2013. The Army may have to reduce an additional 100,000 soldiers across the Active Army, Army National Guard, and U.S. Army Reserve, and further reduce the civilian workforce in order to maintain a balance between end strength, readiness, and modernization.

General PAXTON. We will not have a definitive answer to this question until the Defense Department completes its SCMR of our current National Defense Strategy and analysis of a range of potential budget cuts. Depending upon where the Department weighs its effort, 182,100 may or may not be sustainable. We continue to believe that the Nation needs a ready crises response force, forward deployed and forward engaged. The President's current National Defense Strategy, which rebalances our forces toward the Pacific, is suited to the capabilities and strengths of your Marine Corps. If, as a result of the SCMR, the Marine Corps budget is further reduced below current Budget Control Act levels, the Marine Corps will have to look at reducing forces below 182,100. Determining how much below 182,100 will again depend on how much the Marine Corps is required to reduce their budget based on decisions that result from the SCMR.

71. Senator AYOTTE. General Campbell and General Paxton, how much would the Guard and Reserve have to be cut?

General CAMPBELL. The Army has yet to quantify precisely how future end strength reductions would impact the Reserve component, however, as Chief of Staff of the Army Ray Odierno recently testified, if sequestration is fully implemented through fiscal year 2021, it will require us to reduce, at a minimum, another 100,000 soldiers from the total Army, which will include the Active and Reserve components.

General PAXTON. We will not have a definitive answer to this question until the Defense Department completes its SCMR of our current National Defense Strategy

and analysis of a range of potential budget cuts. Depending upon where the Department weights its effort, 39,600 reservists may or may not be sustainable. We continue to believe that the Nation needs a ready operational Reserve Force. The President's current National Defense Strategy, which rebalances our forces toward the Pacific, is suited to the capabilities and strengths of your Marine Corps. If, as a result of the SCMR, the Marine Corps budget is further reduced below current Budget Control Act levels, the Marine Corps will have to look at reducing Reserve Forces below 39,600. Determining how much below 39,600 will again depend on how much the Marine Corps is required to reduce their budget based on decisions that result from the SCMR.

72. Senator AYOTTE. General Campbell and General Paxton, what would be the impact on your Service and your ability to support the current strategy if you are required to further reduce your end strength?

General CAMPBELL. If sequestration continues, the Army will simply not have the resources to support the current Defense Strategic Guidance, and we risk becoming a hollow force. The Army will be unable to meet the range of missions in the current strategic guidance if sequestration requires us to further reduce end strength.

General PAXTON. In 2010, the Marine Corps conducted a careful review of force structure requirements in the future operating environment. At that time, we arrived at a force requirement of 186,800 to meet the security demands of the Nation. In anticipation of a more austere fiscal environment, risk was taken to reduce that number to 182,100. Reductions below this force level will create greater risk.

The Marine Corps, by design, is not organized to conduct extended land campaigns; it is organized to support forward deployed crisis response rotations at an aggressive deploy-to-dwell ratio and to meet its obligations to the Joint Force for amphibious forcible entry. Reductions in the number of marines available creates risk not only to future war scenarios, but also to the immediate demands of warfighting, crisis response, deterrence, humanitarian assistance/disaster relief, reassuring our allies, and creating options for our strategic leadership.

Fewer marines means:

- Fewer forward engagements, decreasing our deterrent effect;
- Leaving our allies less assured, creating uncertainty with response to U.S. security guarantees;
- Smaller investment in building the capabilities of our security partners;
- Decreased capacity to respond to major contingency operations;
- Less time to train to complex missions, putting marines at risk; and
- Reduced dwell-time coupled with greater stress on military families.

73. Senator AYOTTE. General Campbell and General Paxton, would either of your Services have to utilize involuntary separations to achieve these end strength reductions?

General CAMPBELL. Yes. The Army learned some very valuable lessons during the drawdown of the 1990s. Therefore, a principal tenet of the Army's plan to reduce end strength is that the Army, not the individual servicemember, will make the determinations as to who continues to serve and who must transition. The most critical concerns are to retain those servicemembers with the greatest potential for future contribution and to provide fair and comprehensive transition assistance for members and families who must continue their service in a Reserve component or transition to civilian employment. To the extent that sequestration considerations increase the number of personnel reductions that are required, the Army will achieve a portion of those additional reductions through involuntary separations.

General PAXTON. The Marine Corps' plan to reduce our Active component end strength from 202,100 to 182,100 by the end of fiscal year 2016 is being conducted in a measured way. Our plan is to reduce our end strength by no more than 5,000 marines per year and will be accomplished primarily by natural attrition, voluntary separation, and retirement authorities. Involuntary separations will be minimized as much as possible, and we have no plans to conduct a reduction-in-force. Such an approach would do significant long-term damage to our ability to recruit and maintain a high quality force. Our overarching goal is to keep faith with our marines and their families. This plan would have to be re-assessed should we be given a mandate for additional end strength reduction and increased use of involuntary separation authorities would likely be required.

74. Senator AYOTTE. General Spencer, in terms of readiness, what are the Air Force's top modernization priorities?

General SPENCER. In order to achieve readiness levels necessary to meet the Defense Strategic Guidance, the Air Force must modernize its aging fleet. In particular, the strategic guidance directs a shift to the Pacific where the challenges of an A2/AD environment dictate full-spectrum readiness across the Air Force. The limits of our legacy fleet's ability to survive and operate in these environments are being approached by near-peer adversaries in the region that possess advanced fighter aircraft, networked early warning radar surveillance systems and integrated air defense systems. Our legacy fleet simply does not have the advanced capabilities required to survive and operate in the emerging threat environment. As such, Air Force modernization priorities are focused on these threat scenarios. The F-35 Joint Strike Fighter, KC-46 tanker, and Long-Range Strike Bomber will help ensure the United States and our allies have an air superiority advantage, and will enable our combatant commanders to bring the full spectrum of capabilities of the joint force to the fight in these future threat environments.

75. Senator AYOTTE. General Spencer, how important is the KC-46A program to Air Force readiness?

General SPENCER. The KC-46A is an essential component of force readiness, particularly with the strategic shift to the Pacific Area of Operations coupled with concerns on the long-term sustainment on our aging KC-135R tanker fleet. To meet the Defense Strategic Guidance, air refueling capability remains the linchpin of our ability to project power across intercontinental distances to hold any target at risk. To this end, the KC-46A will ensure our Nation retains a ready and capable tanker force supporting joint and coalition aircraft in worldwide operations for decades to come.

[Whereupon, at 4:21 p.m., the subcommittee adjourned.]