

**HEARING TO RECEIVE TESTIMONY ON MARINE CORPS MODERNIZATION IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST FOR FISCAL YEAR 2014 AND THE FUTURE YEARS DEFENSE PROGRAM**

**TUESDAY, MAY 14, 2013**

U.S. SENATE,  
SUBCOMMITTEE ON SEAPOWER,  
COMMITTEE ON ARMED SERVICES,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 9:33 a.m. in room SR-222, Russell Senate Office Building, Senator Jack Reed (chairman of the subcommittee) presiding.

Committee members present: Senators Reed, Kaine, King, McCain, and Ayotte.

Committee staff member present: Leah Brewer, nominations and hearings clerk.

Majority staff members present: Creighton Greene, professional staff member; and William K. Sutey, professional staff member.

Minority staff members present: Ambrose R. Hock, professional staff member; and Daniel A. Lerner, professional staff member.

Staff assistants present: Lauren M. Gillis and John Principato.

Committee members' assistants present: Carolyn Chuhta, assistant to Senator Reed; Karen Courington, assistant to Senator Kaine; Steve Smith, assistant to Senator King; Paul C. Hutton IV, assistant to Senator McCain; Brad Bowman, assistant to Senator Ayotte; and Joshua Hodges, assistant to Senator Vitter.

**OPENING STATEMENT OF SENATOR JACK REED, CHAIRMAN**

Senator REED. Let me call the hearing to order.

I want to, obviously, thank and welcome back Sean Stackley, the Assistant Secretary of the Navy for Research, Development, and Acquisition, and Lieutenant General Richard Mills, the Commander of the Marine Corps Combat Development Command. And we are certainly grateful for your service to the Nation and the Marine Corps, both of you. Thank you very much for that and also to the men and women of the Marine Corps who every day distinguish themselves and honor the country. So thank you, gentlemen.

Today our witnesses will update us on their efforts to build a force of amphibious, combat, and tactical ground vehicles that meets the Nation's requirements for maneuver from the sea that is technologically achievable and affordable. Since the cancelation of the Expeditionary Fighting Vehicle in 2011, the Marine Corps

has taken advantage of the opportunity to reassess its amphibious vehicle concepts and requirements.

Last year, we questioned the affordability of the Marine Corps combat and tactical vehicle programs given an out-years' procurement bow wave that far exceeded projected available funding levels. We hope that the Marine Corps ground systems budget request for fiscal year 2014 reflects the applications of the lessons of the recent past and adaptation to the realities of today and tomorrow's operational and fiscal environments.

We look forward to our witnesses describing for us how the Marine Corps has reassessed its priorities relative to its missions and requirements under the current defense strategy and how it proposes to sequence its vehicle development and acquisition efforts to better control overall affordability, specifically the appropriate size and structure of the amphibious assault capability and the mix or armored combat and tactic vehicles and ship-to-shore connectors.

Coming off the cancellation of the EFV, and the affordability tradeoffs made with respect to the cost of the system and the numbers of amphibious vehicles during the program development, several questions were raised about the tactical implications of the scope and pace of the buildup of combat power ashore and risk to mission success.

I understand that the Marine Corps is nearing the completion of its fleet mix study to inform its decisions with respect to how many of what type vehicles it should buy in the future. I look forward to an update on the fleet mix study, its preliminary findings, if any, and continuing our discussion of this issue.

We must note, unfortunately, that all of this is at risk if sequestration is triggered for fiscal year 2014. No doubt, sequestration next year would compound the challenges to all Marine Corps programs. We would like our witnesses to address the impacts and risks of another year of sequestration, including any extraordinary budget pressures associated with continuing operations in Afghanistan.

Finally and related to our interest in the challenges of modern operations from the sea, I note that next month the Marine Corps will conduct a major amphibious exercise that will, so to speak, stretch some tactical muscles that have not enjoyed robust testing in many years. We would welcome your views on this coming exercise and other completed exercises and what the Marine Corps has learned or hopes to learn about joint and combined amphibious operations and their concepts, equipment, and readiness. We are particularly interested in any insights regarding the performance of the Marine Corps current fleet of amphibious, combat, and tactical vehicles.

And, gentlemen, we look forward to your testimony.

Now, let me now recognize Senator McCain.

[The prepared statement of Senator Reed follows:]

#### **STATEMENT OF SENATOR JOHN McCAIN**

Senator McCAIN. Thank you, Mr. Chairman. I join you in welcome our witnesses, Secretary Stackley and Lieutenant General Mills, and thank them for their many years of service.

As we all know, it is the responsibility of Congress to provide the resources to enable a ready expeditionary force capable of acting when called upon and defending our security interests when threatened. Unfortunately, the budget request before us today falls short of that goal as it continues to finance near-term readiness at the expense of modernization and infrastructure. Marine Corps modernization funding represents less than 10 percent of the Marine Corps budget request for 2014. We must ensure the Marine Corps makes good use of these scarce resources.

The current fiscal situation has caused the Department of the Navy to assume significant risk in shipbuilding programs needed by the Marine Corps to accomplish their missions. For example, the Navy has identified a requirement for 38 amphibious ships to support the Marine Corps mission, but the shipbuilding plan calls for only 33 ships. That number of ships will not be achieved until the year 2025 and assumes a huge increase in the annual shipbuilding budget.

The Navy is also taking on readiness risk with the current amphibious fleet, with only 22 ships available or fully mission capable last year. This is on top of the Navy's decision last year in response to declining budgets to eliminate a squadron of maritime prepositioning ships for the Marine Corps which are used to rapidly deploy combat equipment around the world. In all, reduced investments have Marine Corps capabilities and readiness headed in the wrong direction.

Over the last few years, the Marines have identified areas in which new technology is needed to improve capabilities or respond to changing threats. The fiscal year 2014 budget request includes funding for the procurement of the Joint Light Tactical Vehicle, the JLTV, and development of the Amphibious Combat Vehicle, which replaces the failed Expeditionary Combat Vehicle program. Additionally, the Marines will recapitalize a portion of their legacy vehicles, including the Humvee fleet. This committee would be interested in hearing how the Marine Corps is managing these programs so that they are affordable in the current and future fiscal environment.

After spending nearly \$3 billion on it, the Marine Corps canceled the ECV program in 2011 due to poor reliability and excessive cost growth. One of the factors contributing to cost growth was the requirement that the armored troop carrier be able to achieve high speeds in open water. After recently completing the ACV analysis of alternatives, I understand the Marine Corps is reopening the "high water speed" can of worms. We will be interested in hearing how the Marine Corps plans to field this capability without incurring the cost growth that led to the EFV's cancellation.

Let me close by expressing my concern for Marine Corps readiness. Similar to the other Services, the Marine Corps has prioritized deployed and next-to-deploy marines in their operations and maintenance accounts at the expense of nondeployed units. This has resulted in the degradation of Marine Corps readiness. According to the Commandant of the Marine Corps, by the beginning of calendar year 2014, approximately 50 percent of marine ground and aviation units will be below acceptable readiness levels.

This places the marines at serious risk in their ability to respond to near-term contingency operations.

I look forward to the testimony of the witnesses.

[The prepared statement of Senator McCain follows:]

Senator REED. Thank you very much, Senator McCain.

Secretary Stackley.

**STATEMENT OF HON. SEAN J. STACKLEY, ASSISTANT SECRETARY OF THE NAVY FOR RESEARCH, DEVELOPMENT AND ACQUISITION**

Mr. STACKLEY. Yes, sir. Chairman Reed, Senator McCain, distinguished members of the subcommittee, thank you for the opportunity to appear before today to address Marine Corps modernization. I will be testifying alongside the Deputy Commandant for Combat Development and Integration, Lieutenant General Mills, and with the permission of the subcommittee, I propose to keep opening remarks brief and submit a formal statement for the record.

Senator REED. All of your statements will be included. You may summarize.

Mr. STACKLEY. Thank you, sir.

Your Marine Corps serves as America's expeditionary force in readiness, a balanced air/ground naval force, forward deployed and forward engaged. Today over 17,000 marines are deployed around the world, on the ground in Afghanistan in support of Operation Enduring Freedom and at sea deployed aboard amphibious ships operating off coasts from Africa to Japan, conducting air operations, ship-to-shore operations, building partnerships, deterring enemies, and responding to crises and contingencies. They place in the hands of our Nation's leaders tools and options to respond to today's world events and shape future events, and it is our responsibility to place in the hands of our marines the best weapons this Nation can produce to shape, deter, defeat, and deny our enemies sanctuary.

The seamless maneuver of marines from sea to conduct operations ashore, whether for training, humanitarian assistance, or combat, remains a key priority as the Marine Corps shapes its future force. To this end, the Marine Corps modernization strategy includes sustainment of amphibious lift capabilities, as outlined in the Department's 30-year shipbuilding plan, replacement of the landing craft air cushion, or LCAC, ship-to-shore connectors, recapitalization of critical aviation capabilities from the short takeoff vertical landing version of the Joint Strike Fighter to modernized attack and utility H-1 helicopters to the development of the heavy lift H-53K helicopter, modernization of the Corps' expeditionary command, control, and communications capabilities with the development of the Ground/Air Task-Oriented Radar, the common aviation command and control system, and the global communications support system Marine Corps and modernization of the Marine Corps' ground combat vehicles.

The Marine Corps combat vehicles are at the front end of much needed recapitalization. We have briefed this subcommittee on the Corps' ground combat tactical vehicle strategy which includes developing and procuring the Joint Light Tactical Vehicle, or JLTV;

developing a modern Amphibious Combat Vehicle, or ACV; sustaining a portion of the Humvee fleet through 2030; initiating an upgrade program for the legacy assault amphibious vehicle as a bridge to the ACV; and managing procurement of vehicles to reduce acquisition objectives, a net reduction of about 20 percent based on the more recent force structure reviews.

The JLTV program remains on track with the 2014 budget request continuing development in support of procurement commencing in 2015. We are continuing to review with the Army the impacts of sequestration on the schedule and will advise on the results of this review when complete.

The Amphibious Combat Vehicle is, as the Commandant stated in testimony earlier this year, a top Marine Corps priority. The simple fact is that execution of amphibious operations requires a self-deploying amphibious vehicle to seamlessly project ready-to-fight marine units from sea to land in permissive, uncertain, and hostile environments. This capability enables the Corps to maximize available amphibious lift and accelerate the buildup of power ashore, which is key to overcoming access challenges posed by either the lack of improved infrastructure or the threat of an adversary.

In order to ensure we get the ACV program right, we are conducting a combined requirements definition feasibility study assembling the best of Government and industry requirements, systems engineering design, and cost experts. Our intent is to bring the best talent and best information together to build on the tremendous body of knowledge we possess across all our vehicle programs and determine how to deliver the capability needed by the Marine Corps with high confidence in the affordability of the defined requirements.

We have engaged your staff at the front end of this process and will remain engaged as we progress towards future milestone decisions. In fact, for our entire portfolio and particularly the ACV and JLTV, the Marine Corps has taken a textbook approach to developing these critical combat vehicles, placing priority on getting the requirements right at the front end, employing mature technology where possible to reduce cost and risk in development, establishing affordability as a requirement, conducting comprehensive systems engineering and cost analysis, streamlining the acquisition process where sensible, leveraging competition and, perhaps most importantly, integrating the requirements and acquisition team to enable effective, cost performance trades throughout the requirements definition and system development process.

Mr. Chairman, thank you for the opportunity to appear before you today. We look forward to answering your questions.

[The joint prepared statement of Mr. Stackley and General Mills follows:]

Senator REED. Thank you, Mr. Secretary.  
General Mills, please.

**STATEMENT OF LTG RICHARD P. MILLS, USMC, DEPUTY COMMANDER FOR COMBAT DEVELOPMENT AND INTEGRATION/COMMANDING GENERAL, MARINE CORPS COMBAT DEVELOPMENT COMMAND**

General MILLS. Thank you, sir. Chairman Reed, Senator McCain, distinguished of the subcommittee, it is good to be here to discuss Marine Corps modernization programs. As always, we thank you for your continued support to our sailors, our marines, and their families.

As America's expeditionary force readiness, the Marine Corps' ground modernization investments support our Nation's ability to be prepared for all matters of crises and contingencies. Our ground investments allow us to develop and sustain a ready, middle weight force easily deployable, energy efficient, and highly expeditionary.

As the Department of the Navy and your Marine Corps confront the challenges of budget constraints in sequestration, we are evaluating priorities, we are making hard choices, choices that are necessary to maintain the right balance and capacity, capability, and industrial base sustainment.

The programmatic priority for our ground forces is the seamless maneuver of marines from sea in order to conduct operations ashore whether for training, for humanitarian assistance, or for combat. The Marine Corps' modernization and sustainment strategy is the basis for planning, programming, and budgeting in order to provide balanced maneuver and mobility capabilities for our operating forces. This strategy is focused on achieving the right mix of assets while balancing performance, payload, survivability, fuel efficiency, transportability, and of course, affordability.

With the smallest modernization budget in the Department of Defense, the Marine Corps continually seeks to leverage the investments of our other Services. We carefully allocate our modernization resources in those investment areas which are most fiscally prudent and those which promise the most operational return.

Our two signature modernization initiatives this year are the Amphibious Combat Vehicle and the Joint Light Tactical Vehicle. These vehicle modernization programs, coupled with an upgrade to our assault amphibious vehicles and also upgrades to our family of light armored vehicles, the refurbishment of a portion of our legacy Humvees and improvements in advance simulation systems, are critical to sustaining our combat readiness and enabling our core warfighting capabilities.

As discussed, the ACV analysis of alternatives was completed in July 2012. While it did not directly address high water speed, it did validate the requirement for an Amphibious Combat Vehicle capable of self-deploying from over the horizon at long distances. High water speed, however, is still a valuable attribute, but we understand it must be weighed against all other requirements. Mr. Stackley, as he said, brought industry together with a team of our own experts at Quantico to determine if an affordable, survivable, high water speed vehicle is in fact obtainable. We expect the results of this incursion in October of this year and expect a decision shortly after that time.

Clearly, there are challenges in meeting operational requirements in today's highly dynamic security environment, as well as

the constrained and uncertain budget environment we operating in. However, in partnership with the Navy, the Marine Corps looks forward to working with you to address these issues we are best postured to continue serving as the Nation's expeditionary force in readiness.

Again, thank you for the opportunity to be here, and I look forward to your questions.

Senator REED. Thank you very much, General Mills.

Let me ask a question which I think will be asked by all my colleagues in one form or another. That is, how would you characterize the impact or potential impact of the continuing resolutions, the sequestration, reprogramming on the Marine Corps modernization budget this year and going forward, all of this under the Budget Control Act and other congressional actions? Mr. Secretary, you might begin.

Mr. STACKLEY. Yes, sir. First, you start with the continuing resolution. The continuing resolution slowed our execution in 2013, but I think we are overcoming any lasting effects that it has had and getting up on the governor in terms of executing smartly our programs. The sequestration impact clearly is more significant for the two reasons that are described. One is the dollar amount itself and the second is the across-the-board method of applying the reductions due to sequestration.

For Marine Corps modernization, for example, the total impact is north of \$300 million across their programs in procurement and then a smaller but significant amount in research and development. So we are having to go line by line through the Marine Corps programs to mitigate the effects in 2013 recognizing that some of those effects bow wave into the out-years. So there may be some necessary backfilling associated with sequestration.

We can handle that on a 1-year basis, but clearly when you start to compound that with 2014 and out, it will have a significant reshaping of our Marine Corps modernization, at least in terms of the schedule for the programs that we are laying in the out-years.

Senator REED. General Mills, do you have any comments?

General MILLS. Sir, I would add that our program and our plan for modernizing especially the JLTV and the ACV area require a plan for us to buy them sequentially. Any delay to either of those programs could affect our ability to do that. So it is one that we are very concerned about and one that we are watching very carefully. Again, affordability is a major factor in both of those programs. The sequential buy and the interaction between those two programs is critical to our strategy, and so the impact could be substantial.

Senator REED. Let me ask you a question, General Mills. I understand currently the Marine Corps has about 1,000 AAVs, the Amphibious Assault Vehicle, which is the workhorse that gets marines from ship to shore. And when you were doing the Expeditionary Fighting Vehicle, because of costs and other factors, I think you were down to a number of about 360. That was the planned buy. That would equip about four infantry battalions, not presumably 10 or so battalions you could equip now with the AAV.

As you go forward with the new vehicle, the Amphibious Combat Vehicle, what is your sort of target in terms of how many vehicles

you want to procure? And then how does it relate to some of the other purchases? For example, you also have on the boards a marine personnel carrier, which is a wheeled vehicle. You are sharing costs with the Army with the Joint Light Tactical Vehicle. Is there a priority? And I say this in the context of—you know, when you look out at the money situation, even in the best of circumstances, it is not going to be as robust as we might have thought 4 or 5 years ago. Do you have to make a tough decision and say, well, we only can afford the appropriate number of Amphibious Combat Vehicles and then the others will be slipped? How are you going to deal with this whole vehicle mix?

General MILLS. Sir, the Amphibious Combat Vehicle is the Commandant's number one priority for ground modernization, and so that is the crown jewel in our program. Of course, it does impact our other lift requirements, and we have looked at those very, very carefully and studied them very carefully. The MPC is probably an excellent example of that. Although that is something we would like to have, we feel at this point in time we just simply cannot afford it. So we have pushed that requirement further out into the out-years to be perhaps resurrected at a later date.

We have taken a look at the number of ACVs that we would need, what our lift strategy would be to move forces from ship to shore. We have looked at the mix between aircraft lift and surface lift. We have looked at alternate means of moving forces once they get ashore. And we feel we have arrived at a requirement to lift about six battalions of forces by ACV, and that is the number that we are looking at.

We have also, of course, developed a bridging strategy until that vehicle is able to be fielded, and that is to selectively sustain a number of our AAVs, our amphibious track vehicles, which are in the fleet right now. Between 350 and 400 of those vehicles will undergo some sustainment work. They will become more survivable by increasing the protection on the floor, by putting in new blast seats that make it more survivable for the marines who ride inside of it, and some work on the power trains to be able to lift that extra weight and move it.

So we see that as a bridging strategy until our new ACVs are able to be fielded some years from now, but we think that we have a plan, again, to maintain that core capability of moving marines in a self-deployer from ship to shore, move seamlessly beyond the high water mark, continue on to the objective, and provide the marines inside with an acceptable level of protection.

Senator REED. Let me ask you another related question. The present AAV is designed to carry at least a squad of marines to the beach. When you look forward to the new ACV, is that going to maintain that same unit integrity of a squad or are you building a smaller vessel, or what are your plans?

General MILLS. Sir, what we anticipate is sometime in the October timeframe getting back the additional study from industry which will tell us the trade space that we have. We understand there will be some trades between affordability, number of marines you may have to lift inside of it, high speed in the water or not high speed. So the number of marines that will be lifted ashore is one of those areas in which we look at possible trade space. Unit

integrity is critical to us, obviously. Lift capability to bring the right supplies ashore and be able to sustain those forces once they are on the beach. All those are factors that we will have to look at when we decide what it is that vehicle will finally be able to do.

Senator REED. Thank you.

For the members' information, we are doing 7-minute rounds and we will entertain a second round.

And I hope, General Mills, I asked hard questions because as General Flynn pointed out at his retirement, I asked too easy questions and he was hoping that the Commandant would be here rather than you so I can ask harder questions. So I hope I have not disappointed General Flynn.

General MILLS. Sir, I failed to thank General Flynn for making that comment.

Senator REED. You should thank General Flynn.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

It is nice to see you again, General. You mentioned the last time we were together was in Marjeau when we had a delightful meal of unknown ingredients at the Governor's residence, and how you survived all those meals is a testimony to your iron constitution, I must say. [Laughter.]

Secretary Stackley, we are still budgeting on the proviso that sequestration will be repealed. Is that correct?

Mr. STACKLEY. Yes, sir. The 2014 budget request did not include an impact associated with sequestration.

Senator MCCAIN. Do you think at some point, as the weeks go on, that maybe we should prepare for that contingency?

Mr. STACKLEY. Yes, sir.

Senator MCCAIN. I would imagine that decision is somewhat above your level, but would you not think logically we should start at least preparing a budget that would take into consideration the lack of repeal of sequestration? Because I think that might motivate Members of Congress and the American people to understand how devastating the effects would be.

Mr. STACKLEY. Yes, sir. Secretary Hagel back around the March timeframe launched what he referred to as a Strategic Choices Management Review to do exactly that, to take a look at the longer-term impacts associated with sequestration commencing in 2014 and beyond.

Senator MCCAIN. But there has been no formal notification or inclusion of the Congress in those deliberations. Again, I hope that we would make the American people aware of the effects of another, I believe, \$52 billion reduction in defense spending. Is that correct?

Mr. STACKLEY. Yes, sir.

Senator MCCAIN. And so we have already, in the short term, curtailed training for non-deploying forces, General Mills, and obviously it takes time to recover from the impacts of training. How concerned are you, and who would bear the brunt of this additional risk in your view?

General MILLS. Sir, the Commandant is very concerned about the readiness, of course, number one, of our deploying forces but equally with all marine forces. As we are a crisis response force, we have

to have forces ready to deploy immediately, not necessarily being able to plan that ahead of time. I think that you can see that somewhat in the deployment of our special purpose MAGTAF that recently deployed to Europe in order to cover any contingencies that arise on the northern rim of Africa, again an unplanned deployment, but one in which the Marine Corps had to be ready to do and which I think we did in a very timely and very efficient, professional manner. And those forces today I believe are on alert for possible use somewhere in that area. So we are very concerned.

I think the first impact you probably would see in readiness would be in our aviation communities. Those are skill sets that deteriorate very rapidly which require constant refresher training. I think the ground forces perhaps might have a little more lag time to maintain their high state of readiness. As you begin to see parts, as you begin to see maintenance pieces fall out of the budgets, I think that that would have a direct impact on our ability to deploy forces. So it is a concern.

Senator MCCAIN. As far as the Amphibious Combat Vehicle, which the budget requests \$137 million for this program and follows the failed Expeditionary Fighting Vehicle, what are we doing different this time, General?

General MILLS. Sir, I believe what we are doing different this time, first of all, we are drawing from the lessons learned from that previous program, which are substantial.

Senator MCCAIN. A \$3 billion lesson.

General MILLS. I think those lessons have been applied directly to the partnership that you see today between industry and the developers down at Quantico who are looking now at a series of capabilities, and those capabilities, I think, conclude high water speed will be weighed carefully for affordability and for trade space so that we understand what we are giving up if, in fact, we want to achieve the high water speed. So I think certainly the number one lesson I can say we drew from there is that we have to balance high water speed against the other capabilities we want out of that vehicle and ultimately against the affordability of the individual vehicle but also of the entire program itself.

Senator MCCAIN. Well, you know, when you look at the costs of the high speed in the water issue, when you look back on it in retrospect, it is just nonsense. Who was the contractor on that system, do you know?

Mr. STACKLEY. The prime contractor for the EFV program was General Dynamics, one of two defense contractors that have the ability to manufacture track vehicles.

Senator MCCAIN. That is one of the problems.

Secretary Stackley, today I understand that Secretary Hagel plans to announce this afternoon that the Pentagon will furlough about 800,000 civilian employees to pay for the budget cuts under sequestration for 11 days. Assuming that is going to happen, which is what reports are, what will be the impact of furloughing the civilian employees on Marine Corps and Navy depot operations, and how does that—maybe General Mills can weigh in on this. How does this impact fiscal year 2014 readiness? And how long would it take the Navy and Marine Corps to recover from this decision?

Mr. STACKLEY. Yes, sir. Let me start by discussing what the impact of the furlough would be on the depots. Notionally, the furlough would be a day-per-week furlough for the period of time that the Secretary would be announcing. If it applies to the depots—and I do not know that at this time—then 1 day a week the depots would be shutting down or curtailing their operation, and there would also be an impact in terms of their ability to work overtime. So there is the direct impact of a day-for-day loss of work plus the impact of lost overtime opportunity for dealing with throughput at the depots.

Today at the depots, we are dealing with the workload associated with planned maintenance and also the workload associated with reset as hardware comes back from the theater. So we are rising in terms of the workload at the depots, reaching towards a peak in the 2014–2015 timeframe, and this would stall that ramp-up.

Senator MCCAIN. General Mills, do you have a comment?

General MILLS. Sir, I have just got to concur with what Secretary Stackley said. It would have a ripple effect. Right now, the Marine Corps plan is to reset the force in stride by fiscal year 2017, and that depends on our depots being able to provide that very, very vital maintenance work and that refit work. So it would have a definite impact on our ability to reset the force and, again, would have a ripple effect, I believe, on readiness in the out-years.

Senator MCCAIN. And just as a comment, Mr. Chairman, is it not true that with all this equipment coming back from Afghanistan that the load on these depots is dramatically increased? Is that not true, Mr. Secretary?

Mr. STACKLEY. Yes, sir.

Senator MCCAIN. Thank you, Mr. Chairman.

Senator REED. Thank you, Senator McCain.

Senator Kaine.

Senator Kaine. Thank you, Mr. Chair.

And to the witnesses, welcome.

You might have mentioned this, but I just want to pin it down. I think we are expecting a report from Secretary Hagel in early July, around the 1st of July, to the committee on sequester effects compared to the fiscal year 2014 request. But if the annual is about \$52 billion in terms of reduced defense expenditure, what are you expecting that to be in terms of an allocation to the Marine Corps?

Mr. STACKLEY. Senator, that is exactly the type of review that is going on right now inside of the Strategic Choices Management Review. We are trying to not have a strict service-by-service allocation but really take a step back and take a look at the capabilities, the operations, and the priorities across the Department with input from the combatant commanders in terms of how to best deal with reductions to the budget.

If you just assumed an across-the-board cut the way sequestration was applied in 2013, then in terms of Marine Corps procurement, for example, you would be looking at about a \$200 million–\$250 million reduction, and when you overlay on top of that the impact to R&D, now you are north of \$300 million. And if you look at what we refer to as “blue in support of green,” which are Navy dollars that go towards Marine Corps programs such as aviation

and amphibious shipbuilding, then you quickly go north into the billions.

Senator Kaine. So just on the procurement account—and straight line is not likely what you are going to recommend, but if it was about \$200 million to \$250 million, that is out of a \$1.3 billion request in the fiscal year 2014 budget. Potentially 25 percent of the procurement request could be reduced if we were to apply the sequester on a straight-line basis.

Mr. Stackley. For planning purposes, we are taking a nominal 10 percent number and then looking at iterations off of that up and down.

Senator Kaine. Just a decisionmaking thing that you have had to recently go through was a decision that you would not retrograde a lot of the MRAPs back from Afghanistan. Could you just share kind of the decisionmaking on that and how that is a mixture of either modernization and analyzing what capacity you need versus sort of the budgetary realities of the cost of retrograding and how the Corps reached that decision?

General Mills. Sir, regarding the MRAPs, we procured a little over 4,000 of them. We did an extensive study to decide how many we wanted to retain as a capability because it is a rather unique vehicle and it does have some limitations on it. That study was completed this summer. We decided that we were going to retain about 1,200 of them. Those would be refitted and they would be spread-loaded at various places both in our preposition stocks, both ashore and afloat, also out to our operating forces for missions such as route clearance and EOD work. Some would be retained at our various training locations in order to ensure that our mechanics and drivers were able to train on the actual vehicle itself. So a very, very rigorous study was applied, in which we decided that a little over 1,200 was probably the number that we could afford and we wanted to retain.

Senator Kaine. And the plan would be to leave the remainder in Afghanistan and try to allocate them to our partners there as best as we can?

Mr. Stackley. Sir, the MRAP retrograde is much larger than the Marine Corps, obviously. So across the Department with the Army being the heavy weight in terms of numbers, we are still working through the details of how to best retire the vehicles that are not going to be put back into service. There is an in-theater piece to it, but then the large numbers—we are still going to have to be bringing these back to the States.

Senator Kaine. We had some testimony recently about the size of the retrograde budget, and I think General Amos—or General Paxton said that the Marine Corps will need about \$3.2 billion in OCO funding to retrograde the equipment that it wants back. How would the sequester likely affect that effort?

Mr. Stackley. One of the issues that we are dealing with right now in 2013 dealing with impact associated with sequestration is retrograde and its effect on—again, it is not a service unique issue. It is a force-wide issue—our ability to retrograde from Afghanistan. So it is having a very direct, very real impact, and Congress will be seeing some of those effects when we talk about reprogramming later in fiscal year 2013.

Senator Kaine. Senator McCain asked a question that was about the effect of sequester on readiness, and I think, General Mills, you indicated that you might see it sooner on the aviation side than on the ground side. Or maybe it was Secretary Stackley. How about in terms of the procurement side? What is likely to feel the most direct effects? Or I guess the reverse way to ask it is what priority on the procurement side will you protect against sequester, and then what is most vulnerable to sequester on the procurement side. Is it aviation or other assets?

Mr. Stackley. Well, it is not going to be aviation versus ground vehicles versus shipbuilding. We have to look at the balanced force capability. I will tell you that shipbuilding is a priority for the Secretary of the Navy, and so we are going to be protecting that in the budget process. General Mills described that the Amphibious Combat Vehicle is a priority for the Commandant. And so when we look at the mix of vehicles between the Joint Light Tactical Vehicle, the improved AAV, and the development of the ACV, we are going to keep the ACV on track to the extent possible even within a sequestered environment.

And then the other top priority for the Marine Corps is the STOVL version of the Joint Strike Fighter. And that is going to have to—not simply earn its way—hold its place in the budget as it continues its development. So it is keeping the development on track, and that is a priority inside of the Joint Strike Fighter program is keeping the funding for the development, but then performance inside of that development and test regime of the JSF STOVL version will be the other priority for the Marine Corps.

Senator Kaine. One last question moving away from budget is in the discussion about the pivot to Asia, as you look at modernization programs, how does a more primary focus on Asia affect the strategic decisions about what kinds of platforms to procure on the procurement side?

General Mills. Sir, again, the pivot to Asia—again, when you look at the Pacific, you are struck by the vastness of the maritime and the ability of our forces to operate from ship to shore. And so we are very, very carefully looking at, as we modernize, to ensure that everything that we get is able to fit very nicely with our Navy counterparts? plans as they look at shipbuilding, look at what the new ships are going to look like, their capabilities, capacities, and again to ensure that the Marine Corps remains the expeditionary crisis response force able to respond anywhere when the country needs it. And so we are looking very, very hard at those kinds of things. So if you look at vehicles like the MRAP, which are not very expeditionary, and of course look at the JLTV and the ACV, which are critical to our expeditionary capabilities, those again are the programs that we want to protect, programs we want to continue, and the ones that are very, very important to us as a Corps and as an institution.

Senator Kaine. Thank you, Mr. Chair.

Senator Reed. Thank you.

Senator Ayotte.

Senator Ayotte. Thank you, Mr. Chairman.

I wanted to follow up with last May, May 10, 2012, before the implementation of sequestration, there were many of us asking

questions as to what to anticipate on the impact. And General Dunford testified before the Armed Services Committee, I believe on the subcommittee, that if you look at the personnel end—now, I understand that that is exempt right now in terms of active duty—that if we were to cut 10 percent from the Marine Corps, it would end up being an 18,000 troop cut and that in his view, it would not allow us to meet a single major contingency operation is what he told me. And that really stuck with me because the notion that we would have—if we just took it from the troop side, that we would have a Marine Corps that could not respond to a single major contingency operation.

Can you help me understand that testimony in light of—we are all sitting here today on sequestration, but this thing continues for 10 years. And is there an assumption, A, that in those 10 years we will continue to exempt the troops from that in terms of force structure and end strength? And if that assumption does continue, if you think it will continue, if sequestration is the new norm, then what will that mean? I am assuming if we do not take it from the troop end, General, that if we send the troops in there, it has to be taken from somewhere, and then they do not have the equipment and/or the training.

So I wanted to bring that statement to your attention again and get a reaction to it because to me it was quite striking at the time.

General MILLS. Thank you, Senator.

Of course, the Marine Corps has been looking for the past several years at what size will we be following the wars in Afghanistan and Iraq, and we have put substantial effort into several studies designed to balance the requirements that the Marine Corps faces, along with what can we actually afford to—how big can we afford to be and what can we afford to have those marines equipped with.

Currently we are looking at a force of 182,100. That meets the requirements, we feel, with some risk—with some risk—across the board everything from, of course, the entire ROMO, range of military operations, everything from humanitarian assistance to a major contingency operation somewhere in the world. And we continue to look at those numbers. Personnel is our largest expense. It is expensive. But we need to have marines, obviously, and we need to have the units manned to proper strengths. The Commandant has been very adamant that he does not want to build a hollow force, hollow either in the number of marines who are manning the fighting holes or the equipment that those marines have with which to operate.

So it is going to be a balance. No question about it. The challenge will be to make those balances between equipping the force, training the force, and manning the force, and one which we will put an awful lot of effort into.

Senator AYOTTE. Well, General, I appreciate that.

I think what we need to understand here is—and if you cannot answer this today, I would like us to take it for the record. If last year, when General Dunford said that the impact of sequestration would be that the Marine Corps could not respond to one single major contingency, that is the kind of thing that keeps me up at night. And so if that is where we are, meaning if we continue on this path, whether it is because we have to reduce end strength

and/or because we have to diminish the training and the equipment that our men and women in the Marine Corps need, I would like to know what your view is of that statement now, if it has changed and/or what the implications are going forward.

I just think that it is really important because there is sort of an operating assumption around here that, sure, maybe it is all okay, and I think it is important to understand what that does to the investment in our Marine Corps going forward. We ask you to go in first, and if we do not have a robust, prepared Marine Corps, then that is a big problem for our country.

So if that is something you want to take for the record, that is fine, or if you can answer it now, I would appreciate it.

Mr. STACKLEY. Senator, the only thing I can add at this point is I come back to the Strategic Choices Management Review. That is the task before this group which looks across the Services, across the strategic defense guidance, overlays what does a \$52 billion hit look like in terms of, first, what can we get out of, call it, the cost of our doing business, you know, call it efficiency, what have you. Then for the balance of that reduction, what are the impacts to keeping things balanced, the size and shape of our force, and the readiness of that force in terms of their training, their maintenance, the wholeness of their equipment, and then the operations that can be conducted and then prioritize. So, frankly, it is a somewhat daunting task that we are trying to complete in the course of the balance of this spring before we can come forward to the Congress with some findings.

Senator AYOTTE. So just as a follow-up for both of you, if you can go back—and we will give you General Dunford's statement and you can let me know whether that statement still stands because this is a shocking statement and it is really important that we understand that.

And so I do not have a lot more time, but I want to ask you about this G/ATOR program. I want to ask you about the trailer-mounted radar system. Having read the GAO report from March of 2013, my jaw dropped really when I looked at and I saw a 145 percent increase in R&D, an 87 percent increase in procurement costs, a 101 percent increase in total program costs, a 126 percent increase in unit costs, and a 100 percent increase in acquisition time. So can you help us? When we are talking about sequestration, this to me seems like a 126 percent increase in unit costs—how can we justify that to people back home? And can you tell me what is happening with this particular procurement program, the Ground/Air Task-Oriented Radar?

Mr. STACKLEY. Let me first describe that the numbers that you are quoting from the GAO—I am looking at the baseline for G/ATOR, and I do not arrive at those types of numbers. I am looking at a 13 percent increase in the current costs over the original baseline, and I can provide you the backup data that goes with that.

G/ATOR has been an extremely strongly performing program over the course of about the last 3 years as we have been completing its development, and today we are taking production representative units out in the field and demonstrating its performance. So it is meeting its performance targets.

It is about 13 percent over the original baseline, but to the current baseline, it has been 5 percent or less above that developmental baseline. And the efforts to reduce its procurement costs—we were able to go to a new technology, referred to as gallium nitride, for the system, and by combining that shift in G/ATOR, along with other radar programs that are all moving to gallium nitride, we are able to bring down its unit cost in production in the out-years as well.

Senator AYOTTE. Well, I see my time has passed, but I am holding the GAO report right here. I took these percentages right from it. So I certainly would like to have a follow-up.

Mr. STACKLEY. Yes, ma'am.

Senator AYOTTE. And if we can get it today, I will submit a written question to get a follow-up answer on this because it does not make sense with me with what I read with the GAO report.

Thank you.

Mr. STACKLEY. Yes, ma'am.

Senator REED. Thank you, Senator Ayotte.

Senator King.

Senator KING. General, I want to step away a minute from procurement and talk about strategy. We are talking about the Pacific. We are talking about amphibious. But the Benghazi situation taught us that timeliness of response is important. During that week that that event occurred, there were 31 different demonstrations around the Muslim world, 5 different attacks. This is going to be a part of the future, I am afraid. Do you have a strategy or think about rapid deployment of small numbers of people as opposed to taking a beach in a more concentrated kind of way?

General MILLS. The Marine Corps has always been and continues to be the crisis response force, and one of the pillars of that strategy or ability to do that is our ability to be forward deployed and therefore being able to be repositioned close to areas of crisis as they develop and, furthermore, being able to linger in those areas for a substantial period of time and to be able to provide the decisionmakers back here in Washington time to decide what it is they want to do about that particular crisis. And so that is why we stress the importance of the Marine Corps being expeditionary, being forward deployed, being aboard ship, having the means to move ship to shore, to put only the force necessary on site and be able to sustain them if they need to stay there, and to provide the forces that are afloat with a wide range of capabilities so they are able to operate across the entire realm, or whether that crisis happens to be something like Benghazi or whether that crisis is a hurricane or a tornado that has struck a particular area, or a humanitarian disaster, any sort of crisis we might want to be able to use our forces to respond to.

So that is, we believe, the value of our amphibious forces is that you can reposition. You can get it to the crisis location. It is not locked down to one particular location and, therefore, too far away or too many hours away to be able to respond credibly. And we think that that just shows the value of the Marine Corps to the country.

Senator KING. Do you think we are adequately forward deployed now? And if so, why could we not get people to Benghazi?

General MILLS. The Marine Corps maintains three forward deployed amphibious forces at any one time. One comes off the east coast of the United States, and one comes off the west coast of the United States, and one is based in Japan. Currently, all of them are busy within the CENTCOM area of operations.

Senator KING. I would point out none of those geographic areas are anywhere near where all of these demonstrations took place.

General MILLS. True. I had the privilege of being able to command the 24th Marine Expeditionary Unit out of Camp Lejeune, North Carolina back in the late 1990s and early 2000s. And then our routine stops were all in the Mediterranean. We made a round robin, if you will, of the Mediterranean, operated there nearly exclusively. However, a good example again of the value of those kinds of forces is that in 2003, when the fight in Iraq started, we moved through the canal, went down to the Red Sea, and we actually landed and participated in the operation ashore.

So long answers to a short question. The fact is that the value of those amphibious forces, had they been moved, they could have positioned in the Mediterranean perhaps if that is where the decision was made where they needed most. At this time they are in CENTCOM area of operations conducting operations.

Senator KING. Changing the subject, on the ACV, I think the chairman testified that there were \$3 billion spent before that program was terminated. That is an awful lot of money. Should we not have a trigger that tells us before we get to \$3 billion that it ain't going to work?

Mr. STACKLEY. Yes, sir. The program that was terminated was the Expeditionary Fighting Vehicle, the EFV. A long history to that program. The demonstrator for the EFV dates back to the late 1980s/early 1990s, followed on by a down-select to a sole source development effort that proceeded through the 1990s and into the 2000s to develop the technologies that would go with the complex task of a high water speed armored vehicle.

The program did incur what is referred to as a Nunn-McCurdy breach where it exceeded its original baseline cost by greater than 25 percent. That was in the 2006 timeframe. At that point in time, the program was restructured. The cost estimates were stabilized, and the program went into what is referred to as a reliability growth effort to get the reliability numbers up where they needed to be.

The decision to terminate the program in 2011 was driven by two parts. One was the unit cost had grown, at that point in time, to a \$16 million to \$17 million vehicle, which was beyond the reach of procurement in the Marine Corps. It would have pushed too many other programs out. And the other aspect was the operating and support costs. The complexity of the vehicle brought with it a tail—

Senator KING. Excuse me. I am not questioning that the decision was made. I am sure it was made on good grounds. My question is why did it take \$3 billion to get to the point where that decision became obvious.

Mr. STACKLEY. Frankly, at the point in time the decision was made, it was competing with other priorities in the budget, and the decision was that price tag for that vehicle, including the operating

and support costs, was going to push out too many other priorities and that we needed to go back and revisit the Expeditionary Fighting Vehicle.

Senator KING. What is the difference between the Amphibious Assault Vehicle (AAV) and the proposed ACV?

General MILLS. The program that was canceled? Is that the comparison?

Senator KING. No. The vehicle you have now, the AAV, versus the ACV. What is the difference? What are we gaining in the new proposed vehicle that we do not have in the current vehicle?

General MILLS. A number of things. First of all, the AAV is aging out. It is coming to the end of its life, so we are going to have to look at either replacing it or putting some extensive modernization into it.

Senator KING. Its physical life.

General MILLS. Its physical life. That is correct, just strictly the frame and those types of things.

The difference is going to be mainly in protection. It will be one that jumps right out at you, is the fact that the AAV—it is very susceptible to the IED threat. It is also susceptible to small arms fire. We are going to put more protection on the ACV, as it comes online. We hope, again, as we have said before, to achieve better water speed, higher speed in the water, therefore less time that the marines have to spend in it afloat.

Senator KING. What are we talking about when we talk about water speed? What does the AAV have versus this high speed? Are we talking about 50 knots or 30 knots?

General MILLS. No, no. The AAV right now in the water is probably about 7 knots. The hopefully high water speed would be in excess of 15 knots.

What does that give you? It gives you several things, less time in the water, as I said, quicker ability to move from ship to shore, your ability to offset the ships to avoid the threat ashore, so you can go further out in the sea because you can move those forces quickly to the beach. And also it gives you range and ability to bypass perhaps enemy defenses and enemy beaches where you do not want to land, but you have to go other places. So it gives you a fair amount of improvement over the current capability.

Mr. STACKLEY. If I could just add. General Mills described in excess of 15 knots. In fact, for the EFV, we demonstrated the ability to go greater than 25 knots by pushing the vehicle up onto a plane. And that becomes critical in terms of the time/distance equation for buildup ashore and also the range at which you would deploy the marines from the amphibious ships.

Senator KING. But that was one of the things that pushed the price up I understand.

Mr. STACKLEY. Yes, sir.

Senator KING. Thank you, Mr. Chairman.

Senator REED. Thank you, Senator King.

Related questions, I hope. One is, General Mills, you are going to have to take another amphibious operation, training operation, at which you are going to try to establish, I think, where you are, sort of the baseline and what you need, and it goes to the bigger question. I cannot think of a more complicated military operation

than amphibious assault. You need to clear the beach with naval gunfire, aviation. Usually you have to bring your own aviation. You have to get our amphib ships up close but not too close. You have to have assault ships to take the marines to the beach, and you have to have LCACs to bring supplies ashore. And then, of course, you have to have marines ready, able, and well trained to do that very complicated operation. And another dimension, which has increased, is the precision weapons that a likely opponent might have to engage even a fairly fast moving assault vessel.

So given all those issues and given this budget problem, how do you keep everything synchronized in the sense of you have got all those pieces? Because I think one of the concerns we have that has been reflected in a lot of the questioning is something is going to give. You are either not going to get your new assault vessel or you are not going to get the amphibs or the amphibs will not be the level of readiness that you need. You have got training issues we have all talked about. And then you have got this new environment where it is going to be awful difficult to get close to a beach and it is going to be really hard to get on the beach given the weapons systems that even some of the second-tier powers might have.

In the context of this training exercise you are doing, I would just like your comments on that very broad sort of question. Again, thank General Flynn.

General MILLS. Senator, we do several large exercises. We do a number of large exercises every year. Usually in alternate years they are live. In other years, they are virtual, as you know, both one on the east coast and one on the west coast so we involve the entire operational Marine Corps in these exercises. I believe the one that you are interested in particularly is Dawn Blitz, which goes on on the west coast.

All of these exercises, we try to put in both real operational experience but also experiments in how we plan to do things in the future and try things out. They are not just simply dog and pony shows in which we all land in a perfect line from 1,000 yards off the beach. Instead, we use those exercises because they are expensive and they are difficult to set up. We use them to experiment so we can try out new tactics, techniques, and procedures, and new operational concepts and apply those.

For instance, distributed operations is one in which we are putting a lot of effort into in doing our exercises. Those are long inserts usually by air and supported by aviation and using experimental ways to supply those forces once ashore so we can maintain more of our big footprint out at sea where it is safer. We are also pushing the amphibious forces further out to sea, only sending those ships close to the beach that have to go there in order to carry out a particular mission, with the support further out outside threat envelopes. We are looking at energy experiments, for instance, in the way of solar and things like that so we have less of a logistics footprint to take ashore, which saves us in amphibious lift, which saves us in surface transport.

So we use these exercises to take a look realistically at how we would conduct a whole range of operations from low intensity to high intensity against a threat that is real and that is based on

good intelligence of what we might see in various place in which we go.

Senator REED. So your Op force would be, presumably, equipped with some of the sophisticated weapons that are available now, and your Op force command structure would operate independently of the blue force, if you will, so that they could react not by script but by the skill of the Op force commander. Is that a fair summary of the concept?

General MILLS. That is an extraordinarily good summary, sir. We want that Op force commander to react in what we call force on force, in which he is free to react as an Op force commander might. We want him to do the unexpected, and we want him to thoroughly test if what we are doing is the way it should be done. And sometimes failure can be as valuable as success. That shows you that an idea you have may or may not work out. Better try that out now in peacetime and obviously in a training operation than to find it out on a beach somewhere in the future.

Senator REED. And could I ask you when you conclude and have your results thoroughly vetted—would you be available either in a closed session to come back and let us know about the lessons you have learned, particularly the ones that were trial and error and it was error?

General MILLS. Absolutely. That would be great. We would relish that opportunity, sir.

Senator REED. Thank you very much.

Mr. Secretary, let me ask you sort of a variation of the same question, which is how do you keep all these sort of different components at the relatively same level, readiness of forces, amphib ships, et cetera, particularly given the sheer cost of the F-35B. How do you keep all those things moving forward in this very, very difficult budget? And at what point—I presume it is after you have talked to the Commandant, General Mills—you decide that we have got to step back on this one. We can afford the risk. Can you comment on that briefly?

Mr. STACKLEY. Yes, sir. First, going in philosophy when we are dealing with this sequestration issue is the last thing we give up as we bring the budget down is the capability that we need. So let us work the entire budget and identify what we can do to reduce our costs before we give up the capability. And then when you get down to the things that add up to force structure is taking a look at the priorities within the program and looking for are there opportunities where things could either be delayed, deferred, descoped without compromising the force's ability to do its mission and then balancing. In the end, you have to keep things in balance.

So you have to do a portfolio management of the program, as opposed to a line-by-line management of the program, to ensure that as you bring things down, you do not untowardly break a part of the kill chain. It is really looking at the kill chain to keep it intact and then understand what does that leave you in terms of your overall ability to perform the missions. So it is really taking a portfolio approach, starting with the rest of the costs, try to bring the cost of doing business down, and then within the portfolio, prioritizing and then making sure you keep it balanced.

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

Senator Kaine.

Senator Kaine. This is a topic that I think may be a little bit beyond the modernization topic, but it has come up. It is the end strength, and then Senator King's questions about Benghazi have reminded me about something. General, you toured me at Quantico a couple months back, and one of the things I did was visit the marine security guard program on base, which is very exemplary.

So the Accountability Review Board in the aftermath of Benghazi suggested that one of the things that we needed to do was to bulk up that marine security guard program, I believe, by about 1,000 marines. That was the recommendation. Am I correct about that?

General Mills. That is correct.

Senator Kaine. Now, I believe that there is a bit of gray area about how that affects the end force, the 182,100 number. Would it be fair to say that the Marine Corps is considering the additional 1,000 marine security guards as additional to the 182,100?

General Mills. The assumption was that the extra 1,000 marines would not be counted against that 182,100 end strength. Yes, sir.

Senator Kaine. So the current marine security guard program recruits enlisteds into that elite program and trains them, but the working assumption today is that additional 1,000 would be on top of the 182,100 end force.

General Mills. That is correct.

Senator Kaine. The training budget for the current marine security guard program I understand is protected from sequester, but I do not believe the Marine Corps' budget request includes funding for an additional 1,000 to come into the marine security guard program. Correct?

General Mills. That is correct.

Senator Kaine. So even before we get to the question of whether sequester would affect the marine security guard program, even the Marine Corps budget, as requested, does not include funding for the recommendation that we add 1,000 to the marine security guard program.

General Mills. I believe that is correct. I know there was a question about where that funding would come from.

Senator Kaine. Mr. Chair, this might be something that might be more for a personnel committee, but I am concerned about this. One of my worries about Benghazi and the discussion about Benghazi is that we will spend a lot of time talking about things other than the recommendations that have been made for how we fix the problems that we spent a lot of time trying to dig through and discover. And if the Accountability Review Board recommendations make this, I think, worthy recommendation, a very worthy one, that part of the response should be bulking up the marine security guard program, and yet that is not part of even the budget request right now, it could easily sort of get lost in the shuffle as we talk about other aspects of Benghazi.

And I hope that as we move into the full committee markup, that might be something that we dialogue with the marines about because if they are believing from a Corps perspective that the 1,000 security guards are extra but we on the staff or the Senate side are believing, no, you can find that 1,000 within the 182,100, then we

have got a serious challenge and we ought to be trying to reach some kind of an accord and be on the same page about it because following the Accountability Review Board's recommendations, I mean, I think is the least that we ought to be able to do to protect against the likelihood of a similar incident in the future.

Senator REED. I think the Senator has made some excellent comments. One, sort of the issue here of whether that increase would come out of the top line of the Marine Corps so it would be a cost to maneuver units and other units of the Marine Corps, I think that has to be seriously addressed.

And a second is the primary mission, prior to Benghazi, of the marine security unit was basically to destroy the sensitive information and protect that information. In fact, we lost a marine in Islamabad doing that in the 1980s. That raises the question of do we want a different mission also for the marine security forces.

So I think your point is well taken and we will pursue it.

Senator KAINE. Thank you. Thank you, Mr. Chair.

Senator REED. Thank you.

Senator King, do you have a question?

Senator KING. Well, a comment about sequestration. I can remember being asked last year this time or perhaps in the summer about sequestration, one, and saying, oh, do not worry. It will never happen. Congress would never do such a foolish thing. And I have a feeling now that we are having a somewhat similar experience of it will never happen again. It is just more of a comment than a question, and I am glad to hear the Secretary is preparing a kind of contingency plan for what happens if.

I would urge you to get that contingency plan or list of what it would mean to us because it will help those of us who want to try to unwind sequestration to have the information of what it will actually mean. One of the problems with the discussion that took place around here in February and March was it was all abstract and nobody really knew what it was going to entail. So to the extent you can provide us with that.

And following on that point, it strikes me that the overall impression from this hearing is that we are really in a situation, particularly with sequestration, where readiness and modernization are in competition with each other, and that we are slighting both is what it amounts to. I believe the chairman's comment was we are 50 percent below readiness levels generally across the Marine Corps, and we are also talking about putting aside and slowing down some of these modernization projects. Modernization is particularly important, it seems to me, as we are coming out of Afghanistan and we have got an aged force of equipment. We have learned a lot of lessons, and the question is are we going to have the wherewithal to modernize and upgrade that equipment.

This was a long statement. Now my short question. Am I correct that we are really talking about a competition or a tension between readiness and modernization?

Mr. STACKLEY. Sir, I would say it is clearly a tension. I would not use the word "competition" because we all lose if you have to compete current and future readiness.

The Marine Corps modernization strategy has been very well thought out over the last several years, going from amphib ships,

aviation, and then ground vehicles. So it is a well constructed plan to hold onto that capability that was defined in terms of two marine expeditionary brigade capability for joint forcible entry operations. Senator Reed's question kind of gets at that capability that is central to the Marine Corps' operations.

So we are very careful in all these deliberations to hold onto that capability which we think the Nation needs as a priority. The deliberations will carry on and the outcome will start to set a path for perhaps there are trades that get made between current and future readiness to hold onto current force structure at some expense of future capability. But we are not there yet. We are not there yet. We are holding onto what we believe are the core capabilities required by the Marine Corps to perform that mission.

Senator KING. General?

General MILLS. Sir, I would agree. There is always a certain tension, I think, in any budget process. I think the Commandant, however, understands the value of the Marine Corps. We are most ready when the Nation is least ready. And he has directed the Corps to be ready and we will be ready. If that requires some tradeoffs in modernization, some delays in some programs or perhaps restructuring a few programs, then that is what we will do. But I can assure you the marines who go forward will be ready to go there and to accomplish their mission, properly equipped, properly trained, and fully manned to do that.

We have already begun to make a few of these adjustments. JLTV, for instance. We maintain that program. However, we are also going to care of our Humvees and we are going to put them through a sustainment and a reset process that they will be also able to serve out in the fleet. The MPC, our Marine Personnel Carrier, which was the third triad of our ground mobility—we have decided to delay that a number of years, again in order to ensure that we can afford those critical pieces of equipment that we need to do our core missions.

And we think that the ACV is our number one priority, that we have to have that. That is what the Marine Corps does. We move from forward deployed ships. We move ashore. We move seamlessly beyond the high water mark to the objective to conduct operations. To do that, we need that ACV. And so we are going to protect that program.

The JLTV. We think we need that program. The Humvee showed itself in Iraq and Afghanistan to be very susceptible to the IED threat and the mine threat. The JLTV will have a level of protection substantially better than the Humvee and will protect those marines and sailors who have to go forward to do the Nation's business.

So although that tension exists, I think we are studying it very hard and willing to accept some risk in some areas, but again, our readiness, our ability to go forward, our ability to do the Nation's business when called upon will remain sacrosanct.

Senator KING. Well, again, I would emphasize that we need to hear about the effects particularly of the sequestration because it will not do to have a crisis that we are unable to respond to adequately and then look back and say, well, we just could not do that

because of the lack of funds. You need to tell us now so we can prevent that eventuality.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator King.

Mr. Secretary, General Mills, thank you for your testimony, and obviously your continued service to the Nation and Marine Corps and the Navy.

We will keep the record open until next Tuesday, May 21. You may get questions from my colleagues or additional statements could be included. We would ask you to respond to those questions as promptly as you can.

And if there are no further questions, the hearing is adjourned.  
[Whereupon, at 10:47 a.m., the subcommittee adjourned.]