

TESTIMONY ON THE IMPACT OF SEQUESTRATION ON THE NATIONAL DEFENSE

THURSDAY, NOVEMBER 7, 2013

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

The committee met, pursuant to notice, at 9:37 a.m. in room SD-G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

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

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

Majority staff members present: Jonathan D. Clark, counsel; Gabriella E. Fahrner, counsel; Creighton Greene, professional staff member; Gerald J. Leeling, general counsel; Jason W. Maroney, counsel; Mariah K. McNamara, special assistant to the staff director; Michael J. Noblet, professional staff member; Roy F. Phillips, professional staff member; John H. Quirk V, professional staff member; and William K. Sutey, professional staff member.

Minority staff members present: John A. Bonsell, minority staff director; Adam J. Barker, professional staff member; Steven M. Barney, minority counsel; William S. Castle, minority general counsel; Allen M. Edwards, professional staff member; Thomas W. Goffus, professional staff member; Ambrose R. Hock, professional staff member; Anthony J. Lazarski, professional staff member; Daniel A. Lerner, professional staff member; Gregory R. Lilly, minority clerk; and Lucian L. Niemeyer, professional staff member.

Staff assistants present: Daniel J. Harder, John L. Principato, and Brendan J. Sawyer.

Committee members' assistants present: Carolyn A. Chuhta, assistant to Senator Reed; Christopher R. Howard, assistant to Senator Udall; Patrick T. Day and Joshua Lucas, assistants to Senator Shaheen; Brooke Jamison, assistant to Senator Gillibrand; Ethan A. Saxon, assistant to Senator Blumenthal; Marta McLellan Ross, assistant to Senator Donnelly; Nick Ikeda, assistant to Senator Hirono; Karen E. Courington, assistant to Senator Kaine; Stephen M. Smith, assistant to Senator King; Donelle Harder, assistant to Senator Inhofe; Paul C. Hutton IV, assistant to Senator McCain; Todd P. Harmer, assistant to Senator Chambliss; Joseph G. Lai, assistant to Senator Wicker; Bradley L. Bowman, assistant to Senator Ayotte; Craig R. Abele, assistant to Senator Graham; Joshua

S. Hodges, assistant to Senator Vitter; Charles W. Prosch, assistant to Senator Blunt; Robert C. Moore, assistant to Senator Lee; and Jeremy H. Hayes, assistant to Senator Cruz.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. The committee meets this morning to consider the impact on our national security of sequestration required by the Budget Control Act. We welcome today our Nation's Service Chiefs: Chief of Staff of the Army, General Raymond Odierno; Chief of Naval Operations, Admiral Jonathan Greenert; the Commandant of the Marine Corps, General James Amos; and the Chief of Staff of the Air Force, General Mark Welsh.

I'd like to thank our witnesses on behalf of the committee for their service to our Nation and for the service provided by the men and women with whom they serve, many of whom as we meet here are in harm's way. We also appreciate the important contribution made by our 800,000 Department of Defense (DOD) civilians, a talented workforce that has been hard hit by both sequestration and the government shutdown.

Sequestration is arbitrary and irrational. While we will learn more today about its impacts on our national defense, with sequestration, as with continuing resolutions, government shutdowns, and the recurring looming threat of a default on the Nation's debt, we not only fail to sustain our national security, but also fail to meet our shared obligation to protect and promote public safety, health, transportation, education, and the environment. When we allow this to happen, we put at risk much of what we do and stand for as a Nation and we undermine our position in the world.

Throughout the 2 years since the enactment of the Budget Control Act and its provisions for sequestration, our military leaders have been warning us of its harmful consequences. If sequestration continues, the Services will have to cut Active and Reserve components end strength, reduce force structure, defer repair of equipment, delay or cancel modernization programs, and allow training levels to seriously decline, which will reduce our ability to respond to global crises, thereby increasing our Nation's strategic risk.

Sequestration has raised questions among our allies about our ability to manage our affairs, has introduced uncertainty into the availability of resources to support operations in Afghanistan and around the world, has accelerated the decline of a non-deployed force whose reduction was seriously underfunded for more than a decade before sequestration, and has painfully furloughed much of our dedicated defense civilian workforce.

I know that our senior military leaders are deeply troubled by the impact of sequestration on morale of both our military and civilian workforces. It makes little sense to tell members of our military that we'll pay their salaries, but we can't afford to train them. And we can't justify telling our dedicated civilian workforce, many of whom are veterans and some of whom are disabled veterans, that they aren't essential and that they're going to be furloughed and they're not going to be paid.

Another year of sequestration only compounds the damage that will be done to our forces and our national security. If sequestra-

tion is allowed to continue into fiscal year 2014 and beyond, we will be left with a smaller and less ready military that is significantly capable of protecting our interests around the world.

I look forward to the testimony of our witnesses on the impact that the sequestration is already having and will have on the Department of Defense and on our national security.

We're all delighted to have Jim Inhofe back with us today in full force and looking terrific. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. I appreciate it very much. I had made a request to have this hearing and another one before this after the House had their SCMR hearing. It's my concern, Mr. Chairman, that everything you said is true, but the general public is just not aware of it, the crisis that we're faced right now.

Over the last 5 years, the significant cuts to our national security spending have forced our men and women to endure a steep and damaging drop in capabilities and readiness. We'll have a chance to talk about this, incidentally, during the questions. Our naval fleet is at an historical low level, Air Force the smallest in its history. The Army may shrink to a force we haven't seen since the turn of the 20th century.

As our security is being threatened by terrorism, the rising China and rogue nations like Iran, North Korea, the men and women charged with protecting this Nation are being undermined and forced to endure devastating cuts to the tools that they need to keep America safe. We've been told that over the next three years as much as \$150 billion in sequester cuts will be taken from accounts used to make sure that our military men and women are better trained and equipped. We'll show that with these charts.

I know some Americans are wondering why this matters. These cuts may affect their everyday lives if they really do. The simple reality is that the world around us is not getting any safer. I've often said that recently—you know, I look back wistfully at the days of the Cold War. We had things that were predictable. That's not the case anymore. You have rogue nations that have the ability and developing the ability to have weapons of mass destruction and delivery systems, and we know that's happening. It's just something that, hopefully, this hearing will bring this to the attention of the American people.

The tide of war isn't receding. It's America's leadership, trust in American security partners, and our ability to protect this country that's receding. We're already seeing the effects of an absent America. We're at a point where our allies don't trust us and our enemies don't fear us.

As America retreats from its role as a global leader, we'll have more failed states like Syria and Libya as breeding grounds for terrorism. We'll have more brutal dictators like Kim Jung Eun acquiring weapons of mass destruction and more aggressive adversaries like China attempting to bully our partners in the South China Sea, but we'll have fewer options of how to deal with them.

This is why I'm so troubled with the disastrous path that we're on. In the face of the mounting threats to America, we're crippling our military, the very people who are vital to our security. Our

military leaders use the term “hollow” to define the forces of the future.

The Chairman of the Joint Chiefs warned us that continued national security cuts will, and I’m quoting now, “severely limit our ability to implement our defense strategy, it will put the Nation at greater risk of coercion, and it will break faith with the American people.”

I think another quote that I carry with me is one that Admiral Winnefeld, our number two person in the overall military that we have, he said: “There could be a time—it would be for the first time in my career”—this is Admiral Winnefeld—“instances where we may be asked to respond to a crisis and we’ll have to say that we cannot.”

This faith is sacred to me. Our Nation relies on a small part of our population to volunteer to risk their lives in our behalf. The faith is being threatened by a growing divide between the security our Nation expects and the resources being provided them to give us that security.

Our witnesses testified before the House in September about the potential of not having the readiness capabilities to succeed in even one major contingency operation. Now, that’s something that all of us assume and most Americans assume, that we still could defend against two MCOs. It’s just not true. In fact, if we have to go through with this sequestration we may not be able to do even one. That’s why it’s so important that we hear from you folks that have the credibility to make sure that the American people understand this.

Well, I think about peace obtained through strength. We know that Ronald Reagan’s probably rolling over in his grave right now, seeing what’s happened to the military strength of this country. That’s what this hearing’s all about, Mr. Chairman, and I look forward to this being an opportunity for all of us at this table to use the information that comes from this hearing to make America aware of the problems that are facing us.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you so much, Senator Inhofe.
General Odierno.

**STATEMENT OF GEN RAYMOND T. ODIERNO, U.S. ARMY, CHIEF
OF STAFF OF THE ARMY**

General ODIERNO. Chairman Levin, Ranking Member Inhofe—sir, it’s great to see you back—and other distinguished members of this committee: Thank you for the invitation to speak today.

If you’d just indulge me for just a few seconds, I’d like to begin by recognizing the exceptional service and life of Congressman Ike Skelton. As the Chairman of the House Armed Services Committee, he was an incredible leader, mentor, and champion of our soldiers, civilians, and their families. What was interesting, though, in his farewell address, he made a comment that I think is appropriate for the conversation we’re having today when he remarked:

“I’ve always considered each young man and woman in uniform as a son or daughter. They are national treasures and their sacrifices cannot be taken for granted. They are not chess pieces to be moved upon a board. Each and every one is irreplaceable.”

I think those words are very important today as we talk about the readiness of our force and as we consider future budget cuts and their impact on our national defense. It is imperative that we keep foremost in our minds the impact that this has on the young men and women, our soldiers, who we ask to go forward and protect this Nation.

Previous drawdowns have taught us that the full burden of an unprepared and hollow force will fall on the shoulders of our men and women in uniform. We have experienced this too many times in our Nation's history to repeat this egregious error again.

It may be popular to proclaim that we are entering a new age where land wars are obsolete. Yet history is rife with the wars that leaders knew would never be fought. In the summer of 1914, an influential British journal declared that "The world is moving away from military ideals and a period of peace, industry, and worldwide friendship is dawning." New technologies such as airplanes, machine guns, dynamite, and radios were said to make war ridiculous and impossible. And yet the next year we will mark—but next year we will mark the hundredth anniversary of the War to End All Wars.

I could give you an example like that for every major conflict we've been in, that before that conflict there were many comments that said we would never fight wars again, we would never send our soldiers into harm's way, but we did. And in each case it was significant consequences to the men and women who wore the uniform, whether it be in Korea with Task Force Smith or whether it be in Vietnam in the initial days of Vietnam. We cannot allow that to happen again.

Throughout our Nation's history, the United States has drawn down military forces at the close of every war. This time, however, we are drawing down our Army not only before a war is over, but at a time where unprecedented uncertainty remains in the international security environment. The total Army, the active Army, the Army National Guard, and the U.S. Army Reserves, remains heavily committed in operations overseas as well as at home.

As we sit here today, more than 70,000 U.S. Army soldiers are deployed to contingency operations, with nearly 50,000 soldiers in Afghanistan alone. Additionally, there are more than 87,000 soldiers forward stationed across the globe in nearly 120 countries.

During my more than 37 years of service, the U.S. Army has deployed soldiers and fought in more than ten conflicts, including Afghanistan, the longest war in our Nation's history. No one desires peace more than the soldier who has lived through war. But it is our duty as soldiers to prepare for it. As Chief of Staff, it's my responsibility to man, train, and equip the force to provide America with the best Army possible. As a member of the Joint Chiefs of Staff, it's my responsibility to provide my best military advice to ensure the Army is capable of meeting our national security needs.

If Congress does not act to mitigate the magnitude, method, and speed of the reductions under the Budget Control Act with sequestration, the Army will be forced to make significant reductions in force structure and end strength. Such reductions will not allow us to execute the 2012 defense strategic guidance and will make it

very difficult to conduct even one sustained major combat operation.

From fiscal year 2014 to fiscal year 2017, as we draw down and restructure the Army into a smaller force, the Army will have a degraded readiness and extensive modernization program shortfalls. We'll be required to end, restructure, or delay over 100 acquisition programs, putting at risk programs such as the Ground Combat Vehicle, the Armed Aerial Scout, the production and modernization of our other aviation programs, system upgrades for unmanned aerial vehicles, and the modernization of our air defense command and control systems, just to name a few.

From fiscal year 2018 to fiscal year 2022, we will begin to rebalance readiness and modernization. However, this will only come at the expense of significant reductions in the end strength and force structure. The Army will be forced to take additional end strength cuts from a wartime high of 570,000 in the Active Army, 385,000 in the Army National Guard, and 205,000 in the U.S. Army Reserves to no more than 420,000 in the Active Army, 315,000 in the Army National Guard, and 185,000 in the U.S. Army Reserves.

This will represent a total Army end strength reduction of more than 18 percent over 7 years, a 26 percent reduction in the Active component, a 12 percent reduction in the National Guard, and a 9 percent reduction in the U.S. Army Reserves. This will also cause us to reduce our brigade combat teams by 45 percent.

Ultimately, the size of our Army will be determined by the guidance and funding provided by Congress. It is imperative that Congress take action to mitigate the needed sequestration reductions.

I do not consider myself an alarmist. I consider myself a realist. Today's international environment's emerging threats require a joint force with a ground component that has the capability and capacity to deter and compel adversaries who threaten our national security interests. The Budget Control Act and sequestration severely threaten our ability to do this.

In the end, our decisions today and in the near future will impact our Nation's security posture for the next 10 years. We've already accepted nearly \$700 billion in cuts to the Department of Defense. Today we have the premier Army in the world. It is our shared responsibility to ensure we remain the premier Army and the premier joint force in the world.

Thank you very much, Chairman. I appreciate the opportunity to talk.

[The prepared statement of General Odierno follows:]

Chairman LEVIN. Thank you so much, General Odierno.
Admiral Greenert.

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

Admiral GREENERT. Chairman Levin, thank you very much for mentioning our civilian personnel. Those are our shipmates and we still have quite a few who are hurting from the tragedy at the Navy Yard. So I appreciate you mentioning them in your opening statement.

Senator Inhofe, welcome back. It's good to have you here.

We all miss Congressman Ike Skelton, all of us in the military.

Distinguished members of the committee: Thank you for the opportunity to testify on the short and the long-term effects of sequestration and our perspective on the strategic choices and management review. This morning I will address two main points: our budget situation and our plan for fiscal year 2014; and the near and the long-term impacts of sequestration.

Mr. Chairman, presence, that remains our mandate, your Navy's mandate. We have to operate forward, where it matters, and we've got to be ready when it matters. And we have to be able to respond to contingencies with acceptable readiness. Recent events this year alone have clearly demonstrated our ability to do that with deployed forces. Navy assets were on station within a few days, where needed, and offered options to the President whenever the situation dictated it, in North Korea, Egypt, and in Syria as an example. Now, this ability to present, to be present, reassures our allies and it ensures that the U.S.'s interests around the world are properly served.

In 2014 sequestration will further reduce our readiness and will surely reduce our ship and aircraft investment. The Budget Control Act revised discretionary caps will preclude our ability to execute the 2012 defense strategic guidance, both in the near term and the long term. Restrictions associated with the continuing resolution preclude transferring funds across programs, increasing needed program quantities and starting important new programs.

The impacts of sequestration will be realized in two main categories, readiness and in investment. There are several operational impacts, but the most concerning to me is that reduction in our operations and maintenance will result in only one non-deployed carrier strike group and one amphibious ready group trained and ready for contingency response. Our covenant with the combatant commanders is to have at least two carrier strike groups and two amphibious ready groups deployed and to have another three of each in or around the continental United States ready to respond to a crisis on short notice.

So for example, right now we have one carrier strike group deployed in both the Arabian Gulf and in the Western Pacific, and our one response carrier strike group, the *Nimitz*, is in the eastern Mediterranean. So consequently, because of fiscal limitations and the situation we're in, we do not currently have another carrier strike group trained and ready to respond on short notice in case of a contingency. We're tapped out.

In 2014 we'll be forced to cancel aircraft and ship maintenance and this will inevitably lead to reduced life in our ships and our aircraft. Ashore, we will conduct only safety-essential renovation of facilities, further increasing the large backlog in that area. We will be compelled to keep a hiring freeze in place for most of our civilian positions and that will further degrade the distribution of skill, experience, and the balance in a civilian workforce which is so critical.

We will not be able to use prior-year funds to mitigate sequestration cuts in our investment accounts, like we did in fiscal year 2013. Without Congressional action, we will be required to cancel the planned procurement of a *Virginia*-class submarine, a Littoral Combat Ship, and an Afloat Forward Staging Base ship, and we

will be forced to delay the delivery of the next aircraft carrier, the *Ford*, and delay the mid-life overhaul of the aircraft carrier *George Washington*. Also, we'll have to cancel procurement of at least 11 tactical aircraft.

Mr. Chairman, the key to a balanced portfolio is a spending bill and secondarily the option to propose to the Congress the transfer of money between accounts. This at least would enable us to pursue innovative acquisition approaches, start new projects, increase production quantities, and complete the ships we have under construction. Just to meet minimum readiness needs, we need to transfer or reprogram about a billion dollars into the O&M account and about a billion dollars into our procurement accounts, mostly for shipbuilding, and we need to do this by January.

After the strategic concepts and management—excuse me—Strategic Choices and Management Review was completed, our focus has been on crafting a balanced portfolio of programs within the fiscal guidance that we were provided. Further details of our approach into what we call the alternative POM are outlined in detail in my written statement, which I request be entered for the record.

Now, in summary, we will maintain a credible and modern sea-based strategic deterrent, we will maximize forward presence to the extent we can using ready deployed forces, and we will continue investing in asymmetric capabilities, while, with this committee's help, we'll do our best to sustain a relevant industrial base. However, there are several missions and needed capabilities which are specified in the defense strategic guidance that we cannot perform or keep apace with potential adversaries, and these will preclude us from meeting the operational plan requirements as currently written and defined by our combatant commanders with acceptable risk. These also are detailed in my written statement.

Applying 1 fiscal and programmatic scenario, we would end up with a resultant fleet of about 255 ships in 2020. That's about 30 less than we have today. It's about 40 less than was planned in our program, our President's budget 2014 submission, and it's 51 less than our force structure assessment which we validated and submitted of 306 ships.

So, Mr. Chairman, I understand the pressing need for our Nation to get its fiscal house in order, and I'm on board with that endeavor. But its imperative that we do so in a thoughtful manner to ensure that we sustain the appropriate warfighting capability, the appropriate forward presence, and that we be ready. Those are the attributes we depend on from our Navy.

I look forward to working with the Congress to find the solutions that will ensure our Navy retains the ability to organize, to train, and to equip our great sailors and our civilians and their families in the defense of our Nation.

Thank you.

[The prepared statement of Admiral Greenert follows:]

Chairman LEVIN. Thank you so much, Admiral.

Now General Amos.

**STATEMENT OF GEN. JAMES F. AMOS, USMC, COMMANDANT
OF THE MARINE CORPS**

General AMOS. Chairman Levin, Ranking Member Inhofe—welcome back, sir—committee members: Thank you for your consistently strong support for your military forces and for your obvious love of our country and justified concern for its defense. All of us sitting before you this morning, my colleagues, are mindful of your collective and individual sacrifices and are grateful for your unflagging fidelity.

The sequester defense budget falls short in meeting the Marine Corps' requirements and those of the joint force. Your Marine Corps is ready today, but in order to maintain readiness within the current fiscal environment we are mortgaging the readiness of tomorrow's Marine Corps to do so. We are ready today because your Marines are resilient and determined to defend the United States of America. Despite year after year continuing resolutions, the Budget Control Act, furloughs, and the government shutdown, the men and women who wear my cloth are patriots first. The defense of our fellow Americans and our way of life is our number one priority, even over the comforts of self.

Last month's furlough of more than 14,000 of our civilian marines was a grave disservice to an honorable and dedicated workforce who wants nothing more than to advance the security of the American people. Our civilian marines are a vital part of our team. They are the technicians, the experts, the teachers, the clerks in our commissaries and our exchanges. They are our corporate memory. They are our surge capacity at our depots who provide unique skills in support of the Active and Reserve Force.

They deserve better, quite frankly. I'm ashamed about the way they've been treated through the furloughs and the uncertainty.

During this first year of sequestration, I have realigned funds within my authorities to maintain unit readiness to the highest extent possible. My priorities have remained consistent: first and foremost, the near-term readiness of our forward-deployed forces, followed thereafter by those that are next to deploy. But this readiness comes at the expense of infrastructure, sustainment, and modernization. We are funding today's readiness by curtailing future investment in equipment and in our facilities.

This year we are spending approximately 68 percent of what is required at a bare minimum to maintain our barracks, our facilities, our bases and stations, and our training ranges. This is unsustainable and it can't continue over the long term. If we are to succeed in future conflicts, we must modernize our equipment and maintain the infrastructure that enables our training.

We must also invest in our people. To meet the requirements of the defense strategic guidance, we need a Marine Corps of 186,800 active duty. A force of 186.8 allows us to meet our steady state operations and fight a single major war. It preserves the 1-to-3 dwell for our marines and their families. Under the 2011 Budget Control Act, the \$487 billion reduction cut our end strength further, to 182,000. With sequestration, I can no longer afford a force of 182.

In February we initiated a parallel study to the Department of Defense's Strategic Choices Management Review. Our internal review determined the force size that I could afford under a fully se-

questered budget. This was not a strategy-driven effort. It was a budget-driven effort, pure and simple. Our exhaustive research, backed by independent analysis, determined that a force of 174,000 marines, quite simply, is the largest force that we can afford. Assuming that the requirements for marines remain the same over the foreseeable future, a force of 174,000 will drive the Marine Corps to a 1-to-2 dwell. It will be that way for virtually all my operational units: 6 months deployed, 12 months home recuperating, resetting and training, and 6 months deployed once again.

This is dangerously close to the same combat operational tempo we had in Iraq and Afghanistan while fighting in multiple theaters and while maintaining steady state amphibious operations around the world.

The 174,000 force accepts great risk when our Nation commits itself to the next major theater war as there are significant reductions in my service in ground combat and aviation units available for the fight.

Under sequestration we will effectively lose a Marine division's worth of combat power. This is a Marine Corps that would deploy to a major contingency, fight, and not return until the war was over. We will empty the entire bench. There would be no rotational relief like we had in Iraq and Afghanistan. Marines who joined the corps during that war would likely go straight from the drill field to the battlefield, without the benefit of pre-combat training.

We will have fewer forces, arriving less trained, arriving later to the fight. This would delay the buildup of combat power, allow the enemy more time to build its defenses, and would likely prolong combat operations altogether. This is a formula for more American casualties.

We only need to look to 1950 and the onset of the Korean War to see the hazard and the fallacy in this approach.

Thank you again from this operation to appear before you. I'll continue to work with the members of this committee to fix the problems we are faced with, and I'm prepared to answer your questions.

[The prepared statement of General Amos follows:]

Chairman LEVIN. Thank you very much, General Amos.
General Welsh.

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

General WELSH. Thank you, Mr. Chairman. Ranking Member Inhofe, welcome back. I hope you have your landing currency reset.

Members of the committee: It's always an honor to be here with you. Thank you for everything you do for our Nation.

The real and projected impacts of sequestration are sobering. If sequestration remains in place for fiscal year 2014, our Air Force will be forced to cut flying hours to the extent that within 3 to 4 months many of our flying units won't be able to maintain full mission readiness. We'll cancel or significantly curtail major exercises again, and we'll reduce our initial pilot production targets, which we were able to avoid in fiscal year 2013 because prior year unobli-

gated funds helped offset about 25 percent of our sequestration bill last year. Those funds are no longer available.

While we hope to build a viable plan to slow the growth of personnel costs over time and to reduce infrastructure costs when able, the only way to pay the full sequestration bill is by reducing force structure, readiness, and modernization. Over the next 5 years, the Air Force could be forced to cut up to 25,000 airmen and up to 550 aircraft, which is about 9 percent of our inventory. To achieve the necessary cost savings in aircraft force structure, we'll be forced to divest entire fleets of aircraft. We can't do it by cutting a few aircraft from each fleet.

As we look at which force structure we need to maintain, we'll prioritize global long-range capabilities and multi-role platforms required to operate in a highly contested environment. We plan to protect readiness as much as possible. We also plan to prioritize full-spectrum training, because of we're not ready for all possible scenarios then we're accepting the notion that it's okay to get to the fight late, we're accepting the notion that the joint team may take longer to win, and we're accepting the notion that our warfighters will be placed at greater risk. We should never accept those notions.

If sequestration continues, our modernization and recapitalization forecasts are bleak. It will impact every one of our programs and over time these disruptions will cost more money to rectify contract breaches, raise unit costs, and delay delivery of critical equipment. We're looking at cutting up to 50 percent of our modernization programs if the fully sequestered POM remains reality. We'll favor recapitalization over modernization whenever that decision is required. That's why our top three acquisition programs remain the F-35, the KC-46, and the Long-Range Strike Bomber.

Your Air Force is the best in the world and it's a vital piece of the world's best military team. That won't change even if sequester persists, but what and how much we'll be capable of doing will absolutely change.

Thank you for your efforts to pass a bill that gives us stability and predictability over time. Those two things are essential as we try to move forward. And my personal thanks for your continued support of airmen and their families.

I look forward to your questions.

[The prepared statement of General Welsh follows:]

Chairman LEVIN. Thank you all for your testimony, and thank you also for—by the way, we're going to have a fairly short first round because we have votes at 11:45 a.m., two of them, and we also have a large number of Senators here. So we're going to have to start with a 6-minute first round.

Thank you for mentioning Congressman Skelton. Most of us have worked with Ike Skelton for a long time. Our memories of him are extraordinarily fond and warm. He was a unique and wonderful human being, and we really appreciate what he did for this Nation in war and in peace and we are grateful that you made a reference to him, something, frankly, I should have done and have already done in a different way, but should have done here. Thank you for that reference.

The successful conclusion of the budget conference between the Senate and the House is essential if we're going to address the problem of sequestration. They are hopefully looking at various alternatives for getting rid of a mindless, irrational way of budgeting for 2014, the way it was for 2013, but much is going to ride on their success in finding a different approach to deficit reduction.

Now, many of us have made suggestions to them as to how to come up with a balanced approach to deficit reduction which can substitute a sensible approach for a irrational approach called sequestration. We're not going to ask you to get into that kind of detail in terms of the work of the Budget Committee, or the conference, because, number one, I doubt that you are privy to it, but second it's a little bit off the subject here today, which are the impacts of sequestration, and the clearer those impacts are laid out—and you have laid them out very clearly—the more likely it is, I believe, that that budget conference will find a path to replace the sequestration in 2014 with something which makes sense in terms of fiscal responsibility, but something that makes sense in terms of the security of this Nation.

As you have very powerfully pointed out in both your oral testimony, your written testimony, and our prior testimonies, sequestration is damaging to the national security of this country.

In fiscal year 2013 the Department was able to minimize impacts, in part by using unobligated funds that were carried over from previous years, in part by deferring program costs into future years, in part by utilizing short-term cost reduction measures such as civilian furloughs and reductions in training and maintenance, rather than making program decisions that would be more difficult to reverse.

So my question of each of you is: If sequestration continues into fiscal year 2014 and beyond, will the Department be able to continue to rely on those types of temporary measures? Or, as I think you've clearly testified, would you have to start reducing force structure and cancelling or curtailing major acquisition programs?

I think you've given us the answer to the second half, but can you go into the first half of that question. We were able to scramble around—you were—to a significant degree in 2013. Are you going to be able to rely on those kind of temporary ad hoc scrambling measures if sequestration continues into 2014? General Odierno?

General ODIERNO. Thank you, Chairman. You know, as we, as you put it very well, scrambled in 2013 to come up with the dollars to meet our sequestration marks, there's things we did that, frankly, mortgage our future. One is obviously we had to take money out of two places: readiness, because we could do that very quickly, so we stopped training. We stopped sending individuals to be prepared at the National Training Center, the Joint Readiness Training Center. You can't ever recapture that.

So what that does, it delays the buildup of future readiness. So we will have to pay that price somewhere down the road because we simply cannot ever get that back. So although we were able to do it for 1 year, it comes at risk, our risk to respond, our risk to do—if we have a contingency, will our forces be ready? That's really incredible risk that I am definitely not comfortable with.

The second piece if we've had to furlough individuals who've worked for this government and, frankly, they're beginning to lose faith in their government. Are they able to—will they be able to work, will they be able to continue to serve? So it has an impact on the force as well.

So those are temporary measures that we do not want to revisit again, and that we have to have more permanent solutions.

Chairman LEVIN. Admiral?

Admiral GREENERT. Mr. Chairman, first of all, we have a \$2.3 billion carryover. So in 2013 we deferred it into 2014. Well, here it is. So that's sitting there, and we have to pay about a billion of that. You can't defer it. These are contracts and things of that nature. So that's kind of one.

Two, in 2013 we actually had a quarter of maintenance and training, because we didn't start dealing with this until the new calendar year. Well, we got a lot of maintenance done there that we won't be able to get done this year. So 34 out of 55 ship maintenance availabilities we have to—that will be gone. Training; we were able to get some training done there; we can't get that there.

So we will have air wings—of the nine air wings, we'll have five of them in what we call minimum sustaining, it's called tactical hard deck.

But the one that will affect us the most now will be investment. As you mentioned, we used prior year funds. What concerns me the most is our SSBNX. That is our top nuclear strategic deterrent follow-on. The fact of the matter is it's on a continuing resolution and because we want to grow that, that program, in 2014, we're \$500 million off in 2014. So that comes to roost in the schedule that—and we're heel to toe.

Other shipbuilding: We'll lose a *Virginia*-class submarine, a Littoral Combat Ship, an Afloat Forward Staging Base, and a lot of costs continue. The *Ford* carriers, as I mentioned in my oral statement, we need about \$500 million again to finish that carrier, and by spring we stop work on it, which is not very smart because it's almost done.

Thank you.

Chairman LEVIN. Thank you.

General Amos, can we continue the kind of temporary actions that we took in fiscal year 2013 into 2014?

General AMOS. Chairman, there's no more money in the carryover from 2013 into 2014. We were 99.8 percent obligated at the end of 2013. There's simply no money to bring over. So our account is dry. We're going to live with what we have in 2014 under the continuing resolution.

We've taken measures in the past to lean the force. Civilian hiring was frozen two years ago. We've already gone through our T8E travel accounts. We've taken our Reserves, taken them off active duty, to reduce the T8E cost. We've done all that, sir. There's really no more fat on our bones.

Chairman LEVIN. General Welsh?

General WELSH. Mr. Chairman, I'd echo what you've already heard. We paid, as I mentioned, about \$1.5 billion out of prior year unobligated funds against our sequestration bill last year. That was about 25 percent. That will not be available this year. We start

on a CR for the beginning of 2014 that is roughly, just on our O&M account, \$500 million less than we had programmed for 2014. The program didn't include the funding required to recover the readiness that we set aside last year. We are behind the power curve and dropping farther behind the power curve.

Chairman LEVIN. Thank you very much.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Like the chairman, I appreciate bringing up Ike Skelton. There are a lot of people at this table up here who never had the opportunity to know him. During the years I served in the House, we sat next to each other every Thursday morning at the House Prayer Breakfast, and I got to know him quite well, and he's sorely missed.

I had asked to have this chart placed up here so you can see it. I think the four of you can see this. This chart was put together by both the minority and the majority on the Senate Armed Services staff to kind of try to put into perspective where we are and where we're going with this thing. I know that a lot of improvements have to be made. We had a discussion yesterday on the Republican side about some of the things that will have to be done with personnel, with TRICARE, and some of those things.

I would remind you that all of that you would find in the blue section down below. So it's not going to really address the problem that we have, even though it is important.

Force structure, you can see how important that is. Now, what we've done, for those—I think we individually we have that same chart up here. You're talking about fiscal years 2014, 2015 on through fiscal year 2023. So the force structure is a very serious problem.

Modernization program. The modernization, we all know when things get tight modernization is one of the things that goes.

By far of greatest concern is the orange area. It shows clearly that that is where readiness is. That's where training takes place there. I would like to have each one of you respond to your concern about that particular part of this chart, the orange part. I've always said that readiness equals risk, risk affects lives, lives lost. I'd like to have each one of you kind of tell what you think in terms of the people being at risk and lives lost might be affected by what you're going to have to do in this next fiscal year according to this chart.

General ODIERNO. Thank you, Senator. This chart describes exactly the problem that the Army has. We have three levers—end strength, modernization, and readiness. And we are taking down our end strength and we are looking at speeding up taking down our end strength, but you can only speed it up so fast when you start to lose the money that you gain by taking end strength out.

So we have a huge readiness issue between 2014 to 2017 that, frankly, will significantly impact our ability to respond in the way we expect to respond.

The other piece is we'll have to stop some of our modernization programs, which means we'll delay getting new equipment 5 to 10 years because we have to stop programs. We'll have to restart them later on when we get back into balance.

So for us it is significant readiness issues. We will not be able to train them for the mission they're going to have to do. We will have to send them without the proper training and actually maybe proper equipment that they need in order to do this. So that always relates to potentially higher casualties if we have to respond.

Senator INHOFE. Admiral Greenert?

Admiral GREENERT. For us it is force structure—we man equipment, Senator. So what that means is to reduce, to deal with a reduction like this, we have to reduce force structure. So this chart would underestimate in the Navy how much force structure we would have to give up in the nearer term in order to garner savings. And that means, well, what do you do now? Well, for me it's forward presence, so I make sure the forces forward are ready, but those that are there for crisis response, right now I'm sitting at two-thirds reduction in that alone.

So you have to be there with confident and proficient people, and if they're not confident and proficient then you're talking more casualties, and you have to keep apace with the capabilities of the future or you're unable to deal with a potential adversary, and that's increased casualties.

So we will be slipping behind in capability, reduced force structure, and reduced contingency response. If we're not there, then somebody is out there and they're going to have increased casualties.

Senator INHOFE. General Amos, you covered this in a lot of detail. Anything you want to add from your opening statement in terms of this readiness sacrifices, how it relates to risk and lives?

General AMOS. Senator, as you know, as I said in my opening statement, we've moved moneys to maintain risk. Each service has a different orange wedge. Mine is smaller than that, but that's for the near term right now because I'm paying that price to maintain that readiness to be your crisis response force.

But that will only last probably not later than 2017. I'll start seeing erosion in about a year and a half. So we are paying that with other moneys—infrastructure, training.

Senator INHOFE. That's what you referred to when you said in your opening statement, you used the phrase "a formula for more American casualties"?

General AMOS. Absolutely, yes, sir, Senator. We are headed towards a force in not too many years that will be hollow back home and not ready to deploy. And if they do deploy in harm's way we'll end up with more casualties.

Senator INHOFE. In responding to the question, General Welsh, I heard yesterday someone talking to you about an experience that you had up in Alaska. Could you share that with me in terms of some of our flyers? I'd remind people as they hear this that the cost, not necessarily for an F-22, but to get someone to a level of proficiency on an F-15, F-16, is about \$7 million. We're talking about huge investments in personnel.

Would you like to repeat the statement you had made?

General WELSH. Senator, I've actually had this conversation multiple places in the Air Force. At one of our bases recently I was talking to a group of young pilots who are eligible for our aviation career incentive bonus. Of that group—there were six to eight in

the group—none of them had accepted the bonus to that point in time.

Senator INHOFE. Not one?

General WELSH. Not one. That doesn't necessarily mean they're planning to leave the Air Force, but it certainly means they're keeping their options open, as a minimum.

By the way, it's not just pilots. I was at another base where a couple of very young airmen told me that they loved the Air Force, but they were bored. Their particular squadrons were not flying. They were sitting on the ramp because of the reductions last year. And they said at the end of their enlistment they planned to find work that they'd be—that they thought was a little more exciting. I haven't heard anybody in our military say they were bored in quite some time. So that got my attention.

Senator INHOFE. I appreciate that. My time has expired, but I just want to read one thing out of—one of the most alarming concerns that we have had raised was the belief that your service may not be able to support even one major contingency. I'd like for the record—now, when you stop and think about the collective service of the four of you is 156 years, so we're talking about a lot of experience, a lot of history, and I'd like to have you for the record respond to that in terms of not being able to meet even one major contingency operation, if you'd do that.

Thank you, Mr. Chairman.

[The information referred to follows:]

[COMMITTEE INSERT]

Chairman LEVIN. Thank you, Senator Inhofe.

Senator REED.

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

Thank you, gentlemen, for your service to the Nation. I think one of the issues that we have to ask, because so much turns on readiness, is ready for what? And that'll be answered in some respects in the QDR, which will be affected, obviously, by the budget regardless of whether we're able to work our way through these obvious problems.

So could you give us a sense, General Odierno, from the Army's perspective as to what you're looking at in terms of ready for what?

General ODIERNO. Thank you, Senator. As we learn from the past and look to the future, it's about having a capability to do a multi-phase, combined arms, joint campaign that operates in a very complex environment that includes a conventional opponent, irregular warfare, counterinsurgency, because that's where future warfare is going. So we have to train our forces to do that.

Right now the Army is great in counterinsurgency. We want to continue to keep that expertise, but we've got to build our combined arm joint capability to do a multi-phase campaign for a major contingency operation. We were supposed to begin training for that in 2013. We were not able to because of the cuts we had to make in our training dollars. So we are now behind, and that's the problem we have.

Right now we have a limited number of brigades that are capable of doing that right now, and we're falling further behind as we move forward.

Senator REED. One of the reasons that we are so well schooled in counterinsurgency is we invested over the last decade billions of dollars in counterinsurgency. Looking forward, is that going to be a primary sort of mission or ancillary mission in your view as you're looking to the QDR? And if that's the case, we invested a lot of money for a capability that we might not be using.

General ODIERNO. I would say that it is a capability that's going to be needed, but will not be at the forefront as it has been in the past.

Senator REED. Thank you, sir.

Admiral Greenert, the same question essentially. I think it embraces a lot of the issues that we want to talk about.

Admiral GREENERT. For us it's ensuring that we have the sea-based strategic deterrent on track. That's the top priority for us.

Senator REED. That's the *Ohio* replacement?

Admiral GREENERT. The *Ohio* replacement, yes, sir. So subject to my comments in my opening statement, this issue we have with 2014, to get—the continuing resolution. We need to grow the program. I can't do that until we get a bill in 2014. With sequestration we lose \$150 million. It sounds sort of nagging, but we have to get design engineers hired. So even when we get the money, you can't click your fingers and hire 600 specialized design engineers. So we've got to keep this coherent as we go along because we're on a very tight schedule, when the *Ohio* phases out, to deliver on time.

For us also it's the undersea domain. We have to own it, quite simply. It's my job as the Navy and to keep that on track. So I'm concerned we fall behind in anti-submarine warfare, keeping apace of our potential adversaries. So that's a priority regardless of sequestration. We will invest in that.

It's integrated air and missile defense, and that gets into the electromagnetic spectrum, cyber, and electronic warfare, and bringing those new capabilities in, from jammers to cyber warriors, etcetera. It's also just flat-out presence. Quantity has a quality of its own, as we state. And being sure that we have the right ships with the right capability with my partner to my left, the Navy-Marine Corps team, that we can be where we need to to take care of these little crises day in and day out so they don't fester and become bigger crises and we get in the situation of a major contingency.

Senator REED. Thank you, sir.

General Amos and then Senator Welsh.

General AMOS. Senator, the priorities for the Marine Corps are forward presence and the ability to respond to any crisis today, not a week from now, not a month from now, but today. So as we moved moneys around, as I've said earlier, to maintain that level of readiness, we're trying to keep a balanced force. So as you go forward into this sequestered force, the QDR force, when it's finally settled out, what we need to have in my service is a balance between modernization, readiness, and personnel, the right amount, not hollow, but high state of readiness forces.

So to do that we are balancing this thing down, dialing all the dials, trying to make sure that we end up with something that is not a hollow force and that is a ready force. Amphibious Combat Vehicle, the replacement for our 40-plus-year old tractors, is the

number one priority for me, followed right after that by the F-35B, which is performing well.

So as we go forward my focus, regardless of how big the Marine Corps ends up being as a result or how much money I get, will be a balanced, high state of readiness force, ready to respond to today's crisis today.

Senator REED. Thank you, sir.

General Welsh, please.

General WELSH. Yes, sir. I think the dilemma that we all face is the choice of readiness today versus a modern, capable force tomorrow. The Air Force is no different. That's the thin line we're trying to walk.

For us, we have a requirement for readiness to respond rapidly. That's what we bring to the joint force. We also have a requirement to be viable against the threat 10 years from now. We are a high tech force. We are platform-based as a force, much like the Navy. And we have to invest now to make sure we have the proper capability 10 years from now. That's why modernization of the F-35, the KC-46, and the Long-Range Strike Bomber are so critical to us.

The other thing that is a major concern for me is getting back to full spectrum training, much like Ray Odierno is worried about. We have walked away from that over the last few years because of the demand of the war in Afghanistan. Last year we canceled our Red Flag exercises, which are our high-end training profiles, and we even canceled some of our weapons instructor courses because we didn't have enough money to conduct them. That is where we train our Ph.D.-level warfighters to lead and train the rest of the force. We have got to get back to that.

Senator REED. Thank you very much.

Just a final brief comment, is that from the appropriations perspective giving certainty in terms of a budget, not a CR because that would be very difficult in terms of no new starts, not much of any, but two years of certainty and some relief, in fact total relief, from sequestration would probably put you in the best position.

I see, let the record show, nodding heads.

Thank you.

Chairman LEVIN. Thank you, Senator Reed.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I want to thank the witnesses and I wish that every member of Congress and every American were tuning in to your testimony today so that we would have a sense of urgency that, unfortunately, is certainly not significant enough to bring us back into I think a rational approach to our Nation's defense.

I thank you for your service and we're very appreciative to be around four Americans who have the respect and admiration of the American people.

I share all of your views, but you've left out a couple of items. One of them is the continued cost overruns of our weapons systems. Admiral Greenert, you just talked about you need \$500 million additional for the *Gerald R. Ford*; is that correct? You just mentioned that?

Admiral GREENERT. That's correct, Senator.

Senator MCCAIN. Now, you didn't mention that we have a \$2 billion cost overrun in the *Gerald R. Ford*. Tell me, has anybody been fired from their job as a result of a \$2 billion cost overrun of an aircraft carrier?

Admiral GREENERT. I don't know, Senator.

Senator MCCAIN. You don't know. Actually, you should know. You should know, Admiral, when we have a \$2 billion cost overrun on a single ship and now you're asking for \$500 million more.

I would ask the same question of General Welsh: Has anybody been fired because of the cost overruns of the F-35? I don't think so. We've had hearing after hearing after hearing in this committee concerning the first trillion dollar defense acquisition in history.

The numbers are astronomical as to the size, increase in size of your staffs. We have seen doubling and redoubling size of the staffs of the major commands and your own. That's never been brought under control.

We now have 1.5 million civilian contractors and employees, civilians and their contractors and employees, and only 1.3 million uniformed personnel. That's got to be cut back, the number of civilians, contractors and personnel. They don't fight. They do great jobs, but they don't fight. You're going to have to, and this committee may have to, impose cuts in the size of your staffs. They have grown astronomically, by the thousands.

Finally, I guess I would ask the witnesses—despite what some may think, I agree with Secretary, former Secretary Gates, who said the “entitlements are eating us alive,” the major one being health care costs, growing, consuming a larger and larger and larger percentage of our budget.

I'd ask if you would favorably be inclined to address: one, retirement as far as increasing gradually, prospectively, the number of years before retirement; two, imposition of increasing fees for Tricare, which there's not been an increase since 1989; and also perhaps even looking at things like the contribution that used to be made for off-base housing and other costs that have grown so dramatically.

Maybe I could begin with you, General Odierno. Not only would I like you to answer that question, I'd be glad to hear you respond to my comments, particularly about cost overruns.

General ODIERNO. First on compensation, we have to grapple with compensation within the military. The Joint Chiefs are working very hard with this issue. The cost of a soldier has doubled since 2001. It's going to almost double again by 2025. We can't go on like this. So we have to come up with a compensation package which deals with, not taking money away, but reducing the rate of increase, of pay increases, of base housing allowance, as you brought up; look at the commissaries, look at health care. We have to have a total package that allows us to reduce this cost.

Senator MCCAIN. Could I interrupt one second. Do you know of a single soldier, airman, or Marine that joined the military because of Tricare?

General ODIERNO. It would be difficult to answer that question. What I would tell you, though, Senator, is they do come with very large families and health care is a big issue for them. But that doesn't mean we can't work with that.

In terms of cost overruns, I agree with you. We are tackling this problem. I would tell you is we are holding people accountable, but we are not holding them accountable enough, and we have to continue to work that, specifically with the issue that you brought up.

Admiral GREENERT. Senator, these attributes of changes to compensation I would look at favorably. You're speaking at least my language, and I'm sure my colleagues feel the same way. It's about 50 percent of every dollar in DOD goes to personnel. Predominantly it's compensation, and if we keep going this way it'll be at 60 and then it'll be at 70 in about a decade plus. We can't do that. I think it's our responsibility to take a hard look at it.

When I talk to my people, they say: My quality of life's pretty good, Admiral. That's the pay, the compensation, the stuff you mentioned. They say: But my quality of work, I need some help; I've got gaps; I want training; where's my chief? I want to go to the bin and get spare parts. That's what I want to do with that kind of money.

Senator MCCAIN. And it's been referred to some of the best and the brightest are considering their options, which is something that never shows up on a profit and loss basis. Is that correct?

Admiral GREENERT. Yes, sir, you're absolutely right.

If I could talk to headquarters staff just a second, we've been assigned a goal of 20 percent as we're working to build our budget. We're going beyond that. We've got a goal of money. We're looking at four times that reduction. We were looking at—we had a goal of 400, for example, civilian personnel. We're looking at five times that. We're taking a hard look at that, Senator, and we're going beyond the big headquarters. We're working our way down to the sub-headquarters.

So as you look at this orange and you look at the blue efficiencies, our piece of that to get at that, we're looking at about 25 percent of our reduction is in overhead and contractors. So we're taking a pretty robust look, and we look forward to briefing your staff when the time comes.

General AMOS. Senator, you'll find I think a ready audience up here for benefits. There's more than just the Tricare. It's the whole, it's everything that all fits underneath the personnel. I pay 62 cents on the dollar right now for manpower. That's not because Marines are more expensive. It's just my portion of the budget is smaller. That's going to go well over 70 percent by the end of the FYDP if something is not done.

So you're going to see the Joint Chiefs come to Congress through the President talking about a package of cuts and reductions, how we can cut that down. So that's en route. As you're aware, the folks are looking at the retirement. So we're open to just about anything. It's in our best interest and our Nation's best interest.

We're reducing the Marine Corps, if we stay on the sequester budget, by 28,000 marines. But inside that, well over 20 percent of headquarters reduction. So I'm eliminating an entire Marine expeditionary force, a three-star headquarters on the east coast, 3 MEF—excuse me, 2 MEF. It goes away. I'm reducing infantry battalions, regiments, air groups, pretty significantly. So we are paring that down, Senator.

As it relates to somebody getting fired, I can't speak to that. I can talk pretty intimately about the maneuvering around within the F-35 program with the management both at Lockheed Martin and the program manager's office and within my service. As you know, we've paid very close attention to it. There have been cost overruns, but our vector is actually heading in the right direction on the JSF program.

General WELSH. Senator, the short answer is yes, I absolutely agree with the need to get entitlements and benefit reform. There's no question about that. I hope that we would roll the savings we can make from that back into the tools and the training our people need to be fully ready. If we did that, they would understand the reason and they would see the result in a meaningful way. If we take the money and use it for something else, it'll be a bigger problem for them.

Cost overruns and growth, I fully agree with everything you've said. There's no excuse. We have to fix it.

We're looking at every headquarters, from the Air Staff to the component warfighting staffs. We're in the process in the Air Force right now of internally reducing 2 four-stars, 15 three-star positions, and decreasing the number of people in headquarters around them. We have to take this seriously, Senator. There's no other option.

Senator MCCAIN. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator Udall.

Senator UDALL. Good morning, gentlemen.

I'll admit that I'm frustrated that this committee's once again asked you to come up here and testify about the harm caused by sequestration. We in Congress created this monster and we keep dragging you up to the Hill to have you tell us how much damage that it's done.

I've met recently with my constituents in the great community of Colorado Springs last month. They made it real clear to me that they're tired of Congress' unwillingness to compromise and solve the problem. That view is echoed everywhere I travel.

The bottom line is that we all know that we've done serious harm to critical programs and our people, and it's very clear that none of this is really going to save us any money. I think you have made that case very powerfully. In fact, it's going to cost us more in the long run than if we'd just buckled down and put in place strategic budget architecture based, for example, on the Simpson-Bowles plan.

You and the people you lead have been paying the price for our failure to lead and to act and I'm sorry for that. I apologize for that. But what we've been hearing from our constituents and from you should make it clear that we need to reach a bipartisan agreement, pass a budget, and get back on track.

Let me, in that spirit, General Welsh, turn to you. In your opening statement you said that if you were given the flexibility to make prudent cuts over time we could make the savings required under current law. Could you be more specific about the kind of flexibility that you're asking for? I've been working with Senator Collins and others on pushing for better budget flexibility when it

comes to making cuts government-wide, and it's important to know how we could get this right and how it could be most helpful.

General WELSH. Senator, in my view—and I think everybody in the room would agree—sequestration is a horrible business model. The mechanism of sequestration is a horrible business model. No successful business would try and downsize its product line or its costs doing it this way. Anybody would take a time period, determine what kind of savings you needed over the time period or what kind of reductions you needed over the time period. You take the beginning of that time period to actually close product lines, reinvest the capital or the manpower or the force structure saved into the successful product lines you wanted to continue, restructure your organization, and create savings at the back end of this.

If we had nothing more than a 10-year period to save whatever the number is, we understand we have to be part of the solution for the Nation, the financial solution for the Nation. No one is resisting that. This mechanism that makes us take big chunks of money the first two years is what is putting us into the readiness versus modernization dilemma. The overall cost of sequestration reduces our capability and capacity over time, but it doesn't break us. The mechanism is what breaks us.

So I would just say that if we had the trust available to believe that the Department would return \$1.3 trillion over 10 years and we could show you a plan of how to do that, eliminating this abrupt nature of the mechanism at the front end would be a much, much more sensible approach.

Senator UDALL. General, that's very helpful. I know this committee is going to listen as we move forward.

Let me turn to the economies of the military communities if sequestration remains in place. I was thinking about, General Odierno, the situation you face. We're cutting down to 450,000, perhaps as low as 390,000. There could be real damage done to cities like Colorado Springs and many around the country. The same, General Welsh, would apply to the Air Force if you were forced to roll back more critical space and aviation missions.

In Colorado over the last couple years, we've had some real challenges. We've had to battle floods and wildfires. Without the incredible support from soldiers and airmen, I can't imagine how much worse the losses would have been if we didn't have assets like the new aviation brigade at Fort Carson or the great airmen at Peterson and Schriever.

Could you comment on that and whether those studies have been done and what additional information we might need to be smart about how these cuts are made?

General ODIERNO. What a lot of people don't understand is in many cases—Fort Carson in Colorado, Fort Hood in Texas, Fort Bragg in North Carolina, Fort Campbell in Kentucky—they are probably some of the biggest generators of revenue for the States, period. And they don't realize that as installations go away you're just not losing the soldiers and what they do; all the businesses that are around those installations for probably a 50-mile radius are impacted by the shutdown and the loss of the impact of those installations losing people.

So the impact to the local and State governments is substantial. We have studies. I don't have the numbers with me for every installation, but we have numbers for every installation. When I go visit, they always brief me: This is the first, this is the leading employer of the State, second. It's either first, second, third, but it's very close to the top of leading employer in the State. And people, many forget about this as we look at these reductions. So that's in addition to what I'm concerned about is the national security impacts it has.

Senator UDALL. General Welsh, would you care to comment?

General WELSH. Senator, a \$1.3 trillion reduction to DOD over 10 years is going to leave a bruise in lots of places. We have to understand how significant the pain is at each place before we make final decisions. But I think it's going to affect a lot of people in a lot of places.

I was just in Colorado, by the way, sir, visiting with a bunch of the firefighters from Fort Carson, from Colorado Springs, from the Air Force Academy, and Schriever and Peterson, and walking through the actions they took in battling the fires last year and this year. I was struck by the contribution they make to the community every day, not just when catastrophes occur. Nobody wants to reduce that contribution.

We lost, just the civilian furloughs last year, as a corporate body 7.8 million man-hours of work. Now, double that for the government shutdown impact on our civilian workforce. That's also 7.8 million hours of pay that doesn't go into the community in which those people live. So you can start to see the effects when we have these short-term losses of income. Long term it would be more dramatic, obviously.

Senator UDALL. Thank you, General.

I see my time has expired, but I want to make a couple of very quick comments. I want to thank the members of the National Guard units who came to coalition from Kansas, Montana, Utah, and of course our Colorado Guard, for the incredible work they've done, not only immediately after our floods, but now to help rebuild our highways. We're reopening these highways months ahead of schedule and it's really a testament to the work ethic and the teamwork that those units brought to our State.

Second, I want to again thank you all for coming. I'm sorry we're here under these circumstances, but I'm pleased to see Senator Inhofe here. He's too tough to let a few blocked arteries keep him from doing his work.

Then finally, I want to associate myself with all the remarks about Congressman and Chairman Skelton. He was a wonderful man. He was a mentor to me. He had a habit of saying: I'm just an old country lawyer. But that was the moment at which I would really listen to what Ike Skelton had to say, and I know everybody who served with him felt the same way.

Mr. Chairman, thank you for convening this important hearing. We've got to get this right.

Thank you all.

Chairman LEVIN. Thank you, Senator Udall.

Senator Chambliss.

Senator CHAMBLISS. Thanks, Mr. Chairman.

Likewise, thanks to you for being here today, gentlemen. In my 20 years serving on the House Armed Services Committee and the Senate Armed Services Committee, we've never had in my opinion four finer leaders of our respective branches than the four of you. So thanks for what you do every day.

As we look at what we're going to do relative to defense spending, I'm one of those who thinks without question that we need to spend more money, that sequestration, as each of you have said, is going to become a bigger and bigger problem. But I also feel very strongly about the fact that whatever we are able to add to DOD spending, that we've got to offset it somehow. We've simply got to get our fiscal house in order.

I think if we're going to do that the first place we've got to look for offsets is at the Department of Defense itself. We asked in a hearing that Senator Ayotte and Senator Shaheen called on Tuesday of this week, we asked of General Dempsey, Senator Manchin did, for a list of programs or expenditures that the Department does not want to spend money on, that have been mandated by Congress.

We thought we would have that list by today. I understand now we're not going to get it until next week. But I think for certain one item that's going to be on that list, General Odierno, is the purchase of Abrams tanks that you have been somewhat vocal on, that Congress keeps demanding that you buy, that you don't need.

My understanding is that you are requesting a delay or a halt in production until 2017 and that the cost of that was going to be—the savings was going to be somewhere between 436 and 3 billion over 3 years. I don't know what the exact number is, but either one of those is pretty significant. Is that still the case, that you'd prefer to spend that money somewhere else?

General ODIERNO. It is. We have the most modernized tank fleet we've ever had right now. It is in great shape, and in fact we're reducing our force structure, so we're going to need less tanks. But yet we're purchasing more tanks that we don't need. So the savings could be used in many different areas of our modernization programs that we need, for example aviation.

Senator CHAMBLISS. As we go into the authorization bill, rest assured that it's issues like that that are going to be addressed. As we talk about sequestration, I know that a lot of these programs have taken years to develop and produce. So these programs that I'm going to mention weren't necessarily created or authorized on the watch of the four of you, but they are significant.

General Welsh, I understand there are 12 brand-new C-27J Spartans that will roll right off the assembly line and immediately mothballed. Since 2007 DOD has spent \$567 million on 21 of these airplanes, but only 16 of them have been delivered, and a majority of those are sitting in storage somewhere.

Also, there were 20 C-27As that cost the taxpayer \$596 million and they sit unused and are sitting in Afghanistan and are slated to be destroyed, although there may be some movement to try to send those to another agency or entity. But the maintenance contract on those airplanes I understand was canceled in March of this year and therefore they're unuseable.

General Odierno, the Army spent \$297 million to develop the Long Endurance Multi-Intelligence Vehicle, which is a blimp-like aircraft that would hover over the battlefield, that was canceled after one test flight and sold back to the contractor for \$301,000.

The Army and the Marine Corps are moving ahead, as I understand it, to purchase 55,000 trucks known as the Joint Light Tactical Vehicle to replace your current fleet of HMMVs, which is probably understandable. But it's also my understanding that the committed cost of these per vehicle was \$250,000 and now it's gone to something like \$400,000 per vehicle, not unlike what Senator McCain alluded to earlier.

General Welsh, also a recent audit by the DOD Inspector General found that a contractor had overcharged DLA for spare aircraft parts. There was one part, an aluminum bearing sleeve, that should have cost \$10, that DLA paid \$2,286 per item, and it resulted in a \$10 million overcharge.

Now, again, as I say, those are items that weren't necessarily created on your watch, but you're in the process right now of looking forward with respect to weapons systems, and I just hope you'll keep that in mind.

There's one area that I just want to mention as we look for savings, and that's in the area of medical research. Now, I'm a beneficiary of the research that's been done in this country on prostate cancer and I'm very thankful for that. They do a great job at NIH on prostate cancer research and every other kind of cancer research.

But what I don't understand is why the Army—excuse me—why the military is spending \$80 million a year on prostate cancer research, why we're spending \$25 million a year on ovarian cancer research and \$150 million on breast cancer research. We're also doing lung cancer research. Now, if there are particular needs that the military has regarding military research—and there are some because of particularly the casualties that we've suffered recently—I can understand it. But these are types of research that simply have no place in my opinion at DOD. They ought to be done at NIH.

I understand further that there is not real coordination between the research done, medical research done at NIH and what is done at DOD.

So, Mr. Chairman, that's not an item that these gentlemen have a lot of control over, but it's certainly an item that we need to look at, and the money would be better spent as a replacement for sequestration. My good friend, a good friend to a lot of us, Senator Ted Stevens, was one of the ones who first asked for prostate cancer research money go to DOD. Several years later, he announced on the floor of the Senate that he had made a mistake, he should never have done that, and that that money ought to be spent on research, but it ought to be spent at NIH and not at the Department of Defense.

So as we go forward, gentlemen, in the defense authorization bill in the next couple of weeks, I look forward to seeing that list that General Dempsey gets to us with respect to items that come out of each of your budgets, that hopefully we can have the spine to stand up and say, irrespective of our parochial interests, we've got

to look after our men and women and they need this money to be spent in other areas rather than in areas where the military themselves say we don't need to spend it.

Thank you very much.

Chairman LEVIN. Thank you, Senator Chambliss.

Now Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman and Senator Inhofe, for holding this hearing today.

Thank you, gentlemen, for being here. I would hope, as the sentiments expressed by some of our colleagues, that this Congress would deal with sequestration in a way that means that you don't have to be here year after year after year talking about the challenges that our military faces because we haven't done our jobs here in Congress.

Admiral Greenert, I would like to begin with you, because we believe that the Portsmouth Naval Shipyard is the premier shipyard for modernization and maintenance of our nuclear fleet. I have a letter this morning from the president of the Metal Trades Council, Paul O'Connor, who talks about the impact of sequestration on the workers at the shipyard. I'm going to ask you to comment, but I wanted to read just two phrases from this letter because I think it epitomizes the challenges that they're feeling from sequestration.

He says: "With 9½ more years of sequestration hanging over our heads, 9½ more years of furloughs and layoffs, how will we attract the best and brightest young men and women to our most technologically sophisticated, complex, precision-based industry?"

He goes on to say: "The insecurity, instability, and volatility of sequestration on our shipyard and national workforce cannot be understated. The personal impact, mission impact, and national security impact are real and contrary to the best interests of America."

Mr. Chairman, I'd like to ask that this letter be entered into the record.

Admiral Greenert, I wonder if you could talk about what you're seeing with respect to the long-term impacts of sequestration? You've mentioned some of those, but if you could elaborate further.

[The information referred to follows:]

[COMMITTEE INSERT]

Admiral GREENERT. Thank you, Senator. You know, I'm glad we get to see that letter because it very clearly states the debilitating effects of doing this year after year. It's inefficient and you lose productivity, and this fine gentleman described there: You can't hire people, so you can't distribute your workforce, and you furlough them here and there. So where else are they going to—they're going to go elsewhere.

Somebody has to write the contracts. Somebody has to get the logistics done. Those are the people who, regrettably, we furloughed. We thought we had workers, but you can stand with a wrench in your hand and a welding rod, but you need the paperwork. Hey, it's all a team and it's a long chain.

So that's—we think we are saving costs. We're just avoiding costs, and we aren't even doing that. We're deferring costs, and then it's a one-point fill in the blank factor later on. So that right there describes the maintenance conundrum that we have.

By the way, that's in a nuclear shipyard, which is one of our more stable enterprises out there because, as you know, we hire people for the longer term, long planning and all that. It is a premier shipyard and we have lots of use for it, if you will, in the future.

I'm concerned about—and I didn't mention earlier, but the shore infrastructure. We have reduced dramatically the shore infrastructure in order to keep forces forward. So we went from 80 percent, if you will, of our motto, which is nothing I'm necessarily all excited about, down to 55 percent. We're deferring work that's going to come to roost.

Fortunately, in fiscal year 2013 we were able to meet, thanks to Congress, a reprogramming and getting that 6 percent requirement done to recapitalize. But in fiscal year 2014 I'm very concerned. We have \$1 billion we need to get to do that right. Hopefully we'll get reprogramming or a means or a bill to do that. But that infrastructure is very important to us.

Senator SHAHEEN. Thank you.

General Welsh, Senator Chambliss talked about some of the areas where there is money being spent that may not be most efficient. One of the things that we've looked at on the Readiness and Management Support Subcommittee is the Air Force's proposal to spend about \$260 million for two hardened hangers in Guam. Now, my understanding is that hardened hangers cost about twice as much as those that are not hardened.

I wonder if you could prioritize the need for that versus the other needs that you and the other members of the panel have identified with respect to readiness and training and the other challenges that we're facing?

General WELSH. Thanks, Senator. I don't think it's a matter of comparing them in every case. In this particular case, the hardened facilities on Guam are a response to a combatant commander request to provide more resilient capability on Guam because of an increased threat of surface-to-surface missile attack. He didn't request that everything be hardened, just those things that are key facilities that you couldn't improvise if there was damage—improvise for if there was damage on an airfield. That's what those facilities are based on. So we are trying to support U.S. Pacific Command in that effort to meet his war plan requirements.

The readiness and modernization requirements are much bigger than \$256 million. So I don't think that's the reason we can't be more ready today, although every dollar will help. But the readiness problem we face over time is significant. To fully restore our normal readiness levels over the FYDP would be almost \$3 billion.

So we're looking with sequestration at a long-range problem that is significant. It's going to take us 10-plus years to get readiness back to the level we want under a fully sequestered budget, and we'll only get there by reducing the force enough that we can keep a smaller force ready, which means less capacity, less capability to respond globally, less options for the national decisionmaker.

Senator SHAHEEN. I think we certainly all appreciate that. But, as Senator Chambliss ticked off a number of projects that have significant cost to them, this is one that also has some significant cost. When you add up those \$250 million projects, pretty soon we're

talking real money. So I do hope that this is one that you will continue to look very carefully at.

General WELSH. Yes, ma'am.

Senator SHAHEEN. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Shaheen.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman. I want to thank all of you for your service and for your leadership during these challenging times.

Let me just echo what my colleague from New Hampshire has just said about the Portsmouth Naval Shipyard, Admiral. Where are we as we go forward with sequester in terms of fleet size and the attack submarine fleet? I know you mentioned in your opening testimony that one less *Virginia*-class submarine would be built during the period that we would like to build it. So can you give us a picture of what the overall fleet looks like?

Admiral GREENERT. Well, as I mentioned, the undersea domain, critically important. We need 45 to 55. Our goal is 55. We'd be down to 48 submarines in 2020. I use that as a benchmark year. As you know, unfortunately, due to sequestration, we lost the USS *Miami*, which Portsmouth—was a project Portsmouth had. But the overruns, the furloughs, and the need to have to go to a commercial workforce instead of using Federal workforce, it was just too much. We couldn't afford that submarine and continue to do the other.

Senator AYOTTE. Just so—my understanding is that we aren't meeting combatant commanders' needs with respect to the requests they make for assistance from the fleet now. What's the rough meeting of where we are in terms of combatant commander requests?

Admiral GREENERT. Just in submarines, the combatant commanders as they look at the world distribution of submarines for intelligence, surveillance, and reconnaissance, they need about 19 submarines at any time deployed. We can support about 10 to 11 and we distribute them—we broker how that works. So we're about 50 percent, and that's pretty reflective of the overall fleet request versus what we can provide today.

Senator AYOTTE. Great. Thank you, Admiral.

General Welsh, when do you expect the F-35A to achieve full operational capability?

General WELSH. We hope that happens in 2021, Senator.

Senator AYOTTE. Okay, thank you.

General Odierno, let me ask you. You and I talked about it when we met. What is your assessment of the A-10 and its close air support capability? How important is the A-10 to the Army?

General ODIERNO. Thank you, Senator. As I know General Welsh would say, the A-10 is the best close air support platform that we have today. In Afghanistan when they put the LITENING pod on it became the most complete close air support system, that combined with the ROVER capability, its gun systems. And it's performed incredibly well in Iraq and Afghanistan. Our soldiers are very confident in the system as it goes forward. It's a great close air support aircraft.

Senator AYOTTE. Thank you.

Can I ask you something? We talk about the savings issue and something that I know this whole committee actually signed off on, but and I fought very hard to not get money appropriated for, but I think it highlights the issue that you've heard from Senator Chambliss and you've heard as well from Senator Shaheen on some examples of, we're all concerned about sequester, but also making sure that we use the money that's allocated in the best way possible for our men and women in uniform.

One of them that leaps to mind on my end is the MEADS program, where we spent \$3 billion between fiscal year 2004 and 2011. I look at some of the choices that you're asked to make today. I just hope that we're not going to continue to spend any more money on programs like that. Please tell me, General, that we aren't?

General ODIERNO. We're very focused now. We have to make tough choices. We have to spend money on programs that are best for us.

I would make one comment, and I'll make a general comment. You have to remember that as you look at cost per vehicle and things like that, the reason some of them are going up is because we're purchasing less of them because we have less money and we have less force structure, and that drives the cost up on some programs.

But we are looking very carefully. It's only the programs we need that we're going to invest in. We're not investing in programs we actually do need, and so it's important we don't use money for programs that aren't going to directly impact our soldiers.

Senator AYOTTE. Before we leave I want to ask about a topic particularly, General Odierno and General Amos, we've talked about it—Afghanistan. How do you assess the situation in Afghanistan right now? I'm worried that so many of our colleagues, frankly, aren't focusing on the fact that we still have men and women who are serving in Afghanistan.

What is it that we need to do to secure our interests in Afghanistan? Can you tell us, where are we on this decision on what the follow-on force structure will be? And with that decision, can we get to a point where whatever that follow-on is, it's actually too small to make sure that we need to achieve not only the ISR issues that we have to address in Afghanistan, but ensuring that our own forces are protected?

So, General, you and I talked about that. Where are we on Afghanistan?

General ODIERNO. Well, thank you, Senator. First, until we get the BSA approved, that's when we'll start discussing what the end strength is post-2014. We're certainly hopeful that we will get that agreement with the Afghan government that allows our soldiers, sailors, airmen, Marines to continue to operate in Afghanistan.

What we have to—what I would say is—and the other thing I would say is I believe we're making incredible progress in Afghanistan, by the way. We don't talk about that a lot. The Afghans have taken over. It's working. They are taking responsibility. But we have to stay with them. It's important that we stay with them and they continue to have the confidence with the multinational force behind them, both the United States and others. That's key as we move forward.

As we make decisions on residual forces, there comes a time when if we get too small then our ability to protect our own forces is at risk, and then we have to make sure that we communicate that to the President. The Joint Chiefs have had these discussions and we will communicate that as we move forward.

Senator AYOTTE. I understand certainly the feeling that people have, given the conflicts we've been involved in, of wanting to withdraw. So what are our interests that are at stake in Afghanistan in terms of getting the BSA right and getting the correct ratio of follow-on forces? I know my time is up, but I think this is an important question.

General ODIERNO. First off, we need the BSA to protect our soldiers. Once we get—soldiers, sailors, airmen, marines that are operating there. That allows them to do their job and continuing to support the Afghans.

In Afghanistan it has come so far. It's hard to describe to someone who has never been there how far that country has come, the progress that has been made, the security that the people feel, the fact that the Afghan security forces are stepping up in a big way to support their own people.

But they're not ready to completely do that on their own, so it's important. We have to provide new kinds of support, training, advising, building their institutions, making sure they can continue to move forward, because there are those that want to go back and take control and there are extremist organizations that will directly threaten the United States. We have come too far, we have invested too much, for us to back away from that now, because we are close on the cusp, I think, of being successful.

I think it's important that we understand that and that we should draw lessons from what we're seeing in Iraq, by the way, to that as we move forward.

Senator AYOTTE. Thank you.

Chairman LEVIN. Thank you very much, Senator Ayotte.

Senator DONNELLY.

Senator DONNELLY. Thank you, Mr. Chairman. I want to thank all of you. It is an honor to have you serving and leading our country.

General Odierno, I was privileged to serve with Ike Skelton and he was to me the model of how to serve—dignity, humble, hard-working, incredibly smart. As I know you know, his reading list was also required reading for the rest of us as well.

The question I have is—and this ties in, Admiral Greenert, to a conversation we once had. You mentioned earlier today about at one time pay and benefits was one-third, it looks like it's heading for two-thirds. For each of you: What is about the proper balance in terms of those kind of costs and everything else? Generally, you had mentioned that it's 70 percent now or heading there. What is about the right balance for each of your forces?

General Odierno, if you'd like to start.

General ODIERNO. Best case for us is we want personnel costs to be somewhere between 42 and 45 percent of our total budget, and we're past that now. We're over that at this point.

Senator DONNELLY. Admiral?

Admiral GREENERT. I would agree with General Odierno. Right now we're at about 50 percent. I think that's okay. That's about right. But then we need to look internally and say, okay, what's growing the fastest and what does it mean to our constituency? Does it really affect them that much in what makes them a better sailor, soldier, airman, marine? So there's that piece too of a balance across all those entitlements.

General AMOS. Senator, I think somewhere—I'd be thrilled if I was in the low 50's. I don't know that it's realistic that I'll ever get in the 45 to 50 mark.

Senator DONNELLY. I think we recognize it's different for each force.

General AMOS. It is, it is. And it's a shared budget with the Department of the Navy. So I'd be happy. It's just a function of being able to get that down, and there are ways we can do that and we absolutely have got to commit ourselves as a Department of Defense and as a Congress to help us do that.

That's going to just erode my buying power to the point—I saw a study, we took a brief probably three or four weeks ago, that said if we stay on the course we're on, somewhere around 2025 we'll have 98 cents of every dollar going for benefits. You just project it out, extrapolate.

Senator DONNELLY. Right.

General WELSH. Senator, depending on what you include in your accounting of the pay, entitlements, and benefits package, we're somewhere between 30 percent and 50 percent right now. The problem for us is that range would be fine; it's the growth that we're worried about.

By the way, I think we owe you and the other members of this committee and Congress a vote of thanks for the incredible job you've done compensating the great men and women who serve in all of our military services over the last 20 years. But the growth in that category is now the threat to modernization and readiness. So we just believe we need to control that growth over time.

Senator DONNELLY. As a follow-up—and I know you're all doing this—it would be helpful to get your best ideas on how to accomplish that on our end, as well as we look forward to how we put these budgets together for the future to hit that proper and right mix.

Does flexibility help all of you and how significant would that be?

General ODIERNO. Senator, it depends on how you define "flexibility." If you're saying flexibility within each budget year, it helps a little bit, but in my mind it helps just around the fringes, probably different for every service. What we need is flexibility across the whole sequester action, as General Welsh I think mentioned earlier. That's what's helpful because—because of the front-loaded nature of it, it throws us off skew of how we sustain our balance.

So if you gave us year to year flexibility, there are some things we can do, but in my mind that's only around the edges and it doesn't really solve the problem.

Senator DONNELLY. And this would be to all of you, but in particular General Odierno and General Amos. I was in Afghanistan in late April, early May. I was at Helmand Province as well. We had metrics that we were looking at and saying, if we're able to

keep on these metrics by December of 2014 we'll be in a position to basically turn everything over to the Afghans with some presence of residual forces.

There was some controversy—I shouldn't say controversy, but disagreement by some there and others there: Are we able to continue to hit these metrics and stay on target? I was just wondering if you could fill us in on where we are.

General ODIERNO. What I would tell you is we're ahead of those metrics. In fact, we've turned over responsibility to the Afghans in really over 90 percent of all of Afghanistan. There's only a very few places where they have not taken complete control of their own security. So in my mind I think they're a bit ahead of the metrics that we originally had established back at that time frame, and they continue to move forward and do better than we expected, faster than we expected.

General AMOS. Senator, we're in exactly the same position. Just to give you a sense of what I'm talking about, we've transitioned about a year ago to train, advise, and assist missions instead of offensive combat operations. So we changed the training of our Marines going in there. We put more senior leaders on the ground so that they could partner with the Afghan Kandaks, the battalions.

So we built that structure, and we put a one-star general in charge of it, specifically to focus on that while the other stuff was going on. We've just cut that force back by 50 percent, brought the one-star general home, not because we're trying to cut the force structure, but because it's been met with such great success.

By December 2014 will it be just phenomenal? No. But I tell you what, we will have—I'm confident we will have set the conditions for the greatest opportunity for the Afghan people to take charge of their lives. I actually feel very good about it.

Senator DONNELLY. Thank you. I see my time is up, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator VITTER.

Senator VITTER. Thank you, Mr. Chairman, and thanks to all of our witnesses, particularly for all of your service to our country. We all appreciate that.

I understand that you have clearly articulated real problems in readiness, number one; and number two, that lack of readiness costs lives and lives are directly at stake. That concerns us all.

I think the last time this possibility of a real hollow force and a significant lack of readiness happened was in the 1990s. General Odierno, I'll start with you. Would you consider that challenge then—excuse me. Let me rephrase it. Would you consider our challenge today greater or lesser than that challenge then?

General ODIERNO. I believe our challenge is much greater today than it has been since I've been in the Army in terms of readiness. This is the lowest readiness levels I have seen within our Army since I've been serving for the last 37 years.

Senator VITTER. General, I agree, and I think the numbers confirm that. For instance, in the 1990s, this general episode I'm describing, at that problem the military described 80 percent of conventional and unconventional forces as acceptable with "pockets of deficiency." Today, in contrast, at least on the Army side, you have

said that only 15 percent of Army forces are acceptable, with 85 percent being below that; is that correct?

General ODIERNO. That is correct, Senator.

Senator VITTER. So that certainly puts numbers on exactly what you said. But today's situation is much worse. In the 1990s there was a response to that. The administration, President Clinton's administration, made a specific proposal and worked with everyone, including Republicans in Congress, to get \$25 billion allocated for readiness. Will there be a specific administration proposal any time soon to this far greater challenge?

General ODIERNO. I think I can't answer your question, Senator. What I would say is I think it has to do, as the chairman said earlier, with the negotiations that are going on for the budget deal, and out of that we hope that there will be something that comes back to the Department of Defense that allows us to deal with this 3- to 4-year window we've talked about and readiness challenges that we have and get rid of this sequestration, which is, as everyone has said here numerous times, a horrible way to do business.

Senator VITTER. Well, I'm familiar with those negotiations. I don't think anything being's discussed currently that approaches a specific concrete response to this particular problem. I would urge—I know you aren't the ultimate decisionmakers, but I would urge the administration to put forward a specific proposal, as President Clinton did in the 1990s in a situation that I believe you're correct in saying was far less challenging, although it was serious.

General, I also want to ask about some readiness issues regarding joint readiness training and the like. I have a particular interest in that because some of that happens at Fort Polk in Louisiana. Sequestration has forced the cancellation of several combat training center rotations. Can you describe how important those rotations are and the impact on that readiness?

General ODIERNO. In fiscal year 2013 we had to cancel seven rotations. What that means is you have—usually it's a force of about 5 to 8,000 men and women who go there, who get a chance to train and really get certified in the kind of operations that we think they might have to deploy and do. So we weren't able to do that.

Not only that; you lose a significant amount of experience that is gained by your leaders. For example, that equates to about 250 company commanders, about 50 battalion commanders, and 7 brigade commanders who did not get the training that is necessary for them to do the operations. That also includes their soldiers. So that in effect keeps happening; it just continually degrades the readiness.

So in 2014 what we're going to have to do is we're going to focus all of our dollars to seven brigade elements, so at least I can get seven brigades trained, because that's the only money I have to do that. Everyone else is going to go untrained. They will not be able to do the training necessary.

Senator VITTER. So if that is accomplished for seven brigades only and no more, how would you describe the impact on critical core competencies and readiness?

General ODIERNO. What that means is we're going to have about a little over 20 percent of the force, maybe 25 percent of the force,

that is trained in its core competency. The rest will not be trained in their core competencies.

Senator VITTER. General, I just want to underscore. The specific training we're talking about is the training that's most relevant to the sort of operations we face today, is that correct?

General ODIERNO. That's correct. If we had to deploy in the Middle East, if we had to deploy to Korea, if we had to deploy anywhere, that's the kind of training they are not receiving. So what keeps me up at night is that if something happens and we're required to send soldiers, they might not be prepared in the way I think the American people expect us to have them prepared.

Senator VITTER. A final question for any or all of you. Has the standards in terms of what we are preparing for in fact been lowered over the last few years, the requirements, the readiness requirements?

General ODIERNO. Let me. Lowering? I don't know if I'd say lowering. So what we've done is—let's take Afghanistan for example. The units that are getting ready to go to Afghanistan are training very differently today. As General Amos mentioned, they're being trained to do training and advisory missions. So they're not training to do full spectrum operations, which we would normally train them to do, because they are just going to do that. So they have not been trained in that, in the things that we think are important as we develop the readiness levels in order to respond to contingencies.

Senator VITTER. I guess what I'm asking—let me try to be clear—overall, in 2010 in the QDR the requirement was to fight two wars on multiple fronts and win while engaged in significant counterterrorism operations. Hasn't that bar been lowered significantly?

General ODIERNO. It has.

Senator VITTER. As that bar has been lowered significantly, do you think the world has become a safer place?

General ODIERNO. No. As I stated earlier, I believe this is the most uncertain I've ever seen the international security environment.

Senator VITTER. Thank you. That's all I have.

General ODIERNO. Thank you, Senator Vitter.

Senator HIRONO.

Senator HIRONO. Thank you, Mr. Chairman.

Thank you all for your service and for acknowledging the contributions and service of Congressman Ike Skelton, with whom I had the privilege of serving in the U.S. House of Representatives.

You've all testified with quite a lot of specificity about the negative impacts of sequestration. I look at the defense strategic guidance, and I think each of you have acknowledged that this is an articulation of future threats, challenges, and opportunities. We face enough challenges, i.e., cost overruns, the cost of energy to the Department of Defense, increasing personnel costs, without—and meeting the goals of the DSG—without the mindlessness of sequestration.

So there are some who say that we should just give you more flexibility. But in my view giving you flexibility which takes se-

questration as a starting point is like moving the deck chairs on the Titanic. Would you agree with that?

General WELSH. Senator, flexibility is not the ideal solution. It's getting rid of the mechanism of sequestration.

Senator HIRONO. Yes, we need to replace it.

General WELSH. Flexibility is a help if we can't do that.

Senator HIRONO. So would you agree that what we need to do is replace sequestration with a more rational approach to what you need to do?

General WELSH. Absolutely.

Senator HIRONO. All of you agree with that?

Admiral GREENERT. Yes, ma'am.

Senator HIRONO. There were some questions relating to the unsustainability of the percentage that personnel costs are with regard to all of your budgets. I would like to know, as we go forward you must have done some thinking on what kind of factors would you apply in making recommendations on changes to your personnel costs? What would be your philosophical perspective going forward in making your recommendations?

Admiral GREENERT. Senator, I'll take a crack at it if you don't mind. We'd look at things that would be reversible. For example, if we were to slow pay raises or something of that regard, something that, when done, look at the impact on the constituency and can that be reversed, because we have to maintain the all-volunteer force. That's very important.

Two, it has to be transparent. Our folks, we have to speak to them, make sure they understand why, what, how, and what is the purpose, and where this all fits in, and their families, so that they see that.

Three, I believe there has to be a balance. I kind of alluded to this before. Pay, housing, Tricare, these sorts of things, tuition assistance to be able to go get a degree, is the quality of their life. But also, when they go to work what is that quality? Do they feel appreciated in that job? Do they have what they need, tools, personnel, oversight, leadership, and the training, so that they're proud of what they do and they can do that?

I think we need to balance those two as we look at it.

General AMOS. Senator, I think there are from my perspective a couple of categories. The first one is internal controls on things like bonuses and everything from real estate to things we do to recruit and assess Marines. We have gone back into that in the last 12 months and culled out some significant savings. So internally those are the mechanisms that we are balancing with regards to retention and recruitment.

But to Admiral Greenert's point, this holistic package of kind of the force, I've got a piece that we're writing on be careful we don't break the all-volunteer force. Whatever we do—I think there's plenty of room to maneuver, by the way, before you get there. So I'm not advocating there's not. But we just need to be mindful that we've had this all-volunteer force, we've asked a lot of it, and they've actually done remarkably well, and it's probably a model for every nation around the world.

But inside of that there is room to maneuver on health care costs. We talked about Tricare benefits—not benefits, but pre-

miums. There is room to maneuver, perhaps, on pay raises. There is room to maneuver on basic allowance for housing. How much is—right now it's typically on a two to three percent rise every year. Do we need to do that while we're in this?

So there are things like that that we're working on.

Senator HIRONO. My time is almost up, but I take it that all of you would make these kinds of recommendations with a view to make sure that we are really mindful of the need to support our troops and to support their families, so that we are not going to take away the kinds of benefits and programs that they rely upon as you move forward to decrease these personnel costs.

General ODIERNO. Senator, that's exactly right. We have to take into consideration what it takes to maintain the premier All-Volunteer Army. We all understand that and that's forefront in our minds. But if you get out of balance—you know, I talk about the best way to take care of a soldier and their family is make sure he's properly trained, has the right readiness levels, and when he goes somewhere he comes back to his family. So we've got to balance that part of it with making sure they can live the quality of life for the service that they're giving to our Nation, and we certainly understand that. So it's finding that right balance, and we think we have methods to do that, Senator.

Senator HIRONO. Mr. Chairman, my time is almost up, but I do have some questions that I will be submitting having to do with how sequester is impacting the research and development efforts across all of our Services and making sure that we maintain an industrial base, as one of you—I think it was Admiral Greenert who mentioned that it is really important to maintain our defense industrial base, and the impact of sequester on that goal.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Hirono.

Senator Lee.

Senator LEE. Thank you, Mr. Chairman.

Thanks to all of you for your service to our country and for joining us today. I deeply appreciate it and, on behalf of constituents that I have back in Utah, I express my deepest gratitude to you and those who serve under your command.

For the last two years we've heard a lot from a lot of high-ranking military officers like yourselves, who have come before this committee and others, in front of the men and women that they command, in front of the American people, to express the grave concerns they have about sequestration and what it could do to our military, our military readiness, and everything we do through our military.

I've heard members of Congress on both sides of the aisle and on both ends of the Capitol express grave concerns about the impacts of sequestration, about what could happen. I've heard my own constituents, people from throughout Utah, many of whom are currently serving or have served in the military, express similar concerns. It's an interesting conversation. It's sad that we have to be having this conversation, especially since sequestration was something put into law at a time when nobody believed it would ever happen. It was supposed to be so bad that we would do anything and everything possible in order to avoid it. And yet it has arrived.

So my first question, which I'll leave open to any of you who might want to answer it, I'd like to know a little bit about the means by which, the format by which, the regularity with which you communicate these kinds of concerns, the sorts of concerns we're talking about today, about sequestration's impact on readiness and on the Department of Defense generally. How and in what way do you communicate those concerns to the White House?

General ODIERNO. I would say that, first off, as the Joint Chiefs we meet twice a week to discuss many key issues, to include policy issues, health of the force issues. We clearly have discussions, and then the Chairman as the Chairman takes those to the White House.

But we also have periodic meetings with the White House. In fact, we have one next week, where we'll have the opportunity to go over and discuss many of these issues with the President. I think he's been very open in meeting with the Joint Chiefs on these types of things. So there are forums in place to do that.

We also obviously meet on a regular basis with the Secretary of Defense, where we have the opportunity to talk about the issues we have, and he also takes those forward. So I think there's avenues there that are clearly—that are open to us that we use on a quite regular basis.

Senator LEE. So if I understand it, General Odierno, you do meet regularly with the White House and you're able to communicate these openly, effectively, to people in the White House at the highest levels, including the President and the Secretary of Defense? Okay, that is good to hear.

My concern and one of the things that animates that question is that I have not sensed quite the same level of alarm coming from the White House as I have sensed when I've met with each of you. I have not sensed that same level of concern. We've seen a lot of action, a lot of energy from the White House going into efforts involving everything from gun control to defending Obamacare, to fixing the web site, and so forth. I have not heard the same level of concern, the level of alarm, that I'm hearing from you. And that does cause me some concern.

It seems to me that if the administration did in fact think this situation was this dire, as dire as you are explaining it to us, I would expect to see that issue, those set of issues, receive a lot more time and attention and energy from our Commander in Chief.

Going along with that, instructions on preparing for sequestration in 2013 were not even initiated until just a few months before it went into effect. And the President didn't consider the possibility of sequestration in his 2014 budget request, despite the fact that it is law, despite the fact that that law has not been repealed, it has not been modified in a way that makes it irrelevant or less relevant.

So can you, any of you, describe for the committee what instructions, if any, you're receiving from the White House and from the OMB with regard to how to deal with sequestration in 2014 and the budget for fiscal year 2015?

Admiral GREENERT. We've been directed and we're in the process, as we sort of described before, to put together a budget that—we call it “the alternate POM,” program objective memorandum—

which assumes sequestration levels, Budget Control Act caps. So that is being prepared and today we are deliberating on that, called a program budget review, in the Department.

There is also a secondary level that is under consideration at a higher level, that we also will deliberate over. So that there's an option available. But we are focusing on in the Department right now the alternative, that is the Budget Control Act cap levels, if you will. But there are two, there are two options.

Senator LEE. Okay. Thank you, Admiral, for that. When you say "so there is an option available," meaning so we have options on the table, options?

Admiral GREENERT. There are options. So what option will be chosen and under what circumstances, I really couldn't tell you, Senator. But you wanted to know what are we directed to do and that is what we're doing, just again those two levels.

Senator LEE. So presumably those options will be considered by the President and the Secretary of Defense, and at some point a decision will be made?

Admiral GREENERT. Presumably, yes, sir.

Senator LEE. Okay. Thank you, Admiral.

I see my time has expired. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Lee.

Senator King.

Senator KING. Thank you, Mr. Chairman.

There's a lot of discussion about flexibility. It seems to me in this situation a way to think about it is we're telling you that you have to cut a finger off and you get to decide which one. That's an unattractive form of having to make decisions.

I want to talk about morale and the effect of this. Senator Levin and I were in the Middle East this summer and the biggest impression I came back with was an extremely favorable impression of the young people that we have working for the U.S. Government in the military, in the Intelligence Community, in the State Department. These are idealistic, hard-working, dedicated people, who we're frankly not treating very well.

They've been through furloughs, they've been through a shutdown. They've got the sequester. They don't know what the future of their benefit programs are.

Is this starting to play itself out in terms of retention and recruitment and morale in the Services, General Odierno?

General ODIERNO. Senator, thank you for the question. I would say that there are two pieces to that, the civilian workforce and the military workforce. The civilian workforce, we are seeing, I'm not saying significant morale issues, but there are questions by the civilian workforce because they've been through a furlough, they went through shutdown, and I think they're questioning the—and a reduction along with that. So they are questioning, how stable is their work environment, especially since it's still on the table.

In terms of the soldiers, the way I explained it is morale is good, but tenuous. Reenlistments are fine, recruiting's going okay. Soldiers—but there's a lot of angst and the angst is kind of what you just said, you know, people talking about benefits, people are talking about—obviously, in the Army we're significantly reducing the size of the force, so they're worried about their future.

But what makes me feel so damn good about it is what you just described, is that their morale is high, they're doing exactly what we ask them to do. They're training as hard as they can with the money we give them. When they deploy, they are there trying to accomplish the mission to the best of their ability. And that's what's so frustrating to me personally, because of their personal dedication to our Nation and to our Army, and yet they have a lot of angst both individually and with their families because of all this discussion that's going on, the fact they might lose their job, they might lose benefits, they might—but they continue.

What's inspiring is they continue to do what we ask them, and they do it to the best of their ability. That's the best way to describe it, Senator, to you.

General AMOS. Senator, I think our civilians—I don't have any metrics for this yet because it's too soon to tell. But when I talk to our civilian marines, as I mentioned in my opening statement, our civilian marines are looking at this going: I'm not sure. I love the institution, I love being a civilian marine, I like what it stands for; I just don't have confidence in it now.

They're looking at this, not only what they've just gone through, but they're looking at the fact that sequester they know is going to require a cut in civilian personnel over the next 10 years. It will require a cut in civilian personnel, there's no question about it.

So you look at all the things they've gone through and they're going: Boy, maybe I ought to look around.

So I don't see people jumping ship, but I do worry about it because they're the professionals. So that's the civilian side of the house and they are the shock absorber for us, and they're the corporate memory.

Inside my force, we're a young—the Marine Corps is a young Marine Corps. 67 percent of all the Marines on active duty today are on their first enlistment. So they're somewhere between 18 years old and probably 22. They didn't come in to sit back at home stations and be a garrison marine. They actually like deploying. So when you go visit them in Afghanistan, in the Western Pacific, you don't get questions like: Well, shoot, what's sequester going to do to me? They know how to spell it, but that's about it.

They want to know: Hey, Commandant, is this going to be the last deployment I'm going to get on, or am I going to actually be able to go to combat again or be able to go to WESTPAC again? So our morale's pretty high right now and I think it's going to stay high as long as we give them something to look forward to. The re-orientation to the Pacific has just reenergized a lot of Marines as they think about Afghanistan. My gosh, we're coming out of there in 2014. What's left? Well, we talk about Darwin, Australia. We talk about Japan, we talk about Guam. And their eyes light up.

So the morale in my service is pretty high.

Admiral GREENERT. Senator, an anecdote. I had two of my systems commands, major engineering systems, ship and air, they have a lot of civilians and they came to me and said: You're not going to have to worry about headquarters reduction and have a RIF or reduction in force; we'll do it with attrition. We have a lot of people retiring. So that struck me because that's a lot of seniority and talent and experience going out that top and we don't have

a lot going in the bottom. So we'll be out of balance, and I kind of spoke about that in my oral statement.

One other anecdote. General Welsh mentioned kids getting bored. In the Navy we're starting to develop a situation where when you get ready to deploy you're going to be ready, but, boy, you're going to do it fast and you're going to do it hard. So our pilots, a lot of our air wings—carrier strike groups about the air wing, they're flying a lot and training a lot for about seven months, and they barely have time to get their will done and get their power of attorney done and then they're deploying and they're gone for six, seven, eight months.

Then they come back and they just longingly look out the window at their Hornet aircraft and say: Gee, I wish I could fly again. So that have and have-not, when that gets into service records you're going to get kind of a have and have-not feeling about it. I'd worry about that in morale and in eventually retention.

Senator KING. I want to just—I would commend to you, all of you gentlemen, an extraordinary speech by Robert Gates that was given just in the last couple of weeks. He put it—what you've been saying all morning, but he put it very bluntly and succinctly. He said: "The greatest threat to American national security now lies within the square mile that encompasses Capitol Hill and the White House," and that we are the problem.

It was very stark, and I think that's the point that you've been making today. What we're talking about here isn't academic, it's not dollars on a balance sheet; it's lives, readiness, and the ability to defend this Nation.

Thank you, gentlemen.

Chairman LEVIN. Thank you, Senator King.

Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman.

I would add my thanks to you four gentlemen for your service to this country, and also my thanks to the men and women who serve under you for their commitment to keeping us all safe.

I would like to go on a different track here a little bit. At the end of July Secretary Hagel released a statement on the strategic choices management review. In that, it's basically how the Department is going to cope with the sequestration over the next 10 years.

General Odierno, in your testimony before the House Armed Services Committee you stated that the SCRM was based on assumptions which you described as "rosy" and "somewhat dangerous." Specifically, you pointed out that it assumes conflicts will last just 6 months, little to no casualties will be sustained, no follow-up stability operations will be necessary, U.S. forces deployed elsewhere will be able to complete, disengage, and redeploy to support a major regional contingency, and the use of weapons of mass destruction wasn't even considered.

Can you elaborate on those assumptions and the danger you referred to about building force structure based on those assumptions?

Admiral GREENERT. If you reduce the requirement, you reduce the amount of forces that are necessary. So what happens is we do not have the ability to replace our soldiers that have to accomplish

the mission. We don't have enough. It's about quantity. So for example, that a war in Korea would last less than a year, less than a year. There's nothing that makes me feel that that's a good assumption, that we won't have any casualties during a war somewhere around the world.

The fact that we do full disengagement. We just fought two wars, Iraq and Afghanistan. So we did not disengage from other places around the world. So it's just not assumptions that I believe are appropriate.

What I worry about is that in the end the weight of those assumptions are not going to be on me. It's going to be on our soldiers, our young men and women who are asked to do a mission that they simply do not have the capability and quantity of capability to accomplish. And it results in more casualties, and it results—which is the most, in my mind, critical thing. It also makes rosy assumptions about our ability to quickly build a larger force.

You know, in the 2000s while we were fighting two wars, first, it took us 4 years to make a decision, to say we can grow the Army. Then once we did that, it took us about 32 months to do it, because you've got to recruit them and then you've got to train them. So you can't do that within a 6- or 8-month period. It's impossible to do, and we made assumptions that we would magically be able to build this huge Army in a very short period of time.

It doesn't happen that way, unless we go to the national mobilization, we go back to a draft, we go back to many other things. Even then, it would take longer than 6 months to a year—it would probably still take 2 years plus—to build another. So it's substances like that that are incredibly risky as we go forward.

Senator FISCHER. Do you think this review is helpful in any way, to help planning within your different departments and the Department as a whole?

General ODIERNO. It is. There are some things that are good about it. Some things about priorities are good, some things about efficiencies. A lot of people have mentioned that there are clearly efficiencies that we still have to garner out of our own budgets, and we have to do that. So I think some of that is very good.

But I do significantly worry about these assumptions that we make about our warfighting capabilities, which I think are rosy and somewhat dangerous.

Senator FISCHER. Thank you.

Admiral, do you have anything to add on the SCMR?

Admiral GREENERT. Well, it was—I think we need to keep in mind, it was options for a future, which was described. As General Odierno said: Okay, well, that's nice, but we've never been able to predict that future. So it's kind of dangerous if you're wrong and in the world that I live with, of conducting presence if we reduce force structure to a level where we are not out and about, our allies wondering of our reliability. Our allies—therefore potential adversaries can get out of hand, if you will. Then we can pretty much have a mess because we're not deterring those by being together with our allies, and that's a great deterrent effect.

But lastly, I would say the ability to produce ready forces—you've got to look into that very closely. As General Odierno said, there were some assumptions made, and we've talked about the de-

bilitating effects here on the industrial base. That can be quite extraordinary and we need to consider that.

Senator FISCHER. I've had some comments made to me that President Reagan was able to build up the force fairly quickly when he became President. Would you agree with that? Both of you have said that it's difficult to build the force up quickly. Has it happened in the past? Do you think President Reagan did?

General ODIERNO. What he did was he didn't increase the size; what he did is he increased the investment into the force. During the Reagan buildup what we did is we increased our readiness, we significantly increased our modernization programs, which had an incredible impact on the capability that was developed during those time frames in the Army.

Admiral GREENERT. Yes, sir—yes, ma'am. The delivery of, in my world, the ships and the aircraft took place quite a bit after the investment, if you will. So the same thing occurs when you draw down. Boom, they're gone and you say, well, I want to stand it up again. You've got to make sure you've got shipbuilders and aircraft builders as well.

So President Reagan was fortunate in that regard that he had a broad enough industrial base to be able to respond.

Senator FISCHER. General Amos and General Welsh, just briefly?

General AMOS. Ma'am, I'm with my colleagues on President Reagan. We lived with his legacy through the nineties. We had the Reagan buildup, so when we went through the nineties, the Gulf War, we used the equipment that came from the Reagan buildup. And we sustained that even through the 25, 28 percent reduction in force of the late nineties and the revolution in military affairs.

But it takes a long time to build the force, the people. But in today's market, programmatically it takes a long time to develop ships, airplanes. We're seeing that right now with the Joint Strike Fighter.

Senator FISCHER. And your opinion of the assumptions in the SCMR, General Amos? Did you have an opinion on those?

General AMOS. Ma'am, say that again, please?

Senator FISCHER. On the assumptions that are listed in the SCMR, did you have any thoughts you wanted to share on that?

General AMOS. I share my colleagues' apprehensions about the assumptions. I think they were too altruistic. I do think it was helpful, though, because it gave a range. It gave a range of what a service should look like, and I think that's helpful, because it energized the dialogue and got everybody kind of moving.

Senator FISCHER. Thank you.

General WELSH. Ma'am, another assumption that was in there that is significant based on where we are today is that SCMR was underlined by an assumption that our force was fully ready, and that allowed you to execute the strategy. We're clearly not there today.

The other thing I would mention about the Reagan buildup is for the Air Force specifically, during that time we purchased about 2,600 new aircraft to modernize our force. In the latest buildup of our top-line budget between about 2000 and 2008, we built 260. So we did not modernize as the top line went up. A lot of that is due

to the rise in personnel costs that we've already discussed. So the force still needs to be modernized in some pretty critical areas.

Senator FISCHER. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Fischer.

Senator KAINE. Thank you, Mr. Chairman. To the witnesses, appreciate your patience with us.

The effect of sequester on Virginia is just so palpable in all the communities that I visit. I gave my maiden speech on the 27th of February as a Senator. I think most maiden speeches are sort of "Here's who I am" or "Let me tell you about my State" or "Let me tell you what I want to do." I don't think many maiden speeches were, like mine: "Let's not do something stupid." I had to make my maiden speech about "Let's not do something stupid" because it was right on the even of the sequester kicking in.

We cast a vote in the Senate to turn off the sequester and there were 53 votes for that. But because of the ability to insist upon 60 votes, 53 votes wasn't enough to turn off the sequester.

I just think it's always very important that we say this, and you can be more diplomatic than I'll be: It's because of Congress. Sequester is because Congress hasn't done a budget. Sequester is because we haven't been able to find a deal in normal order, we haven't been able to find a deal in supercommittees, we haven't been able to do anything other than kick the can down the road, continuing resolutions.

Congress could have fixed this. Congress shouldn't have put it in place. Congress can fix it, and the one bit of good news about this is there's a budget conference finally going on right now. One of the things I would certainly ask—everyone connected with the military or who loves it, whether you're active, veteran, or just a patriot: Tell the budget conferees—and there are some of us around this table; Angus and I are both budget conferees. Tell us to get a budget deal by the 13th of December, because what you need is certainty and a path out of sequester.

There has been some questions today, Mr. Chair, along the lines of: Have you explained to the President how sequester is hurting national security? I found those questions kind of odd. The President submits a budget every year to Congress and I imagine that you talk to the President about your needs. If Congress would just pass the President's budget or pass the DOD portion of the President's budget or pass something within the general time zone of the DOD portion of the President's budget, would our readiness issues be much easier to deal with than they are under the sequester?

Admiral GREENERT. Yes, sir, they would. I mean, the PRESBUD that we submitted and testified to, I for one found it was acceptable.

Senator KAINE. So there isn't a need for a President to come and bring a special request for, you know, we're having readiness problems, here's my proposal for how we deal with readiness problems. All we have to do is pass a budget and get in the general time zone or area of what the President is proposing vis a vis the DOD and, while it wouldn't eliminate all the challenges we have, we wouldn't be here looking at charts like this, would we?

General Amos, I want to ask you a question. I looked through your written testimony quickly. You said something pretty blunt in your opening comment. I think I heard you use the word “ashamed,” and I think it was in connection with you’re sort of ashamed about the way we are treating maybe some of our civilians with respect to the furloughs. I didn’t write down the precise quote and when I went back through your written testimony I couldn’t find it.

Could you just refresh me on exactly what you said, because I want to ask you what you meant by it?

General AMOS. I just handed my oral statement back, but I said I’m ashamed of the way we treated our civilian marines. As I look back at how we went through the furlough and how we went through the government shutdown, I’m looking at them—and by the way, we required them as soon as they came back to help us get this budget put in, get all the contracting done, close out all the deals at the end of the year.

These are the professionals that do that, Senator. It’s typically not military people that are trying to get the contracts in, trying to get all the money obligated—the professionals that are working on our airplanes, our ships, our tanks, our equipment. So to be honest with you, when I look them in the eye I’m embarrassed, I’m ashamed. I think they are every bit as much patriots as we that wear the uniform are, and I think we treated them poorly. That’s what I meant by that.

Senator KAINE. And I appreciate you saying that because, you know, again we really are dealing with a problem that Congress created and only Congress can fix. Peppering you with more questions about whether you’re appropriately informing the Commander in Chief about these effects is an effort to kind of avoid looking in the mirror. You know, we just have to look in the mirror in this place.

Again, Mr. Chair, we do have a good opportunity right now, because the budget conference that should have started in March is now under way to try to find some certainty. General Dempsey was with a number of us the other day and he said: “The problem with sequester is it’s money, it’s timing, and it’s flexibility, and all three of those create problems.”

I worry about your planners. I think you’ve got some superb planners in all your branches and with DOD. But instead of letting your planners run free to plan how to deal with an uncertain world, we’re tying up their time making them figure out how to deal with an uncertain budgetary situation.

You don’t have a budgetary number yet now. You don’t know when you’ll have a number. And you don’t know what the rules will be about the number that you will eventually get at some uncertain time.

So in an uncertain world, we are making your task almost impossible. So I feel ashamed. I feel ashamed to have you come back here again and again and again and tell us the same thing and not see any action to do anything about it.

General AMOS. Senator, could I comment? We’re under a continuing resolution. You know that. It’s a forced diet. That prevents us from signing multi-year contracts. I’ve got \$815 million worth of

military construction in 2014. Three-quarters of it is for the President's strategy, the rebalance to the Pacific. I'm not going to be able to commit to that, I'm not going to be able to do those kinds of things.

I was just looking through some numbers in preparation for this hearing. As a result of sequester alone and the amount of—my share is 10.2 or 3 percent over 10 years. Just in Marine Aviation alone, it's going to cost me \$6.5 billion of inefficiency.

So when talk about cost overruns and we talk about all the other things we're going to try to call the money out. \$6.5 billion, and that's because multi-year contracts were—I either can't sign or I've got to cancel, so I've got to pay penalties now and buying airplanes on an individual basis.

At the end of that, that's four JSF squadrons and two MV-22 Osprey squadrons, simply because of the inefficient way we're going about doing business in this sequester.

Senator Kaine. Well, Mr. Chair, I just hope if we have another hearing on this, I'm going to suggest something that you're all too diplomatic and reasonable to do. But if we have another hearing on sequestration, I would suggest that you bring—you can bring whatever charts you want, but I would suggest you just bring a bunch of mirrors and put them up so that we can look at ourselves in our faces as we're talking about this. It's the only place we're going to solve this. This isn't on you to solve, it's not on the President to solve. Only a Congress can pass a budget. A congressional budget doesn't even really go to the president for signature. It's just fully within this body. It's fully within our power to solve this, and I pray that we will.

Thank you, Mr. Chairman.

And the public gets this, Mr. Chairman. The public understands this. That's why our approval rating is below Al-Qaeda's. I mean, it's a sad state.

Chairman LEVIN. Two quick requests. One, did each of you support the President's budget request?

General ODIERNO. Yes.

Chairman LEVIN. Admiral?

Admiral GREENERT. Yes, sir, I did.

Chairman Levin.

General AMOS. Yes, chairman.

General WELSH. Yes, sir.

Chairman LEVIN. All right. Second, would you give us, General Amos, the breakdown for the record of that \$6.5 billion that you made reference to.

Now, Senator Blumenthal.

Senator BLUMENTHAL. Yes, Mr. Chairman. I realize we're in a vote, so I'm going to be very brief. First, I understand, Mr. Chairman, in a glaring omission on the part of our

Chairman LEVIN. And I'm going to turn the gavel over to you. Is it safe?

Senator Blumenthal [presiding]: It's an awesome responsibility, but I think I'm capable of it.

Chairman LEVIN. Thank you all. Senator Blumenthal.

Senator BLUMENTHAL. We are in the middle of a vote, so I'm going to be very brief. First, I understand, Mr. Chairman, in a glaring

ing omission on the part of our committee, we have not yet wished General Amos a happy birthday, even though it's a little bit earlier. Happy Amos.

General AMOS. Thank you, Senator.

Senator BLUMENTHAL. Let me ask, for the record—I don't want to take your time with this. But I agree with what Senator Kaine has just said the responsibility being on the part of part of Congress. I think part of the way to deal with this crisis—and it really is a crisis—is to perhaps modify some of the contracts, long-term some of the percent process, which is not your doing. You aren't the ones who in effect burden the military services with the way we do procurement and how do we do procurement. And the contracts which in effect, penalized the United States when it fails to make certain orders, or when there are cost overruns that are not your doing.

So I would like the panel to look at some of the procurement decisions, such as General Amos has just described, where we are in effect going to pay a lot more for weapons systems, whether it's airplanes or ships, as a consequence of sequester, so that we have some examples. They don't have to be in charts, but we need to be able to convince the American people about what the impact of sequester is, because right now it's a word, it's a term that has little or no meeting to 99.9 percent of the American people.

One of the other weapons systems—you described one, General Amos. But, Admiral Greenert, I understand that the *Virginia* payload module which results in a \$743 million design change to their *Virginia* class submarine, has been undermined by some potential cuts in the 2014 budget. I support that design, the \$443 million for the design program. I think it will measurably and materially and significantly add to the capability of those submarines. And to remove the money for designing and researching I believe will be really a loss of a tremendous opportunity; would you agree?

Senator GREENERT. Yes, sir, I will. As I stated before, this, we're talking about the undersea domain. It's a high priority for us. So as I discussed the concept of reprogramming, we'll search for that money. We're fortunate it's a long term program in one of the early phases. But obviously the impact if we continue this will be dramatic.

Senator DONNELLY. I also, finally, want to raise again as I've done it properly and General Odierno. The MI-17 helicopter issue, where I understand there may be limits to what we can do to reprogram money—I just want to state for the record, a billion dollars to buy helicopters from the Russian export agency that is also selling arms to Syria, when we don't have Afghan-trained personnel to maintain those helicopters will strike most Americans as a tremendous waste of money, first because we're not buying American helicopters, which we should be doing if we have to provide helicopters at all; and second, because the Afghans can't use them as we would hope they would.

I understand that you may have a different position, "you" meaning the U.S. Army or the Department of Defense. But if we're going to buy those helicopters we should be buying them from American manufacturers and training the Afghans' how to you them.

General ODIERNO. I would just say, Senator, that I want to make it clear we're not buying those helicopters for our forces. I want to make that very clear.

Senator BLUMENTHAL. I understand.

General ODIERNO. Second, that's a decision that was made in theater based on their assessment of the ability for the Afghans. They think they could in fact learn and train on the MI-17s because that's what they've had in the past and that's why we're purchasing them. So we're the agent to purchase those aircraft for them, but that's a decision that was made by those closest to that issue.

Senator BLUMENTHAL. I understand we're not using—we're not buying those helicopters for American forces. They're being bought for the Afghans. But we are using American taxpayer dollars, which could be used for the *Virginia* Payload Module or any other of the very important needs that you have and that we need to address.

So I understand that those decisions have been made as a result of our recommendations by commanders in the field, and I just want to state for the record my reservations about that decision.

So thank you very much. Thank you to each of you for your service to our Nation. I think I am in charge of gaveling to a close, even though I don't have the gavel. But this hearing is adjourned. Thank you very much for being here and your excellent testimony.

[Whereupon, at 12:04 p.m., the committee adjourned.]