

**HEARING TO RECEIVE TESTIMONY ON THE
CURRENT READINESS OF U.S. FORCES IN
REVIEW OF THE DEFENSE AUTHORIZATION
REQUEST FOR FISCAL YEAR 2013 AND THE
FUTURE YEARS DEFENSE PROGRAM**

THURSDAY, MAY 10, 2012

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

The subcommittee met, pursuant to notice, at 10:04 a.m. in room SR-232A, Russell Senate Office Building, Senator Claire McCaskill (chairman of the subcommittee) presiding.

Committee members present: Senators McCaskill, Ayotte, and Inhofe.

Majority staff members present: Jonathan D. Clark, counsel; Peter K. Levine, general counsel; and William K. Sutey, professional staff member.

Minority staff members present: Lucian L. Niemeyer, professional staff member; Bryan D. Parker, minority investigative counsel; and Christopher J. Paul, professional staff member.

Staff assistant present: Mariah K. McNamara.

Committee members' assistants present: Gordon Peterson, assistant to Senator Webb; Jason Rauch, assistant to Senator McCaskill; Anthony Lazarski, assistant to Senator Inhofe; and Brad Bowman, assistant to Senator Ayotte.

**OPENING STATEMENT OF SENATOR CLAIRE McCASKILL,
CHAIRMAN**

Senator McCASKILL. The Readiness and Management Support Subcommittee of the Senate Armed Services Committee will come to order.

And I will have brief opening remarks.

Welcome to our important witnesses today. Thank you, all four of you, for taking time from what I know are heavy demands on your time to spend some time visiting with us this morning about the overall, holistic readiness of our military, and we look forward to your testimony.

We are pleased to be joined by General Lloyd Austin, Vice Chief of Staff of the Army; Admiral Mark Ferguson, Vice Chief of Naval Operations; General Philip Breedlove, Vice Chief of Staff of the Air Force; and General Joseph Dunford, Assistant Commandant of the

Marine Corps. Gentlemen, I sincerely appreciate each of you adjusting your schedules at the last minute after we could not hold this hearing on the original date because we were voting.

Turning to the issue at hand, after more than a decade of combat operations in Iraq and Afghanistan, reported readiness levels of our Armed Forces have steadily declined, even as defense spending has grown dramatically. Our non-deployed forces have experienced serious readiness shortfalls in terms of personnel, equipment, and training. Even our deploying units have struggled with not enough time to train for full-spectrum missions.

Now we are entering an era of declining budgets, force structure, and new strategies. As a result, our military services face a new set of challenges as they seek to balance the drawdown of forces, vital reset of equipment and personnel, and continuing combat operations in Afghanistan. I am interested in hearing from the witnesses the extent of current readiness funding backlogs and the risks posed by these backlogs. We have been told in the past that the reset of our forces will require a few years of additional funding after the end of combat operations. I would like the witnesses to provide us with their latest estimates, timelines, and amounts in that regard.

I am pleased that the Navy budget would fully fund the ship depot maintenance requirement for the first time in many years. It is my hope that this increased level of funding will lead to a decrease in the number of unsatisfactory inspection results from the Navy's Board of Inspection and Survey, INSURV. At the same time, however, I am disappointed that the Navy has failed to meet the 6 percent capital investment objective established by Congress, the only military service that has done so. I would like to hear from the Navy what their long-term plans are for making up this gap in investment.

I am also pleased that the Army and Marine Corps have funded facilities sustainment, restoration, and modernization at the 90 percent level, which is the DOD stated goal. Unfortunately, the Air Force and Navy funded this same FSRM at 82 and 80 percent, respectively. I would like to hear from the Air Force and the Navy what level of risk they are taking on as a result of these lower funding levels and what steps they plan to take to avoid large bills down the road.

Finally, we have learned that the Department of Defense will face at least a \$1.3 billion bill as a result of the rise in fuel prices. This price increase has been exacerbated by the continued closure of the Pakistan border forcing supply convoys for our force in Afghanistan to use the northern distribution network at an increased expense of about \$38 million per month.

Given all of these challenges we face, we must strive to protect our readiness accounts, but we can also do a better job in managing funds like operation and maintenance. We can improve the execution rates and unobligated balances in these accounts, in addition to our operational readiness models. As the services continue to identify efficiencies in overhead, support, and other less mission-essential areas, I challenge the services to better balance the difference between cost savings and cost avoidance, as we owe it to

the American people to be much better stewards of their tax dollars.

Gentlemen, I cannot thank you all enough for your dedicated service and the sacrifices you have made on behalf of our country and the sacrifices your families have made. I thank you all for taking the time to have this critical discussion, and I look forward to your testimony. I know each of you have prepared statements, which will be included in the record. So we can have a full opportunity for an in-depth discussion, I would ask you to please try to summarize so we will have plenty of time for questions.

Senator Ayotte, do you have a statement you would like to make at this time?

[The prepared statement of Senator McCaskill follows:]

STATEMENT OF SENATOR KELLY AYOTTE

Senator AYOTTE. Thank you, Madam Chair. Thank you for calling this important hearing on the current readiness of U.S. forces in review of the defense authorization request for fiscal year 2013 and the future years defense program.

I foremost want to thank the witnesses that are before us today. As we confront challenges around the world, I know that each of you have been tremendous leaders, and all of the soldiers that serve below you deserve our respect and admiration. And I thank you all for what you are doing in very difficult times, both fiscally and also with the national security challenges we face. So thank you.

On March 23 of 1983, President Ronald Reagan delivered an important speech in the Oval Office. And in his speech he said: "What seems to have been lost in all this debate is the simple truth of how a defense budget is arrived at. It isn't done by deciding to spend a certain number of dollars. We start by considering what must be done to maintain peace and review all the possible threats against our security. There is no logical way that you can say, let's spend X billion dollars less. You can only say, which part of our defense measures do we believe we can do without and still have security against all contingencies? Anyone in the Congress who advocates a percentage or a specific dollar cut in defense spending should be made to say what part of our defenses he would eliminate, and he should be candid enough to acknowledge that his cuts mean cutting our commitments to allies or inviting greater risk or both."

As I consider the national security threats facing our country and as I review the President's proposed fiscal year 2013 defense budget, I worry that we are falling into the very trap that President Reagan warned us to avoid. I worry that President Obama's proposed defense budget is based more on, in my view, what was irresponsible in what we did in the Budget Control Act and what the Office of Management and Budget has handed you in terms of a number that treats all Federal expenditures the same rather than a clear-eyed, objective assessment of our U.S. national security interests and the kind of military that we need to protect those interests and the American people.

As I consider this year's budget request, I have some serious concerns and a lot of questions that I look forward to discussing today.

Let me quickly highlight some of my leading concerns for each of the services.

While we would certainly expect an Army end strength draw-down after withdrawal from Iraq and with a phased drawdown from Afghanistan, I would like to know what the reductions of 72,000 from our Army end strength do for our forces and our national security needs. At a time when much of the Army has failed to achieve sufficient dwell time between deployment that is essential to allowing units to reset and retrain, I have serious questions about the 72,000 number. I am also concerned about the Army's plans to involuntarily separate thousands of mid-career officers and non-commissioned officers in order to achieve this drawdown. We talk about not breaking faith with our troops, and I am concerned about with this drawdown and with the position that we are taking in our plans to provide many of our mid-career officers involuntary separations, what does this do in terms of the morale of our all-volunteer force and also the strength of that force.

At a time when there is consensus that our military needs to do more, frankly, with the risks around the world, that we need to be more agile and responsive, I am also concerned in not only looking at the 72,000 reduction in the Army, but I would also like to have the same questions answered with respect to the 20,000 reduction of the Marine Corps as well, as well as the Marine Corps' decision to eliminate one maritime prepositioning squadron, which we have talked about at length before.

At a time when we are increasing focus on the maritime-dominated Asia and Pacific region, when the Navy has approximately 30 fewer ships and subs than it has said previously our national security requires, and when the Navy is failing to meet 39 percent of our combatant commander requirements for attack submarines, I also remain concerned for our Navy about postponing the procurement of the Virginia class submarine. I am also concerned about the mismatch between our stated strategy that features an increased emphasis on the Asia-Pacific and the Navy's continued shortfall in ships and submarines. And I think these are important questions that we need to understand and the American people need to understand what risks we are incurring under this budget.

At a time when the Air Force is working through the wear and tear of 20 consecutive years of combat operations with a fleet that is already 32 percent smaller and 43 percent older than in 1991, my concerns there are about our Air Force end strength by approximately reducing that end strength by 10,000 airmen and cutting 246 aircraft from the Air Force's inventory.

To be clear, I am not one who opposes all cuts to the budget of the Pentagon or our military. There is no question that there are reductions that need to be made. But as we seek to address our Nation's fiscal crisis and reduce Federal spending, there is no doubt that we need to understand what decisions are being made here in light of our constrained resources, what risks we are taking on as a Nation. And I am concerned that there is a disconnect between our military capabilities and the number of the budget that you have been handed under the Budget Control Act from Congress.

Secretary Panetta said, "Let me be clear. You can't take a half trillion out of the defense budget and not incur additional risk. There is no margin for error."

As President Reagan said in 1983, we must make sure that any adversary who thinks about attacking the United States or our allies or our vital interests concludes that the risk to him outweigh any potential gains.

I do not believe that creating a U.S. military with no margin for error is the best way to assure our allies or to deter our potential enemies, and that is what I am worried about. America and the world are safer and more prosperous when the United States maintains military power and strength beyond challenge.

And I think it is the preeminent purpose of this subcommittee and today's hearing, as much as is possible in this unclassified context, to drill down and ensure Congress and the American people that they understand the risk of this budget that we would incur with what you have proposed today and to our warfighters and to our country.

Finally, Secretary Panetta has described the defense sequestration cuts as catastrophic, inflicting severe damage to our National defense for generations. He compared the cuts to shooting ourselves in the head. Even with these compelling statements, I am still amazed that Congress has not mustered the courage to make the tough decisions now to avoid these serious risks to our national security. Based on these statements by our Secretary of Defense, we need to hear from the witnesses and the leaders that are before us today about the impact of the \$500 billion in defense sequestration cuts on each of your respective services. I would also like to hear from each of your Services when do you have to start planning for this because I think there is a view around here that we can suddenly wait until December on the sequestration issue. But there is a lot of planning that would have to go into this not only for you but for the defense industrial base. So I would like to know how urgent this is in terms of Congress addressing this issue.

While I recognize that the Defense Department must play a responsible role in overcoming our debt and the spending crisis we face, which is no doubt, as Admiral Mullen said, the greatest threat to our national security, I am concerned that the size and scope of the budget cuts will expose our military forces to an unacceptable level of risk. And this risk is being assumed at the precise time we are asking our military leaders to plan for an increasingly difficult set of circumstances around the world against a widening array of risks and question marks in terms of things that are happening around the world right now. We cannot repeat the mistakes of history by cutting our forces so much that we are unprepared for future contingencies. Our military and the American people deserve better, and it is my hope that today we can discuss these important issues.

And I thank all of the witnesses for being here, and I want to thank the chair for holding this important hearing.

[The prepared statement of Senator Ayotte follows:]

Senator MCCASKILL. Thank you, Senator Ayotte.

We will begin the testimony now, and first we will hear from General Lloyd Austin, Vice Chief of Staff for the U.S. Army. Welcome, General Austin.

STATEMENT OF GEN LLOYD J. AUSTIN III, USA, VICE CHIEF OF STAFF, U.S. ARMY

General AUSTIN. Good morning. Chairman McCaskill, Ranking Member Ayotte, Senator Inhofe, thanks for the opportunity to appear here today to discuss the current readiness of your U.S. Army. I have submitted a statement for the record and I look forward to answering your questions.

These continue to be challenging times for our Nation's military and we have been at war now for over a decade. In fact, at no other time in history have America's service men and women fought for so long a period with an All-Volunteer Force. And as you are well aware, we are still heavily engaged in operations in Afghanistan. We recognize that our military and interagency efforts there are extremely important.

In spite of the heavy demands placed on our personnel and equipment, I am pleased to report that ours remains a remarkably resilient force. Our soldiers are continuing to do an outstanding job, and they and their families have routinely done what we have asked of them. And after more than a decade of war, hard fought in two separate theaters, America's All-Volunteer Force is highly capable and well led. This is due in no small part to the encouragement and the strong support of Congress. And I want to take this opportunity to thank all of you for your continued and steadfast commitment to our soldiers, Army civilians, and their families.

We are certainly proud of all that we have accomplished as a national security team, which is comprised of our military services, our interagency partners, and allies and friends around the world. We also recognize that much work lies ahead of us, and while our priority continues to be the fight ongoing in Afghanistan, we are doing everything we can here at home to help heal and alleviate some of the stress on our personnel.

Likewise, we have begun to retrograde, replace, and reset our equipment. The demands of the uncertain future security environment dictate that we continually prepare for the next fight, and accordingly, we are reshaping our Army and making necessary adjustments to our force structure and our training programs, recognizing that as the Army continues to adapt, we must be ready and capable of responding to a broader range of missions with fewer people.

In the years ahead, America's Army will be smaller and leaner. Yet, it will also be sufficiently agile, adaptable, and responsive. This is critical to ensuring our ability to deter aggression and to decisively defeat any opponent. These characteristics will also enable us to grow capacity as needed in response to unforeseen contingencies.

Key to our success, as you have frequently heard from our Secretary, Secretary McHugh, and our Chief of Staff, General Odierno, is balancing the three rheostats of force structure, modernization, and readiness, and that is where we are focusing our efforts.

One area in particular where we will need Congress' help is ensuring continued overseas contingency operations, or OCO, funding for end strength of about 490,000. This funding is imperative to our ability to manage a gradual reduction to our end strength over the next 5 years from 560,000 to 490,000. Lack of OCO funding will drive us to a steeper drawdown, primarily through involuntary separations and other means that could result in significant hardship for thousands of Army combat veterans and their families and generate a large bill for unemployment and other related costs.

Likewise, we will need to fund reset for 2 to 3 years after we have completed the retrograde of equipment from Afghanistan. This is a request that this subcommittee has heard many times, but it bears a bit of repeating. Absent this funding, we will be required to accept risk in other areas at significant cost with a negative impact on readiness.

We are confident that the strategy we have developed will enable us to achieve our objectives. That said, we must continue to work together to ensure our battle-tested Army remains the Nation's force of decisive action ready today and prepared for tomorrow. And I am confident that we are on the right path to do so at this time.

Madam Chairman and members of the subcommittee, I thank you again for your continued support and demonstrated commitment to the outstanding men and women of the U.S. Army and their families. And I look forward to your questions.

[The prepared statement of General Austin follows:]

Senator McCASKILL. Thank you so much.

Next we will hear from Admiral Mark Ferguson, Vice Chief of Naval Operations, U.S. Navy.

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

Admiral FERGUSON. Madam Chairman, Senator Ayotte, and distinguished members of the committee, it is an honor to represent the men and women of the Navy and review the readiness of the force with you today.

As we prepared our fiscal year 2013 budget request, our decisions were driven by the new defense strategy and our sailing directions for the Navy, emphasizing warfighting, operations forward, and readiness. We focused on funding the critical elements of readiness as we balanced our investments in future capability, operations and maintenance, personnel, training and spares.

Our budget proposes reductions in force structure and delays in the procurement of some new platforms to ensure the wholeness of our remaining force. Importantly, we invested in maintaining a sustainable deployment model to allow for the reset and stride of our forces between rotational deployments as well as in selected ordnance and training for the fleet.

We also focused on enhancing our forward presence to mitigate a reduced force structure such as placing four Arleigh Burke class destroyers in Rota, Spain and planning for the forward stationing of littoral combat ships in Singapore.

Quite simply, we prioritized readiness and capability over capacity to ensure we deliver a ready and relevant Navy now and in the future.

This budget submission, which includes baseline and overseas contingency operations, or OCO, funding supports the requirements of the combatant commanders as adjudicated by the Joint Staff in the global force management process with some available capacity to provide surge forces in support of our major operational plans and other emergent needs.

It is important to note the combatant commander demand for naval forces is much higher than approved in the GFM process and is steadily growing. We have been operating at a wartime tempo for over 10 years and continue to stress the force as we draw down from two land campaigns. Our forces are ready but show the strain of this pace. Let me give an example.

Today the Navy is surging to provide two aircraft carrier strike groups in the Middle East while at the same time sustaining a continuous carrier strike group presence in the western Pacific. In response to heightened tensions, we are augmenting our forces in the Central Command area with additional mine countermeasures assets, patrol craft, and a float-forward staging base support vessel, the refitted USS Ponce.

This agility of naval forces to respond to crises is preserved through our investments in maintenance and training. Supporting this current level of surge above our program budget levels is not sustainable over the long term within our current level of resources. To sustain this high operational tempo, we will face the choice between reducing the maintenance on our platforms and shortening their expected service lives, reducing the training in our personnel, or increasing the stress on our force through longer deployments.

Today we are dependent upon the receipt of OCO or similar supplemental funding to sustain our readiness. This year, the added cost of providing these surge forces, given fuel cost increases, is placing pressure on our readiness accounts and execution. We are working with the Department of Defense to address the challenge of these additional costs without affecting our overall readiness.

Madam Chairman, Senator Ayotte, and distinguished members of the committee, you can be proud of the exceptional service of the men and women of our Navy. Our sailors are the highest quality force in our history and they make us the finest Navy in the world. I appreciate the support of the committee for our Navy and its readiness and appreciate the opportunity to testify and look forward to answering your questions. Thank you.

[The prepared statement of Admiral Ferguson follows:]

Senator McCASKILL. Thank you, Admiral Ferguson.

Next we will have General Joseph Dunford, the Assistant Commandant of the U.S. Marine Corps. Welcome, General.

**STATEMENT OF GEN. JOSEPH F. DUNFORD, JR., USMC,
ASSISTANT COMMANDANT, U.S. MARINE CORPS**

General DUNFORD. Madam Chair, Ranking Member Ayotte, members of the subcommittee, thank you for the opportunity to represent your marines this morning. I would like to begin by just making a few key observations regarding our current and our future readiness.

Today, of the 197,000 marines on active duty and the 39,000 in the selected Marine Corps Reserve, 26,000 are forward deployed. 18,000 of those are in Afghanistan.

Our number one priority is ensuring that our forward-deployed forces are well-manned, trained, and equipped, and as a result of your support, I can assure you that those marines and sailors that are forward deployed are at the highest state of readiness.

But our forward-deployed units have personnel and equipment requirements that exceed standard allowances. The additional equipment is due to the nature of the fight in Afghanistan and the very distributed nature of operations. The additional personnel are required to support staffs and trainers for Afghan security forces. We meet these additional requirements by pulling equipment and personnel from units at home station.

And as Madam Chair mentioned in her opening remarks, our units at home station continue to experience significant personnel and equipment shortages. In fact, over the past several years, approximately two-thirds of our units at home station have been in a degraded state of readiness. Home station readiness is a particular concern for the Nation's expeditionary force and readiness. The forces at home station represent our capability to respond to unexpected crises and contingencies. Over the past 2 years, units at home station have responded to several unplanned requirements. In these cases, marines have days and in some cases hours to respond, and we are reminded that crisis response is a "come as you are" event.

As we draw down our forces in Afghanistan, we will begin to address these deficiencies at home station and improve our ability to respond to unexpected crises and contingencies. The critical element in improving our readiness is the reset of equipment coming out of Afghanistan. We currently estimate the ground equipment reset liability at \$3.2 billion. This is our strategic reset liability. This forecast is primarily based on the replacement of combat losses, the restoration of items into serviceable condition, and the extension in service life of selected items. We believe it will take 2 to 3 years of overseas contingency funding to complete reset once our equipment returns from Afghanistan.

In addition to the strategic reset, we have asked for \$1.3 billion in our fiscal year 2013 budget request, and this is to cover what we call operational reset. It addresses the current cost of war to include replenishing missiles, ammunition, depot level repair of certain equipment, and the replacement of destroyed equipment.

As we work to meet current requirements and set the conditions to improve readiness, we are also ensuring that we have the right training, organization, and modernization to meet future challenges. Our current plan is to develop and maintain an active force of 182,000 marines and the selected Marine Corps Reserve at 39,500 marines. We believe that structure, filled with high quality marines and combined with our aviation and ground modernization initiatives, will allow us to meet the requirements of the new strategy. With your continued support, that force will be manned and equipped as a force of readiness. It will be designed to be forward deployed and forward engaged and it will be prepared for a wide range of crises and contingencies.

Thank you. I look forward to your questions.

[The prepared statement of General Dunford follows:]

Senator MCCASKILL. Thank you, General.

And finally, General Philip Breedlove, Vice Chief of Staff of the U.S. Air Force. Welcome, General.

**STATEMENT OF GEN. PHILIP M. BREEDLOVE, USAF, VICE
CHIEF OF STAFF, U.S. AIR FORCE**

General BREEDLOVE. Thank you. Madam Chairman, Senator Ayotte, distinguished members of the subcommittee, thank you for the opportunity to be here today and tell our Air Force story. These are challenging times and I commend you for your leadership and for your efforts to ensure we have the best equipped and best trained military on the globe. It is an honor to be here on behalf of our 690,000 active duty, Guard, and Reserve civilian airmen who selflessly serve our Nation alongside their fellow soldiers, sailors, marines, and Coast Guardsmen.

I would like to take this opportunity to share two important items with you today. First, the readiness of your airmen after more than 20 years of continuous combat ops, and second, the steps we are taking to ensure a superbly trained and equipped force which is ready to support our new Strategic Guidance and bottom line to avoid a hollow force while balancing risk.

The American people are fully aware that our Nation has been at war for over a decade. For our Air Force, however, we have been conducting combat ops continuously for well over 2 decades. December 17, 2011 marked the first time in 20 years that the Air Force did not fly an air tasking sortie over Iraq.

Madam Chairman, Senator, I would like to point out that over two-thirds of our uniformed airmen have an oath to defend our Nation and have joined our service during a time of war, during a time of continuous operation, and for that, I could not be more proud to serve alongside these dedicated airmen and Americans. These airmen are fully joined to the fight and consistently demonstrate their commitment to this joint team you see in front of you and in support of our combatant commanders and our Nation's interests.

Last year we saw this commitment at full capacity as our airmen simultaneously provided humanitarian support to our friends in Japan, executed a large presidential airlift in South America, supported the NATO no-fly zone to protect lives in Libya, and all the while fully employed with counter-insurgency operations in Iraq and Afghanistan. Our force capacity of the future may not support this high level of sustained, simultaneous operations. I am immensely proud of how our airmen have performed for the past 20 years and across all spectrums and with what you have seen, a very high OPTEMPO.

This intense level of performance has not come without a cost. Our force is stressed. We have continually gotten smaller. Next year we will be the smallest we have been since the inception of the U.S. Air Force in 1947. Our aircraft are old, older than they have ever been, with the average age of our fighters at 22 years, bombers at 35 years, and tankers, the oldest of the fleet, at 47 years.

And what really concerns me is the challenges we face to get our full-spectrum training. We are proficient in the current counter-insurgency fight. We have had to put high and full-spectrum training on the back burner which has the greatest effect on our combat air forces.

Other more recent concerns are the increase in fuel prices and higher-than-expected overseas contingency operations costs. Together, they have resulted in a current year bill that is significantly greater than we expected. We are working hard with DOD leadership to address the shortfall to avoid actions that might harm readiness. But if we are unable to reallocate funds with congressional approval, we will have little choice to shift resources within our operational and maintenance accounts which could have detrimental effects on our readiness.

Despite these fiscal pressures, there continues to be an increasing demand for airspace and cyber capability, which is evident in our Nation's new Defense Strategic Guidance. In order to keep faith with the American people and provide our unique capabilities upon which the entire joint team so greatly relies, it is imperative that we balance our force structure to preserve our readiness and maintain a risk-balanced force. In doing so, we must rebalance our active and Reserve component mix to ensure we can meet joint force requirements while not exceeding deployed-to-dwell ratios across the entire total force.

While no plan is free of risk, our analysis tells us that we are at an increased but manageable risk as measured against this new Strategic Guidance. We are concerned that efforts aimed at retaining force structure are out of balance with our Strategic Guidance or not accompanied by sufficient support in funding will lead us to the road of a hollow force. Force structure is key to our future.

As we responsibly rebalance this force, we remain committed to advancements in technology and future investments to continually sharpen our sword. Although we will be smaller, we will remain an effective and ready force.

Madam Chairman and committee members, I am confident in our ability to succeed through the tough times ahead because I believe in our Nation's airmen who, like their fellow soldiers, sailors, marines, and Coast Guardsmen, are dedicated to excellence, selfless service, and sacrifice. Thank you for your continued support of your U.S. Air Force and of your airmen. I look forward to your questions.

[The prepared statement of General Breedlove follows:]

Senator MCCASKILL. Thank you very much, gentlemen.

Since the turn of the century, we have been heavily involved in combat operations which have required our personnel to deploy frequently and has caused incredible wear and tear on both people and the vital equipment that we need for readiness. And frankly, we have had little time to train for anything other than counter-insurgency.

Notwithstanding the steps taken by Congress to increase investments, reported readiness rates have significantly declined over the past 10 years. Record funding and still a significant decline.

In past Readiness Subcommittees, we have been told by your predecessors that an increase in readiness will not occur until we

see a decrease in tempo. Now we have the drawdown in Iraq and surge recovery in Afghanistan this year and phased drawdown thereafter.

Can you give us today what your best projections are as to when we will see a more positive readiness trend in light of the drawdown that is currently underway?

General AUSTIN. Well, thank you, Chairman. I think from the Army's perspective, we are already beginning to see that as a tempo—as we have come out of Iraq, certainly we have more opportunities to train at home station. We are taking advantage of those opportunities. And again, as we retrograde our equipment and put that equipment through reset, more equipment is being made available. So we are already beginning to reap some of the benefits of that slowdown.

And as you know, I was the guy at the very end there in Iraq who was charged with overseeing that reposturing effort, and I can tell you that that was very well done in a magnificent job by our joint force to do that.

But as General Dunford and I have both pointed out, it will take about 2 to 3 years beyond the complete retrograde of our equipment out of Afghanistan to reset that equipment, and we certainly need to be funded to do so and would appreciate any help that you could provide us in doing that.

General DUNFORD. Madam Chair, as you pointed out, there are really three components of readiness: the training piece, the people piece, and the equipment piece. And we will begin—as we have started to recover forces from Afghanistan, our deployment-to-dwell has expanded. We are at a point where at one point our squadrons and battalions were deploying for 7 months, home for 7 months, and redeploying for 7 months. That time now has expanded to somewhere between 11 and 13 or 14 months between deployments. And so that has helped us on the training side. As we recover the force, we will start to fill in some of the personnel gaps that we have had over the last couple years.

But I would emphasize again what General Austin said. The long pole in the tent before we start to actually see increased readiness reporting from our units at home station is going to be the equipment piece, and that is 2 to 3 years from the time the equipment actually gets home, not from the time the units actually redeploy. And so our best estimate right now, based on a 2014 drawdown from Afghanistan, would be sometime around 2017 is when we would start to see significantly increased reporting.

I mentioned that 67 percent of our units at home station were in degraded readiness, and really what I was referring to was C-3 or C-4 on a scale of 1 to 4 in terms of readiness. Units report the lowest level of their readiness in manning, training, and equipping. And so 61 percent of those units that report degraded readiness report that degraded readiness as a result of equipment shortfalls.

And so not only do we have to get the equipment home, but we have got to reset that equipment going through our depots and/or replacing that equipment that has been destroyed. So a combination of the procurement process and the depot maintenance process. Our best estimate is again that 2 to 3 years not from the time

the marines come home, but from the time their equipment comes home from Afghanistan.

Senator MCCASKILL. Do the Navy and Air Force disagree with the 2- to 3-year assessment, or does that sound about right from your perspectives also?

Admiral FERGUSON. Madam Chair, from our perspective, the force demand is a little different on the Navy as we withdraw out of the land campaigns. We have sustained training all our forces at a major combat operation level through this 10-year period, and what you saw in this budget is we invested in training, we invested in depot maintenance, brought it up to 100 percent, but we remain reliant on that OCO funding and we see that it will take at least 2 to 3 years for a transition, perhaps longer for us, to sustain readiness levels.

General BREEDLOVE. Madam Chair, the difference for us is much as you saw after we came out of Operations Desert Storm I and Desert II. Immediately following a change in mission like we are seeing in Iraq now, the actual requirement for air forces goes up in order to facilitate that retrograde, to cover with kinetic fires and ISR, to reduce the risk for those ground combat soldiers and marines as they do that mission. And we are seeing that now. Even as we are coming out of Iraq, about 3 months ago our deployed squadron, fighter squadron, requirement was about eight and a half. It is up to about 11 and a quarter now, and that is much what we expect.

Also, on the lift side of the house, especially if we do not get movement in the PAK GLOCs—as you know, much of the job of bringing home all of the equipment that the marines and the Army need will fall to the backs of the Air Force to haul out. And so there will be a considerable amount of time as we effect this retrograde, especially if it is increased before the Air Force will even begin to begin its retrofit and refit. So our start time could be significantly different than what you heard from my compatriots, and it will take us some period of time between a year and a year and a half after that to get through the training cycles and things we need.

Senator MCCASKILL. Since you touched on the closure—the problems we are having on the border of Pakistan, General Breedlove, let me go to that question. It is relevant, obviously, to the draw-down as we pull equipment and men and women out of Afghanistan. It is obviously very important in terms of fuel costs. It is a huge bill that I think people forget, that nobody buys more fuel in the world than we do. And when it is expensive, it really is a gut punch to the budgets of our military. I know that we have to pay almost three times the normal rate to go through the northern distribution network that we would have to typically expend going through Pakistan.

What effect is this closure going to have on getting equipment out, getting everything out we need to get out, and more importantly on getting the fuel in we need to continue to support the mission that we have ongoing in Afghanistan?

General BREEDLOVE. Ma'am, I will take the first shot at that. There are two effects on the U.S. Air Force and its ability to support the joint team that fuel brings.

First of all, in this current year, as you are aware, the reprice on fuel is going to cost us approximately \$1.3 billion that was not in our original plan, and that will be money that we will have to go in and find in other sources, assuming you approve them, inside of our budgets. So fuel reprice is a big deal for us.

Second of all, as you mentioned, if the PAK GLOCs do not open and we cannot count on the flow that was planned for that when we originally budgeted for our fuel for this next year and now we have to increase the amount of fuel we use to begin to fly out much of this retrograde by air, that will again be an unplanned OCO bump in fuel requirements to the Air Force.

General DUNFORD. Madam Chair, I would add one quick point to the point you made and the one General Breedlove made, and that is it goes back to the previous question you asked about when would we be reset to a high level of readiness. And obviously, the longer it takes to get our equipment out of Afghanistan—and the northern distribution network would take longer to get our gear out—the longer it will take us to restore the high level of readiness. So in addition to the implications of cost, the factor of time is an issue.

Senator MCCASKILL. I think a lot of Americans do not understand the stresses with Pakistan have many implications, and it is not just the direct implication of are they our friend, are they our enemy, what exactly are they, and who can we trust within Pakistan, but it has a dramatic impact on the budgets of our military as it relates to operational requirements in Afghanistan and draw-down in Afghanistan.

Thank you.

Senator Ayotte.

Senator AYOTTE. Thank you, Madam Chair.

I wanted to ask each of you in the Chairman of the Joint Chiefs of Staff—the conclusion of the Chairman's risk assessment that he submitted to us—he says that the Services will need to, quote, conceive a new risk paradigm. Can you help me about what that means if we are conceiving of a new risk paradigm?

General AUSTIN. Well, I think as you create a new strategy, certainly you look for ways to balance the risks that you are going to accept. And of course, you focus on the most dangerous things, and then also you consider the most likely things that are going to occur. And so I think what the Chairman is getting to with that—at least my read of this—is that each time that you revamp your strategy, you are going to have to look at things through the lens of kind of the context of today and what the threat offers in the future.

Senator AYOTTE. General, just as a follow-up on that, just listening to it from my perspective, I assume that is what we did whenever we would issue a risk assessment. So when I hear the words “new risk paradigm,” it makes me wonder if our overall view of how we are going to meet risk or assess them has changed. Has it or has it not?

General AUSTIN. Certainly our methodology for conducting risk assessments has not changed but the context has changed a bit in terms of the state of the world. And where we are today is absolutely—what we are seeing today is absolutely different from what

we saw 2 years ago, actions in the Middle East, those types of things.

Senator AYOTTE. Well, now, I appreciate your answer, and I am asking you to assess what somebody else means. But just to make it more helpful, let me direct my question more specifically, which I think will be relevant.

So with the proposed \$487 billion in reduction, obviously we are talking about the first year here for 2013 of those reductions over the 2010. You have got proposed significant end strength reductions, combat unit eliminations, weapons systems, other cost-cutting measures that we are talking about today. And there is no question that these reductions are going to impact the ability of each service to respond to the request of their combatant commanders. And what I think is important to understand is when you look at what the Secretary said and I quoted in my opening statement, you cannot take a half a trillion dollars out of the defense budget and not incur additional risk, and he said there is no margin for error.

What in each of your opinions in each of the services is the risks that we are incurring to the extent you can talk about them? And if you could, what are the risks that we are incurring here that keep each of you up at night? And if we were to add money back in this budget to meet where we have just cut it right to the edge on no margin for error and you had that choice—I am not asking you to make the request of us, but if you could and you think about what keeps you up at night, what would you tell us?

General BREEDLOVE. Ma'am, I will take a shot at it first. And I think I understand where you are trying to go.

There are a few things that I think, as you mentioned, we are taking cuts right in 2013. In fact, in the Air Force budget, it is almost 200 aircraft in the first year and a number of people. And that speaks to capacity. Our overall capacity is coming down. And in our new Strategic Guidance, the ability to swing capacity from one to the second conflict is a key to how well we will support the joint force.

And what keeps me up at night are two things and that is the time to respond. If we are fully engaged in the first, will we have time to get to the objectives we need in the first engagement in order to properly support the second engagement with our reduced capacity, which is evident from the cut in number of people and aircraft.

And then the second that worries me is really unchanged from last year and has not changed much in relation to this strategy, and it is the same thing I spoke to in the readiness hearings last year. And that is, that we do have pretty intense pressure on what we call our low density/high demand assets, the JSTARS, the Rivet Joints, the ISR fleet in its total, all of those things which are sized for about one conflict and not two. And as you know now, some of those ISR assets are deployed at less than 1 to 1 deployed-to-dwell ratio. And the ability to respond from one conflict to the next with those low density/high demand things are what keeps me up at night.

Senator AYOTTE. General?

General DUNFORD. Senator, I would like to go back to the original question and just talk about the framework for risk a little bit because there are really two kinds of risks. There is a strategic risk that the Chairman largely talks about, but then he alludes to what I will describe as institutional risk and that is the Services' ability to create balance between maintaining high quality people, meeting the combatant commanders' requirements, maintaining that home station readiness that I spoke about in my earlier comments, maintaining a proper modernization profile so that years from now we will have the capabilities that we need, and also properly maintaining our infrastructure, something that Madam Chair mentioned.

And so what we have done—we have done things differently in the sense that we project the next 8 to 10 years will be a period of austerity. And so that has caused us to go back and take a look at all of our requirements and make sure we understand what we really have to have and what is nice to have. And we made some hard choices inside to extend some of our equipment out past what might have been its normal service life by service life extension programs and those kinds of things.

For example, in our ground tactical vehicles right now, we only plan to modernize 20 percent of the fleet between now and about 2027 to 2028. We decided to go back and we think it is manageable risk. We have decided to go back and look at the rest of the fleet and do some things that will extend that service life out for perhaps 5 or 7 years beyond what it might otherwise have been in terms of being in service.

So managing institutional risk is frankly what keeps me awake at night. A piece of that—and we call it five pillars—is certainly meeting the combatant commanders' demand. And the demand, as Admiral Ferguson mentioned, certainly exceeds our supply at this particular time.

But the other thing that keeps me awake at night, as I look out over the next 8 to 10 or 12 years, is actually maintaining balance on what I described as the institutional pillars of risk and making sure that we do not inadvertently hollow out one of those pillars, only to fail to recognize the second and third order effects that folks will have to deal with 8 to 10 years from now.

And then I would just say the last thing that keeps me awake at night is all of us came in the military in the late 1970s, and I was a platoon commander in the post-Vietnam days. And I know what a hollow force is because I was a platoon commander in a hollow force. And I will tell you that the number one thing that keeps me awake at night is being a part of anything that would cause the U.S. Marine Corps to look like it did in the 1970s as opposed to what it looks like in 2012. That is really what keeps me awake at night.

Senator AYOTTE. Thank you, General.

Admiral FERGUSON. Senator, what I focus a lot of my attention on is balancing the present versus the future. Those future capabilities that the U.S. Navy and Marine Corps will need going forward as we face increasing competition and anti-access area denial technologies and nations that develop technologies and capabilities trying to thwart our ability to operate from the sea. So that future balance investment has to be weighed against maintaining the cur-

rent readiness of the force as we operate. And what you saw us in our budget do was we reduced force structure. We took out some older assets to make available those assets. We looked at our other investment accounts and made critical investments in the capabilities we needed, preserving research and development and the new technologies. We reduced procurement in some areas or delayed them to outside the FYDP for affordability, really focusing on preserving the force. These investments we made today were focused on more ordnance, more training for the fleet, better depot maintenance to sustain the current readiness.

So and the risk for us—the risk really boils down to capabilities. Can we pace rising peer competitors? Capacity. Do we have the forces available to flow the combatant commanders with an acceptable level of risk? And then how it affects certainly response times and what our presence levels are around in the fleet. But we think that in this budget we tried to achieve that balance with an acceptable level of risk.

General AUSTIN. And I will just add, Senator, that these remain challenging times, and we are faced with a variety of issues. And for me, foremost among those issues is supporting the effort in Afghanistan and then, while doing that, striking a balance in all of the other requirements that we are faced with. And so I routinely work along with the Chief to make sure that we have a healthy balance between our efforts in modernization, end strength, and readiness, and just keeping that balance routinely is really what we are focused on.

But also I worry a lot about the health of our force. Now, having said that, I also said earlier that I believe that we have the most resilient force that we could have ever imagined. You know, 15 years ago, if you told me that we are going to be in combat for a decade and be able to keep our soldiers and our family members with us, I would not have believed that. But as you look back and see how we have been able to adapt across the military, but specifically in the Army, to meet the demands and keep our force with us and take care of our troops, I think that is quite impressive. And I am really concerned about our ability to continue to do that, and I will remain focused on that for the foreseeable future because, as you well know, people is what the Army is all about. And so our ability to do that and keep faith with our soldiers and families is something I remain concerned about.

Senator AYOTTE. Thank you.

Senator MCCASKILL. Thank you, Senator Ayotte.

Senator BEGICH.

Senator BEGICH. Thank you very much, Madam Chair.

I have a couple of broad questions and then, General Breedlove, as you can probably guess, I also have the Air Force on my mind, so I will come to you in a second. These are kind of just very—the first one is just a yes or no.

Do you support the Law of the Sea? And we can start here.

Admiral FERGUSON. I will go first and I do. And Navy leadership supports it on the uniform side. It provides several positive benefits. One, a legal framework for interactions and resolution of disputes at sea. Second, it allows us to shape the resolution of those disputes as a member and a party of the treaty. And third, we feel

comfortable that intelligence operations and military operations will not be subject to the jurisdiction of any international court or evolution. So we are comfortable and we support accession to the treaty.

Senator BEGICH. Is there anyone else who would like to respond to that? I mean, the Navy knows it all, so I know that on this issue. So I will hold there.

Second, just in a nutshell, any comment in regards to—maybe I will start with the Navy also—in regards to the future of the Arctic and military need or positioning?

Admiral FERGUSON. I think we are looking at the Arctic very carefully. We have an ongoing effort in conjunction with our allies, the Canadians, Norwegians, and others, in discussing it. I think there are three aspects. There is a security aspect. There is a safety aspect and certainly an environmental aspect that we are concerned about in the Arctic. I think we are—the initial actions for us, as the area becomes free of ice during the summer months and we start to see shipping and oil exploration and other activities up there, I think that there will be a necessity for us to begin to think about having a maritime domain awareness of what is occurring in the Arctic. But I do not see at the present time or within several years a requirement for military operations up there.

Senator BEGICH. Does anyone want to respond on that one?

Admiral FERGUSON. We routinely operate up there now with our submarines and have gained a lot in those operations.

Senator BEGICH. Very good. Thank you very much.

General Breedlove, let me go to you. You know where I am going. I want to talk to you a little about Eielson Air Force Base. And as you know, there is an effort to relocate the F-16s. We have had conversation. And my big concern is based on the volume of movement of the civilian force. These are my words. I see this as kind of a back door BRAC without all the public process and the need.

But here is the real question. This is what I ask everyone in every meeting I have. If you are the Air Force and you are wearing anything that indicates such, you get these questions, and I look for the answers. Did the Air Force conduct a comprehensive analysis and assessment to validate the cost savings? As you know, in the first year it is \$3.5 million. I think over the 5 years, it is \$169 million.

When I say “comprehensive,” not just for the fiscal year 2013, but for the spread and then other services that may be affected. Example A is the joint training facility that is on there, mobility center that the Army uses to move people, the Stryker force. They use it. It is on the Air Force base and Air Force personnel participate in that effort. When you reduce down that force, then the Army is going to have to pick up a tab on this. I do not want to pit you two all here in the middle of this. But I look at it from a DOD perspective not a service perspective of these savings.

So is there a comprehensive cost analysis, and then if the answer is yes, is it gross in the sense of what it saves, or is it net in what it saves? Because I believe it is not the latter. It is not net. It is a gross number. So please.

General BREEDLOVE. Senator, as you know—and we have talked a little bit about this with your staff. I think the turn of the discus-

sion or the question is what you would call how detailed is that analysis. We did do a detailed analysis to make this decision, but I assure you it was not to the level that you are discussing now. And that is why, as you know, we have a team up there that has made a much more deep impact or made a much more deep study of this, and we will soon see that next level of analysis which you asked for. And as our Chief has said, if after this next level of analysis, that the savings do not pan out as we thought they would, then we will relook at the decision about moving that force.

Senator BEGICH. I appreciate that. Here is the feedback, just so we have it on the record, from many people who met with the team that was up there. And you probably some of the reports. They felt the team came up and already had a program of dismantling versus what are the costs, what are the savings, are they real, are they not. So as you see that report come to you, I would hope that you would ask those hard questions because it was not just one or two folks that mentioned this to me, community leaders who met with them, but it was everybody. They felt like it was not about, okay, does this make an economic sense, does it really have the savings. At the end of the day, this is an economic issue. It is not a strategic issue. It is about how much are we saving. And I recognize that. And the response we got was somewhat surprising.

So I would hope you or your folks would take that hard look of are these real savings and then making sure it is not just through the eyes of the Air Force, but stepping one more step out in the DOD savings because they may be gross savings, but then you may have these other expenses. For example, the Army may have to pick up more costs which, okay, if that is part of that, that should be worked in because at the end of the day it is about how much money we need to save for DOD. Each service has a requirement. So I want to make sure we look at that perspective.

And then there is the construction budget, as you know. There may be needs in JBER and I want to see how that fits in and not just for the 2013 but for that longer span.

And I think we are on the same page. I do appreciate some of your folks coming in the last week or so working with us, and that is greatly appreciated.

General BREEDLOVE. Senator, I will assure you I will look at that report. I wrote down that you have a feeling that they arrived with a preconceived notion.

Senator BEGICH. Yes.

General BREEDLOVE. And so we will attack the report in that way. And I clearly understand what you are talking about, about real savings over the long run and other unintended consequences. The team should be focused on those, and we will ask those questions.

Senator BEGICH. Great. And you know, again, I recognize the need. As you know, through our markup we did last year, I offered some needs and some savings. Actually we tried to save the Army a lot of money on MEADS, but it somehow got jacked back in, not by you guys. But now the House has taken it out. So we are trying to save you—I do not know—a few hundred million there. But I think we are game to find those savings. But let us make sure they are sustainable savings, and that is how we look at this.

So again, I have a series of other pieces, but I think you get the sense.

General BREEDLOVE. Fully.

Senator BEGICH. Everything from the NEPA analysis when you have to build housing and all these other things, that is all a cost that has to be figured into this. So I appreciate that.

Let me just end on one last question, and that is on the Red Flag Alaska operation. Whatever happens to Eielson, where does that end at the end of the day? Is it third wing? Is it the 354th? You know, who owns it at the end of the day? And I do not know if you can answer that right now, but if you could take that, and in this analysis, that is going to be one of those questions on the Red Flag exercise and operations. Who will own that exercise at the end of the day? Because we know the commitment by the Air Force and the military is to continue that operation. It is very successful. And so I just need to know kind of where it lands.

General BREEDLOVE. I will get you a very definitive answer, but I can tell you that we see no change in that. As you said, Senator, the Red Flag Alaska is absolutely critical to the training we are about to do. As our new strategy talks of the shift to the Pacific, clearly this is a Pacific focused area. So we anticipate no changes now. But I owe you a definitive answer on that.

Senator BEGICH. Fantastic.

Thank you all very much and thank you for your service and for the Alaskans that are now starting to come back from Afghanistan. We had about 9,000 Alaska-based folks in the field in Afghanistan, and they are all starting to come back. And thank you for the service. It was a pleasure to see them in Afghanistan when I was there that last trip. Thank you all very much.

Senator MCCASKILL. Thank you, Senator Begich.

Senator Inhofe.

Senator INHOFE. Thank you, Madam Chairman.

We have these hearings and we all hear about the dedication, the fact of what our troops are doing over there in all the services. And, General Austin, I am kind of like you. When I was in the Army, I never believed that we could reach the stage where we are today with an All-Volunteer Army. It was not an All-Volunteer Army. In fact, I was a product of the draft, and I still think it is a good idea.

You know, I look at this and I see what—to me it is just less of a concentration on defending America. When Senator Ayotte was talking about the new risk paradigm, you know, I used to chair this committee. When the Republicans were in the majority, I was the chairman of the Readiness Subcommittee, and I have always—have I been wrong on this? I have always thought that risk equals lives. Does it not? If you are willing to increase your risk, you are willing to accept more loss of lives. Am I wrong?

General AUSTIN. Senator, I think you are right. It is in part lives. It is also in part the accomplishment of the mission and loss of equipment. So I mean, I think what you want to do is you want to have a force with the capabilities and capacities that allows you to accomplish the mission with minimal loss of life or equipment. That really is what we need to have.

Senator INHOFE. Sure, I understand that. And I love all you guys and I agree that is a problem.

But we are changing right now. General Breedlove, I am reading now from your statement. You said as we reduce our force, we will retain the capability to execute each of these missions, but will no longer have capacity to execute them all in parallel. As a result, the days of engaging in two large-scale wars, while simultaneously responding to a myriad of humanitarian crises, and engaging in short-notice campaigns will not be possible. I agree with you. I appreciate your—you had some pretty strong statements in there.

When you were talking about the age of your aircraft, I know that. I know how old the KC-35s are and the B-52s. And I know that the American people really would expect more, but they do not really know. They do not know how bad this is.

Let me mention one area that will make everyone uncomfortable, and that is I was very close—I served in the House with Panetta, and I know that what he said did not really come from his heart. Obviously, no one is going to be able to say that. But he said last week that the Defense Department would wage war on global warming by promising to spend billions of taxpayers' dollars on more green stuff and all that. You know, right now, we are trying to survive this thing. When the Democrats and Republicans, all three of them talked about this half trillion dollars and about then sequestration coming along, it is a disarming of America.

Now, I happen to be the ranking member and I used to—when we were the majority, I was the chairman of the Environment and Public Works Committee. And I know this obsession on all this global warming stuff. I also know that the trends have totally changed. It just came out the other day. Only 19 percent of the TV meteorologists believe, number one, that global warming is taking place, and number two, that manmade gases are causing it.

And yet, I read right here—and I appreciate very much, Admiral, when you were talking about—yes. Every \$1 increase in the price per barrel of fuel is approximately \$31 million of additional costs annually above the budgeted level. We are talking about huge amounts of money here. You know, if the President—and he does—wants to use the military as a test tube for his green agenda, he can do it, but people need to know he does it. And you guys are in the awkward position of having to say things that fortify the committee.

Let me just ask you this. This is a direct quote from last week. In the 21st century, reality is that there are environmental threats that constitute threats to our national security. Do any one of the four of you want to volunteer to explain to me, because I do not understand, what are these environmental threats that are comparable to the terrorists who are out there? Anybody?

[No response.]

Senator INHOFE. Yes, I do not either.

But anyway, I want to get into one thing here on the F-35s. By moving this program to the right, the President is able to say, well, we are not reducing the number of F-35s. However, during the cuts, it moves them over to the right so that the President's budget request cuts the F-35 budget by \$1.6 billion in fiscal year 2013 and \$15.1 billion over the FYDP. Well, that is true. The fiscal year 2013

cut results in 179 fewer planes being produced during this FYDP period. Granted, later on down the road, they may be produced, but we are talking about right now is when the problem is.

I gave a talk. I guess it was on the Senate floor. But I researched it pretty good. I said it matches the figures we are getting from you guys. In total since 2008, the Department of Defense has spent at least \$4 billion on climate change and energy efficiency activities that had nothing to do with the actual meeting of real defense needs. The same \$4 billion could have been used to purchase 30 new F-35s. It could have been used to purchase 28 new—if we had kept on the F-22s before the budget 4 years ago, and that program was axed. Or the C-135 aviation modernization program. I think we all agree—certainly you agree, do you not, General Breedlove, the significance of that program?

General BREEDLOVE. Yes, sir.

Senator INHOFE. I think everybody does. So let me ask you. Do you really believe that it is more important to be experimenting with this green stuff than it is to go ahead with that program, aviation modernization program? That is axed. That is done in this budget.

Admiral FERGUSON. Senator, I cannot speak to the broader DOD programs including that amount. But on the Navy side, we are putting a significant amount of our investment in efficiency and making our forces more efficient—

Senator INHOFE. I am all for efficiency. That is not the point. I am getting at how important this program is, which I think is very significant. And I have a lot of quotes here from all of you guys talking about how significant this program is and the fact that that is knocked out in this budget for the benefit of a green test tube experiment that the military is being forced to do.

Let me say this. I know my time has expired and I have to leave anyway.

But I can remember back when Rumsfeld was before our committee, and it was a confirmation hearing. And I said to him. This is way back—well, it was back when we were a majority. I guess it was about 10 years ago. And I said, you know, the American people believe that we have the very best of everything, and we do not. Certainly, General Austin, you would agree. Our NLOS cannon. There are five countries that make a better one than what we have.

So I said if you are going to take over this position—and I could say the same thing to Panetta, but I did not during that confirmation hearing—you are going to be advised by a lot of smart generals. There are a lot of smart generals out there. All four of you guys are as smart as you can be. But you are going to be wrong. And I recall that the last year I was in the House on the House Armed Services Committee with, I would say, our current Secretary who was seated next to me, we had someone testifying that in 10 years we would no longer need ground troops.

So what is the answer? How can we meet the expectations of the American people that our number one concern should be defending America, not all this other stuff, and that we have the best of everything? Our kids go out in battle. They have got the best equipment. His answer was this. He said we probably should go back to

what we did over the last century. He said the average—in fact, it was right on this number—in times of war, in times of peace for 100 years in this country, that we spent 5.7 percent of our GDP on defending America. And at that time, it was dropping down precipitously. This is after the Clinton administration. Now we are looking at about half of that.

So I guess what I am saying—I am not asking any questions here. I am saying that you guys are doing a great job. We are doing a lousy job because we are not dealing you a hand. With the hand that you have, you are playing it right. You need to have a better hand.

Thank you, Madam Chairman.

Senator McCASKILL. Thank you.

I am going to resist the temptation to do any rebuttal of Senator Inhofe here because I want to stay focused on—

Senator INHOFE. No. This might be a good time to do it.

Senator McCASKILL. I will wait until you leave. [Laughter.]

I am not dumb. [Laughter.]

I think what is really awkward is when people like you are kind of pulled into some of the politics that swirl around this place. We all do this politics stuff all the time up here, and one of the things I admire so much about our military is the loyalty and support that you give one another and that you stay focused on your mission. You try, as much as you possibly can, to stay away from politics, and you understand that the commander in chief is the commander in chief. And I have deep respect for you in that regard.

I want to talk a little bit about non-standard equipment. The services have invested billions of dollars in non-standard equipment since the beginning of combat operations, which have ranged from MRAPs to flat-screen TVs. And I know there are various efforts to look at the NSE and to figure out future usefulness in that regard. This is one of those things that can get left in the corner of the cupboard as we focus on standard equipment and with all the protocols we have in place for standard equipment.

What is your all's best estimate on the overall size of the non-standard equipment, and what are we going to do with all this stuff?

And what I am really worried about is—with my background as an auditor, I am really about the accountability piece on this. I am worried about whether or not we are doing anything in a way that could even resemble joint and whether or not we are having duplicative efforts to try to track down the NSE load that we have and figure out how we are going to transition it out of an operational tempo to a different kind of tempo. And could you all address the non-standard equipment issue for me?

General AUSTIN. Well, thank you, Senator. And certainly I share your concern about how much non-standard equipment we are able to maintain over time. As you well know, 60 percent of our costs of life cycle sustainment is—life cycle costs is sustainment. And so we have to be able to afford to keep what we have on hand or we have to choose to transition it to some other place. And we are very concerned about that in the Army.

And so we are taking a hard look at the numbers of vehicles, numbers of weapons that we are going to keep on hand. We are

going through that assessment right now. I have even gone down to visit a company arms room here recently to take a look at what our soldiers are actually required to maintain. Of course, when the Vice Chief of Staff shows up in a company arms room, it is typically an emotional event for that unit. But my focus was to—

Senator McCASKILL. I think calling it an “emotional” event is one of those diplomatic words. [Laughter.]

I do not think they would call it “emotional,” General. Probably something other than that.

General AUSTIN. But I have a real concern about how much equipment we are asking our troops to maintain that may not be useful to us anymore and we may not be able to afford to sustain. So we are going through a very deliberate process of making sure that we keep what we need and we transition things that we do not need and cannot afford. And it will take us some time to work through that. But clearly we share your concern.

Senator McCASKILL. What about the MRAPs? Do we have repair parts to buy in the supply? Are we going to have to continue to rely on contractor logistics? That is, I think, a big question mark right now. What is the answer on the MRAP issue?

General AUSTIN. Well, certainly we will not be able to afford to rely on contractor logistics for the foreseeable future because, as you know, that is very expensive. And so we are going through doing an assessment on how many MRAPs we are going to keep and what the disposition of those is going to be, and then again, we will outline what the maintenance and supply chain will be as a result of that.

Senator McCASKILL. I want to get to Guam before we leave.

Thank you, General, for that.

I want to get to Guam before we leave.

Did anybody else have anything on non-standard equipment that you wanted to weigh in on? General Breedlove?

General BREEDLOVE. Ma’am, it is really less about non-standard equipment, but a worry I have is we have had a period of time where some really good ideas have been brought forward to the battlefield and quickly adopted to help our soldiers and marines on the ground. The MC-12 Liberty aircraft is a shining example of getting it right. But also, we have some examples where we have multiple starts to try to get to capabilities in dirigibles and others where we have several that are competing and many in the same mission space. And I am concerned that we are able to get to the right number and type and then transition them into long-term use. And we have been able to do some of this work because of OCO money, and now as the OCO money goes away, we have got to start making prudent decisions about some of these multiple starts in similar mission sets.

Senator McCASKILL. Well, I think that is really a good point, General, because when you have OCO money, it is almost embedded in that that you keep looking around and trying different things, and it almost breeds a certain inefficiency that is required by the nature of the mission. But now, it is really imperative that we decide which of those starts are worth continuing to go down.

I mean, as I have said before, one of the biggest problems our military has, if you want to call it a problem, is there is nothing

that you guys do not think you can do. So when you are going down a road and you are hitting bumps, sometimes you just keep deciding you are going to go over the bumps and keep going down the road instead of saying, you know, maybe we need to pull the plug on this journey. Maybe this is a road we cannot afford to go down.

And I am hopeful that what you are talking about there, General Breedlove, is exactly that. We cannot afford to go down multiple paths, especially if there is overlay and duplication, which I do not need to tell you guys has happened just a few times.

General DUNFORD. Senator, I would just like to quickly follow up and just give you some degree of confidence that we recognize the challenge that you have raised and we actually have a process in place to look at it.

In our case, just on order of magnitude, we have about 600 pieces of non-standard equipment as a result of the last 10 years. And we have gone through and we are in the process of continuing to go through each and every item to determine which ones would be transitioned to programs of record. And to give you some idea, we probably will have transitioned about one-third of those 600 to programs of record to date.

The other question you asked, which I think is an important question, is where are we with regard to integration in the joint world. And I think we all sit on the Joint Requirements Oversight Committee. We also have subordinate organizations, the Army-Marine Corps board, for example, that takes a look at things that are unique to ground forces. And I am pretty confident, particularly in the case of non-standard equipment, that we have the right processes in place to look at that equipment, make the proper decisions about transition, you know, as General Breedlove alluded to.

And we are now, as a result of our pretty significant experience, identifying those programs that had some promise some years ago, but absolutely do not have a future and in those cases recognizing again the period of austerity that we are in and recognizing the tail associated with some of those programs, we are making sure those programs are ended and we properly dispose of the equipment that has been useful in Afghanistan but perhaps will not be useful and not be a part of our future.

Senator MCCASKILL. And good luck if that equipment is built in more than 25 States. [Laughter.]

Which seems to be a habit that some of our contractors have. They figure if they can have pieces of it in more 25 States, they immediately have 50 Senators that are protective and parochial. But I know you guys have never witnessed that in all of your time that you have been here.

My time is up. I know that both my colleagues have more questions.

I do want, General Dunford, to make sure that if I do not have an opportunity to question again, that we address the Marine Corps as it relates to Guam. As we look at our budget—and I have not had a chance to sit down with Senator Ayotte yet about the authorization budget—I really am anxious that everyone stays in the corral, so to speak, until we are certain what the future is in Guam. I do not want to waste one dime doing anything in Guam

until we get the reconsideration of the agreement to a place that we think it makes sense for the United States, for our military, and for the people of Guam and Japan. So thank you for that.

Senator Begich? Excuse me. Senator Ayotte?

Senator AYOTTE. Thank you, Madam Chair. I appreciate your raising the issue of Guam. I think it is an important one with what we need to do in markup.

I wanted to ask each of you—and I raised it in my opening statement. We know that defense sequestration is coming in January if Congress does not fail to act to come up with other responsible budget savings. And I am a strong advocate for us doing that. We have heard from each of the Services, as well as from our Secretary of Defense, the devastating impact of defense sequestration, including hollowing out our forces, along with all the other consequences.

But what I would like each of you to address for me is timing because I am worried that there is a general feeling around here that we can kick this can until December to make the decision on how to avoid defense sequestration and undermining our national security. I met with a group of our defense industrial base the other day, and they pointed out to me there are things that they are going to be required to do, for example, issue layoff notices under the Warren Act and other legal requirements that they will have to undertake.

Can you help me, each of you? If we wait until December, what are the disadvantages and consequences of doing that as opposed to resolving this issue much sooner, particularly for each of our service branches? Because I think this timing issue is very important for people around here to understand.

General AUSTIN. I agree with your assessment, Senator, that if this does come to pass that it would be devastating. Because of that, I think it would drive us to go back and redo some of our planning, certainly make new assessments. That takes time. That certainly consumes a lot of organizational energy. So we are a bit concerned about that.

I think from an Army perspective, again, we have not done any planning on this, as you know as you indicated. But the back of the envelope calculations are such that this would probably mean a loss of probably another 100,000 troops, 50 percent of those in the Guard and Reserve. And with those kinds of impacts, that probably would drive us to go back and relook our planning efforts here.

Senator AYOTTE. So, General, that would be in addition to the 72,000 that we are looking in terms of end strength reductions?

General AUSTIN. Right.

Senator AYOTTE. Another 100,000.

General AUSTIN. Right.

Senator AYOTTE. Thank you.

And would that not take time? And obviously, thinking about this concept of—well, first of all, if we are going to reduce our forces another 100,000, how do we not break the faith there? I mean, I do not know how you could possibly not break faith. But even the implementation of something so devastating—so would it not be more productive if we could tell you sooner that we have resolved this for you? Is there not an urgency? I mean, I think that is what we need to appreciate around here. Would you agree with

me that there is some urgency that you not have this hanging over your head?

General AUSTIN. Absolutely. If we did not have that sword of Damocles hanging over our head, we would be in much better shape.

Senator AYOTTE. Thank you.

Admiral?

Admiral FERGUSON. Senator, I think there are two significant impacts. If you look at sequestration, the impact on the Navy from the \$600 billion defense reduction would be about \$15 billion a year. That is the amount of the entire ship construction account that we would have to figure out how to spread in our budget and reduce. Waiting until December and then not having a resolution at that point would allow a very short cycle for planning. It will not allow us to make efficient or effective choices. It would also cause us to go back and relook at the strategy because the force that comes out of sequestration is not the force that can support the current strategy that we are operating under.

The second concern would be the industrial base impacts that you alluded to. Our industrial shipyards and our providers and corporations have to start making some investment decisions with respect to notification of employees if there are furloughs, if we are forced to break contracts and not be able to execute them under a sequestration scenario. So I would indicate that the uncertainty in our industrial base would affect our suppliers and then, if it were to occur, would greatly affect our industrial base sustainment over the long term.

Senator AYOTTE. Admiral, if we lose some of those small employers, isn't the risk that they do not come back?

Admiral FERGUSON. That risk certainly exists. In many of our more complex procurement programs, we are down to single vendors or single suppliers that we are their predominant customer. So it would be very difficult for some to recover.

General DUNFORD. Senator, I would like to start this by going back to your opening comments when you quoted President Reagan. I mean, we have a tendency to view sequestration as a budget issue, but it is really not a budget issue. It is a reordering of our national priorities. It is what we will not be able to do. And certainly at the strategic level, I think what the Secretary said is we will not be able to implement the strategy as currently written if sequestration goes into effect.

And I can tell you from a Marine Corps perspective, we are at 182,000 right now. We are at the margin of being able to meet the strategy. In other words, we have balanced the risk. I have talked to you in private that we believe that 182,000 marines—with that number, we can meet the strategy that Secretary Panetta has articulated. But just like what General Austin mentioned, there is an automatic 10 percent personnel cut unless personnel is exempted. There is an automatic 10 percent personnel cut on the Marine Corps. That is another 18,000 right away if we were to be reduced. If we were to be cut another 18,000, we would not have adequate capabilities and capacities to meet a single major contingency operation. So that is fairly significant.

And I think the other point that you raise that is absolutely true is we would absolutely not be able to keep faith with our people. If sequestration would go into effect, not only would we have to cut that additional 18,000 people if a flat 10 percent was executed, but we right now are only budgeted in fiscal year 2013 for 182,000 marines. We are relying on overseas contingency funds to have a ramp to take us from the 202,000 marines we were authorized in 2012 down to the 182,000 marines that we are going to be at in fiscal year 2016.

If sequestration went into effect and we were not given the opportunity to have that ramp, that would be an immediate reduction from 202,000 to something on the order of 168,000. And at that number, there is absolutely no way we would keep faith with people. We would be breaking contracts and sending people on their way who believed they had a commitment from us to keep on active duty, and these are the very people we talked about earlier who are in Afghanistan today forward deployed, forward engaged, in harm's way, and their reward when they come home will simply be to dismiss them and shake their hand and I think that would be a mistake.

Senator AYOTTE. Thank you, General.

General BREEDLOVE. Senator, just to reiterate a couple of things my compatriots have said, we think that we would definitely not be able to execute the existing strategy if we have to go through sequestration. We echo your remark that it would be devastating. We simply cannot afford this one.

As we have talked about several times, the Air Force is the oldest it has ever been in terms of its iron. We desperately need to recapitalize our flying fleet, and if we see sequestration, we will not be able to maintain capacity and do recapitalization of those fleets. So we will have to take very tough decisions to either come way down in the number of units or to give up the modernization of those units.

And I want to echo something also said. On the industrial base, there are some very key capabilities out there that are already very much at risk. And in the aviation business, the number of houses that can do stealth have reduced, and another cut to the capability and the effort that we are putting into those stealth capabilities could cause us severe problems in that industrial base.

Senator AYOTTE. I thank all of you. I know that my time is up.

Can you just give me a quick yes or no? Yes, is there an urgency that we do this before December? General?

General AUSTIN. Yes.

Senator AYOTTE. Admiral?

Admiral FERGUSON. I affirm, yes.

Senator AYOTTE. General?

General DUNFORD. Yes.

Senator AYOTTE. General?

General BREEDLOVE. Absolutely.

Senator AYOTTE. Thank you.

Senator MCCASKILL. Senator Begich?

Senator BEGICH. Madam Chair, thank you very much.

I hold my other questions, but first, I am sorry that Senator Inhofe is not here. We actually do a lot of stuff together, especially

around general aviation. But as he called it, "the green test tube," let me ask a couple questions.

I was in Afghanistan. I was visiting a forward operating base where I saw marines utilizing new technology around solar energy so they do not have to hump in a lot of equipment, which I know the marines do not like to do. They like have only a certain type of equipment that actually saves their lives. And what I saw there was incredible technology development from these huge trucks of energy that they would have to bring in, maybe fuel and otherwise, now down to a small compacted packs.

Is that not of value to the marines to have that new technology when they are out on forward operating bases such as Afghanistan where they do not have to have all this fuel being brought in, but they can now spend 3 days out in the field? Is that a good thing?

General DUNFORD. Senator, the focus of our energy initiatives are exactly along the lines of what you just talked about. They are designed to make us more operationally effective and reduce the load on our individual marines. And we have fielded to all of our battalions in Afghanistan solar panels that you saw. That replaces hundreds of pounds of batteries that marines would otherwise have to carry. We have conducted 7-day patrols without that extra weight of the batteries because we have had those solar panels. And so all of our interaction with industry is designed—we are spending money in places where we can have an immediate impact.

In fact, I was just down at Camp Lejeune, NC, last week. We have what we call an experimental forward operating base. It is an annual event. We bring in partners from industry. We articulate what we need. This year we happened to focus on things like potable water and how could we create potable water without the big reverse osmosis purification units that typically are associated with our units that weigh a great deal. And so that is absolutely the focus of our energy efforts, is enhancing our operational effectiveness and increasing our ability to operate in expeditionary and austere environments.

Senator BEGICH. In an efficient and ready way. I mean, you move quicker with less of those batteries, for example. I was amazed how much the old battery technology weighs.

General DUNFORD. Senator, we are fielding that equipment because when we fielded it to the first battalion, all the other marines saw it and there was a demand signal that immediately was raised. So the other units wanted to have that equipment as well. In fact, the only critical piece to this is making sure that we get it to our marines early enough in the pre-deployment cycle where they are proficient at using it before they deploy. The thing that we have sometimes relearned a lesson is that when you field equipment when marines are already deployed, it is not going to be very effective. So we have really worked very hard to make sure that we get that equipment to our marines before they deploy. But when we do, they absolutely have found that to be extraordinarily useful.

And it goes beyond just the batteries. It goes to energy efficient tent liners, lights, things you have seen.

Senator BEGICH. Well, and also from the Air Force end, the alternative fuel development, all your technologies now making sure

that you are not just on a certain type of aviation fuel, but new technologies so you can become more self-sufficient and less dependent from a national perspective on foreign oil from countries that hate us. Is that a fair statement?

General BREEDLOVE. Sir, our focus there, as you know and you have alluded to, is to make sure that our fleet is ready to accept those fuels such that when they become—

Senator BEGICH. Economical.

General BREEDLOVE.—economically viable, then our fleet will be ready to go and we are proceeding with that.

Senator BEGICH. And also from the Navy perspective, if I remember reading a report, one of your big concerns—that is why you have the Task Force Climate Change is because if you have a change in water levels, sea levels, it has a direct impact on all of your ports.

Admiral FERGUSON. That is certainly true.

Senator BEGICH. I mean, am I mistaken there?

Admiral FERGUSON. No. That is certainly true.

Senator BEGICH. And we have invested billions in these ports around the country and around the world, and it is in our interest to make sure if there is—we can argue over the science and all that. And no disrespect to my folks who do the weather on TV, but I would prefer to put all that aside. The fact is we are having some changes and you from that administration are looking at those as infrastructure costs potentially. Is that a fair statement?

Admiral FERGUSON. I think that is fair that some are looking at that. We are also looking in relation to the Arctic about what are the future challenges up there as that opens up. You know, as we focused, similar to the Air Force, we are operating and certifying alternative fuels for our ships and aircraft in order that when they do become economically viable—

Senator BEGICH. You are ready.

Admiral FERGUSON.—we are certified and ready to use them. Again, the focus on efficiency in our OPTEMPO—our fuel bills alone are consuming our readiness accounts. So we need to look at alternatives.

Senator BEGICH. And from the Army, one of the highest incidence of fatalities and injuries is protecting those fuel sources coming into Afghanistan, for example. And so the more efficient they become, the less of that fuel you will have to haul or make sure is happening and getting to those fuels, you probably will save lives. Am I wrong about that?

General AUSTIN. Clearly, Senator, becoming more efficient is all about saving lives from the Army's perspective. Three tours in Iraq, one in Afghanistan, and I can tell you that every time that I can do something to not put a soldier on the road, whatever it is, I want to do it because it saves lives.

And it is also about, as General Dunford mentioned earlier, maintaining our soldiers. It is about soldier load and decreasing the burden on them, increasing their endurance. If they can go out with batteries with longer life and if it is easier to recharge them, if they can harvest energy that is left over in batteries and put that energy in other places, I think that is all good. That all contributes to saving lives and becoming more effective on the battlefield.

Senator BEGICH. And the last comment. Then I will just do one more last thing on a separate issue.

The energy costs, because of our dependency on diesel and other types of fuels, are draining your accounts and over-expending because the cost of fuel has gone up. So you then make choices because you have got to have the fuel, and those choices are not necessarily fun choices to make. So the less we spend in that area, the less stress you will have on other budget elements within your own divisions. Is that a fair statement?

Admiral FERGUSON. Yes.

Senator BEGICH. Let me also just end on this, and I appreciate Senator Ayotte's comments in her questioning to you, but I want to, for the record—the automatic cuts, if I was sitting in front of another group here—maybe it is my Veterans Committee—the VA would say some similar things. If I was sitting in front of the infrastructure groups, roads, water, sewer guys would say, you know, everyone is having a pinch here. The thing that Congress is missing—this is more via through you to the larger audience. You do not have to respond to this. We always talk about in order to replace these cuts, we have to have more cuts. The reality is you cannot cut your way out of this problem. There is no possible way. After 2 decades of poor management around this place, Republican and Democrat Presidents who are there and past, we have a deficit and a debt that is staggering. Everyone is to blame.

The question is are we going to do the right thing here. When I was mayor and we had the same problem, it is a three-pronged attack. You are going to cut budgets. You are going to deal with revenues, and you are going to invest in the right infrastructure, whatever that might be. In my case I think it is education. I think it is energy, and I think it is basic core infrastructure we have got to invest in. We have to deal with revenues. No one wants to talk about it. It scares everyone to death here. But the fact is the only way—and I am happy to say the city that I was mayor of survived this economic crash without a hiccup. As a matter of fact, we had up prices in our housing. We have a strong economy. It is moving. It actually was rated by Business Week as one of the economies that would move and recover very quickly in the bad recession because we did a three-pronged attack on this issue: revenues, expenses, and investment.

What this place has a habit of doing is, because it makes good political sound bites, is it is always about we got to cut or we got to revenue or we got to infrastructure. Never the three. All three are going to make this problem get resolved. But until this Congress gets real about it—and no disrespect to Senator Ayotte here—you cannot cut more to then save the cuts that are over here. It is going to be a combination of things. If you think we can cut our way out of this budget, you are dreaming. There is no way to do that. We will have significant cuts. We will have to do that. We will do things that we have to get rid of that we can no longer do. That is clear. But the gap is so large because of 2 decades of poor management around this place and getting your go-lucky days. Well, those days are over.

But we have to be honest with the public. It is a three-pronged attack. That is how we are going to solve this and we should be

realistic about it. Because what is going to happen, just so you know the politics, will be—I hear it already. No disrespect, Senator Ayotte. We got to do it now to save the military. That is what is going to happen. And we are going to be in this political battle on the Senate floor, yelling at each other. Who is going to be more pro-defense, who is not? Well, hell, I love the military. Let me tell you that. Based on everything we did when I was mayor, what my wife does every day to support the military, none of us are going to see the military degrade its capacity. But we are going to protect this country economically and do it the right way so all of us are successful in the long term.

So there is my rant. I get frustrated when I hear this because it is a three-pronged attack. We have to be serious about this and honest with the public.

Senator MCCASKILL. Okay. We will end with a rant.

Senator AYOTTE. I want you to know I would have a strong rebuttal, and I would say this, that what I am really worried about is our defense industrial base too because they have to make decisions upfront. So we can wait until December, but those decisions are being made as we speak here.

Senator BEGICH. I agree, and we should have made the decision last year and honestly talked about all three pieces, but we do not and you know that because it is politics as usual around this place.

Senator MCCASKILL. Well, first of all, let me step in here and say that maybe now is the time I should do my rebuttal of Senator Inhofe. [Laughter.]

I think this would be a perfect time for that.

I think it is a perfect time to thank you all for your service to your country and to all the people in the room. I am going to resist the temptation to ask why there are so many of you in the room, because as some of you who have been to these hearings before know, it is one of my pet peeves that we have got to be careful about how many people we have tasked to how many tasks and whether we need as many people sometimes in attendance at these hearings since they are televised. But I know everybody in the room cares very deeply about their country and is committed, and I appreciate that.

We are struggling with trying to correct mistakes that have been made over the last 20 years as to the way we fund what we must fund as a Federal Government. But there is no disagreement between Democrats and Republicans that the most important priority of the Federal Government is our National defense. And there is absolutely no disagreement, regardless of Democrat or Republican, that we have the best military in the world and that we must keep the best military in the world.

How we get there—we are going to need help from you and input, but we are also going to have to realize that we cannot give you everything you ask for in the future because we have tried that, and taking OCO out, the base budget of the Pentagon, taking out health care—so you cannot even use the health care increase—has gone from \$270 billion to north of \$600 billion in 10 years. We have doubled the amount of money going to the Pentagon in 10 years. And that is not counting OCO. So you add OCO on top of that and that is a huge piece.

So can we keep the best military and do it smarter with a little less money? I am confident we can. I am especially confident we can because of the leadership we have in the military which is represented here today very, very well.

Thank you very much. There will be, obviously, more questions for the record that some of us did not get to, and we look forward to a continuing dialogue as we keep our military as ready as we possibly can and also figure out a way that we do not drown in debt about 15 or 20 years from now. Thank you all very much.

[Whereupon, at 11:45 a.m., the subcommittee adjourned.]