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**United States Senate**  
COMMITTEE ON ARMED SERVICES  
WASHINGTON, DC 20510-6050

CHRISTIAN D. BROSE, STAFF DIRECTOR  
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February 27, 2015

The Honorable Michael Enzi  
Chairman, Committee on the Budget  
United States Senate  
624 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Bernie Sanders  
Ranking Member, Committee on the Budget  
United States Senate  
624 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Senators Enzi and Sanders:

In accordance with your request, we write to you with our recommendations for national defense spending as you prepare the Fiscal Year 2016 budget resolution. We do so at a time of growing global crises and threats to our national security interests that are capturing the attention of the American people. As their elected representatives, we have no higher duty than to ensure that those who are sworn to protect our nation have the necessary means and support to do so.

In preparing our views and estimates, we have reviewed the effects of maintaining the spending caps mandated in the 2011 Budget Control Act (BCA). We have also begun to review the President's national defense budget request, which exceeds the BCA caps by \$38 billion for FY 2016 and \$182 billion from FY 2016-21. These are important considerations, to be sure, but we should not be bound by them. It is our constitutional responsibility, as an independent branch of government, to formulate our own views and estimates and provide for our national defense, regardless of current law or policy. Indeed, if we determine that existing laws and policies no longer serve our national security, it is our responsibility to propose new laws and policies.

We recognize that it is our equal responsibility to ensure that every dollar devoted to defense is spent wisely and efficiently. This is a top priority for the Committee on Armed Services. At the same time, with global crises and threats increasing, we believe that the limitations of the post-sequestration BCA—which require nearly \$1 trillion of defense spending cuts over ten years—have become a national security crisis of the first order. Some insist that our nation cannot afford to spend more on defense at this time. We believe we cannot afford not to.

We know that defense is only one of the priorities that you must consider in drafting the budget resolution, just as it is for every Senator who will ultimately consider that resolution. Like the members of our Committee, we have our differences at times over these broader fiscal questions, especially the issue of non-defense discretionary spending. While there is widespread recognition that our national security depends on the funding of many federal agencies beyond the Department of Defense, the task you have assigned us is more limited: to offer our views and estimates solely on what our nation should spend on defense. We are therefore writing to provide our bipartisan views and estimates for national defense spending in FY 2016.

In short, we recommend that defense spending be restored to BCA levels prior to sequestration: \$577 billion for national defense discretionary budget authority, in addition to the necessary funds for Overseas Contingency Operations (OCO).

### **A Commitment to Greater Efficiency and Reform**

We recognize that, for the American people and their elected representatives to devote additional resources to national defense, they must be confident that the Department of Defense is making the best, most efficient use of our limited taxpayer dollars. That is why our Committee has made it a top priority to identify additional defense reforms, efficiencies, and modernization initiatives that can add value for the taxpayers and capability for our troops, including:

- A comprehensive approach to defense acquisition reform that is intended to foster enhanced competition, provide greater accountability, produce weapons systems on time and on budget, and improve our nation's defense technological advantage;
- Continued scrutiny and oversight of the Department of Defense to ensure that it meets its requirement by law to be audit-ready by FY 2017;
- A thorough examination, led by our Personnel Subcommittee, of the recommendations of the congressionally-mandated Military Compensation and Retirement Modernization Commission with the goal of identifying reforms that modernize the military personnel system, improve its efficiency, and enhance the experience of our service-members;
- Committee-led investigations into significant cases of potential, waste, fraud, or abuse, including cost over-runs on major defense acquisition programs, to determine what happened, why it happened, who was responsible, and who should be held accountable;
- And a wide-ranging oversight initiative to identify defense management reforms that could reduce or consolidate military headquarters, commands, and infrastructure; slow the rate of personnel-cost growth; enhance contract competition; and improve the training and effectiveness of the Department of Defense's financial management workforce.

We are confident that efforts such as these can yield additional savings in the defense budget, and it is a priority for our Committee that these or other defense savings, including those that the Budget Committee could require through the reconciliation process, be reinvested in the Department of Defense to provide greater military capability for our warfighters. However, we recognize that much of the potential savings—including, for example, the annual \$25 billion of savings cited by the Defense Business Board—will be realized after FY 2016. More importantly, we do not believe it is possible to provide for our national defense at this time simply through a more efficient use of the limited defense spending mandated by the post-sequestration BCA caps.

### **The Global Threat Environment**

In formulating our views and estimates, we began by taking stock of worldwide threats and asking what strategic and budgetary decisions are necessary to meet these threats and defend our nation. To do so, the Committee on Armed Services has held 14 public hearings and closed

meetings in the six weeks that the Senate has been in session this year, in addition to a host of subcommittee hearings and briefings. The primary focus of this oversight by our full committee has been our present global challenges and U.S. national security strategy.

As part of this series of hearings, our Committee has received testimony from some of America's most experienced statesmen and leading strategic thinkers, including former Secretaries of State Henry Kissinger, George Shultz, and Madeleine Albright; former National Security Advisors Brent Scowcroft and Zbigniew Brzezinski; retired Generals James Mattis and Jack Keane and retired Admiral William Fallon; outside defense experts and former senior officials; and all four of the current military service chiefs. A clear, unified, and alarming assessment has emerged from these national leaders: As Dr. Kissinger testified on January 29, "[A]s we look around the world, we encounter upheaval and conflict. The United States has not faced a more diverse and complex array of crises since the end of the Second World War."

We believe this assessment is justified simply by the events of the past year alone:

- In Ukraine, Russia has sought to redraw an international border and annex the territory of another sovereign country through the use of military force. It continues aggressively to destabilize Ukraine, with troubling implications for security in Europe.
- A terrorist army with tens of thousands of fighters, many holding Western passports, has taken over a swath of territory the size of Indiana and declared an Islamic State in the heart of the Middle East. Nearly 3,000 U.S. troops have returned to Iraq to combat this threat, with U.S. aircraft flying hundreds of strike missions a month over Iraq and Syria.
- Amid negotiations over its nuclear program, Iran continues to pursue its ambitions to challenge regional order in the Middle East by increasing its development of ballistic missiles, support for terrorism, training and arming of pro-Iranian militant groups, and other malign activities in places such as Iraq, Syria, Lebanon, Gaza, Bahrain, and Yemen.
- Yemen is on the verge of collapse, as a Shia insurgency with ties to the Iranian regime has toppled the U.S.-backed government in Sanaa, Al-Qaeda uses a growing part of the country to plan attacks against the West, and the U.S. Embassy has been evacuated.
- Libya has become a failed state, beset by civil war and a growing presence of transnational terrorist groups, such as al-Qaeda and ISIL, similar to Afghanistan in 2001.
- North Korea, while continuing to develop its nuclear arsenal and ever-more capable ballistic missiles, committed the most destructive cyberattack ever on U.S. territory.
- China is increasingly taking coercive actions to assert expansive territorial claims that unilaterally change the status quo in the South and East China Seas and raise tensions with U.S. allies and partners, all while continuing to expand and modernize its military in ways that challenge U.S. access and freedom of movement in the Western Pacific.

These and other threats constitute a dramatically different and far more dangerous global environment than last year, let alone when Congress passed the BCA in 2011. Furthermore, as most of our expert witnesses have told our Committee, our present dangers cannot, and should not, be viewed in isolation. Taken together, they constitute a fundamental challenge to the rules-based international order that has kept our nation safe and enabled our success for the past seven decades, while leading to an unprecedented expansion of security, prosperity, and freedom worldwide. The indispensable factor in this success has been the strength of the United States—our diplomatic, economic, and moral influence, to be sure, but ultimately, the credibility and global reach of our military power. And yet, at a time of growing worldwide threats and demands on our armed forces, our nation has been slashing our resources to meet these requirements.

### **The Effects of Sequestration**

It is difficult to overstate the destructive impact on our military that has been wrought by the BCA with sequestration, which requires nearly \$1 trillion of defense spending cuts over ten years. While the Bipartisan Budget Act of 2013 provided welcome relief from some of the worst effects of sequestration for FY 2014 and 2015, that relief was partial, temporary, and ultimately did little to provide the kind of certainty that our defense and military leaders need to plan effectively for the future and make longer-term investments for our national security. The effects of these arbitrary spending cuts have been devastating to the capabilities, readiness, morale, and modernization of our armed forces—a judgment that was clearly rendered by all four of the military service chiefs in testimony to the Committee on Armed Services on January 28:

- General Mark Welsh, Chief of Staff of the Air Force, stated: “We are now the smallest Air Force we've ever been. When we deployed to Operation Desert Storm in 1990, the Air Force had 188 fighter squadrons. Today, we have 54, and we're headed to 49 in the next couple of years. In 1990, there were 511,000 active duty airmen alone. Today, we have 200,000 fewer than that.... We currently have 12 fleets of airplanes that qualify for antique license plates in the state of Virginia.”
- General Ray Odierno, Chief of Staff of the Army, said: “In the last three years, the Army's active component end strength has been reduced by 80,000; the reserve component by 18,000. We have 13 less active component brigade combat teams. We've eliminated three active aviation brigades.... We have already slashed investments in modernization by 25 percent.... [T]he number one thing that keeps me up at night is that if we're asked to respond to an unknown contingency, I will send soldiers to that contingency not properly trained and ready. We simply are not used to doing that.”
- Admiral Jonathan Greenert, Chief of Naval Operations, “[D]ue to sequestration of 2013, our contingency response force, that's what's on call from the United States, is one-third of what it should be and what it needs to be.”
- General Joseph Dunford, Commandant of the Marine Corps, testified: “We're investing in modernization at an historically low level. We know that we must maintain at least 10 percent to 12 percent of our resources on modernization to field a ready force for tomorrow. To pay today's bills, we're currently investing 7 percent to 8 percent.”

Most importantly, all four of the military service chiefs testified that *American lives are being put at risk* by the caps on defense spending mandated in the BCA. At a time when real worldwide threats are growing, we are compounding those dangers with a national security crisis of our own making. We think retired General James Mattis summed up our current problem best when he told our Committee on January 27: “No foe in the field can wreak such havoc on our security that mindless sequestration is achieving.” Continuing on our current path for defense spending would be reckless and dangerous. It is imperative that we change course.

### **The President’s Budget Request**

In response to these increasing global demands on our military, the President’s FY 2016 budget requests \$534.3 billion for the Department of Defense base budget, \$19.1 billion for defense programs in the Department of Energy, and \$7.6 billion for related defense programs in other agencies—a total of level of defense spending that exceeds the BCA caps by \$38 billion for FY 2016 and \$182 billion from FY 2016-21. The President’s budget request also includes \$50.9 billion of emergency designated funding for Overseas Contingency Operations (OCO).

While the Committee on Armed Services is still reviewing the President’s budget request for FY 2016, we think it responds to many critical priorities. In particular, the President’s budget proposes necessary investments to address some of our growing cyber and space control vulnerabilities; to begin addressing the near-term military readiness shortfall; to sustain and modernize our nuclear enterprise; to start developing a new “offset strategy” to use technological advances to counter our adversaries; and to commence procurement of the Air Force’s next generation bomber, new Army ground vehicles, hundreds of F-35 fighter jets, and the Ohio class replacement nuclear ballistic missile submarine, as well as various classes of Navy ships.

At the same time, the President’s budget reflects policy decisions that would reduce some critical military capabilities—either through the early retirement or cancellation of existing systems, deferred development or procurement of new systems, or withheld funding for proven requirements. Many of these decisions were made purely because of budgetary constraints. With additional resources for defense above the President’s request, our Committee could restore many of these urgent and legitimate military needs in the FY 2016 budget.

As for the ability of the President’s budget to meet our growing national security requirements, we would cite the judgment of the Chairman of the Joint Chiefs of Staff, General Martin Dempsey, who recently testified to the House Armed Services Committee that “the President’s budget request is at the lower ragged edge of our ability to execute the National Security Strategy, with moderate risk.” We believe that our nation can, and should, do better.

### **The National Defense Panel**

Our views and estimates are guided by the recommendations of the National Defense Panel—a bipartisan group of defense experts, chosen jointly every four years by executive and legislative branch leaders, to provide a congressionally-mandated independent assessment of the Department of Defense’s Quadrennial Defense Review. The most recent National Defense Panel was co-chaired by former Secretary of Defense William Perry and retired General John Abizaid and comprised senior defense leaders from both sides of the aisle. On July 31, 2014, the Panel

released its *unanimous* findings and recommendations—the drafting of which was led by the bipartisan co-panelists Michele Flournoy and Eric Edelman.

The National Defense Panel charged that the defense spending cuts imposed by the BCA and sequestration “constitute a serious strategic misstep.” If Congress and the President persist with the defense spending levels mandated in the BCA, the Panel warned that “the armed services will in the near future be at high risk of not being able to fully execute the national defense strategy.” More ominously, the Panel concluded that, “in the extreme, the United States could find itself in a position where it must either abandon an important national interest or enter a conflict for which it is not fully prepared.” We strongly endorse these conclusions.

Based on its findings, the Panel recommended—again, unanimously—that Congress and the President immediately repeal the BCA and return, *at a minimum*, to the funding baseline in the FY 2012 defense budget that was prepared by former Secretary of Defense Robert Gates. That budget, the Panel notes, “represents the last time the Department was permitted to engage in the standard process of analyzing threats, estimating needs and proposing a resource baseline that would permit it to carry out the national military strategy.” That would mean \$611 billion for defense in FY 2016. While this funding level would be \$115 billion above the BCA caps for FY 2016, it would only represent 3.6 percent of GDP, which is consistent with historical averages.

It is important to note, as Flournoy and Edelman did in testimony to our Committee on February 10, that worldwide threats have grown considerably, as described above, since the FY 2012 budget was compiled. Indeed, many of the assumptions on which the FY 2012 budget was built—that major military operations in Iraq were over, for example, or that we could draw down U.S. forces in Europe because Russia did not pose a serious threat to regional security—have been overturned. This is why the National Defense Panel recommended that returning to the FY 2012 funding baseline should be a floor, not a ceiling, for defense spending.

The National Defense Panel’s recommendation would not simply halt the degradation of our military readiness and capabilities; it would enable our country to begin building the military we need to meet the growing global challenges we face. In particular, the National Defense Panel identified many priority requirements that justified this increased defense spending, including:

- Achieving full readiness levels as quickly as possible across all of the military services;
- Halting the budget-driven reduction to a 260-ship Navy and instead building up, at a minimum, to 323 ships, as identified in the FY 2012 Future Years Defense Plan;
- Preventing further planned end-strength reductions to the Army and Marine Corps below their pre-September 11, 2001 levels—490,000 active-duty soldiers in the Army and 182,000 active Marines—in addition to properly-resourced Guard and reserve units;
- Investing in critical modernization initiatives—such as intelligence, surveillance, and reconnaissance (ISR) systems; long-range and precision strike capabilities; electric and directed energy weapons; unmanned systems; and cyber and space control capabilities—that are essential to maintaining our military technological advantage in the world;

- And increasing the Air Force's number of manned and unmanned aircraft capable of conducting both ISR missions and long-range strike operations in contested airspace.

While we support the National Defense Panel's recommendations, we recognize that \$611 billion in base budget authority for the Department of Defense is neither realistic in the current political environment, nor is it likely that the Department could responsibly execute this funding in FY 2016. Nonetheless, we believe we should work to restore defense spending as quickly as possible to FY 2012 levels at least, as the National Defense Panel proposed.

### **Our Recommendation: End Sequestration**

Absent other considerations, we recommend that defense spending for FY 2016 be restored to the pre-sequestration BCA levels. We would therefore request that you allocate \$577 billion for FY 2016 in national defense discretionary budget authority and the associated outlays, in addition to the necessary funding for OCO. This is the amount for defense that the BCA itself set for FY 2016, prior to the additional cuts imposed through sequestration.

In short, our recommendation would effectively end sequestration for defense.

It is worth recalling that sequestration was never supposed to happen. It was designed to be so destructive and unacceptable to our national security interests that it would force members of Congress and the President to make more prudent cuts to federal spending. The failure of this effort, and the resulting trigger of sequestration, was a collective failure. However, continuing to live with the unacceptable effects of sequestration is a choice. Sequestration is the law of the land, but Congress makes the laws. We can choose to end the debilitating effects of sequestration, and we must, because at the post-sequestration BCA levels, we believe that is impossible to meet our constitutional responsibility to provide for our national defense.

In testimony to our Committee on January 28, the senior military officers of the Army, Navy, Air Force, and Marines Corps stated that they could not execute the National Military Strategy with defense spending for FY 2016 at sequestration levels. As General Welsh, Chief of Staff of the Air Force, described the impact of returning to post-sequestration budget caps: "[T]he Air Force will no longer be able to meet the operational requirements of the Defense Strategic Guidance. We will not be able to simultaneously defeat an adversary, deny a second adversary, and defend the homeland." His fellow service chiefs said the same in their testimony.


With a FY 2016 defense budget at sequestration levels, we as a nation must decide what we do not want the U.S. military to do for us. Are we comfortable, for example, with fewer Navy ships to ensure freedom of commerce in the Pacific amid China's military modernization? Or with less U.S. military presence in Europe amid renewed Russian aggression? Or with an Army and Marine Corps comprised of fewer troops with older equipment as more of the Middle East falls into the hands of ISIL, al-Qaeda affiliates, and Iranian-backed militants? We cannot pretend that we can avoid these choices. As growing global threats increase the demands on our military, we must either increase our resources to meet our strategic requirements, or we must reduce our strategic requirements to match our limited resources. We cannot have it both ways.

The inability to execute our National Military Strategy would be catastrophic, but funding defense at post-sequestration BCA levels would have an even worse effect: We risk breaking faith with the men and women of our all-volunteer force and further eroding their confidence in their political leaders. Unfortunately, that confidence has already been shaken, primarily due to sequestration, as we have often heard firsthand. The military service chiefs issued stark warnings on this front during their January 29 testimony to our Committee:


- General Odierno, the Chief of Staff of the Army, asked: “At what point do we, the institution and our nation, lose our soldiers’ trust—the trust that we will provide them the right resources; the training and equipment to properly prepare them and lead them into harm’s way; trust that we will appropriately take care of our soldiers and their families and our civilians who so selflessly sacrifice so much?”
- Speaking of the U.S. airmen he leads, General Welsh, the Chief of Staff of the Air Force, said: “They’re proud of who they are. They’re proud of who they stand beside. And they’re proud of what they represent. And when they lose that pride, we’ll lose them. And if we lose them, we lose everything.”
- And General Dunford, the Commandant of the Marine Corps, stated: “Our soldiers, sailors and Marines and their families should never have to face doubts about whether they will be deployed without proper training and equipment. The foundation of our all-volunteer force, as General Odierno has said, is trust. Sequestration will erode the trust that our young men and women in uniform, civil servants and families have in their leadership. And the cost of losing that trust is incalculable.”

If we continue on our current path, we risk undermining the central pillars of our all-volunteer force, and with it, the foundations of international peace and security of which the U.S. military has been the most reliable guarantor since the end of World War II. We cannot afford to believe that the relative peace and prosperity that our nation has enjoyed, and made possible for so many others across the world, is self-sustaining or self-enforcing. It has been painstakingly maintained through the deterrence of adversaries, the cooperation with allies and partners, the global leadership of the United States, and ultimately, the credibility and capability of the greatest military on earth. If we fail to play this role now, the consequences for our nation will grow more dangerous, and history will judge us derelict in our highest duty, appropriately so.

Sincerely,



Jack Reed  
Ranking Member



John McCain  
Chairman