

DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE SENATE ARMED SERVICES
COMMITTEE
THE IMPACT OF SEQUESTRATION ON NATIONAL
DEFENSE

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Chairman Levin, Ranking Member Inhofe, and members of the committee, it's an honor to appear before you. Thank you for your continued support of our Airmen and their families.

The United States Air Force is the very best at what we do. We hire the best people we can find and train them better than any other airmen in the world. We bring five core missions to our great joint warfighting team. Those missions haven't fundamentally changed since we became a separate service in 1947. We still do (1) air superiority (we've added space superiority), (2) intelligence, surveillance, and reconnaissance (ISR), (3) rapid global mobility, (4) global strike, and (5) command and control. We do these missions in and through three domains—air, space, and cyberspace. The result of the great work our Airmen do in those mission areas is *Global Vigilance*, *Global Reach*, and *Global Power* for America.

Our Airmen know this, and are proud of the critical role they play in our Nation's defense. My job is to ensure that whenever America calls, our Airmen are capable of fighting and winning our Nation's wars. As we plan for various budget scenarios, we seek to be ready in 2014 for a full range of combat operations, while also building an Air Force capable of executing our five core missions against a determined, well-armed, and well-trained adversary in 2023 and beyond.

We know the Air Force has a role in helping our Nation get its fiscal house in order. However, the abrupt and arbitrary nature of sequestration drives the Air Force into a "ready force today" versus a "modern force tomorrow" dilemma. This dilemma is dangerous and avoidable. If we are given the flexibility to make prudent cuts over time, we can achieve the savings required under current law. However, sequestration robs us of that flexibility. We're left with options that simply don't make business sense. We need your help. We need funding bills that give us stability so we can achieve real savings in a strategically and managerially sound way.

Guiding Principles

Sequestration has forced the Air Force and the entire Department of Defense (DoD) to plan for and react to a wide range of budget scenarios. This past March, Secretary Hagel directed the Department to conduct a Strategic Choices and Management Review (SCMR) to help prepare for some of these scenarios. The SCMR analyzed every aspect of the defense establishment to find savings while preserving the key tenets of the Defense Strategic Guidance.

As a result of the SCMR, the Air Force established four guiding principles to steer our strategy and budget processes. (1) No matter the size of our force, we must remain ready for the full spectrum of military operations. (2) When forced to cut capabilities (tooth), we must also cut the associated structure and overhead (tail). (3) We will maximize the contribution of the Total Force. And, (4) we will remain strategy driven by focusing on the unique capabilities we provide the joint force and our ability to execute those capabilities against a high-end threat.

SCMR Findings

1) In all of the budget scenarios we considered, we need flexibility. Compensation reform and infrastructure reduction are critical. If they are not addressed, then the cuts must come entirely from readiness and modernization. This will result in reduced combat power from a smaller, less capable, and less ready force, thereby increasing national security risk. We appreciate the reprogramming assistance Congress has provided, and will seek continued congressional support in transferring money between appropriations.

2) The SCMR found that, over time, the DoD could achieve the level of cuts required under current law, but there is no strategically and managerially sound approach to close that gap within the next few years. If we must make cuts of this magnitude immediately, the draconian

measures that we're forced to take will have serious negative effects on people, weapons systems, munitions accounts, readiness, and modernization.

3) The SCMR found that the President's fiscal year 2014 (FY14) budget proposal is the most prudent option of those currently being considered. Force reductions in this scenario will still be necessary, but if accompanied by efficiency and compensation reforms, they can be made in a way that minimizes the additional risk to our national defense.

Sequestration Near-term Impacts

We understand the national fiscal challenge, and the defense budget can be cut, but the abrupt, arbitrary mechanism of sequestration is not the right approach. As the Vice Chairman of the Joint Chiefs of Staff said, "We don't know how much money we're going to have. We don't know when we will know how much money we're going to have. And we don't know what the rules are going to be when we know." As a result, if sequestration continues, the Air Force will not be able to meet the current defense strategy.

The FY13 effects of sequestration are well documented. We were forced to stand down 31 squadrons, including 13 combat-coded squadrons. An additional seven squadrons were reduced to flying rates that only enable proficiency in basic tasks, such as takeoff and landing. It will now cost a minimum of 10 percent more flying hours to retrain these squadrons than it would have to simply keep them trained all along.

In addition, we were forced to break faith with our civilian Airmen by furloughing 164,000 civilians, including Guard and Reserve civilian technicians, for eight hours a week, over a six week period. On top of the financial hardship of losing 20 percent of their pay during this period, we as an Air Force lost 7.8 million man-hours of productivity affecting every mission area, including some where civilians are the entire mission area, such as Air Education and

Training Command aircraft maintenance. Sadly, we also sent a message to our civilian Airmen that we don't sufficiently value their contributions. It will take us years to earn back their trust.

If the reduced discretionary caps, with the threat of sequestration, remain in place for FY14, we could be forced to cut flying hours by as much as 15 percent. As a result, many of our flying units will be unable to fly at the rates required to maintain mission readiness for three to four months at a time, we'll cancel or significantly curtail major exercises, and we'll reduce our initial pilot production targets. We have no plans to furlough civilians in FY14.

Sequestration also impacts our space mission. Continued sequestration would force us to reduce our network of space launch, on-orbit, and missile warning sensors to single points of failure. Specifically, we would turn off redundant systems and reduce routine maintenance on the primary systems. Furthermore, it would slow our ability to determine whether space mishaps (collisions in space) are equipment failures, hostile actions, or environmental events.

Continuing Resolution

On top of sequestration's current impacts, the longer we are forced to operate under a continuing resolution, the greater the damage in FY14 and beyond. In FY13, we paid much of our sequestration bill with prior year unobligated funds which we no longer have. Meanwhile, our bow wave of future bills continues to grow. For example, we're currently doing only critical infrastructure sustainment, we're in a civilian hiring freeze, and we have a large backlog of aircraft that need to go to the depot. A continuing resolution would not allow us to address this bow wave, we wouldn't be able to start new programs, and it would take away the little flexibility we currently have. Beyond these near-term effects, if reductions of this magnitude continue, we will be forced to pursue the following long-term actions in force structure, readiness, and modernization.

Sequestration's Long-term Impacts to...

Force Structure

We will be forced to get smaller...both in terms of people and aircraft. When I entered the Air Force in 1976 we had 725,000 Total Force military Airmen, including 585,000 on active duty. Today we have 506,000 Total Force military Airmen with only 329,000 on active duty. There is a limit to how small we can get and still fulfill the DSG because our "supply" of forces is equal to the strategic "demand" with almost no margin in capacity. If the reduced discretionary caps continue, over the next five years we may be forced to cut approximately 25,000 (five percent) Total Force Airmen and approximately 550 (nine percent) aircraft.

Although we employ fewer people, compensation costs continue to climb at unsustainable rates. Together we must address the issue of compensation or it will consume our warfighting spending over the next few decades. Our Airmen and retirees deserve every dollar they earn. However, we need to find the right balance going forward and slow the rate of growth in compensation. Specifically, I think we need to look at slowing pay raises, reforming how housing allowances are determined, and restructuring health care to ensure world-class care at a sustainable cost. We also need to find the right Total Force mix and maximize the unique benefits of the Guard and Reserve, who serve as critical force multipliers.

In terms of aircraft, the same story holds true. We are currently smaller and older than ever before. Our aircraft inventory averages 24 years old and the mainstays of our bomber and air refueling fleets are both from the Eisenhower era (B-52 & KC-135).

As we seek to find savings in aircraft force structure, we will prioritize global, long-range capabilities and multi-role platforms that are required to operate in highly contested environments. Moreover, because every aircraft fleet has relatively fixed costs such as depot, training programs, software development, weapons integration, spare parts, and logistics

support...only by divesting entire fleets rather than aircraft from multiple fleets will we achieve savings measured in the billions rather than “just” millions of dollars. Therefore, we may have to divest entire fleets with less relevance in highly contested airspace, as well as platforms where we have excess capacity when measured against the DSG.

As we get smaller, our excess infrastructure will continue to grow. We will seek savings by collocating people and aircraft based on most efficient use of people and space. We will continue to seek congressional approval to begin the base realignment and closure process. While we know we’ll lose capacity, we’ll work hard to retain the warfighting capability to be ready in 2014 for any required operations, and to ensure we’re able to execute our five core missions in 2023 against a high-end threat.

Readiness

When the Air Force talks about readiness, we’re talking about our ability to quickly respond to our Nation’s demands with Airpower delivered by Airmen who are appropriately trained and equipped to accomplish the mission at hand...and then return home safely. Under the reduced discretionary caps or if we’re further sequestered, our ability to do this is severely threatened. Therefore, we will protect readiness to the maximum extent of our authority.

Our Air Force has performed exceptionally well over the last 22 years in a variety of combat and humanitarian operations. However, this high operational tempo has come at a cost to our training and readiness. Since 2003, we’ve honed our skills in counter-insurgency warfare in Iraq and Afghanistan at the expense of full-spectrum training. For this reason, now more than ever, it is vital to ensure readiness across the full-spectrum of operations. We need to continue advanced training in exercises like Red Flag and weapons school classes. We build international warfighting partnerships and develop PhD level instructors in these training areas. If we don’t train for all scenarios, including a future high-end fight, we are forced to accept unnecessary risk.

Risk for the Air Force means we may not get there in time, it may take the joint team longer to win, and our people will be placed in greater danger.

In addition to full-spectrum training, our Air Force must be prepared to act at a moment's notice. Speed is an inherent advantage of airpower. Airpower offers the ability to rapidly deliver strategic effects anywhere on Earth. With intercontinental ballistic missiles, forward basing, stealth technology, tankers, bombers, strategic airlifters, and highly qualified special operations forces...we are a global Air Force that can hold any target at risk at any time. However, if our squadrons are grounded, if it takes weeks or months to generate global combat power, then we negate the responsiveness that is one of airpower's natural advantages and deprive our Nation of deterrence, diplomatic influence, and contingency options.

For these reasons, we will prioritize funding for training and readiness. Despite this prioritization, under a full sequestration reduction, we will still see significant eroding of our readiness in the near term. Whatever the funding level, we need congressional help to ensure that we have the budget flexibility to regain full-spectrum readiness and avoid a hollow force.

Modernization

As with force structure and readiness, if the reduced caps under current law continue, our modernization forecasts are bleak. This funding level will impact every one of our modernization programs. These disruptions will, over time, cost more taxpayer dollars to rectify contract breaches, raise unit costs, and delay delivery of critical equipment. When it comes to future investment and modernization, the public may not recognize the effects of these reductions initially. The damage will be insidious. However, should we face a high-end threat in the future—the impact of not modernizing will be blatant and deadly. While failing to achieve national objectives in the next counter-insurgency fight would be distressing, losing a major full-

spectrum fight would be catastrophic. If America expects its Air Force to dominate the skies in the future battlespace, modernization and recapitalization are not optional.

As we are forced to make tough decisions, we will favor recapitalization over modernization. We cannot continue to bandage old airplanes as potential adversaries roll new ones off the assembly line. For example, the backbone of our bomber and tanker fleets, the B-52 and KC-135, are as old as I am, and our fourth generation fighters average 25 years of age. That's why our top three acquisition priorities remain the KC-46, the F-35, and the Long Range Strike Bomber (LRS-B). The KC-46 will begin to replace our aging tanker fleet in 2016, but even when the program is complete in 2028 we will have replaced less than half of the current tanker fleet and will still be flying 200+ KC-135s. Similarly, our average bomber is 32 years old...we need the range, speed, survivability, and punch that the LRS-B will provide. Tankers are the lifeblood of our joint force's ability to respond to crisis and contingencies, and bombers are essential to keeping our Air Force viable as a global force. We must recapitalize these fleets.

The F-35 is essential to any future conflict with a high-end foe. The very clear bottom line is that a fourth generation fighter cannot successfully compete with a fifth generation fighter in combat, nor can it survive and operate inside the advanced, integrated air defenses that some countries have today, and many more will have in the future. To defeat those networks, we need the capabilities the F-35 will bring. For the past two years, the program has remained steadily on track; now it needs stability.

Sequestration-level cuts and/or an extended continuing resolution will severely threaten each of our top priority programs as well every single lower priority program. We cannot afford to mortgage the future of our Air Force and the defense of our Nation. Modernization is not optional, and it is required to execute our core missions against a high-end threat in 2023.

Conclusion

The United States Air Force is the best in the world and is a vital piece of the best military in the world. This will not change even if sequester persists. When we are called, we will answer, and we will win. But the likelihood of conflict may increase as potential adversaries sense weakness and vulnerability.

Our analysis on the impacts of sequestration to national defense is sobering. We understand the national fiscal environment and recognize that continued budget reductions are necessary. But the Nation will be more secure and will achieve more sustainable savings if reductions in defense spending are made in a more reasoned way than the abrupt, arbitrary mechanism of sequestration. Being forced into decisions to balance between a “ready force today” and a “modern force tomorrow” is dangerous for our national defense. This dilemma is avoidable. Through increased budget flexibility, prudent cuts, and an expectation that real savings will occur in the latter years of the future years’ defense program (FYDP), we can be both ready today and modern in the future. However, we will need Congress’ support for the tough decisions that will be necessary to align our future force to the needs of the strategy.

Therefore, I ask Congress to pass funding bills that give us stability, both in the near term and the long term. If not, we’ll have these same conversations year after year. Help us be ready in 2014 and still able to win in 2023. Let us focus on combat capability, on our five core missions, and on *Global Vigilance*, *Global Reach*, and *Global Power* for America. Our Airmen deserve it, our joint team needs it, and our Nation expects it.