



APRIL 18, 2013

# HEARING TO RECEIVE TESTIMONY ON THE CURRENT READINESS OF U.S. FORCES IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST FOR FISCAL YEAR 2014 AND THE FUTURE YEARS PROGRAM

UNITED STATES SENATE, COMMITTEE ON ARMED SERVICES, SUBCOMMITTEE ON READINESS  
AND MANAGEMENT SUPPORT

ONE HUNDRED THIRTEENTH CONGRESS, FIRST SESSION

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**OPENING STATEMENT OF SENATOR JEANNE SHAHEEN,  
CHAIRMAN**

Senator SHAHEEN. Good afternoon, everyone. Welcome. I'm sorry to be a little late; I'm not quite on military time yet, so you have to bear with me.

At this point, I'd like to call the hearing to order and point out that this is the—this subcommittee's first hearing of the year. And I'm very pleased to be taking over as chair of the Readiness Subcommittee and sharing the leadership with my colleague from New Hampshire, Senator Ayotte. And I hope that—and I'm confident—that we'll continue to lead the subcommittee in the strong bipartisan way in which she and Senator McCaskill did when Senator McCaskill chaired the subcommittee. And I'm sure you will be

pleased to know that we will bring you, from time to time, concerns we have from the Granite State of New Hampshire. [Laughter.]

So, that, I'm sure, won't come as any surprise to any of you.

I think it's also important to note that we are continuing the successful partnership of having the chair and ranking member of this subcommittee both be women. And I think that's fitting, since New Hampshire is the first State to send an all-female delegation to Washington.

So, we're very pleased to be joined this afternoon by General John Campbell, who is Vice Chief of the Army—Vice Chief of Staff for the Army; Admiral Mark Ferguson, who is Vice Chief of Naval Operations; General John Paxton, assistant Commandant of the Marine Corps; and General Larry Spencer, Vice Chief of Staff for the Air Force.

So, gentlemen, we very much thank you for coming this afternoon, and look forward to a fruitful discussion. And I should say, at the start, that we also very much thank you for your service to this country and for the job that you do for the men and women who serve under you. Thank you.

The Readiness Subcommittee meets today at a pivotal moment to discuss the current readiness of our forces. Our men and women in uniform continue to be burdened by sequestration cuts enacted by the Budget Control Act of 2011, which, if they remain in place, as I'm sure you all will testify today, will significantly impact the services' ability to conduct training, maintenance, and to sustain their readiness.

Currently, the DOD will incur several billions of dollars in reductions to its vital operation and maintenance budget accounts in fiscal year 2013. As we've learned from our many past Readiness Subcommittee hearings, for the last several years readiness rates have consistently declined. However, I worry that this new crisis represents an even greater loss of surge capability, risks the grounding of pilots who may lose flight certification, erodes aircrew readiness, and foreshadows the hallmarks of a hollow force if our ground troops can't train above the squad level.

It's important to note that the impact of sequestration will be felt, not only in our Active components, but also in our National Guard and Reserve.

As we know, our uniformed personnel are not the only ones at risk under sequestration. The Department has announced that it will furlough civilian employees up to 14 days. I understand from the Navy that, while these furloughs may garner about 308 million

in sequestration reductions, it would also delay shipyard maintenance availabilities approximately 85 days and risk putting our ships behind schedule and possibly not available for deployment when we need them. Even worse, for the Navy, several accidents over the past year require unscheduled and unbudgeted repair work, such as with the USS *Miami*, which we're very familiar with because of its location at the Portsmouth Naval Shipyard, the Guardian, the Porter, and others.

The capital investment for the modernization of our shipyards will likely continue to suffer over fiscal year 2013. I know I speak for Senator Ayotte when I say we eagerly await the shipyard modernization plan that we required in the National Defense Author-

ization Act for Fiscal Year 2012. We're interested in hearing from Vice Admiral Ferguson—from Admiral Ferguson on its status and how much risk you and all of you vice chiefs plan to take in your installation sustainment accounts.

In addition, we'd like to hear whether or not the Navy and the other Services funded the 6 percent of capital investment program, as required by law, in the fiscal year 2014 budget requests.

We've recently learned that the agency responsible for purchasing fuel for the Department of Defense, the Defense Logistics Agency, will increase the price of fuel on May 1 from \$156.66 per barrel to \$198.24 per barrel. This fuel bill will cost DOD an additional \$1.8 billion. The fact remains that fossil fuels continue to be a strategic and financial vulnerability, not only to the DOD, but also to our Nation.

Perhaps the most overlooked aspect of sequestration is that the cuts are not short-term savings for DOD, nor are they realized savings for the taxpayers. In reality, sequestration merely increases operational and strategic risk by deferring vital maintenance and canceling necessary training. I believe the consequences of sequestration will, unfortunately, end up costing us more in the longrun.

And I remember the testimony of Deputy Secretary of Defense Ash Carter, when he talked about the fact that the unit cost of everything we purchase through DOD will go up as the result of sequestration. We are unnecessarily making it harder on our forces to prepare for deployment by reducing flying hours for our squadrons, delaying maintenance, and reducing training.

I understand that there are no easy tradeoffs for the witnesses here today. Chasing resources to meet military requirements is nothing new. And I'm not advocating that it's financially responsible to have unlimited military spending. But, as we all know, sequestration was designed to be onerous because it was never supposed to get enacted. We should solve the problem now, before we reach a time when our ships, aircraft, troops, and equipment can no longer train or deploy.

However, I know there's also hope. There are always ways to improve the way we operate, and there are many initiatives that continue to succeed. For example, the continued to—commitment to pursue greater energy efficiencies and renewable energy sources offers an enhanced combat capability to the DOD. I had the opportunity to see some of the efforts that are underway—the more efficient generators, the solar blankets, the installation energy investments—last year, when I conducted a hearing down at Norfolk on the USS *Kearsarge*. And it was really impressive what all of you

are doing in each branch of our military to save on energy and to move to alternative sources of energy. I think that these energy policies should not be partisan. They reduce the burden upon those in combat. And I thank you, General Campbell, for all of the great work that the Army is doing, along with all of the other branches, in this regard.

So, even in these challenging times, I remain confident and encouraged that we still have the most resilient fighting force in the world today. I remain optimistic, because, even after a decade of war and the severe stress from all angles, each of you find ongoing ways to improve how you operate. For the past 11 years, our mili-

tary has consumed readiness as quickly as they've been able to create readiness. We're beginning to see some operational relief as we draw down from Afghanistan.

I thank all of you, particularly the Army and the Marine Corps, for recommitting to training for the full spectrum of operations in your fiscal year 2014 budget request.

Again, I sincerely thank each of you for being here. I thank your hardworking staffs for taking time to join us in this critical readiness discussion. And we ask that you include your full statements for the record and, if you would, summarize what you have to say, hopefully within a 7-minute timeframe, so we can have more time for discussion.

So, thank you all very much. I'll turn the discussion over to my colleague Senator Ayotte.

**RECORD VERSION**

**STATEMENT BY**

**GENERAL JOHN F. CAMPBELL  
VICE CHIEF OF STAFF  
UNITED STATES ARMY**

**BEFORE THE  
SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT  
COMMITTEE ON ARMED SERVICES  
UNITED STATES SENATE**

**FIRST SESSION, 113<sup>TH</sup> CONGRESS**

**ON**

**CURRENT READINESS**

**April 18, 2013**

**NOT FOR PUBLICATION UNTIL RELEASED BY  
THE COMMITTEE ON ARMED SERVICES**

Chairman Shaheen, Ranking Member Ayotte, distinguished Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the readiness of your United States Army.

On behalf of our Secretary – the Honorable John McHugh and our Chief of Staff General Ray Odierno, I would also like to take this opportunity to thank you for your support and demonstrated commitment to our Soldiers, Army Civilians, and Families.

This discussion of readiness could not come at a better time. Our battle-tested Army remains the world's best trained, led and equipped land force in the world. However, the Army is currently experiencing severe fiscal challenges which have serious implications to our ability to provide trained and ready forces for the Nation. Here is the reality we face: If the reductions to discretionary caps as outlined in current law are implemented for FY14 through FY21, the Army may not be able to support the current defense strategic guidance and we risk becoming a hollow force.

What do I mean by a hollow force? A hollow force occurs when the three critical areas of end strength, readiness, and modernization are out of balance. If we under-resource any one area, the Army will not be ready when called upon. For example, a large Army that lacks training and modernized equipment is not an Army we would want to send into battle. It might look good on paper, but it would be hollow. Here are just a few examples of how sequestration is impacting the force:

Additional cuts to the Army's budget, of the magnitude associated with sequestration, may drive our active component end strength down below 490,000. If the Army is forced to take additional cuts due to the reduction in the outyear discretionary caps, we would need to reduce further the number of Soldiers out of the Active Component, National Guard, and U.S. Army Reserve.

To meet sequester targets and protect Warfighter funding in FY13, we curtailed collective training for 80 percent of our ground forces for the rest of the fiscal year. This will impact unit basic warfighting skills, induce shortfalls across critical specialties, including aviation, intelligence, engineering, and even our ability to recruit new Soldiers into the Army. For example, we have canceled six Maneuver Combat Training Exercises at the National Training Center and the Joint Readiness Training Center combat training, which impacts the future readiness of our force.

Sequestration will result in impacts to every one of our ten major modernization programs including the Ground Combat Vehicle, the Network and the Joint Light Tactical Vehicle. Potential impacts include delays in fielding and increased unit costs. Given the timing of the FY13 cuts, the uncertainty of how they will be applied in FY14 and the ten year span of reductions, we continue to assess the magnitude of the impacts to all of our programs. It will also create an inability to Reset our equipment employed during years of war. In the third and fourth quarters of FY13, we have canceled the majority of depot maintenance, which will result in the termination of an estimated 5,000 employees, a significant delay in equipment readiness for six divisions and an estimated \$3.36 billion impact to the surrounding communities.

Finally, while the Army will make every effort to protect critical Army Family Programs, they will be unavoidably affected by workforce reductions, cuts to base sustainment funding, the elimination of contracts and the widespread use of Soldiers in base support tasks that detract from training for wartime missions. This could have a negative impact on recruiting and retention, which would degrade readiness. Similarly, our Department of the Army Civilians face the prospect of furloughs which, once implemented, will certainly disrupt thousands of activities and have a negative impact on our missions and morale of the force around the world.

To a limited extent, the impact of spending reductions can be mitigated if funding remains timely and predictable, enabling the Army to plan, resource and manage programs that yield a ready force. The Army will do our utmost to efficiently utilize the resources enacted in the FY13 Consolidated Appropriations and Further Continuing Appropriations Act in the remaining time for this fiscal year.

In the future, the nation will once again call upon the Army to deploy, fight and win in support of vital national interests and the American people will expect the Army to be ready. We must avoid defense cuts that will ultimately have a long-term negative effect on readiness, increase the level of risk to our Soldiers, and cause us to relook whether we can accomplish what is required under the national security strategy.

## **Strategic Context and the Demand for U.S. Landpower**

In addition to the fiscal constraints, we must also account for a second, equally difficult challenge: strategic uncertainty. The U.S. will undoubtedly have interests in a range of conflicts in the years ahead to include deterrence, humanitarian crises, terrorism, regional crises and other potential conflicts. The world we live in is increasingly dangerous and complex. Our charge then is to ensure we maintain a range of options, and that we remain prepared and ready to respond in support of Global Combatant Command requirements.

Maintaining a ready Army is not cheap – we realize that. However, the cost of a ready Army is miniscule in comparison to the cost in terms of national treasure and global prestige of committing an unready Army in the future. We are not looking for more readiness than we need or can afford – but we cannot afford, from a national security perspective, an Army that is unable to fight and win the nation’s wars.

### *Support to the Current Fight*

The strategic transition in Afghanistan continues to prove challenging. Building the capacity and self-sufficiency of Afghan forces is critical to the transition. To meet combatant command requirements, the Army provides specifically-focused advisor training for deploying units to advise and assist the Afghan security forces. I am confident in the Army’s role in support of equipment retrograde while concurrently conducting security force assistance and combat operations. Although the operational campaign plan drives the pace of retrograde operations, our goal remains to have all non-enduring equipment out of Afghanistan by the end of 2014.

Although we have the policies, authorities, and processes in place to support retrograde goals, appropriate funding levels are required to maintain operational flexibility during retrograde. The Army faces up to a \$7.8 billion shortfall in emerging warfighter requirements in Operations and Maintenance, Army (OMA) funding within our Overseas Contingency Operations (OCO) account for FY13. This impacts the preparation of units about to deploy, current operations in support of Operation Enduring Freedom (OEF), and our ability to reset equipment and personnel. In order to ensure our Soldiers are prepared, we have paid and will continue to pay operation and

maintenance requirements out of base funding for next deployers when not covered by OCO funds. This erodes necessary funding from our base budget that guarantees our future readiness.

The recently enacted Consolidated and Further Continuing Appropriations Act of 2013 provides the Department of Defense some Transfer Authority to mitigate the risks to readiness; this action does not solve the entirety of the OCO shortfall.

### Current Readiness

The Army's readiness continues to center on supporting Soldiers committed to operations around the world. At no other time in history has our nation committed Soldiers to war for as long. Our battle-tested All-Volunteer Army remains the world's best trained, led and equipped land force in the world. However, sequestration in FY13 has a cascading effect on the readiness of our next-to-deploy forces and the forces behind them in the queue for operational employment. If further reductions are implemented for FY14 through FY21, the Army may not have the resources to support the current defense strategic guidance without assuming greater risk.

As I appear before you today, your Army is a ready and capable force. Our priority is to support the 60,000 Soldiers in Afghanistan and those next to deploy. We will focus on ensuring that they are properly equipped, prepared and ready for the missions they face. We will also continue to provide for high levels of readiness for our forces in Korea. The latest tensions reinforce the importance of maintaining a ready and vigilant deterrence. And we will do our best to prioritize training and equipping for the Army's Global Response Force, which is the nation's rapid response, forcible entry capability for unforeseen contingencies. Finally, the Army is prepared to defend the Homeland and routinely conducts critical Defense Support of Civil Authorities operations.

For the vast majority of the rest of the force – those not scheduled for an Afghanistan rotation, supporting Korea or part of the Global Response Force – we will simply have to curtail, delay or cancel training. This will have a negative effect on both unit and basic warfighting skills and may result in 80% of Brigade Combat Teams (BCTs) funded only to train to squad level proficiency. This level of funding prevents

collective training above squad level. Some specialty skills may be especially hard-hit due to the length of time required to recoup lost skills. This atrophy will begin as soon as the fourth quarter of FY13 and, once underway, the Army will have to redouble its efforts in order to regain rapidly lost readiness.

### Regionally Aligned Forces

In order to elevate the overall level of Army readiness, be more responsive to our geographic combatant commanders and better enable our joint, interagency, intergovernmental and multinational partners, the Army is regionally aligning its forces to provide tailored capabilities. Joint exercises and operations with partners and allies are paramount to Secretary McHugh and General Odierno's vision of the Army's role in protecting American interests at home and abroad. Soldiers who receive regionally-specific training and equipment and participate in regionally-focused missions will effectively contribute to the shaping of the security environments. Adequate resources are required to ensure that as missions evolve and new threats emerge, aligned forces are trained, ready and tailored to support the required mission.

### Future Force Generation

Army Force Generation (ARFORGEN) put the Army on a rotational readiness cycle, which enabled us to provide cohesive units to combatant commanders for the enduring missions in Iraq and Afghanistan. We adjusted the training, equipping and manning of our units to suit the requirements of emerging missions. Over the past several years as we have transitioned from Iraq and prepare to do the same in Afghanistan, the Army is applying lessons learned to develop an ARFORGEN model that reflects the current defense strategy and future missions.

The Army is in the final stages of modifying it's the ARFORGEN model and realigning our institutional systems. The new model will prioritize training for the future complex environment with a focus on combined arms maneuver. Combined arms maneuver training is essential after a prolonged period of focus on counterinsurgency operations and remains key and essential to Army capability. The Future Force Generation model intends to apply scarce resources and project manpower at the correct time and place to minimize risk, ensure readiness and specifically identify those

capabilities critical to meeting strategic requirements. The Army can only focus resources on those units deployed, deploying or with critical contingency response missions.

### Total Army Force Policy

The Army is committed to both the Army Total Force Policy as approved by the Secretary of the Army and the Chief of Staff of the Army and to the proper force mix to support the National Security Strategy. Our Total Army Force derives from the integration of Active, Reserve and National Guard capabilities. The past 12 years of war have resulted in many experienced Army National Guard and Army Reserve formations which proved effective in combat, especially in Combat Support and Combat Service Support roles.

Now, after 12 years of persistent conflict, the Army must tailor its Force Generation requirements and deployments to meet the new budget realities and ensure we provide the optimal force required by the Combatant Commanders in support of the National Defense Strategy. To shape the force requires extensive analysis consisting of cost modeling and war gaming informed by our combat experiences to match specific timelines and readiness-capability levels.

For war plans and other demands that need more immediate, responsive forces for complex, combined arms maneuver, we rely on Active Component (AC) Brigade Combat Teams and a mix of AC and RC enablers. For requirements that do not have the same immediacy or high difficulty from a collective training level, we rely on the RC for much of that capability. The added time provides the opportunity to invest additional money and training time to increase a RC unit's capability prior to deployment. Therefore, most RC forces are not kept at the same level of capability because they are not needed as quickly; this optimizes cost for the nation.

All three components have important and distinct functions and have to be manned, trained and equipped appropriately to meet those demands.

### **Essential Investments: People and Equipment**

The Army of 2013 is the most experienced force in a half century and is immeasurably stronger than the Army of 2001. Not since the 1950s has the Army had a

cadre of NCOs and officers with an equivalent depth of combat experience. However, our nation has been at this crossroads before. In the late 1940's, the early 1970's and early 1990s, the decision to draw down the Army resulted in a hollow force. In the latter two cases, the hollowness wasn't exposed in a war – but cost the nation billions of dollars to return the Army to a readiness posture necessary to meet the security strategy of the time. In the first case, the Korean War exposed an Army that was unready by any measurable standard. The result was the unnecessary loss of life – and the near loss of the war. As the Army draws down this time, it is imperative that we do so in a way that preserves human capital and modernization to acceptable standards.

### *Soldiers, Families and Army Civilians*

We are focused on the many challenges and opportunities resulting from combat deployments. These include preserving and sustaining the health of the force—addressing issues, to include behavioral health injuries, suicide, the disability evaluation system and transition services. The reality is the demand on our people and equipment has been tremendous. We are taking the steps necessary to address the full range of health and discipline issues to include strengthening Soldiers' resiliency and coping skills through our Ready and Resilient Campaign that guides the full range of our support efforts. This campaign will aim to change and modify Army culture over the long term and we remain committed to helping Soldiers and Families better deal with the stressors and challenges they face in the current operational environment. Soldiers and their Families deserve a quality of life commensurate with their service.

Ultimately, our goal is to sustain the high quality of our All-Volunteer Force—Active, Guard and Reserve—in order to defend the United States and its interests. This we will do while re-shaping our Force to prepare for a wider range of contingencies in the complex and unpredictable environments we find ourselves in today and for the foreseeable future. We also recognize we must accomplish all of these various tasks with significantly fewer resources and less people.

Throughout the past 12 years, Army Families and Department of the Army Civilians have likewise served and sacrificed. I note with pride for the profession of arms that children of Soldiers have grown up to serve in our ranks as well. In spite of the

heavy demands placed on them, our Force is remarkably resilient. As a Brigade Commander, Deputy Commanding General and Division Commander in combat, I can attest to the expertise and maturity of the Soldiers, and junior and senior leaders I've been honored to serve with, who routinely adapt to complete any mission given them. This resilience is evident in the current strength of the All Volunteer Force with high re-enlistment rates and the quality of Soldiers recruited. It is evident in the increasing numbers of Soldiers that voice concerns over their behavioral health with confidence that their chain of command and our medical system will stand by them.

### Equipment Reset

Equipment Reset is defined as actions taken to restore equipment to an acceptable level of readiness through a combination of repair, replacement, recapitalization and transition. Reset is a vital means for maintaining Army equipment readiness in order to sustain a force that is ready for any contingency. In order to return the force to required readiness levels, funding must continue as long as we have forces deployed and for 3 years after the last piece of equipment returns from Afghanistan to ensure readiness for the future. The analysis of retrograde timelines, capacity at industrial facilities, carry-over work and Reset actions to date supports the need for Reset funds for 3 years after the last piece of equipment leaves theater.

A fully-funded Reset program ensures that equipment worn by prolonged use in harsh environments is returned to a fully ready state, mitigating the effects of delayed desert damage. In the forecast for FY13, the Army expects to Reset (repair) approximately ~100K items at its industrial facilities, in addition to over ~600K pieces of equipment on site where units are stationed (including over 400 aircraft). However, FY13 budget reductions have already forced the cancellation of significant amounts of depot maintenance which will delay repairs and upgrades. Due to sequestration, we have lowered our level of maintenance for ground equipment from 10/20 standards to fully mission capable maintenance standards and additional safety standards.

### Modernization

A key part of the Army's current and future readiness is our equipment modernization strategy. The Secretary of the Army and Chief of Staff, Army recently

published an updated modernization strategy that focuses our efforts on empowering our Soldiers and small unit formations, while maintaining the capacity to deter and defeat potential adversaries by: 1) identifying achievable requirements; applying best practices in acquisition and sustainment; seeking incremental improvements; and harnessing network enabled capabilities *to solve near-term capability gaps*, while 2) investing in military-unique revolutionary and evolutionary technologies *to solve future capability gaps*.

The centerpiece of our equipment modernization program is the Soldier and the Squad. Our investment plan provides our small units with a range of equipment including individual and crew-served weapons, next generation optics and night vision devices, body armor and advanced individual protection equipment, providing lethality and force protection to the Soldier on the ground. Tactical overmatch will be facilitated by a suite of small-unit systems including unmanned aircraft systems, ground based robots, counter-IED devices, and the latest surveillance systems.

To deliver the Network capabilities to the Soldier, we will continue to invest in Warfighter Information Network-Tactical (WIN-T); Distributed Common Ground System-Army (DCGS-A); the Family of Networked Tactical Radios; Nett Warrior; and Joint Battle Command-Platform (JBC-P). Finally, we will provide increased lethality and mobility, while optimizing survivability through the use of incremental improvements and mature technologies in developing the Ground Combat Vehicle, the Joint Light Tactical Vehicle, Armored Multi-Purpose Vehicle and Paladin Integrated Management Artillery system and upgrading our aviation fleet.

#### *Army Organic Industrial Base (AOIB)*

During time of war, the Army requires the Organic Industrial Base to repair and manufacture equipment as quickly and efficiently as possible to ensure it is available to train and support next deployers as well as those deployed. The AOIB Depots and Arsenal surged to double, and in some cases, triple our pre-war output. As the AOIB transitions from wartime production to peacetime requirements, we must ensure it remains effective, efficient, and capable of meeting future Army contingency requirements. Last year, the Army published an updated AOIB Strategic Plan to help us

make informed decisions on these issues. This plan provides the strategy and management framework needed to ensure that the AOIB remains viable, effective, and efficient. The current fiscal uncertainty could drastically impact our strategy and threatens retaining an Army Organic Industrial Base that is a modern, reliable, cost effective, and highly responsive enterprise which meets both wartime and peacetime requirements, while maintaining the ability to surge during contingency operations.

Canceled maintenance repairs will remain reversible; however, the work that is not accomplished before the end of the fiscal year will result in increased carryover. Deferring maintenance could also cause production gaps in the industrial base and supply chain requiring 2-3 years to recover. These gaps greatly impact equipment readiness, industrial partnerships, and sub-vendors supporting the supply chain.

Given our budget uncertainty, we must ensure that we are using appropriated resources legally, effectively, and efficiently. Our audit readiness efforts focus on our responsibility to be good stewards of the funds appropriated to us. We are making great progress in audit readiness, to include, implementing auditable enterprise-wide resources planning systems. In addition to improving systems and controls, compliance is monitored via a Commander's Checklist. As our funding decreases, it is critical that we improve the effective and efficient use of funds, so that readiness is properly resourced.

### **Where we Need Congress' Help**

Critical to our success will be Congress' continued support of operations ongoing in theater. As we learned in Iraq, the costs associated with transition and retrograde, to include closing bases and transferring equipment, are not directly proportional to unit redeployment. In many cases, as our forces leave, costs will increase. Our need to Reset does not end when troops leave the theater of operations. In fact, it will likely continue for three years after our troops return home to ensure equipment readiness is restored for future contingencies. Reset is an inherent cost of war.

The lack of predictability in recent budget cycles and continuing uncertainty about the outyear reductions associated with sequestration-related provisions adds significant stress on our ability to mitigate cuts. The Army will certainly do its part to mitigate the

effects of the sequestration, but to be clear, we are now facing dramatic cuts to personnel, readiness, and its modernization processes and programs.

Our Chief of Staff General Odierno has said, “We cannot take the readiness of our force for granted. We cannot send our Soldiers into combat unprepared. If we don’t have the resources to ensure their readiness, our Soldiers will be the ones who pay the price. It is inconceivable to me that we will put this burden on the shoulders of those who have sacrificed so much during nearly twelve years at war.”

## **Conclusion**

With Congress’ support, we have built a remarkable force that has performed magnificently under a sustained high operations tempo for the past 12 years of war. It is better trained and equipped and our young leaders are better prepared than at any other time in history. Your Army, together with our Joint partners, will continue to serve as a rampart against the compounding risks inherent in an uncertain and rapidly changing world. Leaders throughout our Army remain focused on effectively addressing current challenges, particularly with respect to fiscal demands and health of the Force, while also determining the needs of the Force for the future.

Until recent years, the Army's view of readiness has focused on the application of resources at the unit level to produce ready forces. The Army is expanding our view of Service Readiness beyond the traditional aggregation of tactical to include metrics and indicators that enable a strategic assessment of the total force and nominate a strategic action to mitigate future impacts. This process will allow us to see ourselves in a more holistic manner. Our strategic view will include past trends and current status, analyzed to project impacts of current resourcing decisions on our production of ready forces in future years.

The Army understands the fiscal landscape and is committed to doing its part to limit expenditures. While we recognize there will be tough choices and necessary sacrifices in the days ahead, we also recognize that we must do so responsibly in order to ensure that what remains is a force capable of successfully meeting our national security requirements. Whatever its size, our Army must remain highly-trained, equipped and ready to meet the needs of the national defense strategy. Maintaining

credibility based on capacity, readiness and modernization is essential to averting miscalculations by potential adversaries. Our Nation can accept nothing less.

Chairman Shaheen, Ranking Member Ayotte and members of the subcommittee, I thank you again for your steadfast and generous support of the outstanding men and women of the United States Army, our Army Civilians and their Families.

NOT FOR PUBLICATION UNTIL  
RELEASED BY THE SENATE  
ARMED SERVICES COMMITTEE

**STATEMENT OF**

**ADMIRAL MARK FERGUSON**  
**VICE CHIEF OF NAVAL OPERATIONS**

**ON NAVY READINESS**

**BEFORE THE**

**SENATE ARMED SERVICES COMMITTEE**

**SUBCOMMITTEE ON**

**READINESS AND MANAGEMENT SUPPORT**

**APRIL 18, 2013**

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ARMED SERVICES COMMITTEE

Chairman Shaheen, Senator Ayotte, and distinguished members of the Senate Armed Services Subcommittee on Readiness and Management Support, I appreciate the opportunity to testify on the current state of Navy readiness and our Fiscal Year 2014 budget request for Operations and Maintenance (Navy) (O&M(N)).

My testimony before the Senate Armed Services Committee on February 12<sup>th</sup> addressed the potential readiness impacts due to the combined effects of emergent requirements and fuel price increases, a year-long Continuing Resolution, and sequestration. With the passage of Consolidated and Further Continuing Appropriations Act of 2013 (Public Law 113-6), Congress restored \$4.5 billion of the projected \$8.6B shortfall to our O&M(N) account and enacted authorities necessary to execute our FY13 appropriations. We appreciate Congressional support for the readiness of our force.

My testimony today will focus on the current readiness of the force as we complete Fiscal Year 2013 and our readiness budget request for FY14.

### **Our Navy Today**

With the passage of Public Law 113-6, our Navy has sufficient funding to meet the requirements of the adjudicated FY13 Global Force Management Allocation Plan (GFMAP). We will train those forces required for operational deployments in FY14, while accepting some risk in non-deployed forces and infrastructure. When compared to the President's 2013 budget request, our appropriated funding represents a \$4.1 billion reduction in our O&M(N) account. This reduction, when combined with emergent requirements and fuel price increases, necessitated we take a thoughtful and prudent approach to readiness accounts for the remainder of the fiscal year. We have therefore established the following priorities: retain adequate funding for mandatory reimbursable accounts; sustain the readiness of forces to meet the adjudicated FY13 GFMAP; prepare forces to meet the projected FY14 Combatant Commander requirements; sustain base infrastructure and

operations that support deployed forces and those preparing to deploy; and maintain an appropriate level of funding for critical Sailor and family support programs.

Sequestration will result in lower readiness levels in the fleet and ashore. We have reduced training and steaming days for non-deployed surface ships and flying hours for non-deployed aviation squadrons. In FY13, we will reduce intermediate-level ship maintenance, defer an additional 84 aircraft and 184 engines for depot maintenance, and defer eight of 33 planned depot-level surface ship maintenance availabilities. At our shore bases, we have deferred about 16% of our planned FY13 shore facility sustainment and upgrades, about \$1 billion worth of work.

We continue to reduce O&M(N) expenditures in other areas. We have reduced our civic outreach efforts, such as the Blue Angels and U.S. port visits. In coordination with the combatant commanders, the Secretary of Defense has approved selected deployment delays and cancellations to conserve operating funds.

By the end of FY13, a majority of our non-deployed ships and aviation squadrons – nearly two thirds of the fleet – will be less than fully mission capable and not certified for Major Combat Operations. Until we restore the readiness of forces impacted in this fiscal year, we will see reduced availability of forces for full spectrum operations in FY14 and beyond.

Furloughs of our civilian workforce will impact our ability to generate ready CVNs, SSBNs, SSGNs, and SSNs through FY14 by slowing completion of maintenance in public shipyards. The lost work due to furloughs would also create a “domino” effect to maintenance schedules for the next several years that could impact ship and aircraft availability. The Department of the Navy is exploring options to minimize these impacts.

We have focused our base operating funds on delivering required services for Fleet port and air operations with restricted operating hours. In the event of a furlough, we will have no choice but to make additional restrictions in the support of Fleet operations.

## **Our Navy Tomorrow**

Our FY2014 budget request continues the CNO's readiness priorities of Warfighting First, Operate Forward, and Be Ready, which are specifically focused on ensuring the readiness of the Navy. Our budget, with continued OCO funding, meets projected operational requirements and builds future capabilities, while sustaining the readiness of our ships and aircraft over the course of their expected service lives. It continues to support the Defense Strategic Guidance, expands forward presence through both traditional and innovative approaches, and ensures the Fleet is where it matters, when it matters, to achieve the security interests of the nation.

The Navy will retain the ability to support the FY14 GFMAP with two carrier strike groups (CSG) and two amphibious ready groups (ARG) fully mission-capable and certified for Major Combat Operations. We will also retain one additional CSG and ARG in the United States that are fully mission capable, certified for Major Combat Operations and available for surge within 1 to 2 weeks. We anticipate sustaining a 1.0 carrier presence in the CENTCOM Area of Responsibility (AOR) and slightly less in PACOM. Our submarine force will continue to meet adjudicated Combatant Commander requirements. Until we restore the readiness of those non-deployed forces impacted by FY13 reductions, we will be limited in our ability to respond for full spectrum operations.

### *Generating the Force*

Navy manages force generation using the Fleet Response Plan (FRP). This plan establishes a sustainable cycle of maintenance, training and operations for both individual units and task groups. With this process, Navy generates the ready forces required to meet global presence requirements and also develops the capacity for surge response for contingencies and homeland defense. The plan operates as a cycle, so that forces undergo maintenance, training, and then deployment/sustained surge readiness in defined periods. The flexibility of this approach enables Navy to develop greater surge capacity in response to contingencies than did earlier approaches to force generation.

For over ten years, Navy forces have been operating at a war-time pace, essentially expending our surge capacity. We are evaluating enhancements to the Fleet Response Plan to meet higher levels of operational availability within the operating cycle. We are mindful that operating the fleet at a sustained high tempo could reduce the service life of our platforms and place a high level of stress on our Sailors and their families.

### *Ship Operations*

The baseline Ship Operations request for FY14 supports the highest priority presence requirements of the Combatant Commanders. Our budget request supports generating 2.0 global presence for carrier strike groups, 2.4 amphibious ready groups and an acceptable number of deployed submarines. The baseline request provides for 45 days of deployed operations per quarter and 20 days of non-deployed operations per quarter.

It will be necessary to direct funding to recover the readiness of non-deployed forces impacted by funding reductions in FY13 to meet surge requirements in FY14.

### *Air Operations (Flying Hour Program)*

The Flying Hour Program (FHP) funds operations, maintenance, and training for ten Navy carrier air wings, three Marine Corps air wings, Fleet Air Support aircraft, training squadrons, Reserve forces and various enabling activities. The FY14 baseline Flying Hour Program (FHP) meets funding to maintain required levels of readiness for deployment or surge operations, enabling the Navy and Marine Corps aviation forces to perform their primary missions as well as funding the enduring T2.5/T2.0 USN/USMC readiness requirement in the base budget.

### *Fleet Training, Training Ranges and Targets*

We are sustaining investments in key training capabilities, including Fleet Synthetic Training, Threat Simulation Systems, and the Tactical Combat Training System. Our request continues procurement of high speed, maneuverable surface targets to provide live fire training for operator proficiency.

### *Readiness Investments Required to Sustain the Force - Ship and Aircraft Maintenance*

Our FY14 budget request seeks a balance between maintenance requirements and our investment accounts. The request is built upon our proven sustainment models for nuclear aircraft carriers and submarines, our ongoing investment in the readiness of our surface combatants, and plans for the integration of new capabilities into naval aviation.

Surface ship maintenance is executed in both public and private sector shipyards. We have instituted the same processes used for many years for aircraft carriers and submarines into our surface ship depot availabilities in FY14. In this updated process, availability planning, execution, and certification are codified; all required maintenance actions are tracked to completion; and all proposed maintenance deferrals are formally reviewed. This comprehensive process ensures adjudication by the appropriate technical authority and rescheduling in a follow-on availability or other appropriate maintenance opportunity.

In FY14, the budget request, with anticipated supplemental funding, will meet Navy readiness requirements for aircraft carrier, ship, submarine, and aircraft maintenance. Additionally, our revised surface force maintenance process has identified the backlog of maintenance in these ships resulting from the recent years of high operational tempo and deferred maintenance. These requirements are now incorporated into our maintenance plans.

### *Supporting Reset of the Joint Force*

Navy expeditionary forces support enduring global missions by deploying security, construction, explosive ordnance disposal, logistics and training units operating with ground combat units of the other services. Our baseline funding request in FY14 represents 43% of the enduring requirement, while supplemental funding must be applied to meet the full requirement. As U.S. Force Management Levels (FML) in Afghanistan reduce and infantry units return home, Navy Seabees and EOD operators will be instrumental in the retrograde and reset of equipment and personnel, providing engineering and maneuver support to the joint ground combat elements.

## *Readiness Investments Required to Sustain the Force – Shore Infrastructure*

The Navy's shore infrastructure – both in the United States and overseas – provides essential support to our Fleet. In addition to supporting operational and combat readiness, it is also a critical element in the quality of life and quality of work for our Sailors, Navy civilians, and their families.

Our planned FY14 investment of \$425 million in our naval shipyards, Fleet Readiness Centers and Marine Corps depots complies with the 2012 National Defense Authorization Act (NDAA) requirement for 6% investment infrastructure. We continue to sustain and recapitalize our shipyards within today's fiscally constrained environment, focusing on mission-critical facilities such as production shops, piers, wharves, and dry docks. We mitigate the level of deliberate risk we take in the sustainment of our infrastructure by prioritizing projects for repair.

### **Our Navy into the Future**

As we look to the future, we see theaters of operation around the world increasingly assume a maritime focus. Our naval presence is important to regional stability in the deterrence of aggression and the assurance of our allies. Over the last year, we have responded to demand for naval forces in both the Middle East and in the Pacific. Our Navy is operating where it matters, when it matters – and we see no lessening of requirements to do so in the future. As a result, the demand for ready forces will not abate in the near future.

Our Sailors are the highest quality, most diverse force in our history and continue to make us the finest Navy in the world. On behalf of all these men and women of the United States Navy - active, reserve, and civilian - thank you for your continued support.

**STATEMENT OF**  
**GENERAL JOHN M. PAXTON, JR.**  
**ASSISTANT COMMANDANT OF THE MARINE CORPS**  
**BEFORE THE**  
**READINESS SUBCOMMITTEE**  
**OF THE**  
**SENATE ARMED SERVICES COMMITTEE**  
**ON**  
**READINESS**  
**18 APRIL 2013**

Today's Marines are thoroughly trained, combat proven and are meeting all Operation ENDURING FREEDOM (OEF) and combatant commander requirements. The approximately 7,400 Marines deployed in Helmand Province under Regional Command South-West remain our top priority. Rotation after rotation, their professionalism, training and morale remain high. In the last several years they have successfully created the conditions for the Afghan National Security Forces to grow and mature, and they have given the Afghan people an opportunity for a better future.

Outside of Afghanistan, Marines have participated in more than 120 security cooperation engagements (in 2012), developing partner nation capabilities and building up stores of goodwill among our global neighbors. Additionally, our forces at home and abroad have been ready and able to respond to a range of incidents from natural disasters to civil uprisings. Marines were sent to Libya in the wake of the assassination of our ambassador and other U.S. personnel. Marines deployed to reinforce the security of our embassies in Egypt and Yemen following the attempted breach of the embassy walls by protestors. Marines supported Hurricane Sandy relief efforts here in our Northeast and super typhoon Pablo relief efforts in the Philippines. In short, Marines stand ready and able to respond to future incidents that threaten our Nation's interests regardless of the location or the nature of the occurrence.

### **Current Readiness**

The readiness of our force is integral to our ethos; it's a state of conditioning that Marines work hard to maintain. Our crisis response mission is incompatible with tiered readiness. Marines don't get ready when a crisis occurs, we must be forward deployed and ready to respond immediately; that's the most important aspect of who we are and what we do.

Readiness comes at a cost and the high readiness of the deployed forces comes at the expense of our non-deployed units' readiness. The Marine Corps can sustain its current operational requirements on an enduring basis; however, to maintain the high readiness of our forward deployed units, we have globally sourced equipment and personnel for Afghanistan and other emerging threats from our non-deployed units. The non-deployed forces' principal readiness detractor is the reduced availability of equipment at home stations with which to outfit and train units. Currently, slightly more than half of non-deployed units are experiencing degraded readiness due to portions of their equipment being redistributed to support units deployed forward. The manning of our home station units also suffers due to the need to meet the personnel requirements for deploying units, Individual Augments and Security Force Assistance Teams. The primary concern with the out-of-balance readiness of our operating forces is the increased risk in the timely response to unexpected crises or large-scale contingencies, since the non-deployed forces likely would be the responders. Efforts to maintain the readiness of the

deployed force and correct the readiness imbalance of the non-deployed forces could be further exacerbated by sequestration if our Operations and Maintenance (O&M) account is diminished.

In addition to ensuring units are properly manned and Marines are properly equipped, training of Marines is an equally important component of readiness. As part of ensuring Marines are appropriately trained and are able to maintain currency in their required skills, we must ensure training ranges are available and suitable to meet those needs. In the near term, that means ensuring the plans to expand our Marine Corps Air Ground Combat Center under the Twentynine Palms Land Expansion initiative are executed.

### **Resetting the Force**

Reset is a subset of reconstitution and comprises the actions taken to restore units to a desired level of combat capability commensurate with the units' future missions. After more than a decade of combat, this will require an unprecedented level of effort. The Marine Corps is resetting its forces "in stride" while fighting the war in Afghanistan and transitioning to the new Defense Strategic Guidance. Unlike previous post-conflict periods, such as after Operation DESERT STORM, we do not anticipate taking an "operational pause" to reset as we transition from OEF.

The Marine Corps' Operation Enduring Freedom Ground Equipment Reset Strategy, released in January 2012, serves to identify the equipment we will reset or divest. The reset strategy prioritizes investment and modernization decisions to develop our middleweight force. Last year our reset liability was approximately \$3.2B. We estimate it will be something less, however; we are unsure exactly what that number is until we can get a better picture on both the totality of the costs associated with returning our equipment from Afghanistan and the detailed costs associated with resetting our gear after 10 years of combat<sup>1</sup>. This revised forecast is primarily based on the replacement of combat losses, the restoration of items to serviceable condition, and the extension in service life of selected items. The liability accounts for execution of reset dollars provided in FY12 and the first quarter of FY13 and the establishment of the Marine Corps' enduring Mine Resistant Armored Protected (MRAP) vehicle requirement of 1,231.

The Marine Corps 1,231 enduring MRAP requirement strikes the right balance between capabilities immediately available to the operating forces, those geographically positioned for crisis response and MRAPs placed in a cost-effective long term storage capacity for enduring conflict. The 609 MRAPs in short term storage within our strategic prepositioning stocks afloat, in Norway and Kuwait will be maintained at a heightened state of readiness; available for crisis response with little notice. Four hundred and sixty-three (463) MRAPs will move into long term

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<sup>1</sup> This reset liability is our "strategic" reset liability; or simply, the cost to reset our Afghanistan equipment set to a like new condition. In addition to strategic reset, we have requested \$1.3B in OCO in FY13, primarily to cover cost of war issues, but some of which is slated for strategic maintenance for reset. How much of the \$1.3B will be used for reset is dependent on both the quantity of equipment that flows out of Afghanistan and our depot capacity.

storage at our organic depot facility in Barstow, Ca. The remaining 159 MRAPs will reside within our operating forces and supporting establishment; available for training and immediate response.

The Retrograde and Redeployment in support of Reset and Reconstitution Operational Group (R4OG) is a vital element to the Marine Corps' responsible drawdown from Afghanistan and the successful execution of the Ground Equipment Reset Strategy. The R4OG which began in May 2012 is the Marine Corps' component to the U.S. Central Command Materiel Recovery Element (CMRE) and is tasked with preserving the operational capacity of combat units shouldering the load of clearing the battle space of equipment, supplies and sustainment stocks. The R4OG is focused on accountability and efficiency within the redeployment and retrograde process. This process includes retrograding more than \$324 million of equipment, repairing more than 1,200 shipping containers, and processing more than 230 thousand pounds (net explosive weight) of ammunition, and has overseen the retrograde of more than 4.5 million square feet of aviation AM2 matting and more than 5,700 equipment items. The Marine Corps has retrograded 60% of its equipment items; 70% of the supplies, repair parts, and ammunition; and 85% of its AM2 matting in Afghanistan. Additionally, the R4OG brings discipline to the retrograde process ensuring Marine Corps combat units can dutifully withdraw from Afghanistan concurrent with the directed redeployment of Marine Corps forces.

### **Depot Capacity**

The bulk of reset execution occurs in our depots. The continued availability of our ground equipment depot capacity at both Barstow, California and Albany, Georgia is essential for reset for our ability to both self-generate readiness and surge in response to demand. As the Marine Corps shifts from OEF sustainment to execution of our reset strategy, more equipment is returning to the depot in battle worn condition and requiring of extensive and overdue depot maintenance repairs. Based on the current funding levels provided by Congress in HR933 we will be able to remain on schedule with our reset plan in FY13, however; the long term impacts of reductions on reset may result in cuts to depot maintenance and procurement accounts, which may hinder the Marine Corps' ability to reconstitute in stride by FY17.

If planned funding is reduced, a "Depot Lag" or a backlog of equipment requiring depot maintenance is expected to occur. Due to the reset workload, depot maintenance requirements – both sustainment and reset requirements – are at peak levels for FY14 and FY15. In these times, we require maximum throughput of our organic depot capability and also rely on other sources of repair to include other service depots and commercial options. Reduced funding defers the maintenance requirements to out-years, thus increasing the backlog of equipment requiring service. Sustained funding reductions cause a ripple effect eventually leading to a backlog that will adversely affect near and long term readiness. Compounding this problem, depot capability could be impacted by permanent workforce furloughs.

The long term impact of sequestration is deferred maintenance. We will have to closely scrutinize and determine equipment maintenance priorities, assume risk in mission-essential weapon system readiness, delay normal depot sustainment, and, as stated, delay reset operations. For example, The Marine Corps will have 44 scheduled aircraft depot inductions across all type/model/series that will not occur as a result of sequestration reduction to the FY13 budget. Of the 44 aircraft, 23 are F/A-18A-D aircraft. This will result in less aircraft available for assignment to Marine F/A-18 squadrons and reduce the assets available for training and operational support. Each operational F/A-18 squadron should be equipped with 12 aircraft. Of the 12 USMC F/A-18 squadrons, 5 are deployed - 4 Unit Deployment Program/Request for Forces (UDP/RFF) and 1 carrier air wing (CVW). The 4 UDP/RFF squadrons have 12 aircraft and the 1 CVW squadron has 10 aircraft. The reductions to depot throughput will cause the 7 non-deployed squadrons to each have ~6 aircraft available. The long term effect on non-deployed F/A-18 squadrons is the inability of the unit to achieve and maintain minimum combat readiness required for follow-on deployments. The training squadron will be maintained constant at ~33 aircraft to meet training requirements for Navy and Marine Corps F/A-18A, C and D pilots and Weapons System Operators.

## **Reconstitution**

The Marine Corps has a strategic trajectory to reconstitute to a ready force by FY 17. Our reconstitution efforts will restore and upgrade our combat capability and will ensure our units are ready for operations across the range of military operations. Additionally, reconstitution will rebalance and sustain home station readiness so that our units are ready to deploy on short notice. To ensure we are organizing for the emerging security environment and its inherent and implied challenges, the Commandant directed a Total Force Structure Review in 2010. This Review aligned our force to meet the needs of the nation and took into consideration the realities of constrained spending levels; the Defense Strategic Guidance; and the lessons learned from 10 years of war, particularly the requirements to conduct distributed operations. Then in 2012, the Commandant directed another internal-look, a Force Optimization Review, to prioritize potential future cuts.

To meet the Defense Strategic Guidance within the fiscal realities, we are decreasing our active duty end strength. From a wartime-high force level of 202,100 we are conducting a drawdown to 182,100 by the end of FY 16. We are currently at approximately 194,280 Marines. We will retain our reserve component at 39,600 Marines. The active duty end strength reductions will occur at the rate of no more than 5,000 per year. We have no plan to conduct a reduction-in-force. These end strengths will retain our capacity and capability to support steady state and crisis response operations; while the pace of the reductions will account for the completion of our mission in Afghanistan, provide the resiliency that comes with sufficient dwell times, and keep faith with our Marines. Reshaping the active duty component to 182,100 Marines will entail some risk relative to present and future capacity requirements; but it's manageable,

particularly as we maintain the reserve component's operational capability. Further force level reductions would cause us to reevaluate the Marine Corps' role in the National Defense Strategy.

### **Five Readiness Pillars**

To achieve institutional readiness, sustain operational requirements, and be prepared for crisis and contingency response, we must restore and maintain a balance for our Marine Corps across five pillars:

- High quality people
- Unit readiness
- Capacity to meet combatant commander requirements
- Infrastructure sustainment
- Equipment modernization

### **High Quality People**

The recruiting and retention of high quality people remain essential to attain a highly ready and professional force. We need the right quantities and occupational specialties to fulfill our role as an expeditionary force in readiness. In FY 12, the Corps achieved 100 percent of its officer and recruiting goals for the active and reserve components, while exceeding DoD quality standards for Tier 1 High School Graduates and Mental Categories I-IIIa. We expect to achieve the same in FY 13. The Marine Corps also achieved its retention mission in FY 12 and anticipates doing so again in FY 13. A critical enabler of recruiting and retaining a high quality force is appropriate compensation and benefits; we thank the Congress for its focus on this issue through the decade of war. We rely on Congress' continued support of pay and benefits, incentive pays, and selective reenlistment bonuses to meet future recruiting challenges, position the force for the impending drawdown, and shape the all-volunteer force to meet the new defense strategy.

Civilian Marines are an integral part of our total force, supporting the Corps' mission and daily functions. Marine civilians are a "best value" for the defense dollar, are shaped to support the Corps into the future, and are the leanest appropriated funded civilian work force within DoD, with only one civilian for every 10 Marines. Fewer than five percent work in the Pentagon. The vast majority of our civilian Marines, more than 95 percent, work at our installations and depots. Sixty-eight percent are veterans who have chosen to continue their service to our Nation. If furloughed, our civilian Marines could lose a substantial amount of pay during the last quarter of FY13. The potential readiness and human impacts associated with furloughing our civilian Marines are significant. While we would like to believe that a discontinuous furlough will reduce the impact on our employees, most will not be able to easily absorb the loss of income, even over a 14-week period should it come to that.

The Marine Corps' Wounded Warrior Regiment (WWR) is a fundamental component of the Marine Corps' pledge to "keep faith" with those who have served. The WWR supports Marines wounded in combat, those who fall severely ill, and those injured in the line of duty. The regiment administers the Marine Corps' Recovery Coordination Program that ensures medical and non-medical needs fully integrate with programs such as the Warrior Athlete Reconditioning Program. Facilities such as our new Warrior Hope and Care Centers (WHCC) provide necessary specialized facilities allowing us to support our wounded warriors and their families.

Key to this care is ensuring Marines execute recovery plans that enable their successful return to duty or reintegration to their civilian communities. Around the country we have established District Injured Support Coordinators whose duty is to assist Marines transitioning from active duty to veteran status. Our WWR Medical Staff provides medical subject matter expertise, advocacy, and liaison to the medical community. The Sergeant Merlin German Wounded Warrior Call Center conducts an average of 7,000 outreach calls per month and receives calls for assistance 24 hours a day from both active-duty and veteran Marines. Our contact centers also conduct outreach to Marines who remain with their parent command to ensure their needs are met. Depending upon the individual Marine's requirements, these programs and services are coordinated for optimal care delivery, proving that Wounded Warrior care is not a process, but a persistent relationship between the Marine Corps and our Marines.

The Marine Corps is greatly concerned about the long term care and support for our wounded veterans. Many of our young men and women have sustained injuries that will require support for the remainder of their lives. Given the youthfulness of this wounded population, this represents a debt to our Nation's warriors that will have to be paid for several decades. Our wounded warrior capabilities are an enduring measure of our commitment to keep faith with our young men and women, and we expect this capability will continue well beyond our return from Afghanistan.

### **Unit Readiness**

This pillar upholds maintaining and shaping the readiness of the operating forces, to include the necessary O&M funding to train to core missions and maintain equipment. The Marine Corps has, and always will, source our best trained, most ready forces to meet combatant commander requirements. The challenge is to maintain the readiness of the non-deployed forces so they can respond to crises and contingencies with the proper balance of equipping, manning, and training.

As our forces return from Afghanistan, our focus will be on training to our core expeditionary and amphibious mission capabilities. We anticipate incremental increases in the core training readiness of units as Marines and equipment flow back from Afghanistan over the next 12-24 months.

After the drawdown from Afghanistan, we expect to be increasingly engaged around the world – training, engaging, deterring, and responding to all manner of crises and contingencies. O&M

funding is essential for our readiness to conduct steady state operations, including amphibious and Maritime Prepositioning Ships Squadron (MPSRON) operations, provide support to the combatant commanders, and provide for our supporting establishment's sustainment for the operating forces. The battlefields of today and tomorrow necessitate more distributed operations and decentralized command – both of which will drive training costs higher. We know that these future requirements to maintain readiness will increase demand on O&M funding.

Also, sufficient O&M funding is essential in the Pacific to support our unit deployment program in Japan; provide rotational forces in Australia and Guam; and engage throughout the region. It is also needed to cover the transportation costs for bringing together the widely dispersed Marine Expeditionary Brigade and Marine Expeditionary Force elements for training and exercises.

### **Capacity to Meet Combatant Commander Requirements**

Force-sizing to meet Geographic Combatant Commander (GCC) requirements, with the right mix of capacity and capability, is the essence of our third readiness pillar. The GCCs continue to register an increased demand for crisis response and amphibious forces in order to meet requirements across the range of military operations (ROMO). Decisions made in our Force Structure Review and Force Optimization Review will provide a better breadth and depth of Marine forces capable of executing a regional major contingency operation and optimized for current operations and crisis/contingency response. The capacities of our organic intelligence, surveillance, and reconnaissance; command and control; and unmanned aircraft systems will be increased.

Our critical capacity versus requirement concerns include: shifting forces to III Marine Expeditionary Force in the Pacific, ensuring we retain a global crisis response capability, and ensuring the availability and readiness of amphibious shipping and maritime prepositioned assets to meet increased training and contingency requirements. The primary challenge of the Marine Corps from a logistics standpoint is the "tyranny of distance" inherent in the laydown of forces across the Pacific covering an area thousands of miles wide and linkable only by airlift and sealift. To sustain our forces in the Pacific and mitigate gaps, we will rely on our own organic capabilities and external support from other Services, the Defense Logistics Agency and U.S. Transportation Command. This combination of support will provide flexibility, agility, and responsive support to the operating forces.

Marine Expeditionary Units (MEUs), coupled with their Amphibious Ready Group (ARG) partners, continue to remain one of the key means by which the Marine Corps provides rapid response to emerging global crises. Their composition and capabilities see them frequently requested by combatant commanders to fulfill various theater engagements; most often they support Central Command and Pacific Command requirements. We have assumed some risk in the Mediterranean but do still maintain the capability to respond to crises in European Command and Africa Command (the Mediterranean). This response capability also includes our Fleet Anti-

Terrorism Support Teams (FAST) from Marine Corps Security Forces Regiment deployed to Rota, Spain and Special Purpose Marine Air Ground Task Force - Africa stationed in Sigonella, Italy. In order to further mitigate the risk and in response to the “new normal” of an enhanced baseline of security at U.S. diplomatic facilities, we are looking to form a crisis response force whose primary duty will be to cover that region. This force will be specifically designed to provide embassy reinforcement and fixed site security in addition to other limited crisis response capabilities. As with all our MAGTFs it will be forward deployed; rotational; and be self-contained with inherent ground, aviation, logistics, and command and control capabilities. This capability does not replace a MEU but serves to provide presence where MEUs are not currently located.

### **Infrastructure Sustainment**

Infrastructure sustainment, our fourth readiness pillar, is the investment in real property, facilities maintenance, and base infrastructure to support the missions and readiness of our operating forces and other tenant commands. The quality of life for our Marines, Sailors and families is measurably impacted by the condition of our facilities. As such, the Marine Corps is committed to the proper stewardship of our bases and stations to include the natural resources they encompass. We must adequately resource their sustainment to maintain our physical infrastructure and the complimentary ability to train and deploy highly ready forces. Additionally, as we rebalance toward the Pacific, we will strive to make the proper investments in ranges and facilities to maintain the training readiness of deployed forces to and within that area of operations.

Funding for our facilities sustainment, recapitalization, and modernization (FSRM), as well as military construction and operations is required to provide and maintain quality infrastructure for our future force. We request Congress’ continued support for facilities sustainment and demolition, family housing, environmental management, energy conservation and essential MILCON funding to support critical programs, units and institutions such as the Joint Strike Fighter, MV-22, Marine Corps Security Forces, Marine Corps University, Marine Cyber Forces, and the Townsend Bombing Range.

### **Equipment Modernization**

In this austere fiscal environment, we are conducting only essential modernization, focusing especially on those areas that underpin our core competencies. We are mitigating costs by prioritizing and sequencing our equipment modernization and sustainment programs to maintain their readiness in a fiscally responsible manner. To maintain operational capabilities and readiness, modernization is critical in the areas of ground combat tactical vehicles (GCTV); aviation; amphibious and pre-positioning ships along with their associated connectors; expeditionary energy; and intelligence, surveillance, and reconnaissance (ISR). Our modern expeditionary force will require fixed wing aircraft capable of flexible basing ashore or at sea in

support of our Marine units. The Joint Strike Fighter is the best aircraft to provide that support today and well into the future. Likewise, a core capability of our expeditionary forces is the ability to project forces ashore from amphibious platforms and to maneuver once ashore. We remain committed to developing and fielding an Amphibious Combat Vehicle (ACV) that meets this critical need.

While we have not cancelled or extended any programs as a result of the FY13 budget decisions, the uncertainty associated with FY14 and out-year budgets could require us to continually review and adjust our program plans consistent with the changing budget environment. Decreasing budgets within ongoing acquisition programs would necessarily lead to a review of the programs' ability to execute approved cost, schedule and performance parameters. Our HMMWV, AAV, LAV, and tank modification programs, which are critical to maintaining the operational availability of these vehicles, would likely be slowed significantly yet remain essential to our medium and long term operational readiness. Critical survivability and mobility upgrades to the AAV and LAV fleets would be delayed. These delays would ultimately impact our ability to support our forward and deployed Marines with ready, relevant and capable combat systems. We request Congress' continued support for modernization to maintain the high level of future readiness our Nation will need.

### **Prepared to Support the Defense Strategic Guidance (DSG)**

Last month, Secretary Hagel launched a Strategic Choices and Management Review (SCMR) to help define the major decisions that must be made in the decade ahead to preserve and adapt defense strategy and management under a range of future strategic and budgetary scenarios. We are confident the Navy-Marine Corps team and our inherent naval forward basing, crisis response capabilities and theater engagement capacity make us ideally suited to support the current strategic guidance and any future reiteration of it, particularly any focus on the Pacific Command region. The Marine Corps will rebalance its unit deployment program to 2001 levels during FY 13 and FY 14. Last year we deployed a company of Marines from Hawaii to Australia to usher in a rotational presence that will grow to a Marine Expeditionary Unit sized Marine Air Ground Task Force, with associated units and equipment, during FY 16 to FY 17. Our rotational presence throughout Asia serves to reassure our allies, strengthen our ties, and demonstrate our commitment to the region. The sea-basing capability provided by our Maritime Prepositioning Ships Squadrons (MPSRONS) provides the flexibility to deploy forces anywhere, without reliance on mature infrastructure such as ports and airfields. Simply, sea-basing is uniquely suited to this theater where a vast amount of the area is water and does not have readily available port infrastructure to support a less expeditionary capability.

Our pre-positioning programs are a unique strategic capability, giving us the ability to quickly respond to a wide scale of global crises and contingencies.

The Maritime Prepositioning Ships Squadrons (MPSRONs) are an afloat asset capable of providing global support to operational forces across the entire spectrum of military operations. A MPSRON provides an increased sustainment capacity and also supports the establishment of a Marine Expeditionary Brigade (MEB). Increasing strategic flexibility, the MPSRONs provide near immediate closure of equipment and supplies to the combatant commander to meet any contingency from combat operations to humanitarian assistance and disaster relief. This strategic program will require continued Congressional support. In order for sea-basing to be effective, using both amphibious ships and MPSRONs, the amphibious ship-to-shore connectors will also require modernization.

The Marine Corps Prepositioning Program – Norway prepositions equipment and supplies ashore in caves. While available for global employment, they are particularly important assets for use in the European and African theaters. In a cost-sharing partnership with the Norwegian Ministry of Defense, we have built a viable capability that has been used in recent years to support theater security cooperation as well as several humanitarian relief efforts. Originally designed to hold the equipment and supplies to support a MEB, we are reorganizing the program to maintain its relevancy. Of note, we are adding communications and ordnance assets not previously prepositioned.

### **Partnered With The Navy**

Sea-based and forward deployed naval forces provide day to day engagement, crisis response, and assured access for the joint force in a contingency. Partnered with the Navy, we will continue to pursue innovative concepts for maritime expeditionary operations with platforms such as the Joint High Speed Vessel (JHSV) and the Mobile Landing Platform (MLP). As new maritime prepositioning force ships are integrated into the MPSRONs, they will provide additional operational benefits to the Combatant Commanders, such as an over-the-horizon surface connector capability and better selective access to equipment and supplies.

A critical component in building, training, and maintaining an expeditionary forward presence is the availability and readiness of amphibious ships. The combat readiness of our amphibious ships is a foundational requirement for expeditionary force presence, and when required, amphibious force projection. As such, the Navy has acknowledged that low amphibious ship availability and readiness can present a significant challenge to the training readiness of our Naval Expeditionary Forces and is addressing maintenance readiness shortfalls. Since 2010, the average deployment length for a West Coast and East Coast Amphibious Ready Group/Marine Expeditionary Unit has been 219 days and 292 days respectively. The increased duration of deployment combined with a high operational tempo, reduced ship inventory, and deferred/compressed maintenance periods demonstrates the imperative to maintain planned/scheduled maintenance cycles and to build to adequate inventory. This has a direct impact on the readiness of the amphibious fleet and on ensuring the ships reach their service life. Continued Congressional support for the Navy's shipbuilding and surface ship-to-shore

connector plans is vital to the Nation's ability to retain and maintain an adequate fleet of modern combat-ready amphibious ships, which can provide continuous naval expeditionary presence and project power across the globe whenever and wherever needed.

Providing our Nation's leaders with "offshore options", naval aviation enables global reach and access regardless of changing circumstances. Through our partnership with the Navy, Marine Corps aviation continues to transition from 13 to 6 aircraft with current deployed forces successfully utilizing transition aircraft: the MV-22, AH-1Z, and UH-1Y. Top priorities for naval aviation include investing in 5<sup>th</sup> generation strike fighter capability (F-35B/C); persistent multi-role intelligence, surveillance, and reconnaissance; supporting capabilities such as electronic attack and vertical lift; robust strike weapons programs; and targeted modernization of the force for relevance and sustainability.

### **Additional Commitments**

In addition to providing the Nation well-trained, forward-deployed, and forward-engaged units of Marines, the Marine Corps supports other national imperatives. In Indian Head, Maryland, the Marine Corps maintains a nationally engaged and pre-eminent Chemical Biological Incident Response Force (CBIRF) capable of responding to chemical, biological, radiological, nuclear or high yield explosive incidents.

Around the clock, our Marine Corps Security Forces Regiment (MCSFR) Marines guard a substantial portion of America's strategic arsenal. Marine Security Forces also encompass the deployment of Fleet Antiterrorism Support Teams (FAST) to the commanders of Pacific Command, European Command and Central Command. These teams serve as a crisis-response force and guard high value American assets.

We are reshaping organizations, capabilities, and capacities to increase aggregate utility and flexibility across the range of military operations, to include enhanced support to U.S. Special Operations and Cyber Commands. We now have 759 Marine Special Operators and 549 Marine Critical Skills Special Operators of the 3,171 total active force Marines, sailors and civilians currently serving at Marine Corps Forces Special Operations Command (MARSOC), United States Special Operations Command (USSOCOM). We will continue to complete our build of MARSOC, reaching full operating capability in Fiscal Year 16 with an active-duty end strength of 3,113. Additionally, we currently have 308 Marines assigned to Headquarters, USSOCOM and its subordinate joint commands. From training, command and control and operational employment, all of these Marines provide a critical role in realizing geographical combatant commander requirements in support of our National Security Strategy

At Cyber Command we have created an assigned company of Marines. The mission of this company, Company L, is to plan and execute cyberspace operations in order to support joint and Marine Corps requirements. Company L is planned to grow significantly to meet MARFORCYBER requirements by 2016.

Finally, Marine Corps Embassy Security Guards (MCESG) support 152 U.S. Embassies and consulates around the globe and our FY 2014 budget request funds 1,635 Marines for this program. As requested by Congress, we are working with the Department of State to determine the appropriate number of Marines and will report to Congress by October 1, 2013.

### **Summary**

On behalf of the Marines and Sailors who provide this Nation with its versatile, reliable, middleweight force in readiness, I thank Congress for your constant interest in and recognition of our challenges. Readiness contains a temporal aspect and with 32,000 to 38,000 new regular accessions a year, currency in our readiness is a state we continuously work to maintain. Without the ability to transfer money among accounts and the restricted ability to make choices regarding where to take cuts, the impact of reduced funding will end up disproportionately affecting our five pillars of readiness. Your continued support is requested to provide a balance across the five readiness pillars so that we can maintain our institutional readiness and, as you charged more than 60 years ago, “be most ready when our nation is least ready”.

**DEPARTMENT OF THE AIR FORCE**  
**PRESENTATION TO THE SUBCOMMITTEE ON READINESS AND MANAGEMENT**  
**SUPPORT**  
**UNITED STATES SENATE**

**SUBJECT: CURRENT READINESS OF THE U.S. AIR FORCE**

**STATEMENT OF: GENERAL LARRY O. SPENCER**  
**VICE CHIEF OF STAFF OF THE AIR FORCE**

**APRIL 18, 2013**

**NOT FOR PUBLICATION UNTIL RELEASED**  
**BY THE SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT**  
**UNITED STATES SENATE**

## **INTRODUCTION**

America's Air Force has conducted 22 years of sustained combat operations and is continuing to meet high operational tempo demands to support today's fight. This has inevitably taken a toll on our weapons systems and people, and since 2003 has strained and degraded the overall readiness of the force. The Air Force fiscal year 2014 (FY14) budget request attempts to align resources to slow our readiness decline and set the stage for restoring full-spectrum readiness. However, the current fiscal environment threatens to derail these efforts and put into jeopardy the Air Force's ability to meet combatant commander requirements. The rebalance to the Asia-Pacific and our continued presence in the Middle East and Africa indicate that the demand for Air Force capabilities will remain constant, or perhaps even rise, over the next decade. To ensure that our Airmen can continue to contribute our five enduring core missions to the joint team, our readiness must improve.

## **READINESS**

The Air Force provides *Global Vigilance*, *Global Reach*, and *Global Power* for America through its five core missions of air and space superiority, intelligence, surveillance, and reconnaissance (ISR), rapid global mobility, global strike, and command and control. By integrating capabilities across these core missions, we bring a unique set of options to deter war, deliver rapid, life-saving responses to threatened areas anywhere on the planet, and strike hard and precisely wherever and whenever the national interest demands.

The cornerstone of our Airmen's ability to provide airpower to the Nation and contribute our core missions to the joint team is their readiness. "Readiness" is the ability of a unit to provide its designed operational capabilities within the required timeframe. It is comprised of personnel requirements, training (to include flying hours), weapon system sustainment, facilities,

and installations. A responsive readiness posture depends on good health in all of these key areas. While protecting future readiness includes modernizing weapons systems and equipment, creating combat readiness in the near-term is a complex task involving the intersection of personnel, materiel, and training. It includes balancing time between operational and training commitments, funding from multiple sources, informed levels of risk, and effectively managing resources to achieve the desired state of readiness.

Mitigating the risk associated with a smaller military requires a ready force. If we attempt to sustain current force levels while personnel and operational costs rise, there will be progressively fewer resources available to support our current number of installations, maintain existing aircraft inventories, vital equipment and weapons, and invest in future capabilities—the definition of a hollow force.

The Air Force supports combatant command missions that require 24/7 availability. Space operations, command and control, cyber defense, ISR, special operations, personnel recovery, and nuclear deterrence are all high priority missions that cannot be done adequately, and in some cases cannot be done safely, at low readiness levels. In support of U.S. defense strategy, our air forces must be capable of quickly responding and shifting between theaters of operation. Allowing the Air Force to slip to a lower state of readiness that requires a long buildup to full combat effectiveness negates the essential strategic advantages of airpower and puts joint forces at increased risk.

The Consolidated and Further Continuing Appropriations Act, 2013, combined with sequestration reductions, results in approximately \$4.4 billion less than our request from our operations and maintenance accounts from which we fund some of our foundational readiness programs, including weapons system sustainment (WSS) and our flying hour program (FHP).

We project that sequestration will reduce WSS and FHP by about \$2.1 billion from our original FY13 budget request. These cuts will affect FY14 and beyond by driving down aircraft availability rates, and potentially preventing our ability to fly additional hours even if funded.

The President's Budget includes balanced deficit reduction proposals that would allow Congress to replace and repeal sequestration in FY13 and the associated cap reductions in FY14 – 21. If sequestration is not replaced, the Air Force will have to rebuild degraded unit readiness, accept further delays to modernization, absorb the backlog in depot maintenance inductions, and invest additional funding to restore infrastructure. However, because sequestration impacts are already occurring, even if our readiness programs are funded to the levels requested in the FY14 President's Budget (PB), our readiness levels may still not recover to pre-sequester levels in FY14. If the post-sequester Budget Control Act funding caps remain in effect, the Air Force will be unable to reinvigorate readiness and align with the Defense Strategic Guidance. In both the short- and long-term, sequestration will have devastating impacts to readiness, will significantly affect our modernization programs, and may cause further force structure reductions.

#### Weapons System Sustainment

WSS is a key component of full-spectrum readiness. Years of combat demands have taken a toll across many weapon systems, and we continue to see an increase in the costs of WSS requirements, which are driven by sustainment strategy, complexity of new weapon systems, operations tempo, force structure changes, and growth in depot work packages for aging, legacy aircraft. With recent force structure reductions, we must carefully manage how we allocate WSS in order to avoid availability shortfalls. We are planning to fund WSS to 81 percent of the FY14 requirement using funds from the base budget as well as overseas contingency operations (OCO) funds.

Sequestration has further set back our efforts to improve WSS. Depot delays will result in the grounding of some affected aircraft. The deferments mean idled production shops, a degradation of workforce proficiency and productivity, and corresponding future volatility and operational costs. It can take two-to-three years to recover full restoration of depot workforce productivity and proficiency.

Moreover, WSS funding requirements for combat-ready air, space, and cyber forces have consistently increased at a rate double that of inflation planning factors. Although service life extension programs and periodic modifications have allowed our inventory to support 22 years of unabated operations, the cost of maintenance and sustainment continues to rise. WSS costs still outpace inflationary growth, and in the current fiscal environment, our efforts to restore weapons system availability to required levels will be a serious challenge. Although the FY14 PB adds baseline funds for WSS, we continue to rely on OCO funding for global contingency operations.

#### Flying Hour Program

The emphasis on readiness in the Defense Strategic Guidance reinforced the Air Force focus on the importance of maintaining our FHP as part of our full-spectrum readiness. For the FY14 budget request, the Air Force balanced the allocation of flying hours across the Total Force to maintain—and in some cases—incrementally improve readiness levels.

However, as with WSS, sequestration affects our ability to improve readiness, and in fact, readiness levels are already declining. Lost flight hours will cause unit stand-downs which will result in severe, rapid, and long-term unit combat readiness degradation. We have already ceased operations for one-third of our fighter and bomber force. Within 60 days of a stand down, the affected units will be unable to meet emergent or operations plans requirements. Lost

currency training requires six months to a year to return to current sub-optimal levels, with desired flying proficiency for crewmembers requiring even longer.

The flying hour program will continue to rely on OCO funding to support Operation ENDURING FREEDOM and the redeployment of combat forces from Afghanistan. With the expectation of decreasing OCO flying hours, we have programmed increasing operations and maintenance (O&M)-funded flying hours in FY15 and throughout the FYDP. Beginning in FY15, the program meets approximately 90 percent of the peacetime training requirement to attain full-spectrum readiness across the Total Force.

The Air Force is committed to a long-term effort to increase our live, virtual, and constructive operational training (LVC-OT) capability and capacity by funding improvements in LVC-OT devices (e.g., simulators and virtual trainers) and networks. Adjustments to the flying hour program will continue to evolve as the fidelity of simulators and LVC-OT capabilities improve. Increasing our virtual capabilities will minimize fuel consumption and aircraft maintenance costs while ensuring high quality training for our aircrews.

Full-spectrum training also includes the availability and sustainability of air-to-air and air-to-ground training ranges. Many of our ranges are venues for large-scale joint and coalition training events and are critical enablers for concepts like Air-Sea Battle. In FY14, we are increasing funding to improve and sustain these crucial national assets to elevate flying training effectiveness for the joint team, which in turn improves individual and unit readiness levels.

#### Readiness and Modernization

The decline in future budgets does not allow us to maintain force structure and continue all planned investment programs while also improving readiness. To prioritize readiness, we have made a conscious choice to assume additional risk in some modernization programs.

Although we have been more effective in our use of operating resources and garnered savings from better business practices, the Air Force has been forced to terminate or restructure several programs. Program restructures and terminations include terminating the Space Based Surveillance Block 10 follow-on, freezing Gorgon Stare at Increment II, terminating Air Force participation in the Joint Precision Approach and Landing System land-based segment, and divesting the UAV (unmanned aerial vehicle) Battlelab. In addition, several key modernization priorities were deferred, including a replacement for the aging T-38 trainer and the JSTARS surveillance aircraft.

To achieve the readiness levels we desire, the Air Force needs sustained modernization. For example, our legacy, or fourth generation, fighter fleet has secured more than 20 years of an air superiority advantage, but may lose its ability to operate as effectively in contested environments. Weapon systems like the F-22, with contributions from the F-35, are what will carry America's Air Force forward to continue to provide air superiority. During F-35 development, it is imperative that we maintain our fourth-generation fighter fleet. Therefore, the at least 300 F-16s will undergo a service life extension program and a capability enhancement called Combat Avionics Programmed Extension Suite, which permits them to remain relevant in the near-term threat environment until the F-35 is available in sufficient numbers. We are also upgrading the F-15 fleet's radar and electronic warfare capabilities that will permit it to operate in conjunction with fifth-generation aircraft in the future threat environment.

Other top modernization programs include the KC-46A and the Long Range Strike-Bomber (LRS-B). Because the future will likely call for us to provide rapid global mobility to remote, austere locations in contested environments, we will require a very capable tanker fleet. The KC-46A program will ensure that our Nation retains a tanker fleet able to provide crucial air

refueling capacity worldwide for decades to come. The LRS-B is a key piece of the development of our long range strike family of systems, the capabilities of which are critical to our ability to carry out our global strike mission.

America's Air Force remains the most capable in the world, but we cannot allow readiness levels to decline further and modernization cannot wait for the next cycle of increased defense spending. We have important production lines under way and development programs that are, or will soon be, mature enough for production. Cancelling programs in anticipation of a future generation of technology would be wasteful and, in some cases, risk the loss of critical engineering talent and technological advantage. New threats and corresponding investment needs are not theoretical future possibilities. They are here, now. Air superiority and long-range strike capabilities cannot be assumed. Significant investment in fifth-generation platforms and munitions is essential to address these threats. The future success of the Nation's military and the joint team depends on modernizing our Air Force and keeping it ready to fight.

## **CONCLUSION**

The Air Force's core missions will continue to serve America's long-term security interests by giving our Nation and its leadership unmatched options against the challenges of an unpredictable future. In the last several decades, Air Force airpower has been an indispensable element of deterrence, controlled escalation, and, when so tasked by the Nation's leadership, destruction of an adversary's military capability—all accomplished with minimal casualties to U.S. servicemen and women and civilians. However, investments in Air Force capabilities and readiness remain essential to ensuring that the Nation will maintain an agile, flexible, and ready force. This force must be deliberately planned and consistently funded, as reconstitution of a highly sophisticated and capable Air Force cannot occur quickly if allowed to atrophy.

Today's Air Force provides America an indispensable hedge against the challenges of a dangerous and uncertain future, providing viable foreign policy options exclusive of a large military commitment on foreign soil. Regardless of the future security environment, the Air Force must retain and maintain its unique ability to provide America with *Global Vigilance*, *Global Reach*, and *Global Power*.

**HEARING TO RECEIVE TESTIMONY ON THE  
CURRENT READINESS OF U.S. FORCES IN  
REVIEW OF THE DEFENSE AUTHORIZATION  
REQUEST FOR FISCAL YEAR 2014 AND THE  
FUTURE YEARS DEFENSE PROGRAM**

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**THURSDAY, APRIL 18, 2013**

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

The subcommittee met, pursuant to notice, at 2:38 p.m. in room SR-222, Russell Senate Office Building, Senator Jeanne Shaheen (chairman of the subcommittee) presiding.

Committee members present: Senators Shaheen, Donnelly, Kaine, and Ayotte.

Majority staff members present: Jason W. Maroney, counsel; Mariah K. McNamara, special assistant to the staff director; Michael J. Noblet, professional staff member; and John H. Quirk V, professional staff member.

Minority staff member present: Lucian L. Niemeyer, professional staff member.

Staff assistants present: John L. Principato.

Committee members' assistants present: Jason Rauch, assistant to Senator McCaskill; Chad Kreikemeier, assistant to Senator Shaheen; Marta McLellan Ross, assistant to Senator Donnelly; Karen Courington, assistant to Senator Kaine; and Brad Bowman, assistant to Senator Ayotte.

**OPENING STATEMENT OF SENATOR JEANNE SHAHEEN,  
CHAIRMAN**

Senator SHAHEEN. Good afternoon, everyone. Welcome. I'm sorry to be a little late; I'm not quite on military time yet, so you have to bear with me.

At this point, I'd like to call the hearing to order and point out that this is the—this subcommittee's first hearing of the year. And I'm very pleased to be taking over as chair of the Readiness Subcommittee and sharing the leadership with my colleague from New Hampshire, Senator Ayotte. And I hope that—and I'm confident—that we'll continue to lead the subcommittee in the strong bipartisan way in which she and Senator McCaskill did when Senator McCaskill chaired the subcommittee. And I'm sure you will be

pleased to know that we will bring you, from time to time, concerns we have from the Granite State of New Hampshire. [Laughter.]

So, that, I'm sure, won't come as any surprise to any of you.

I think it's also important to note that we are continuing the successful partnership of having the chair and ranking member of this subcommittee both be women. And I think that's fitting, since New Hampshire is the first State to send an all-female delegation to Washington.

So, we're very pleased to be joined this afternoon by General John Campbell, who is Vice Chief of the Army—Vice Chief of Staff for the Army; Admiral Mark Ferguson, who is Vice Chief of Naval Operations; General John Paxton, assistant Commandant of the Marine Corps; and General Larry Spencer, Vice Chief of Staff for the Air Force.

So, gentlemen, we very much thank you for coming this afternoon, and look forward to a fruitful discussion. And I should say, at the start, that we also very much thank you for your service to this country and for the job that you do for the men and women who serve under you. Thank you.

The Readiness Subcommittee meets today at a pivotal moment to discuss the current readiness of our forces. Our men and women in uniform continue to be burdened by sequestration cuts enacted by the Budget Control Act of 2011, which, if they remain in place, as I'm sure you all will testify today, will significantly impact the services' ability to conduct training, maintenance, and to sustain their readiness.

Currently, the DOD will incur several billions of dollars in reductions to its vital operation and maintenance budget accounts in fiscal year 2013. As we've learned from our many past Readiness Subcommittee hearings, for the last several years readiness rates have consistently declined. However, I worry that this new crisis represents an even greater loss of surge capability, risks the grounding of pilots who may lose flight certification, erodes aircrew readiness, and foreshadows the hallmarks of a hollow force if our ground troops can't train above the squad level.

It's important to note that the impact of sequestration will be felt, not only in our Active components, but also in our National Guard and Reserve.

As we know, our uniformed personnel are not the only ones at risk under sequestration. The Department has announced that it will furlough civilian employees up to 14 days. I understand from the Navy that, while these furloughs may garner about 308 million in sequestration reductions, it would also delay shipyard maintenance availabilities approximately 85 days and risk putting our ships behind schedule and possibly not available for deployment when we need them. Even worse, for the Navy, several accidents over the past year require unscheduled and unbudgeted repair work, such as with the USS *Miami*, which we're very familiar with because of its location at the Portsmouth Naval Shipyard, the Guardian, the Porter, and others.

The capital investment for the modernization of our shipyards will likely continue to suffer over fiscal year 2013. I know I speak for Senator Ayotte when I say we eagerly await the shipyard modernization plan that we required in the National Defense Author-

ization Act for Fiscal Year 2012. We're interested in hearing from Vice Admiral Ferguson—from Admiral Ferguson on its status and how much risk you and all of you vice chiefs plan to take in your installation sustainment accounts.

In addition, we'd like to hear whether or not the Navy and the other Services funded the 6 percent of capital investment program, as required by law, in the fiscal year 2014 budget requests.

We've recently learned that the agency responsible for purchasing fuel for the Department of Defense, the Defense Logistics Agency, will increase the price of fuel on May 1 from \$156.66 per barrel to \$198.24 per barrel. This fuel bill will cost DOD an additional \$1.8 billion. The fact remains that fossil fuels continue to be a strategic and financial vulnerability, not only to the DOD, but also to our Nation.

Perhaps the most overlooked aspect of sequestration is that the cuts are not short-term savings for DOD, nor are they realized savings for the taxpayers. In reality, sequestration merely increases operational and strategic risk by deferring vital maintenance and canceling necessary training. I believe the consequences of sequestration will, unfortunately, end up costing us more in the longrun. And I remember the testimony of Deputy Secretary of Defense Ash Carter, when he talked about the fact that the unit cost of everything we purchase through DOD will go up as the result of sequestration. We are unnecessarily making it harder on our forces to prepare for deployment by reducing flying hours for our squadrons, delaying maintenance, and reducing training.

I understand that there are no easy tradeoffs for the witnesses here today. Chasing resources to meet military requirements is nothing new. And I'm not advocating that it's financially responsible to have unlimited military spending. But, as we all know, sequestration was designed to be onerous because it was never supposed to get enacted. We should solve the problem now, before we reach a time when our ships, aircraft, troops, and equipment can no longer train or deploy.

However, I know there's also hope. There are always ways to improve the way we operate, and there are many initiatives that continue to succeed. For example, the continued to—commitment to pursue greater energy efficiencies and renewable energy sources offers an enhanced combat capability to the DOD. I had the opportunity to see some of the efforts that are underway—the more efficient generators, the solar blankets, the installation energy investments—last year, when I conducted a hearing down at Norfolk on the USS *Kearsarge*. And it was really impressive what all of you are doing in each branch of our military to save on energy and to move to alternative sources of energy. I think that these energy policies should not be partisan. They reduce the burden upon those in combat. And I thank you, General Campbell, for all of the great work that the Army is doing, along with all of the other branches, in this regard.

So, even in these challenging times, I remain confident and encouraged that we still have the most resilient fighting force in the world today. I remain optimistic, because, even after a decade of war and the severe stress from all angles, each of you find ongoing ways to improve how you operate. For the past 11 years, our mili-

tary has consumed readiness as quickly as they've been able to create readiness. We're beginning to see some operational relief as we draw down from Afghanistan.

I thank all of you, particularly the Army and the Marine Corps, for recommitting to training for the full spectrum of operations in your fiscal year 2014 budget request.

Again, I sincerely thank each of you for being here. I thank your hardworking staffs for taking time to join us in this critical readiness discussion. And we ask that you include your full statements for the record and, if you would, summarize what you have to say, hopefully within a 7-minute timeframe, so we can have more time for discussion.

So, thank you all very much. I'll turn the discussion over to my colleague Senator Ayotte.

#### **STATEMENT OF SENATOR KELLY AYOTTE**

Senator AYOTTE. Thank you very much, Madam Chair. It was really, truly an honor to be in the leadership of this committee with you and to serve with you on behalf of the people of New Hampshire. And I very much look forward to working with you to make sure that we work together to do the very best for our men and women in uniform to ensure their readiness in very challenging times.

And this is always been the—one of the things I truly enjoy about the Armed Services Committee is the strong bipartisan support and work that we do together. And I look forward to doing that, certainly, with you, Senator Shaheen. So, thank you so much.

I also want to thank very much our witnesses for your dedication and your distinguished service to our Nation. And, despite these difficult times and all that we have asked of our servicemembers, recruiting and retention remain strong, and our units continue to accomplish their missions. This is a testament to the quality of our men and women in uniform, but it is also a testament to your leadership. So, thank you very, very much.

The tragic events in Boston this week remind us that, despite the heroic efforts of our military forces and also efforts on our homeland security over the past 12 years, our country still remains vulnerable to terrorist attacks. We heard, this morning, from Director of National Intelligence James Clapper, that, quote, "National security threats are more diverse, interconnected, and viral than at any time in history." When faced with this ever-increasing range of threats, our Nation expects that our men and women in uniform have the very best equipment and training that they need to protect our Nation. And when our loved ones and fellow citizens step forward to serve, raise their right hand, and agree to deploy and face danger to protect the rest of us, we owe it to them to give them the very best support they can to accomplish their mission and to come home safely. When we fail to provide our servicemembers the very best training and equipment, we neglect our most fundamental constitutional duties as a Congress: to provide for the defense of this Nation.

Allies, rivals, and potential enemies around the world are watching. When we allow our military readiness to deteriorate, friends and potential foes, alike, begin to question our resolve and capa-

bility, reducing the credibility of our deterrent. Potential enemies need to know that we have the capability to decisively respond to any attack on our Nation and on our citizens.

To solidify this deterrence, we need our military forces to be constantly ready to defend and protect our interests and those of our allies. Our military remains the very best in the world, and we are so proud of our military. But, as General Dempsey testified yesterday, quote, "When budget uncertainty is combined with the mechanism and magnitude of sequestration, the consequences could lead to a security gap, vulnerability against future threats to our National security interests."

That is exactly what my concerns are, and I echo the concerns that were discussed by the Chair about the impact of sequestration.

In January 2013, the Marine Corps reported that over 50 percent of its nondeployed combat units were rated with degraded readiness, while the Army is reporting that over 70 percent of those same forces have significantly degraded readiness. The Air Force has reported that less than half of its combat forces are ready, and there is a significant risk in its ability to meet contingency requirements. And, General Spencer, when we met, the other day, when you talked about the impact of sequestration in 2013 as being an 18-percent reduction in sorties, that's really jaw-dropping.

By the end of October, a majority of the Navy's nondeployed ships and aviation squadrons, nearly two-thirds of the fleet, will be less than fully mission-capable and not certified for major combat operations.

These are alarming trends for our force readiness, given the threats we confront around the world and given the challenges that we have asked our men and women to do in conflicts we've been involved in, both in Iraq and Afghanistan and other conflicts we've supported around the world. They've done their very best. But, of course, that has taken a toll on our readiness, and we need to reset.

Yet, here we are, faced with sequestration, which is devastating cuts to—we just talked about flying hours, quote, "steaming days," and other core training requirements, as well as reduced maintenance for military systems and equipments that will result in declining readiness.

As the prepared statements of our witnesses today describe, the military is increasingly consuming readiness faster than it is being produced, resulting in a declining margin of safety for the American people and also, of course, our men and women in uniform. We are standing down flying units, canceling major unit rotations and carrier group deployments, deferring depot and shipyard work, curtailing facility repairs, and extracting limited savings from the paychecks of dedicated Defense civilians through furloughs. We all know that it's not just our men and women in uniform, but those who work in the civilian sector have a critical role in supporting our men and women in uniform.

We are creating a bow wave of reduced readiness and increased risk that will take years to recover. We cannot continue to accept this. The ultimate price for reduced readiness will be paid by the men and women serving on the front lines for our country around the world.

I want to close by quoting General Dempsey from a hearing the full committee recently held in an attempt to shed light on the devastating impacts of sequestration to our National security and the real prospect of a hollow force. He said, quote, "Sequestration will redefine our military security role in the world. It will reduce our influence and our ability to secure our National interests. The erosion in military capacity will be manifested in our ability to deter adversaries, assure allies and partners, sustain global presence, and surge for contingencies," end quote.

Madam Chair, I share the concerns you have echoed about our military's readiness trends, particularly in light of sequestration. I look forward to our witnesses this afternoon providing a candid and specific assessment as to the damage to their services' readiness being caused by budget uncertainty and sequestration. I hope this hearing will demonstrate to Congress and the American people the urgent need to craft a bipartisan compromise this year, to identify alternative spending reductions that will allow us to eliminate Defense sequestration and provide our men and women in uniform the certainty and support that they deserve.

I thank you so much for holding this important hearing, Madam chair.

Senator SHAHEEN. Thank you very much, Senator Ayotte.

We're going to begin with you, General Campbell, and go to your left. And I misspoke earlier when I said you had 7 minutes. I think you only have 6 minutes. The 7-minute round is for our questions. [Laughter.]

As it should be. So, thank you, General—

General CAMPBELL. I can beat that standard, ma'am.

Senator SHAHEEN.—Campbell.

**STATEMENT OF GEN JOHN F. CAMPBELL, USA, VICE CHIEF OF STAFF, U.S. ARMY**

General CAMPBELL. Madam Chair Shaheen, Ranking Member Ayotte, distinguished members of the subcommittee, thank you very much for the opportunity to appear before you today to discuss the readiness of your U.S. Army.

On behalf of Army Secretary John McHugh and the Army Chief of Staff Ray Odierno, I would also like to take this opportunity to thank all of you for your support and your demonstrated commitment to our soldiers, our Army civilians, and our families.

I have submitted my written for testimony and for the record, and I will keep my opening remarks here very brief, and look forward to answering, candidly, the questions that you will ask us today on readiness.

We certainly do appreciate the continued support from Congress by the enactment, last month, of the fiscal year 2013 DOD appropriations bill. Although these measures provided the Department of Defense some transfer authority to mitigate the risk to readiness and alleviate nearly \$6 billion of the Army's operations and maintenance account shortfall for fiscal year 2013, it doesn't resolve the remaining OCO shortfall that the Army has. And that is very, very significant, and I can talk through that as we go through the questions.

With the events in the world today, with Korea, Syria, Iran, the continued fight in Afghanistan—ma'am, as you said, in Boston—a discussion on readiness could not come at a more critical time. I've only been the vice chief for about a little over a month, but I was the Army's G-3, the operations officer, for 18 months prior to that, and I was a division commander in Afghanistan with the 101st for a year. And so, readiness is always on my mind.

For combat experience, the Army remains the world's best-trained and -equipped land force in the world. However, as you said, our Army is currently experiencing severe fiscal challenges that have serious implications for our ability to provide trained and ready forces for our combatant commanders and for our Nation.

The reality is that, if sequestration continues as it is and does not change between fiscal year 2014 through fiscal year 2021, the Army will simply not have the resources to support the current Defense strategic guidance, and we risk becoming a hollow force.

Maintaining a ready Army is not cheap, and we realize that, and we're not looking for more readiness than we need or that we can afford. But, we cannot afford, from a national security perspective, an Army that is unable to deploy, fight, and win our Nation's wars. Here are just a few examples of how sequestration is impacting your Army today:

As you know, the Army will reduce its force by 89,000 Active soldiers through fiscal year 2017. This is in accordance with the fiscal year 2011 Budget Control Act. Full sequestration will result in the significant loss of additional soldiers from the active, the National Guard, and the Army Reserve.

To meet the sequester targets to protect warfighter funding in fiscal year 2013, we're currently curtailing training for 80 percent of our ground forces for the next fiscal year. We've canceled six combat maneuver training exercises at the National Training Center, in the Joint Readiness Training Center, and this impacts our readiness. We're focusing only on those that go to Afghanistan, those that follow them, the forces in Korea, and then homeland defense.

Sequestration will also result in delays to every one of our ten major modernization programs, including ground combat vehicle, the network, and the joint light tactical vehicle. In most cases, this will increase their costs. It will create an inability to reset our equipment after 12 years of war. We've also canceled the majority of our third- and fourth-quarter depot maintenance. This will result in the termination of employees and a significant delay in equipment readiness for six of our ten divisions, Active divisions.

Finally, while the Army will make every effort to protect critical Army family programs, they will be unavoidably affected by workforce reductions, cuts to base sustainment funding, the elimination of contracts, and the widespread use of soldiers in base support tasks. This will also detract from training from our wartime mission. This will further complicate our efforts for the requirement that the Army has to operate for long stretches underneath a continuing resolution. To a limited extent, the impact of spending reductions can be mitigated a little if funding remains timely and predictable, enabling the Army to plan, resource, and manage programs that yield a ready force.

As always the Army will do our utmost to efficiently utilize the resources that Congress has appropriated for the remainder of fiscal year 2013.

If I sound concerned, it is because we live in a world where strategic uncertainty is increasing. Ma'am, you heard that today in the hearings. With that in mind, and knowing that the United States will have interests in a range of conflicts, I am certain that our soldiers will be called upon to deploy and fight in the future. The lessons of history on this point are very compelling.

While we recognize there will be tough choices and necessary sacrifices in the days ahead, we also recognize that we must act responsibly in order to ensure that what remains is a force of capable—a capable force successfully meeting our national security requirements. Whatever its size, our Army must remain highly trained, equipped, and ready.

Maintaining credibility based on capability, readiness, and modernization is essential to averting miscalculations by potential adversaries. And our Nation can accept nothing less.

Yesterday, General Dempsey stated, "There are plenty of constituents for infrastructure, compensation, and weapons, but not readiness." The members of this subcommittee, you really understand readiness, and we appreciate you taking the time to ensure that readiness remains a priority for our Nation.

Chairman, Senator Ayotte, and the members of the subcommittee, I thank you again for your steadfast support of your Army, of our outstanding men and women, Army civilians, and our families. I look forward to your questions.

Thank you.

[The prepared statement of General Campbell follows:]

Senator SHAHEEN. Thank you very much, General Campbell.  
Admiral Ferguson.

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

Admiral FERGUSON. Madam Chair, Senator Ayotte, and distinguished members of the subcommittee, I appreciate the opportunity to testify today on Navy readiness and our fiscal year 2014 budget request. It's my great honor to represent the men and women of the United States Navy.

With the high global demand for naval forces, we are appreciative of the support of the Congress in passing an fiscal year 2013 appropriations bill. This legislation provided us the necessary authorities and reduced the shortfall in our readiness accounts from 8.6 billion to 4.1 billion for this fiscal year.

As we reconcile our spending plan for the remainder of this fiscal year, it is clear that sequestration has impacted our ability to train our people, maintain our existing force structure, and invest in future capability and capacity. By the end of this fiscal year, two-thirds of our nondeployed ships and aviation squadrons will be less than fully mission capable and not certified for major combat operations. Due to sequestration, we reduced funding in fiscal year 2013 for our investment accounts by 6.1 billion. This will mean reducing quantities of procurement, delaying the introduction of new

systems into the fleet, and incurring increased costs to complete systems development.

At our shore bases, we have deferred about 16 percent of our planned facilities sustainment and upgrades, about \$1 billion worth of base operating support and improvements. We continue to reduce expenditures in other areas, as well. In coordination with the combatant commanders, the Secretary of Defense has approved selected deployment delays and cancellations to conserve operating funds. Civic outreach efforts, such as the Blue Angels and U.S. port visits, have been canceled to preserve funds for our deployed and next-to-deploy units.

As we address the shortfalls in fiscal year 2013, we intend to address them with the following priorities. We have to fund our must-pay bills, such as utilities and leases; fund fleet operations to meet the adjudicated combatant command requirements; provide fleet training, maintenance, and certification for next-to-deploy forces; and fund necessary base operations and renovation projects to support training, operations, and our sailors and their families.

Our fiscal year 2014 request continues the CNO's readiness priorities of warfighting first, operating forward, and being ready, and is especially focused on supporting our shift to the Pacific and supplying ready forces for the combatant commanders. To meet our full readiness requirements, we are dependent upon the baseline budget, as well as supplemental funding. With fiscal year 2014 OCO funding, we anticipate meeting our projected operational requirements, and we will make every effort to recover the deferred maintenance on our ships and aircraft. Our budget request, with OCO, will allow the Navy to retain the ability to train, certify, and deploy two carrier strike groups and two amphibious ready groups, fully mission capable and certified for major combat operations. We will also retain an additional carrier strike group and amphibious ready group, fully mission capable and available for surge response.

If agreement is not reached to avoid the Budget Control Act reductions, our fiscal year 2014 obligation authority could be reduced by 10 to 14 billion, with approximately 5 to 6 billion coming from our readiness accounts. This would compel the Navy to again dramatically reduce operations, maintenance, and procurement, preventing us from meeting combatant command requirements, and negatively impacting our industrial base.

As exemplified by recent events in the Middle East and Western Pacific, our Navy must continue to operate where it matters, when it matters, to conduct the missions our Nation expects of us. We see no lessening of combatant commander requirements in the future.

We look forward, Madam Chair and Senator Ayotte, to working with the committee as we advance through the budget process to ensure our Navy stands ready to protect and defend America's interests at sea. On behalf of all our men and women—Active, Reserve, and civilian—I thank you for your support, and I look forward to your questions.

Thank you.

[The prepared statement of Admiral Ferguson follows:]

Senator SHAHEEN. Thank you very much.

General Paxton.

**STATEMENT OF GEN. JOHN M. PAXTON, JR., USMC, ASSISTANT  
COMMANDANT, U.S. MARINE CORPS**

General PAXTON. Good afternoon, Chairman Shaheen, Ranking Member Ayotte, and the members of the committee. Thank you for the opportunity to report on the readiness of your U.S. Marine Corps.

Right now, more than 23,000 marines are forward deployed and forward engaged. More than 9,000 are in Afghanistan, while others, partnered with our closest joint partner, the U.S. Navy, are globally deployed, protecting influence, deterring aggression, building partner capacity, and poised for crisis response.

With the submission of the President's budget, your Corps' next deployers—those who are due to leave between June and October to Operation Enduring Freedom, on our Marine Expeditionary Units, on our Unit Deployment Program, and for tactical aviation integration—those next deployers will remain fully trained, equipped, and ready. We anticipate the same for the deployers due to leave after that, between November and February. However, after that point, we are less confident about our sustained readiness.

With the onset of sequestration in March, we commenced a deliberate, yet, unfortunately, unplanned and uncoordinated, series of cuts to Defense programs and capabilities. The Secretary of Defense, both the current and the former, and the Chairman of the Joint Chiefs of Staff, our Commandant, and my own predecessor, have repeatedly counseled that sequestration effects will be quick, stark, often unanticipated, and potentially devastating in the long term. As we have scrubbed our operations, sustainment, and modernization plans over the past 3 to 4 months, I can assure you that the effects of sequester will be serious, prolonged, and difficult to quickly reverse or repair.

Some of these sequestration impacts are in areas neither the Congress nor DOD would have liked to have had adversely impacted—most notably, on the forward deployment of individuals and units ready for combat. I look forward to explaining examples of anticipated adverse impacts on our training proficiency, on equipment maintenance, and on unit readiness. In all of these areas, the impacts will be slow to predict, difficult to localize, and challenging to reverse.

As we navigate the current fiscal environment, we will strive to maintain balance across the five pillars of readiness for your United States Marine Corps:

Pillar number one is to recruit and retain the highest quality people. Pillar two is to maintain a high state of unit readiness. Pillar three is the ability to meet combatant commanders' requirements with marines. Pillar four is to ensure that we maintain appropriate infrastructure investment. And pillar five is to keep an eye towards the future by investing in the capabilities we'll need for tomorrow's challenges—modernization.

As we begin this hearing, I would like to highlight a few points from my written statement.

With regard to high-quality people, your U.S. Marine Corps continues to achieve 100 percent of its officer and enlisted recruiting goals for both the Active and the Reserve components, while ex-

ceeding DOD quality standards for high school graduates and mental categories.

Within the ranks of our civilian marines, an integral part of our force, they face potential readiness and human impacts associated with potential furloughs.

With regard to the second pillar, unit readiness, the Marine Corps has, and always will, sourced the best-trained, most ready forces to meet combatant commander requirements. Equipment readiness of our nondeployed units is of great concern to us. We have taxed our home station units as the billpayer to ensure that marines in Afghanistan and in our Marine Expeditionary Units have everything that they need. As a result, the majority of our nondeployed forces are reporting degraded material readiness levels.

Additionally, the tempo of operations and the harsh environments in which we have been operating over the past decade has accelerated the wear and tear on our equipment. Money to reset and rebuild the Marine Corps will be required for several additional years after the end of the war. This will have the added impact of delaying our rebalance to the Pacific until well after the 2017 projections.

Finally, we continue to proudly support the Department of Defense colleagues at 152 embassies and consulates around the world. Our fiscal year 2014 budget request funds 1,635 marines for this program. In the aftermath of events at some of our diplomatic missions, and as requested by Congress, we are working with the Department of State, the Department of Defense, and the Joint Staff, and we seek your continued support as we determine the need for additional manning of approximately 1,000 marines, and the associated funding to support them. We will report back to you and the committee by October 1st on this initiative.

I thank each of you for your faithfulness and your bipartisan support to our Nation's military. I request that my written testimony be accepted for the record.

Your Corps remains committed to providing a Nation—the Nation a ready force capable of handling today's crisis today.

I look forward to your questions. Thank you very much.

[The prepared statement of General Paxton follows:]

Senator SHAHEEN. Thank you.

General Spencer.

**STATEMENT OF GEN. LARRY O. SPENCER, USAF, VICE CHIEF OF STAFF, U.S. AIR FORCE**

General SPENCER. Good afternoon, Madam Chair, Ranking Member Ayotte, and distinguished members of the subcommittee. Thank you for the opportunity to share the Air Force's current readiness posture.

The cornerstone of our airmen's ability to provide air power for the Nation at a moment's notice anywhere in the world is their readiness. Today, we are concerned about readiness for two reasons. First, two decades of sustained combat operations in missions around the world have stressed our force, decreased our readiness, and limited our ability to train for the full spectrum of missions our COCOM commanders might call upon us to provide. Second,

just as we were about to take a step forward in our fiscal year 2014 President's budget submission to arrest that decline in training and return to full-spectrum readiness, sequestration took us several steps back, and its impacts are not only affecting us now, but will continue to do so in the future.

You have already heard that sequestration will force us to induct 60 less airplanes and 35 less engines into our depots. This will have a direct impact on the aircraft available for our missions.

You may also be aware that sequestration has forced us to reduce approximately 200,000 flying hours in the last 6 months of the year. This reduction in flying hours and related support forced us to recently stand down nine fighter squadrons and three bomber squadrons. These standdowns are a direct hit to our readiness posture.

To put a face on this, last week I spoke with the wing commander at one of our three F-15E wings. In addition to having two combat-coder fighter squadrons, one of which has been stood down, she also has two squadrons which are part of the formal training unit, or FTU, that trains new F-15E pilots and weapons systems operators. Since the remaining F-15E squadrons in the Air Force are either stood down or preparing to deploy, she has only the remaining—she has the only remaining squadron that is currently flying to full combat readiness.

Graduating from FTU is the final step before our young F-15E pilots and weapons systems operators move on to one of the three wings to begin their career in the jet that they dreamed of. It's the reason they joined the Air Force. The commander worries about the morale of her fighter pilots and weapons systems operators with no jets to fly. And, depending on how long the jets remain stood down, she worries about how she and her fellow wing commanders will get their pilots and weapons systems operators requalified.

Before I completed my college degree and became a commissioned officer, I spent 8 years in the Air Force as an enlisted member. I can tell you firsthand that all my fellow airmen and myself wanted was to ensure we could launch and maintain airplanes and space satellites so that we can fly, fight, and win, as our Nation expects us to do. Whether we guard at the front gate, worked in finance, maintained the base infrastructure, or turned a wrench on an aircraft, we all got goosebumps when the Earth seemed to shake beneath a space vehicle launch or the roar of a jet engine, something we refer to as the sound of freedom.

While we focus today—while our focus today is on readiness, we cannot forget that a ready force also needs to be modern and technologically advanced. Not modernizing our force in a timely manner will likely increase unit costs and drive inefficiencies for our long-term programs, like the F-35, KC-46, and long-range strike bomber, that are so critical to our continued ability to hold targets at risk around the globe.

Near term, modernization is also necessary to conduct our core missions. For example, we must modernize our fourth-generation F-15s and F-16s until we have sufficient fifth-generation aircraft to continue to provide the joint team with the air superiority on which they and America rely.

Madam Chair and committee members, our Nation is fortunate to have world-class people who work hard to produce world-class air power every day. Despite the current challenges we face, our airmen are the finest in the world, and they have—throughout our history, are stepping up to the challenge to deliver global vigilance, global reach, and global power for America.

The Air Force supports combatant command missions that require 24/7 availability and attention. Many of our high-priority missions cannot be done adequately, and in some cases cannot be done safely, at low readiness levels. Allowing the Air Force to slip to a lower state of readiness that requires a subsequent long build-up to full combat effectiveness will negate the essential strategic advantages of air power and put the joint forces at increased risk.

America's Air Force remains the most capable in the world, but we cannot allow readiness levels to decline further, and modernization cannot wait for the next cycle of increased Defense spending.

The United States Air Force and our sister services comprise the premier fighting force on the planet, and our Air Force leadership team is fully committed to ensuring that we remain so.

Thank you, and I look forward to your questions.

[The prepared statement of General Spencer follows:]

Senator SHAHEEN. Thank you very much, everyone.

You've all spoken very eloquently to the potential impact of sequestration. One of the things that I have been struck by as I've listened to you and talked to other of our leaders in the military is that this is not just a problem for 2013, but it becomes an increasingly difficult problem as we go into 2014 and beyond. So, I wonder if you could talk about what our forces are going to look like at the beginning of 2014 if sequestration remains in place. And then, assuming we can address it by the beginning of 2014, how long will it take us to restore readiness to the levels that you all would like to see?

And I don't know if someone would like to go first or—I'm going to ask all of you to address that.

General SPENCER. Sure, Senator, I'll start.

First of all, we don't know what our budget is in 2014 and out yet, so there is a lot of uncertainty there. There's—you know, there's the law—current law, which is sequestration; and there's the President's budget submission; and there is a House and Senate version. So, we don't know yet what our future is. So, that uncertainty is very unsettling.

But, let me give it a couple of examples. If you stand—I mean, I—at home, I have a 1972 Monte Carlo—Chevrolet Monte Carlo. And because it's old, I have to start that car at least once a week to get the transmission and everything working, or it won't run very well. It gets cranky. Airplanes are similar. If you sit airplanes down and you don't turn the engines, you don't—they don't taxi, they don't takeoff, they don't work very well. So, if you stand down airplanes over several months, that's a problem.

Number two, obviously the aircrews are not flying those airplanes. And so, over time, their currency degrades and deteriorates.

The same with the maintenance crews that—or, the maintenance troops that fix those airplanes. If they aren't fixing airplanes, if

they aren't working on airplanes, then they are not as sharp as they need to be.

So, that's airplanes. On the other—just to give you another example, I mentioned that we're going to send 60 less aircraft and 35 less engines in the depot. I used to be the vice commander of the depot in Oklahoma City. For a KC-135, which is a tanker, it takes over—a little over 200 days to get that airplane in, get it stripped down, fully redone, and out. So, that's 200 days for just that airplane.

When you start backing up that line of airplanes that are stuck—so, first of all, you have those airplanes who can't fly in, so now, depending on how many hours they have on them, they, too, will be grounded and are sitting around. You've got the civilians, there, who potentially could be furloughed. And so—and you've got those engines, now, that are backed up. And so, you've got this whole clogged system of airplanes and engines and people that need to move and need to be active to be sharp.

So, we—it's almost like a weight or an anchor, if you will, that we're going to pull, now, from 2013 cross the 2014 line. So, regardless of what happens in 2014, if sequestration goes away and we cross that line into 2014, we've still got those airplanes and those pilots and those maintenance people and those engines and those aircraft who didn't go into depot sitting on our doorstep. So, we have to start, first, in that hole, to try to dig ourselves out.

Senator SHAHEEN. Thank you.

Anyone want to add to that at all?

General PAXTON. If you wanted us to go by service, Madam Chair, and—just a few things on the Marines side. I would echo what General Spencer said, in that, with the fiscal cuts, the degradation may be linear, but the restoration is not linear. Because once you bottom out, things don't repair that quickly, either the equipment or the lack of training for the individual or the training for the "cohesed" unit, if you will.

As an example, I would take, on the Marines side, our F-16 aircraft—our F-18 aircraft. Right now, we have 5 of our 12 squadrons deployed, and we have another squadron that's a training squadron. Those are fully manned, organized, trained, and equipped. And, as I said in my written and oral statements, we believe that those squadrons will stay that way, not only for the current deployment, but at least for the next two deployers, the one that will go in the fall and the one that will go late winter, early spring.

What that means, though, is, for the seven squadrons who are back at home, that they have aircraft that are not going into their phased maintenance, and they're what we call out-of-cycle reporting. So, with the passage of time, those aircraft will stay off the line. Their gripes or their maintenance complaints will go up, and then the repairs will go down.

So, what we will have is pilots, who need to train on those aircraft, who will not get their minimums. So, what—right now, we have 12 average aircraft per squadron, and normally we have about 9 or 10 that are up and ready. Our prediction is that, a year from now, those squadrons will only have 5 or 6 aircraft that are up and ready, about half of that number. And the 19 pilots who are in the queue waiting to train will then be vying for minimal hours

on those aircraft. Plus, if you tie it in with the Navy, if they have reduced steaming days, some of those pilots will need to get night-vision operations or deck bounces on the aircraft. So, it's a compounding effect.

So, the linear degradation won't get restored the same way, ma'am.

Senator SHAHEEN. Thank you.

Admiral?

Admiral FERGUSON. I would just add, is that, as you look at sequestration, the impacts on both the readiness accounts, where we're adjudicating 4 billion in reductions in—so, we've deferred some of that maintenance, and we've moved that training into this year. On our shore infrastructure, we've deferred about a billion dollars' worth of work, and so that will take about 5 years to recover. On our depot maintenance, if we get the fiscal year 2014 levels, we can try and eliminate or—that backlog in about a year or two, on the ship side.

But, this cumulative effect of introducing new capabilities, because a 6-billion reduction in investments and then there's another reduction next year—it's going to be very difficult to catch up. And the effects, I would agree, are cumulative, particularly on the readiness side. And it does take longer, and more expensive, for you to recover that readiness later.

Senator SHAHEEN. Thank you.

General CAMPBELL. Yes, ma'am, I'd agree with all my colleagues, here. We're really compounding risks. So, as we continue to move to the right, your Army—our BCTs—I'll use that as a measure; easier to do that—if they're trained at a brigade level, which is what we would send them to go fight, we talked about 80 percent by the first quarter fiscal year 2014 being at squad level. And so, that will take more time, more resources to get them up to a level to be able to deploy. And it's—and it is about time, and it is about risk.

An example would be if General Thurman, in Korea, had to deploy BCTs for an op plan. Without going into great numbers, if we continue on the path we're at, he said, "I need X amount of BCTs," probably by the first quarter of 2014, we'd be able to provide him the one that's already on the ground in Korea, because we'll continue to fund that where it is today; we have the global response force that we'll continue to fund; we may have one or two other BCTs who are at a level they can rapidly respond. The rest of them will take more time, more resources to build out of that hole. We'll continue to dig that hole in 2013; it'll carry over into 2014.

On the aviation piece, as far as the Army's concerned, on pilots, the same issues with pilots and being able to train in the time. An example: Two years ago, we had a backlog of pilots, at Fort Rucker, of about 300. It took us about 3 years to get them back up to speed. We're looking at, now, about 700 pilots, based on fiscal year 2013 numbers, that we're going to have to carry over into 2014. We anticipate probably 3 to 4 years to get them back up to a level they need to be required at.

Senator SHAHEEN. Thank you. Thank you all.

Senator Ayotte.

Senator AYOTTE. Thank you very much, Madam Chairman.

I wanted to ask, to follow up on Senator Shaheen's question on sequestration, and particularly wanted to ask about the concept of a hollow force. Something that we've talked about, heard about, I think we've seen, historically—for example, the examples of Task Force Smith, in Korea, when we've previously reduced Defense spending and been brought to a hollow force. Can you please let me know, on your testimony—probably starting with the—certainly, each of the branches, but starting with the Army—you know, what—what are the indicators of a hollow force? What—based on those indicators, how—as we go forward with sequestration, how close are we to a hollow force? And when does that risk become grave?

General CAMPBELL. Thank you, ma'am.

As you know, for a hollow force, we really look at three components: end strength, modernization, and then readiness. As you noted Task Force Smith, after Korea—after every conflict, we continue to bring our Armed Forces down. The difference today is that we live probably in the most dangerous times of our life, we are in a continued fight for the next couple of years, and, as we're trying to bring down that force, we've got to continue to supply that force.

So, we have to balance both modernization, which we're not able to do, with sequestration, to the level that we think is required. End strength, as you know, we're already coming down 80,000 on the active side. At 490, based on the Defense guidance now, we believe that we can accomplish the missions that are required. But, with sequestration, we will definitely go below 490.

For the active and for the Guard and for the Reserve: For the Guard, we cut 8,000, but no end strength. For the Reserve, we cut 1,000, and no end strength. That was based off the Budget Control Act. Under sequestration, we'll have to go back to the National Guard and to the Reserve and take a proportional cut from those forces, as well.

So, when we get end strength, the modernization, and the readiness out of balance—you could have a very large end strength, but you can't modernize, you can't get them trained—then you become hollow.

Senator AYOTTE. Any other comments on that? [No response.]

Just so our colleagues understand, even beyond this committee, isn't that—this concept of a hollow force is a real, tangible risk of sequestration, that, if we follow through with this, we could end up in this position, given, right now, I think, the readiness of our forces; meaning we've fought valiantly in Iraq and Afghanistan, and they're phenomenal, but this is a real risk that we face if we continue on this.

Admiral FERGUSON. Senator, I would just add, there's one other element, for us, because we're a very capital-intensive service. We rely on our industrial base and the ability to create the new weapon systems, maintain our ships and aircraft. And that is an element, as well, in addition to the three that General Campbell mentioned that I agree with.

Senator AYOTTE. And, Admiral Ferguson, following up on that, where are we with our fleet size? You know, we've said that we need, I believe, 306, is it, as a fleet size for the Nation to meet all

of the requirements of our strategic guidance for the Nation and for, obviously, our shift to the Asia Pacific region. So, where are we now with that, with sequestration? And where does our fleet end up if we continue with these cuts, going forward, over the—not only the fiscal yearDP, but going over to the 10-year period?

Admiral FERGUSON. Well, Senator, I think, if you—when we submit our 30-year shipbuilding plan with this budget, you'll see that we project to be at approximately 300 ships by 2019, is what our current projections are, assuming that level of funding. With sequestration, that number will have to come down to keep the readiness of the force in balance so that the ships we have are ready. And we see that number, you know, in the fiscal yearDP period, falling to about 260, I would believe; and then, over the long term, the fleet size would decrease even smaller than that.

Senator AYOTTE. Previously, I had heard that number of—if we keep going over the—to the 10-year period, that it could get down to 230–235. Is that true, Admiral?

Admiral FERGUSON. That is a correct number, yes, ma'am.

Senator AYOTTE. Thank you for that.

I also wanted to understand, in thinking about the *Virginia*-class submarine program—first of all, how is that program performing, operationally?

Admiral FERGUSON. The *Virginia* class is performing extraordinarily well, operationally. It's very stealthy, it's valuable, it contributes across a whole range of joint force missions. We're very happy with it. In terms of production, it's coming in on its cost targets, and it's even being produced ahead of schedule by the builders. So we're—

Senator AYOTTE. How often can we say that around here? You know? That's great.

And what percentage right now of combatant commander requirements for attack submarines was the Navy able to support in fiscal year 2012?

Admiral FERGUSON. We're meeting 100 percent of what the Joint Staff adjudicates. But, of the actual combatant commander requests, it's about half of those, about 50—

Senator AYOTTE. So, half of what our combatant commanders ask for support from the attack submarines?

Admiral FERGUSON. That's correct.

Senator AYOTTE. And obviously, if our fleet were to go down substantially, that would be even a more diminished number, based on what they think they need in the field.

Admiral FERGUSON. That's correct, Senator.

Senator AYOTTE. And how important is it that we go forward with the *Virginia* payload module as it is now—

Admiral FERGUSON. Well, as you—

Senator AYOTTE.—to the attack submarine fleet?

Admiral FERGUSON.—as you look at our force structure, we are—the SSGN fleet will reach the end of its service life. And so, we're investing in the RDT&E project to add a *Virginia*-payload module, which would give us a strike capability from that vessel. We're targeting the Block 5 buy to finish the design work to make the decision to install it. But, we think it's important to replace that strike capability from the submarine force.

Senator AYOTTE. Thank you.

General Campbell and General Paxton—so, at this point, as we're reducing the size of our forces—you talked about, General Campbell, us going to 490 with an 80,000 reduction in the Army. Are we in a place where we have to do any involuntary separations? And, as we move forward and we have to make—if we continue with the sequestration and have to make further reductions to our forces, will there have to be involuntary separations, which, of course, so people understand, we're—we would be issuing these, sometimes, to individuals who have served multiple tours, who have done what we've asked of them, and then, here we are, saying, you know, "We'd like you to go."

So, General, can you tell us what the possibility of that is?

General CAMPBELL. Yes, ma'am. For the 80,000 decrease we're going through right now, we really worked hard to get the personnel policies to make sure we could take care of all of our soldiers and families, working most of that reduction by regular attrition, but we will have to take down involuntary separations for colonels and for lieutenant colonels. We'll try to keep that number low. At some point, we'll probably have to go to the captain level and reduce some of our captains, as well. So, these could be young captains that served two or three, maybe multiple tours, either in Afghanistan and/or Iraq. We are working that very hard with our leadership. We will be very compassionate. But, again, that's 80,000. We will have to do some involuntary separation. We will have to do a lot more of those through sequestration.

General PAXTON. Yeah, thank you, Senator Ayotte.

Much in line with the Army, we have a planned reduction. As you know, with the—after September 11, the Marine Corps went from about 185 or 186 up to 202,000. We're on our way down to 186 now. We thought, prior to sequestration, and certainly in the immediate aftermath, that we may have to go down to about 182,000. So—General Amos has articulated that in his testimony. So, we have a drawdown plan, if you will, to get from 202 to 186 and perhaps to 182.

Right now, our cohorts that have come in through entry level are leaving, probably, at about the 3,500 to 5,000 a year. We can manage that over the handful of the next couple of years.

It's obvious that recruiting and retention at the entry level will not be sufficient. We have to grade-shape the force. This past year, for the first time in many years, we did do selective early retirements. So, at the lieutenant-colonel-to-colonel and major-to-lieutenant-colonel level, those who had been looked at and not selected, we did do some selective early retirements. Very modest number, but we've—we predict that we will probably have to do that again.

We—as you know, we're about 65 percent first-term. So, most of the marines are under the age of 25. So, it becomes important, then, as we do what General Campbell said, which is to balance our readiness and our modernization, that we're going to have to grade-shape those who are there. Many have stayed and served most admirably in Iraq and Afghanistan, but, at some point, some of the ones—whether they're a master gunnery sergeant, sergeant major or a lieutenant colonel/colonel, we just won't be able to keep them around.

Senator AYOTTE. Thank you all for being here.

Senator SHAHEEN. Thank you.

Senator Donnelly.

Senator DONNELLY. Thank you, Madam Chair.

And thank all of you for your efforts.

One of the areas we've been working on is the tragedy of suicide in our military. And I would like to thank each of the services and the Veterans Administration for recognizing the damage that this causes. And currently our mental health system relies on the servicemember's or veteran's willingness to self-report. The backup to the system is relying on peers and coworkers and—to make judgment calls as to the mental health of the servicemember.

Suicide mental health is often considered a personnel issue, but I also consider it to be a readiness issue. And this is something, when we looked—it breaks your heart that more committed suicide than were killed in Afghanistan last year. We don't want to lose anybody at any time, but you think of that figure, and it is staggering. And as we try to solve this problem—to each of you—what do you see as the leading cause of this within the military?

Admiral FERGUSON. Well, Senator, we've done a lot of work on that recently. We appointed a task force, headed by a two-star, that really looked at the Navy issues, followed on the work of the Army and the other services.

Senator DONNELLY. And, by the way, I just want to mention, very quickly, General Chiarelli, was formerly Vice Chief, has done an extraordinary job working on this. It is his passion, I know that.

Admiral FERGUSON. Yeah. What we're seeing, it's—they're not service- or Navy-unique. It's relationship problems, psychiatric history, discipline, legal problems, and physical health. We don't see a tie, in the Navy cases, to OPTEMPO, and we actually don't see a generational divide, in terms of millennials being more susceptible than other generations. They're actually not. They're bringing our rates down.

We see the main risk factors of those that lose a feeling of belonging—to an organization or to a family. They feel overwhelming hopelessness, and they've overcome the fear of hurting themselves, to make the pain that they're experiencing go away. And so, we think we have to address those factors as we go forward. That's what we see as the causes.

General CAMPBELL. Senator, I'd just echo that, as well. And we, a couple of weeks ago, started our Ready and Resilient Campaign. Really, we have to look at it from a cultural change in the Army, on suicides. It is about education. You're absolutely right. It is all about readiness, and we have to make that tie. We have to continue to work to make sure that people understand the trends that we see out there; the same ones that the Navy just talked about are the same ones that we see.

This is not a service issue, this is a national issue. And if you take a look at our Nation, I think it's one every 14 or 18 minutes, somebody commits suicide in our Nation. If you take a look at the services and look at that population of young men and women in the 17 to 24–25, we're probably commensurate with the rest of the Nation.

But, it is a national problem. We all have to work together to get the mental health professionals, be able to afford that, get them down to the lowest level. And I think, for the Army, we continue to work that very hard. General Chiarelli has led that force. He continues to do that in the civilian world now. And I'd—I will champion that for the Army, as well as the Secretary and the Chief, on health of the force.

But, financial—we have not really seen that it's deployments/not-deployments. It's about 50–50. There are people that have come into the service, I think, that have stressors already, and they come in, and they lose a sense of belonging. And we have to just continue to work that from the lowest levels. It's about knowing every single soldier, and it's—it is a command responsibility. We just have to get back into knowing everything we can about every single soldier, about their family. And I think, you know, leadership will get us through this.

General PAXTON. I was going to add, Senator—thank you—that I agree with, obviously, my two colleagues here, and I think all the services have, not only service-unique, but a lot of the shared ideas and a lot of shared data about campaign plans on how to tackle this. It is about small-unit leadership. It's about some intrusive leadership and really getting to know your marines—your soldiers, sailors, and your marines.

And, I think, germane to today's testimony, in the issue of sequester and fiscal resources, I know, in the specific case of the Marine Corps, and, I believe, all the Services, we're committed to apply resources—fiscal resources to keep these programs alive. Because, for us, this is all about the most important thing, which is that individual soldier, sailor, airman, and marine, and the actual Americans that go out and execute these hard missions.

Senator DONNELLY. We are working on legislation to integrate annual mental health assessments into the servicemembers' overall health assessment. As you said, almost bringing it down to knowing your marines, knowing your airmen, your sailors, and your soldiers, and would appreciate it very much if, in the process of this, we can lean on you for your recommendations and for your advice in this process.

I just want to switch, very quickly, to the National Guard. And we just had a situation where a number of our Indiana Army National Guard groups were off-ramped with 6 weeks to go before they were to be deployed. It's been extraordinarily difficult on their families—on the soldiers, but also on the families, as well. And we were just wondering, when the Army off-ramps a National Guard unit and, you know, moves it to the bottom of the patch chart, what does this do to the unit's readiness?

General? General Campbell?

General CAMPBELL. Yes, sir, thanks for your question, sir.

As you know, both Active and National Guard and Reserve soldiers are being off-ramped. And, as the President announced a while back, we're going to cut 34,000 in Afghanistan, so we really depend on CENTCOM and ISAF to provide us where they want to take those soldiers, those units out, and then we continue to work that piece. So, it is a—it is something that we do not want to do, especially to the National Guard, because of the unique nature that

they have to be able to get ready. We try to do that and give them as much notice as we can. We try to work that at least 180 days out. In the case we're referring to, I know we did not do that, and that was compounded by a year or two ago, as we came out of Iraq very quickly, we had to off-ramp some units. And when we came out of Iraq, we were able to put some folks in Kuwait, we were able to transfer some folks into Afghanistan. At this point in time, we're not able to do that.

And, as we took a look at the severity of the budget impacts, we had to look everywhere we could. And we were able to use an Active component, as opposed to National Guard in this case, and it saved us upwards of \$80-plus-million to be able to do that. We understood the impact that that would have on the National Guard. It was a very, very tough decision. But, again, we're making those decisions, taking everything into consideration. Both the Active, the Reserve, and National Guard have—

Senator DONNELLY. You know, on such a short notice, 60 days out—I know that has been changed to make it 120 days now—but, to those soldiers who in—who it did happen to, how do you ever—what do you say to them to convince them they are still considered a partner and a teammate in this effort?

General CAMPBELL. Sir, as on the suicide piece, you know, leadership can make anything happen, here. And you've got to get down to small-level unit, you've got to talk to them about how important they really are. This was a timing issue. This is nothing against National Guard, verse Indiana, verse another State, verse Active. It was all about timing. And I think that the leadership needs to grab those soldiers, sit them down, tell them we appreciate what they've been doing for the past year and a half to get ready to go, and that we need them to continue to stay ready. And the next time that they are asked to go, that they will be ready, and that they have value—that we value their service. And—you know, but it's hard for me to do it up here. I need that leadership, down on the ground level, to grab them, look them in the eyes and talk about that. And again, we have to do that across the force.

Senator DONNELLY. Thank you all for your service.

General CAMPBELL. Thank you, sir.

Senator SHAHEEN. Thank you, Senator Donnelly.

Senator Kaine.

Senator KAINE. Thank you all for being here today.

One of the things that I've been doing to climb the learning curve as the new guy is—on this committee and in the Senate—is, during recess weeks, traveling around to installations around Virginia. And I've been to, let's see, Belvoir and Lee, and at Oceania and Norfolk Naval Base, Quantico, Langley, Guard armories, VA hospitals, military contractors—to just kind of climb the learning curve. And, you know, one of the things I think we've said about sequester, for example, is that the warfighter is exempt. You know, we're protecting warfighting. And obviously that means that—the operations in Afghanistan or—and elsewhere. But, it does seem, as I travel around to the installations and I found out what the actual effect is, that it's a pretty thin line. I mean, I think we need to say we're protecting the warfighter, and we are, if you define it pretty

narrowly, but some of the things that we're allowing to degrade have a pretty direct effect on warfighting.

So, for example, I mean, each of you—each of your service branches makes extensive use of civilians for very important and critical missions. Am I right about that? And you use them in different ways, and you have different strategies about how to manage things, like furloughs. But, I mean, the—you know, a civilian could be an—you know, a nurse at an Army hospital at Fort Belvoir that's taking care of warfighters, that are in a Wounded Warrior Brigade, or it could be a maintainer of F-22s at Langley, you know, that are pretty critical. So, the fact that it's—"Oh, it's just civilians," I mean, this is pretty critically related to the warfighting mission.

The effect on contracting and capital—you mentioned, Admiral, you're pretty capital heavy, on the Navy side, and the shipyards in Virginia, the shipyards in New Hampshire and Maine, and these are directly connected to our ability to forward-deploy force. And when maintenance or other things, you know, gets delayed, or we decide not to deploy the Truman or something, I mean, it has a direct impact upon the support for warfighting missions.

And I was wondering about this, General. You referred briefly to the embassy security, which, you know, we know, in the aftermath of Benghazi, how important that is. I visited the marine security guard Training facility at Quantico, and you're in a phase-up there. You're both doing a—you know, physical infrastructure phase-up, with a mock embassy, you know, compound. But, you're supposed to significantly increase the number of marine security guards that you're training. Is that a warfighting mission that's protected from sequester, or is that something that's subject to sequester?

General PAXTON. No, sir. In the short term, it's not—it is protected, because it's the next-to-deployer. So, we will take a look at those classes of watch-standers and those classes of NCOs that are going through, and we will pull them out of—you know, they—most of them have probably done two, three deployments—Afghanistan or Iraq; they've just recently reenlisted, or are about to; probably a corporal at the 4- or 5-year mark. So, that's the talent pool that will go to the school. So, we will ask the commands, as they look at reenlistment stuff, to send that talent to Quantico, and we'll keep the next couple of classes going.

So, in the short term, it is protected. In the long term, you're absolutely right, it's like everything else. What—we want to increase the number of marine security guards out there. We have a master plan with the State Department, where I think we have 13 that are projected to grow, and four of which we will source by the end of this calendar year.

But, there's a larger appetite there, a larger requirement, for both consulates that have not been protected or embassies that need additional protection, that we are—we feel obliged to support, that we are ready to support, operationally, but it's going to require extra end strength; or, if we take the end strength out of existing end strength, as we have on hand now, then those are other missions that we have not—that we may not be able to do.

So, this is—it's an ongoing discussion. It's part of the initiative that the Congress asked us to take a look at, and they're working

with the State Department. But, we're going to have to carve out our way ahead, in any set of circumstances, and now it's aggravated by sequestration.

Senator KAINE. The Accountability Review Board, in the aftermath of Benghazi, suggested not only that the Marines bulk up, but that the Foreign Affairs security training also bulk up, on the State Department side. The State Department had proposed, or were pursuing, that recommendation to do a significant coordinated training center. They had an EIS out, they were about to make an announcement, this month, of that, down at Fort Pickett, and they've pulled that back in and said that we're going to have to delay doing this. And again, the sequester effect, either on your side or on the—you know, we may be protecting the warfighter, but if we're not doing the—all the things we need to do to—with dispatch about embassy security—we know that's a vulnerability; we've been made painfully aware of it—

General PAXTON. And we're—continue to look at it, Senator. We have a good model. We can predict the number of people we need. We can predict the facilities that we need. We can predict the training pipeline and everything. So, now it's a matter of the resources. And, consequently, when you get to the resource piece and sequestration is in effect, how you fund that and how you take care of that is going to be—

Senator KAINE. How much of the readiness in each of your divisions is related to the issue of the retrograding of equipment back from Afghanistan and then, you know, refurbishing and reusing that equipment? And, to the extent that there's, you know, delays or that that's a challenge, how does that affect the readiness issue?

General CAMPBELL. Sir, I think it's going to be—it's going to be huge. You know, for the Army, we have about 80 percent of the equipment over there. It's about \$28 billion worth of equipment. We need about \$22 billion back here to make sure that we can maintain readiness for our Army in the future. And it's a little bit more difficult than Iraq. In Iraq, as you know, we could drive it out. We had Kuwait as sort of a catcher's mitt. Afghanistan, landlocked, the problems we have with Pakistan—we developed some routes through the Northern Distribution Network—will help. We're flying a lot more out, so that's much more expensive. But, the equipment that we have here, we can—that we have there, we cannot afford to just leave it there and then buy new equipment. We just can't do that. So, we need \$22 billion worth of equipment out of Afghanistan, here in the next 18 or so months. So, I'm very concerned about that. But, we need that for the readiness of our Army to continue in the future.

Senator KAINE. And just to kind of cross X or go a little farther, so you need to have 22 billion of that back. And then you've factored in—because it's been there and been in use. I mean, it's not just about getting it back and then you can immediately use it. You've got to get it back, you have to then put some investments into making it, you know—

General CAMPBELL. Yes, sir.

Senator KAINE.—suitable for the next deployment. And, to the extent that we're delayed getting it back or the dollars for the investments are not there or it's delayed—you know, you're—

General CAMPBELL. Sir, we've been very consistent, the last 3 or 4 years, that we need 3 years of OCO money after the last piece of equipment's out of Afghanistan. Three years.

Senator Kaine. And that's largely around the equipment issue?

General CAMPBELL. It's around the equipment, yes, sir.

Senator Kaine. General Paxton, were you going to—

General PAXTON. Yes, sir. And Army and the Marine Corps have been pretty much in step on this, sir. So, it is 3 years from the time the last individual last piece of equipment comes out of Afghanistan. That's about the time we estimate that it'll take to reset. The Marine bill is about \$3.2 billion right now, sir. And we also have indicated that, because we have so much of our—so many of our equipment sets in Afghanistan, as well, that, with the sequestration, that'll mean less equipment to do home-station lane training with here. If the depots are adversely impacted with sequestration, it's a slower rebuild and restoration of the equipment that comes back. And a real issue to the committee and to the Congress is, we have pledged to rebalance to the Pacific, in line with the Defense strategic guidance, and we think that that—the rebalance to the Pacific will now be delayed beyond 2017, unless we get all the equipment out and then can maintain all the equipment.

Senator Kaine. Thank you.

Thank you, Madam Chair.

Senator SHAHEEN. Thank you.

Senator McCaskill.

Senator McCaskill. Thank you.

Thank you all for being here, and thank you for the work that you have done and others have done along with my colleagues on the Armed Services Committee, some of whom are here today, on our effort at getting at—after sexual assault in the military.

But, today I want to talk about DCGS, the system. As you all know, DCGS is a—about a 15-year project from concept to today, around \$4 billion. And the idea was, we were going to integrate hardware and software, and take all the decision items and put them in a package that would make it interoperable platforms in each branch, be able to do everything from intelligence, communication, to weather, all in one package with a bow around it.

Your lab, last year, General Campbell, said that it was not operationally effective, not operationally suitable, and not survivable. Their words. In spite of that report—its strongest—by the way, the strongest criticism was around the intelligence capability, on top secret, which obviously is incredibly important to our fighters, that they know what we know about what danger there is in any environment they're in, based on our intelligence. We're spending an awful lot of money on intelligence, and the notion that we've spent this kind of money on this system, and we can't get that intelligence information to them in an effective way is, frankly, unacceptable.

What really worries me is that AT&L went ahead and approved it, in December, for full deployment, calling it Release 1. And obviously, a budget justification for this was—for DCGS—was operating a networked environment at multiple security levels. I'm disturbed, confused as to how this could be deployed at this point. There's 270 million in the budget for 2014 for more money for

DCGS. And I—it has been reported, and I have personal awareness from folks, that units have filed urgent needs—the ones who have gotten DCGS have filed urgent needs—these are warfighters—saying, “Please give us this different program that has additional capability,” and the Army has resisted that.

If we—if there is program out there that is off-the-shelf and has this capability, in light of these programs and problems, shouldn’t we be offering that to our units that are asking for it, who have used it and said, “This is what we need right now”?

General CAMPBELL. Yes, ma’am. I mean, I’ve been a beneficiary of the ONS, of rapid equipping fielding, as a division commander, as a brigade commander, and as a deputy division commander in both Iraq and Afghanistan. And the ability to grab a piece of equipment off the shelf, provide that to the warfighter, is critical. So, I’ve been a beneficiary; it has saved lives.

In the particular case you’re talking about, on DCGS, on the TS, or the top-secret piece, that’s a very, very small percentage of the capability of DCGS. I want to say less than 10 percent. And so, having seen DCGS in combat myself as a commander, although I didn’t make that decision with AT&L, I would support that, 100 percent.

The system you’re talking about, I believe, is Palantir. DCGS takes over 500 feeds, as a system of systems, to be able to integrate the intel and fuse that. Palantir is just a complementary piece of it. It is a easy-to-read piece. If you’re down at a small combat operating post and you just need a localized area, if you hook Palantir into DCGS, that’ll give the young soldier on the ground a better picture, it will help him out, but he may be missing a lot of the intel feeds that DCGS would get him. So, if they use that by itself, you’re going to put more people at risk. And I’m telling you that, from my experience on the ground, that is the case.

My son is a soldier in the 82nd. He’s a specialist. He deployed to Afghanistan. He was one of the units that asked for DCGS—or his brigade did, not him, himself. All the units that have asked for Palantir, which is a complementary piece that fits into DCGS, the Army has been able to give that to them, and the training, for the most part. The ones that they did not—I believe there’s about three units—there was an exception why they didn’t, that either they didn’t have enough time in country to get the training, they were in an area that it would not work, and then one I think a request was put in, and, again, they just couldn’t get the equipment to them in time. But, all the units that asked for that, both the Secretary and the Chief wanted to make sure, if it was out there, we’re going to give that to them, and we’ll continue to work that piece of it.

So, I’m a believe in DCGS. I’m a believer that Palantir and DCGS, if they continue to work together, that they can make that system more effective. But, Palantir is a very, very small part of DCGS. It does—you can’t even compare the two; it’s like apples and oranges.

Senator MCCASKILL. Well, I’m—you know, I’m not here to push anything.

General CAMPBELL. Right.

Senator MCCASKILL. I'm here to get to the bottom of whether or not we should have a system that has been deployed without full capability after we spent \$4 billion.

General CAMPBELL. Ma'am, DCGS has saved lives. I mean, that's—

Senator MCCASKILL. Well, I—I'm all for that, but I still want it to work and do everything that the budget justification said it would do.

General CAMPBELL. Absolutely.

Senator MCCASKILL. And, frankly, that intelligence piece that it's missing right now would also save lives.

General CAMPBELL. It would.

Senator MCCASKILL. And so, that's what I'm focused on, is, How do we get to that place? And what is the—what's it going to cost to get to that place? And what is the problem? And is—was it a good idea for it to be pushed forward in December, even after the finding by your own lab that it was a problem?

General CAMPBELL. Ma'am, I believe it was a good decision. Again the top-secret piece is a very small piece. That's about a year-old data. And most of those corrections have been made to that system. And I think we deploy a lot of systems into combat that we can incrementally improve, and we learn as they're in country, and we apply lessons learned, and we continue to add to that. If we didn't do that, we'd have people asking for stuff over there. And if wait for the 100-percent perfect solution, you know, we'd put more lives at risk. So, I'm—

Senator MCCASKILL. Is the intelligence piece fixed now?

General CAMPBELL. Ma'am, I don't have the exact answer of the particular problem you're talking about. I know we've done a lot of improvements on that. I can get somebody to come back and talk to you—

Senator MCCASKILL. That'd be great.

General CAMPBELL.—specifically on the top-secret piece—

Senator MCCASKILL. That'd be great. And I'd love to learn more—we've had a little difficulty on this one. I wrote to Odierno and McHugh about it. But, I'd really like to know about the integration and how the other systems—regardless of what it is, are there other systems off-the-shelf that can complement, in a way that's less expensive than going back and doing some reconfiguration of DCGS? Because, I mean, here's—the good news and the bad news is, after 6 years of this, you guys are given a job, you figure out how to do it. You just do.

General CAMPBELL. Ma'am, we'll get the folks over—

Senator MCCASKILL. That's—

General CAMPBELL.—to come—

Senator McCaskill:—that's what the military does. On the other hand, you are so good at getting the job done, it's very hard sometimes for you guys to say, you know, "Maybe we need to stop here and not go further with this, because maybe we're not going to get it where it needs to be in a cost-effective way." I—in a way, I'm glad that happens, because that just means everybody has such a determination to get something done that we start, that no one wants to stop. And I want to make sure that we're not so wedded

to DCGS, that's been very expensive, that we're not complementing with whatever is available off-the-shelf.

General CAMPBELL. Yes, ma'am. No, we're with you, ma'am. And—

Senator McCASKILL. Okay.

General CAMPBELL.—I'll make sure we get the right folks here—

Senator McCASKILL. Okay.

General CAMPBELL.—to give you a more in-detail depth of it.

Senator McCASKILL. Thank you all for your service.

Senator SHAHEEN. General, if you could also share that with the rest of the subcommittee, we would appreciate that.

[The information referred to follows:]

[SUBCOMMITTEE INSERT]

General CAMPBELL. Yes, ma'am.

Senator SHAHEEN. I want to follow up—we're going to do at least one more round. I have some additional questions. I'm sure that others here do, as well. But, I want to follow up on the issue that Senator Kaine was raising about furloughs, because—General Campbell, I was struck, in your testimony, when you talk about canceling the majority of depot maintenance, that—for third and fourth quarters—that that will result in the termination of an estimated 5,000 employees and a—not only a delay in equipment readiness for six divisions, but also an estimated \$3.36 billion impact to the surrounding communities. Now, given what everyone has said about the potential for furloughs and—I'm assuming that we can multiply that impact across the services and see that that will have a significant impact on the civilians that we count on to keep our forces ready and also the communities in which they work. I know it's an issue at the Portsmouth Naval Shipyard, because I've heard from shipyard workers there.

So, I wonder if you all could talk about any mitigation plans that you have in place to prevent the furlough of civilian workers, and how hopeful you are that those will be successful.

General CAMPBELL. I'll go first, ma'am. Again, we value our great civilians; I know all the services do. We could not do what we do every single day without their great support. And I understand the uncertainty, the stress of furlough/no-furlough, 21 days, 14 days, will put on them and their families. And I would hope that we wouldn't have to put them through there—through that.

For the Army—and I think it's different for each service, but for the Army, our biggest issue—we have a huge, huge hole, and it comes from our OCO piece, and it's about 2.8 billion after—if we get all the reprogramming that we think we may get. So, if you look at a \$2.8-billion hole that we do not know how we're going to fill, and then you rank-order everything out there and kind of create a one-to-end list, and furloughs is on there, and you take a look and prioritize, again, to the warfight, to Korea, to global response force, where furloughs comes, and it's below providing to the warfight. And we just have to rack and stack that way.

Out of our O&M account, it's a little over 500—about \$530 million for the Army. There's some RDA piece here, based on some other furloughs, that take it up into the neighborhood 700-plus million for the Army. So, if we were to buy back \$700 million on fur-

loughs, we would, again, eat up \$700 million of readiness, potentially for next deployers going into Afghanistan, because that's why the Army really is looking at that very hard. We're working through the service secretaries, through the Joint Staff at the OSD. This is not a place we want to go, but it's a place that we really have to look hard at, based on the prioritization of everything else we have out there.

Senator SHAHEEN. Well, based on some of the testimony, are you not concerned, all of you, that, in the short term, the savings from those furloughs are going to get added on in the long term because we're going to lose those skills and capabilities? And then, of course, the impact on maintenance from the equipment that's going—that's not going to get done? Is—have you costed out the long-term impact of that?

General CAMPBELL. Again, ma'am, we don't know what our budget is for 2014, as was discussed earlier by General Spencer, but we have, we've looked at all that. And again, we have—it's about prioritization, it's about risk. And so, we've taken a hard look at that. And, right now, the decision—there has not been a decision made. I think this will be a department-level decision, not a service decision. And we do realize and understand that morale, productivity, all those things will continue to go down. And it's not a decision that we'll take lightly.

Senator SHAHEEN. Thank you.

Admiral?

Admiral FERGUSON. Senator, I would say that we're—all of us are involved in a very productive dialogue with OSD on this issue. Secretary Hagel's made it clear that if we can do better, we will do better.

From our perspective, furloughs impact mission readiness. And it's especially critical in our shipyards. It is critical as we look at the nuclear repair work that's done on our submarines and our aircraft carriers. There's a cascading effect that takes place that will reduce operational availability of those forces in the future. And, second, if we attempt to recover later, that there's a higher cost through the use of overtime and other means, at that point, to try and recover it.

It directly affects several carrier availabilities in Norfolk Naval Shipyard, submarine work up at Portsmouth. And so, for us, you know, we recognize each service is in a different place, and we have to make—and we're compelled to consider the furloughs, because of the O&M reductions that we're seeing under sequestration. And so, you know, we're looking at a range of options because of the impact on readiness that we see.

Senator SHAHEEN. Are there other efforts that you all are undertaking, General Paxton, General Spencer?

General PAXTON. Senator, I think the other efforts—as General Campbell alluded to, this is—it's an issue of prioritization and rank order. And none of these are palatable—

Senator SHAHEEN. Right.

General PAXTON.—solutions. We would prefer not to do any of them. But, as you and Senator Ayotte brought up earlier, none of us, by our DNA—we're not in the business of saying no. So, we're going to, unfortunately, mortgage long-term readiness to guarantee

short-term readiness, because we really think that's what we're in the business to do for the Nation, to be ready if the balloon went up tomorrow, each service to a different degree.

Admiral Ferguson brought up a great point, that when you look at continuing resolutions, sequestration, and OCO, each of the four services is really in a unique place. We're not radically different, but the impacts of those three different fiscal constraints affect each service differently. So, you're not going to get a one-size-fits-all. And in the issue of furloughs, you won't get a one-size-fits all. And I think both the Chairman and the Secretary talked, yesterday, about the trade space they're trying to carve out between short-term fiscal gain, the long-term fiscal problem, and what's good for both the performance and sometimes good for the optics for the team. So, these are just tough decisions, ma'am.

Senator SHAHEEN. Thank you.

General Spencer?

General SPENCER. Senator, I really appreciate your question, because I think all the services are in a similar place, in that 80 to 90 percent of our civilians, you know, don't work in the Pentagon, they work out in the field. And I'm not sure everybody quite understands that.

And, as an example, at our training bases, where we train pilots to—for pilot training—at several of our bases—I'll just pick one: Laughlin Air Force Base, in Texas—100 percent of the maintenance on those airplanes is performed by civilians—Civil Service civilians. And so, if you talk about a furlough—I mean, that's a direct cut to the amount of airplanes they can provide and the amount of pilots we can train.

I think—and, on top of that, if you add onto that—you know, we've stopped overtime, as you know. We've got a hiring freeze on. So, it's really a bad problem. We all are in a little bit different place. But, I think, as Admiral Ferguson said, we are trying to work through this as best we can with OSD to see what is possible. We're at a point where, you know, we're looking at our checkbook, if you will, and we have, you know, flying hours, furlough, depots—you know, we're trying to balance all of that. And the issue is—and I don't, frankly, separate—I don't draw any distinction between Civil Service—we call them civilian airmen—I don't draw any distinction between civilian airmen and readiness, because it—they are so key to readiness.

And so, trying to balance all that is really pretty difficult and is something that we're fighting every day.

Senator SHAHEEN. Thank you.

Senator Ayotte.

Senator AYOTTE. Thank you very much.

I just wanted to follow up briefly, General Campbell, just to clarify one point that you made earlier. I think you said, at one point, the Army faces a \$2.8-billion shortfall in operations and maintenance funds without OCO for 2013. Is it actually 7.8 billion? I just want to make sure that we get all the—

General CAMPBELL. It's 7.8 right now. Yes, ma'am.

Senator AYOTTE. Okay.

General CAMPBELL. It's fluctuating a little bit. We're looking, hopefully, to maybe get some reprogramming, potentially at 5 bil-

lion. That would put it at 2.8. That's not guaranteed at all. So, 7.8 is really the OCO shortfall.

Senator AYOTTE. Okay. I just wanted to make sure. Thank you.

And, in fact, as we look at the—you know, the testimony—certainly, both of you, General Paxton and General Campbell, you've both testified that the Department will need 3 years of OCO funding post the last piece of equipment from Afghanistan. And one of the things that I worry about is that—I sit on other committees here, and there have been a lot of people trying to claim that OCO money for other purposes. And so, it may be news to some people around here, outside of the Armed Services Committee, that you're going to continue to need the OCO money for the reset, the 3 years.

So, is it clear, the 3—I assume that the 3-years reset requirement, that's been made clear to OSD. And so, just making sure that everyone here within the Congress understands that so that we don't try to designate that money for other purposes. This is absolutely critical to our readiness, not something we can skimp on or use for other purposes.

General CAMPBELL. Ma'am, I think we've been very consistent. I would tell you, I was a colonel, XO to the—our Chief of Staff, Pete Schoomaker, in 2003, 2004, 2005. And at that time, we were saying we needed OCO reset, 2 to 3 years. And as we've looked at it over the last several years, we've moved toward 3 years, as that equipment has been in country much longer than people may have thought, years ago.

We've been able to mitigate a lot of that, based on the great support we've had from this committee and Congress with the OCO, to reset in theater, reset back here. And as kind of—people think, as you bring down the number of forces, that the OCO should come down. If you take a look at Iraq, at the end of that, we came down very quickly. The price of bringing soldiers out increased.

We've closed all of the small combat op posts, all the—all of those. The ones we have left to do to get out by the end of 2014 are the big ones, the Bagrams, the Shanks, those type of things. And so, it's going to cost a lot more. We expect that has to come out of OCO. And what we're doing right now, because we already have an OCO shortfall, is, we're taking from our base to pay some of those bills, putting us farther into the hole.

But, 3 years OCO for reset, yes, ma'am.

Senator AYOTTE. Could I follow up, as well, on this OCO issue, going forward, with respect to the Navy and the Air Force? Because I understand, certainly, you have some of the same issues with OCO, as I understand it. So, if you could make sure that that's clear to all of us.

Admiral FERGUSON. If you look at our base budget submission, compared to the OCO submission, we require, absolutely, the OCO funds both to sustain operations forward as well as depot maintenance during depot maintenance requirements. So, about 20 percent of the depot maintenance on aircraft and ships is funded in OCO for us. So, we're absolutely dependent on it.

Senator AYOTTE. And, Admiral, as we think about winding down in Afghanistan—you know, obviously, but with what else is happening in the world—that 20 percent, is that something that we're going to have to incorporate in the base for the Navy, going for-

ward? Or is there a period of time—you know, we've heard, obviously, from the Marine Corps and the Army, the 3-year period.

Admiral FERGUSON. Right. We—we've been on a path to reduce our dependence on OCO for that enduring maintenance. And you've seen reductions in that from 2011 to 2013. We are going to need some period of transition, as we come out of Afghanistan, for us to make that migration, or an increase in the top line for the readiness accounts, for us to accommodate it.

General SPENCER. Senator, we're about in the same place as the Navy. We've got a lot of our weapons systems support, depot support, if you will, in OCO that would, at some point, have to roll to the base. We've also got about a 2- to 3-year—we think—about a 3-year period after the—after we draw down Afghanistan, for reset, as well.

Senator AYOTTE. Well, I appreciate—and that's certainly something we want to work with you on, because that is a core part of readiness. When we have a conflict, we're involved, you know, the OCO piece goes well beyond just the immediate conflict, because we have to reset. And, sir, I appreciate that and your giving us that.

And, you know, when you think about where we are right now—and I'm just going to ask you all a very straightforward question. What is it that most keeps you up at night with your responsibilities and the challenges you've faced?

General CAMPBELL. We have no certainty on where we're going with the budget. And, as we talked about earlier, you've got three of them out there. You're going to ask us which one we would give you prioritization on. It's hard for us to answer that. We've got great planners who'll continue to work it. As you said, it's not in our DNA. We're going to do the best we can. The problem we have is, we never say no. And, at some point, we're going to have to tell you, "We can't do that. We can't continue to do more with less," and—or else we're going to put soldiers, marines, airmen, sailors' lives at risk. And so, I'm worried that too many people here in Washington forget that we're in a fight.

Senator AYOTTE. Right.

General CAMPBELL. We're going to be there for several more years. And tonight there's 60,000 people—troops in Afghanistan that are in harm's way. And we can never forget that. And we can't forget the sacrifice of their families.

Senator AYOTTE. And also, less than 1 percent of our Nation defending—

General CAMPBELL. Yes, ma'am.

Senator AYOTTE.—defending the rest of us, gratefully. Thank you.

Admiral FERGUSON. I would echo that concern about the fiscal uncertainty. And for us, it's coupled with the extraordinarily high operational tempo that we're operating the fleet at. Over the last decade, we've decreased the fleet size by about 10 percent, while our deployed presence has been—remained about the same. We're seeing squadrons and ships spending an average of about 15 percent more days away from home per year than they did 10 years ago. And you're seeing deployment lengths go up, in terms of the average carrier. An amphibious-ready group will deploy, 7 to

8 months. Eisenhower came home, turned around and went back for an additional deployment. Several will go for 9 months. And our ballistic missile defense ships are at 9 months.

And so, this cumulative stress, with a very high OPTEMPO, fiscal uncertainty, and decreasing resources, you know, from my perspective, is the one that I spend the most time thinking about.

General PAXTON. Yeah, Senator Ayotte, three things, if I may.

First, on your previous question on the OCO, like—as with the Army, we’ve been fairly clear and consistent about the first 2 to 3, and now closer to 3 years, OCO after the closure of operations and activities in Afghanistan. But, I would just caution that that’s not time-driven, that’s event-driven.

So, you can actually finish something over there, and you can have the PAC GLOC closed for 15 months because of negotiations and movement of vehicles. And that will further delay things.

Senator AYOTTE. Right.

General PAXTON. So, we are obviously obligated, in terms of the way we do our fiscal planning in Washington, or the way we do our recruiting and training, to look at things in quarters and years, but it’s an event-driven issue instead of—

Senator AYOTTE. Obviously, we have a bilateral security agreement that has to be worked out—

General PAXTON. Right.

Senator AYOTTE.—and there are so many other contingencies, yeah.

General PAXTON. And then, in terms of, Senator, the things that keep me up at night, as General Campbell said, the unpredictability of the fiscal environment is one thing. It’s easy to get lulled into a sense that the only big thing we have going on is Afghanistan. And there’s a lot of unease and unrest and potential danger elsewhere around the world that you expect your soldiers, your sailors, your airmen, and your marines to be ready for. And, indeed, in the case of the Marine Corps, where we think, since 1950–1952, that’s our mandate. We’re supposed to be, with the Navy, most ready when the Nation’s least ready.

So, I worry that, at—if we continue to focus on Afghanistan, then the gradual and seemingly negligible, but obviously compounding-over-time impact on home station training and the readiness of the next-to-deploy units. If the balloon goes up and you’re relying on a home-surge capability, it’s not going to be there. And, unfortunately, the readiness—I worry less about a hollow force than I do about, particularly, broken units, and you won’t see it until it’s in the rearview mirror.

General SPENCER. Senator, along with my colleagues, I’m really concerned about the uncertainty of our budgets, going forward. But, that’s sort of a Pentagon worry, for me.

As I mentioned to you, I—you know, I haven’t always been a general. I started off as a E-1. And so, when I go visit a base, although we can’t visit that much anymore, we don’t have much money to travel, but I go right to those E-1s and E-2s and E-3s. I don’t want to talk to the colonels.

And if you visit a base that’s had a—one of their squadrons stood down, I mean, they look at us and say, “What in the world is going on? What are we doing?”

And I'm going to be very honest. I mean, everyone at this table could get out of the military and go make more money. But, we're here for one reason; it is those troops that are out there getting the mission done, and that's all they want to do. And, as you mentioned, only 1 percent of the public are even eligible to serve, and we—they don't deserve that. I mean, all they want to do is come in and serve. And they watch the news, and they know the threats as you—as well as you do. And we're going to—you know, if we get called to go do something, we want to go, trained, ready, we want the best equipment we can have, and we want to go over there and get the thing done and come back. That's all that troops want to do. And we owe it to them, I think, to make sure that we're doing everything we can to get them the training and the equipment that they need. That's what keeps me up at night.

Senator AYOTTE. Thank you.

Senator SHAHEEN. Thank you.

Senator Kaine.

Senator KAINE. General Spencer, just one question, real quick, to connect a couple of the points. And it really picks up on what you just said.

You know, you talked about the—your maintenance folks are all civilians in Texas, high number of civilians at Langley, in Virginia, this tiered readiness structure, where you're standing down combat wings. Without saying more than you should—I mean, I—we're doing a lot of contingency planning for things like Syria or North Korea or Iran right now, and I would be fair to assume that the Air Force has got pretty significant roles in all that contingency planning. And if any of those contingencies, or, God forbid, more than one, were to come to pass, there would be a pretty immediate need for an awful lot of Air Force activity that depends upon training and maintenance and folks being ready to roll right at the moment. Yeah, that's what keeps me up at night.

So, thanks. Thank you.

Senator SHAHEEN. Thank you, Senator Kaine.

I—apropos your comments, General Campbell, about, "At what point might we have to say no when the country comes and asks?"—one of the things that I'm not going to ask you all about, but I just want to put on for the record today, is, as you all know, we're changing over the system by which you report on readiness to this committee and to Congress. And I know there have been some challenges in getting that new system up and running. And I just think, given the comments that you and—all of you really have had, testifying about the readiness challenges, that it's incumbent on all of us to figure out how to get that reporting system done in a way that better reflects the real circumstances that you're experiencing so that Congress can better understand what's going on and, hopefully, be very responsive to that.

I just want to follow up with one more question about energy, because, as I said in my opening statement, it's one of the things that has significantly affected your budgets. And, while, over the last 10 years, there's not been much fluctuation in DOD's fuel consumption, there has been tremendous volatility in the price of—the cost of fuel. And so, I wonder if you all could talk about the link between readiness and fuel price volatility and how—what you think

is going to suffer in this budget because of the additional cost of fuel because of the increases.

Admiral FERGUSON, you want to begin?

Admiral FERGUSON. We're very, very dependent on fuel, and, you know, we're facing a bill, due to this recent price jump, of about 450 million that we have to resolve. A good rule of thumb for us is, every dollar change in the price of oil is 30 million to me in my readiness accounts. And so, it ends up we have to curtail existing operations, start to curtail some other base operating support, and move the money within the account to cover it. We're going to be relying on a reprogramming action, I think, to cover some of these costs this year for that. But, our—that's kind of our rule of thumb, when you see those dollar amounts change.

Senator SHAHEEN. Thank you.

General SPENCER. Senator, as you know, the Air Force uses the bulk of the fuel in the DOD. And we've done a lot of work in that area. Since 2006, we've reduced our requirement by about 12 percent, which is actually 2 percent ahead of where we thought we would be.

And to sort of put a dollar on that, if we were to pay for this same amount of fuel today that we did in 2006, we're paying, now, a billion and a half less, based on those efforts. So, we've really taken a—we've gone to these metrics—for example, large airplanes, the ton-mile-per-gallon. And I don't know if you've flown in a C-17 lately. I had that experience. I was up in the cockpit with the pilots, and a young—former C-17 pilot, here—and I was pleasantly surprised; as I was sitting there sort of looking around in the cockpit, they were talking to each other about optimum fuel load, optimum speed, optimum altitude to get the best fuel efficiency. So, it—it's becoming a culture. And so, we're really working hard at that.

The thing that bothers me about sequestration, frankly, is, we've got, like, 220 energy projects in our FSRM budget, or our installation support budget, that we can't get to now, because we've had to cut that account by about 50 percent, and we're only doing emergency repairs only. So, that's a problem. We aren't able to, now, fund a lot of those energy projects that we have.

Senator SHAHEEN. Thank you.

Any—General Campbell?

General CAMPBELL. Yes, ma'am. A lot of our fuel really is embedded in our OPTEMPO, and—but, I think we will see increase in costs for TRANSCOM or secondary destination transportation costs will come up that'll impact retrograde, as well.

But, at a different level, at the tactical level, the investment that we're making in the operational energy piece—and you talked a little bit about that—whether it's battery packs or solar panels we put on soldiers to decrease the weight by 40 percent by changing out—you know, 40 percent of the fuel we use in Afghanistan is in generators for the Army. And so, by investing in a different type generator, by putting a different type fuel cell in at different FOBs, I mean, we really reduce the fuel dependability on the soldiers there. So, I think, at that level, we've been doing a lot of great work there to help out, and we'll continue to work that very hard.

Senator SHAHEEN. Thank you.

General Paxton, do you want to add anything?

General PAXTON. Yes, ma'am. It's the same thing. Because you get—fuel benefits will be seen tactically, operationally, and strategically. I mean, you'll have—you'll be able to lift more people further distances if you have less load to carry. You'll be able to have less dependency on the internal lines of communication for the amount of fuel you need to support an operation, and then you'll have greater flexibility to move, strategically. So, we all pay attention to it at all three levels.

Senator SHAHEEN. Yeah. I think the story of what you all have done with addressing your fuel consumption is an amazing story that's really little known to the public, as a whole, and it really provides a great model for what—where I think the private sector is going. And they've figured out what you all have figured out, is that it's not just a cost to your bottom line, but there are other benefits, as well.

And so, I'm—I hope we're going to continue to tell that story, because I think it's very impressive.

So, thank you all. I don't have any further questions. Anyone else? [No response.]

Well, thank you very much for being here. We will continue this discussion and look forward to working with you.

The hearing's adjourned.

[Whereupon, at 4:21 p.m., the subcommittee adjourned.]