

Hearing of the Senate Armed Services Committee

Subject: Impact of the Budget Control Act of 2011 and Sequestration on National Security

Participants: Senator John McCain (R-AZ)

Witnesses: Army Chief of Staff Gen. Raymond Odierno; Navy Chief of Staff Adm. Jonathan Greenert; Air Force Chief of Staff Gen. Mark Welsh III; and Commandant of the Marine Corps Gen. Joseph Dunford Jr. testify

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MCCAIN: Spectators who are here to observe the hearing today, do observe the courtesy of allowing us to hear from the witnesses and for the hearing to proceed.

And, of course, if you decide to disrupt the hearing, as you usually do, we will have to pause until you are removed.

I don't see what the point is, but I would ask your courtesy to the witnesses and to the committee, and to your fellow citizens, who are very interested in hearing what our distinguished panelists have to say, who have served our country with honor and distinction, and I hope you would respect that.

So, we'll move forward. The Senate Armed Services Committee meets today to receive testimony on the impacts of the Budget Control Act and sequestration on U.S. national security. I'm grateful to our witnesses, not only for appearing before us today, but also for their many decades of distinguished service to our country in uniform.

I also appreciate their sincere and earnest attempts over many years to warn the Congress and the American people of what is happening to their services, the brave men and women they represent and our national security, if we do not roll back sequestration and return to a strategy-based budget.

We look forward to their candid testimony on this subject today. Such warnings from our senior military and national security leaders have become frustratingly familiar to many of us, despite an accumulating array of complex threats to our national interests, a number of which arose after our current 2012 strategy was developed and then adjusted in the 2014 QDR.

We are on track now to cut \$1 trillion from America's defense budget by the year 2021. And while the Ryan-Murray budget agreement of 2013 provided some welcome relief from the mindlessness of sequestration, that relief was partial, temporary, and ultimately did little to provide the kind of fiscal certainty that our military needs to plan for the future and make longer term investments for our national defense.

And yet, here we go again. If we in Congress don't act, sequestration will return in full in fiscal year 2016, setting our military on a far more dangerous course.

Why should we do this to ourselves now? Just consider what has happened in the world in just this past year. Russia launched the first cross-border invasion of another country on the European continent in seven decades.

A terrorist army with tens of thousands of fighters, ISIS, has taken over a swath of territory that size of Indiana in the Middle East. We're now on track to having nearly 3,000 U.S. troops back in Iraq, and we're flying hundreds of airstrikes a month against ISIS in Iraq and Syria.

Yemen is on the verge of collapse, as an Iranian-backed insurgency has swept into Sanaa. And Al Qaida continues to use the country's ungoverned spaces to plan attacks against the West.

China has increased its aggressive challenge to America and our allies in the Asia-Pacific region, where geopolitical tensions and the potential for miscalculations are high.

And, of course, just last month, North Korea carried off the most brazen cyber attack ever on U.S. territory.

Let's be clear: If we continue with these arbitrary defense cuts, we will harm our military's ability to keep us safe, our Army and Marine Corps will be too small, our Air Force will have too few aircraft, and many of those will be too old. Our Navy will have too few ships. Our soldiers, sailors, airmen and Marines will not get the training or equipment they need, and it will become increasingly difficult for them to respond to any of a number of contingencies that could threaten our national interests around the world. We've heard all of this from our top military commanders before. Yet, there are still those that say never fear. The sky didn't fall under sequestration. What a tragically low standard for evaluating the wisdom of government policy.

The impacts of sequestration will not always be immediate or obvious, but the sky doesn't need to fall for military readiness to be eroded, for military capabilities to atrophy or for critical investments in maintaining American military superiority to be delayed, cut or canceled.

These will be the results of sequestration's quiet and cumulative disruptions that are every bit as dangerous as our -- for our national security.

I will say candidly that it is deeply frustrating that a hearing of this kind is still necessary. It's frustrating because of what Dr. Ash Carter, President Obama's nominee for secretary of defense, said before this committee two years ago, and I quote Dr. Carter: "What is particularly tragic is that sequestration is not a result of an economic emergency or a recession. It's not because discretionary spending cuts are the answer to our nation's final challenge. Do the math.

"It's not in reaction to a change to a more peaceful world. It's not due to a breakthrough in military technology or a new strategic insight. It's not because passive revenue growth and entitlement spending have been explored and exhausted. It's purely the collateral damage of political gridlock."

I would also like to echo what General James Mattis told this committee yesterday, quote, "No foe in the field can wreak such havoc on our security that mindless sequestration is achieving."

America's national defense can no longer be held hostage to domestic political disputes totally separated from the reality of the threats we face. More than three years after the passage of the Budget Control Act, it's time to put an end to this senseless policy, do away with budget-driven strategy, and return to a strategy-driven budget. Our troops and the nation they defend deserve -- deserve no less.

Senator Reed?

REED: Well, thank you very much, Mr. Chairman. Thank you for calling this very important hearing and for your very timely and insightful remarks.

I'd also like to welcome our witnesses and thank these gentlemen for their extraordinary service to the nation and to the soldiers, sailors, Marines and airmen that they every day represent and lead. Thank you.

This hearing takes place as the administration and Congress continue to wrestle with two intersecting policy problems and our debate on how to solve them. Because of sequester, we have a strategic problem, which Senator McCain has illustrated very well. Every senior civilian and military leader in the Department of Defense has told us that if defense budgets continue to be capped at sequestration levels, we will likely not be able to meet the national defense strategy without an unacceptable level of risk.

As Senator McCain has indicated, we face a variety of new and continuing threats around the world, from the Ukraine to Syria to Yemen and beyond. If we don't address the problem of sequestration, we will severely limit the range of available military options to address these threats and protect our national

interest.

For the last three years, in numerous rounds of congressional hearings and testimony, our witnesses have described the increased strategic risk and damaging impact of Budget Control Act top-line caps and sequestration restrictions on military readiness, modernization and the welfare of our servicemembers and their families. And I'm sure that we will hear a similar message today.

Compromise and difficult choices are reacquired to provide sequestration relief at the Department of Defense and for other critical national priorities, including public safety, infrastructure, health and education.

Mr. Chairman, I know you are committed to working with our Budget Committee to find a way to work through these challenges, and I am eager to help in this effort. In the meantime, I look forward to the testimony of our witnesses.

Thank you.

MCCAIN: Thank you, Senator Reed.

Just for a moment, since a quorum is now present, I ask the committee to consider a list of 41 pending military nominations. All of these nominations have been before the committee the required length of time. Is there a motion to favorably report these nominations?

REED: So moved.

MCCAIN: Second?

(UNKNOWN): Second.

MCCAIN: All in favor, say aye.

The ayes have it.

Welcome to all of our witnesses and we'll begin with you, General Odierno.

ODIERNO: Thank you, Chairman McCain, Ranking Member Reed, other distinguished members of the Senate Armed Services Committee. Thank you for allowing us the opportunity to talk about this important topic today.

As I sit here before you today as sequestration looms in 2016, I'm truly concerned about our future and how we are investing in our nation's defense. I believe this is the most uncertain I have seen the national security environment in my nearly 40 years of service. The amount and velocity of instability continues to increase around the world.

The Islamic State in Iraq, the Levant's unforeseen expansion, the rapid disintegration of order in Iraq and Syria have dramatically escalated conflict in the region. Order within Yemen is splintering. The Al Qaida insurgency, Shia expansion continues there, and the country is quickly approaching a civil war.

In north and west Africa, anarchy, extremism and terrorism continues to threaten the interests of the United States, as well as our allies and partners. In Europe, Russia's intervention in the Ukraine challenges the resolve of the European Union and the effectiveness of the North Atlantic Treaty Organization.

Across the Pacific, China's military modernization efforts raise concerns with our allies and our regional interests, while the cycle of North Korean provocation continues to increase. The rate of humanitarian and disaster relief mission, such as the recent threat of Ebola, heightens the level of uncertainty we face around the world, along with constant evolving threats to the homeland.

Despite all of this, we continue to reduce our military capabilities. I would like to remind everyone that over the last three years, we have already significantly reduced the capabilities of the United States Army. And this is before sequestration will begin again in 2016. In the last three years, the Army's active component end strength has been reduced by 80,000; the reserve component by 18,000. We have 13 less active component brigade combat teams. We've eliminated three active aviation brigades. We are removing over 800 rotary-wing aircraft from the Army inventory. We have already slashed investments in modernization by 25 percent.

We've eliminated our much-needed infantry fighting vehicle modernization program and we have eliminated our Scout helicopter development program. We have significantly delayed other upgrades for many of our systems and aging platforms. Readiness has been degraded to its lowest level in 20 years. Fiscal year '13 under sequestration, only 10 percent of our brigade combat teams were ready.

Our combat training center rotation for some brigades were canceled and almost -- over a half-billion dollars of maintenance has been deferred, both affecting training and readiness of our units. Even after additional support from the BBA, today we only have 33 percent of our brigades ready to the extent we would expect them to be if asked to fight. And our soldiers have undergone separation boards, forcing us to involuntarily separate quality soldiers, some while serving in combat zones.

Again, this is just a sample of what we have already done before sequestration even kicks in again in 2016. When it returns, we'll be forced to reduce another 70,000 out of the active component, another 35,000 out of the National Guard, another 10,000 out of the Army Reserves. We will cut an additional 10 to 12 combat -- brigade combat teams. We'll be forced to further reduce modernization and readiness levels over the next five years because we simply can't draw down end strength any quicker to generate the required savings.

The impacts will be much more severe across our acquisition programs, requiring us to end, restructure or delay every program, with an overall modernization investment decrease of 40 percent. Home station training will be severely underfunded, resulting in decreased training levels. Within our institutional support, we'll be forced to drop over 5,000 seats from initial military training, 85,000 seats from specialized training, and over 1,000 seats in our pilot training programs.

Our soldier and family readiness programs will be weakened and our investments in installation, training and readiness facility upgrades will be affected, impacting our long-term readiness strategies.

Therefore, sustainable readiness will remain out of reach with our individual and unit readiness rapidly deteriorating between 2016 and 2020. Additionally, overall, the mechanism of sequestration has and will continue to reduce our ability to efficiently manage the dollars we in fact do have. The system itself has proved to be very inefficient and increases costs across the board, whether it be in acquisition or training.

So how does all of this translate strategically? It will challenge us to meet even our current level of commitments to our allies and partners around the world. It will eliminate our capability on any scale to conduct simultaneous operations, specifically deterring in one region while defeating in another.

Essentially, for ground forces, sequestration even puts into question our ability to conduct even one long, prolonged, multi-phase combined arms campaign against a determined enemy. We would significantly degrade our capability to shape the security environment in multiple regions simultaneously. It puts into question our ability to deter and compel multiple adversaries simultaneously. Ultimately, sequestration limits strategic flexibility and requires us to hope we are able to predict the future with great accuracy, something we have never been able to do.

Our soldiers have done everything that we've asked of them and more over the past 14 years, and they continue to do it today. Today, our soldiers are supporting five name operations on six continents, with nearly 140,000 soldiers committed and deployed to forward station in over 140 countries. They remain professional and dedicated to the mission, to the Army and to the nation, with the very foundation of our soldiers and our profession being built on trust.

But at what point do we, the institution and our nation, lose our soldiers' trust -- the trust that we will

provide them the right resources; the training and equipment to properly prepare them and lead them into harm's way; trust that we will appropriately take care of our soldiers and their families and our civilians who so selflessly sacrifice so much?

In the end, it's up to us not to lose that trust. Today, they have faith in us, trust in us, to give them the tools necessary to do their job. But we must never forget our soldiers will bear the burden of our decisions with their lives.

I love this Army I've been a part of for over 38 years. I want to ensure it remains the greatest land force the world has ever known. To do that, though, it is our shared responsibility to provide our soldiers in our Army with the necessary resources for success. It is our decisions, those that we make today and in the near future, that will impact our soldiers, our Army, and the joint force and our nation's security posture for the next 10 years. We do not want to return to the days of a hollow Army.

Thank you so much for allowing me to testify today, and I look forward to your questions. MCCAIN: Thank you, General.

Admiral Greenert?

GREENERT: Chairman McCain, Ranking Member Reed, and distinguished members of the committee, thank you for the opportunity to testify about the impact of sequestration on our Navy thus far and the impact of a potential return to that in 2016.

Mr. Chairman, presence remains the mandate of our Navy. We must operate forward where it matters, and we need to be ready when it matters. I've provided a chartlet to show you where it matters around the world to us, and where it matters to our combatant commanders that we be.

Now, recent events testify to the value of forward presence. For example, when tasked in August, the George H. W. Bush Strike Group relocated from the Arabian Sea to the north Arabian Gulf and was on-station within 30 hours, ready for combat operations in Iraq and Syria. Navy and Marine strike fighters from the carrier generated 20 to 30 combat sorties per day and for 54 days represented the only coalition option -- strike option to project power against ISIL. The United States Ship Truxtun arrived in the Black Sea to establish a U.S. presence and reassure our allies within a week after Russia invaded the Crimea.

Over a dozen U.S. ships led by the USS George Washington Strike Group provided disaster relief to the Philippines in the wake of the Super typhoon Haiyan just about a year ago. And the USS Fort Worth and the USS Sampson were among the first to support the Indonesia-led search effort for the Air Asia aircraft recovery.

Mr. Chairman, we have been where it matter when it matters with deployed forces. However, due to sequestration of 2013, our contingency response force, that's what's on call from the United States, is one-third of what it should be and what it needs to be.

Sequestration resulted in a \$9 billion shortfall in 2013 below our budget submission. This shortfall degraded fleet readiness and created consequences from which we are still recovering. The first run of sequestration forced reductions in afloat and ashore operations, it generated ship and aircraft maintenance backlogs and it compelled us to extend unit deployments.

Now since 2013, our carrier strike groups, our amphibious ready groups and most of our destroyers have been on deployments lasting eight to 10 months or longer. This comes at a cost of our sailors' and our families' resiliency, it reduces the performance of the equipment and it will reduce the service lives of our ships.

Navy's fleet readiness will likely not recover from the ship and aircraft maintenance backlogs until about 2018, now that's five years after the first round of sequestration. This is just a small glimpse of the readiness price that's caused by sequestration. Although the funding levels produced -- provided to us under the bipartisan Budget Act of 2013, they were \$13 billion above sequestration, those budgets were

\$16 billion below the resources we described in our submission as necessary to sustain the Navy.

So now to deal with these shortfalls, we slowed -- that means we just pushed out -- modernization that we had scheduled to be done during this Future Year Defense Plan. We reduced procurement of advanced weapons and aircraft, we delayed upgrades to all but the most critical shore infrastructure. The end result has been higher risk, particularly in two of the missions that are articulated in our Defense Strategic Guidance; that's our Defense Strategy. And I also provided a copy of that. It's got a synopsis of the 10 missions and what's the impact of sequestration. The missions that have the highest risk are those missions requiring us to deter and defeat aggression, and the mission to project power despite an anti-access area denial challenge.

Now, a return to sequestration in 2016 would necessitate a revisit and a revision of our defense strategy. We've been saying this for years. That would be a budget-based strategy for sure. We would further delay critical warfighting capabilities, further reduce readiness of contingency response forces -- the ones that are only at one-third level -- and perhaps forego or stretch procurement of ships and submarines and further downsize our munitions.

In terms of warfighting, the sequestered Navy of 2020 would be left in a position where it could not execute those two missions I referred to. We go from high risk to we cannot execute those missions, and we would face higher risk in five additional missions of those 10. So that's seven out of 10.

More detail on the impact as I just described is on a handout in front of you and it's outlined in my written statement, which I request be added for the record.

Now, although we can model and we can analyze and we can quantify warfighting impacts, as General Odierno said, what is less easy to quantify is sequestration's impact on people. People underwrite our security. We call them our asymmetric advantage. They're the difference in the Navy for sure between us and even the most technologically advanced Navy close to us.

We have enjoyed meeting our recruiting goals and, until recently, our retention has been remarkable. However, the chaotic and indiscriminate excursion of sequestration in 2013, it really left a bitter taste with our sailors, with our civilians and with our families, and the threat of looming sequestration, along with a recovering economy, is a troubling combination to me.

We are already seeing disconcerting trends in our retention, particularly our Strike Fighter pilots, our nuclear-trained officers, our SEALs, cyber warriors and some of our highly skilled sailors and information technology, our Aegis radar and our nuclear fields.

These retention symptoms that I just described remind me of the challenges that I had as a junior officer after the Vietnam War period on a downsize, and it reminds me of when I was in command of a submarine in the mid-'90s, a downsize. Periods that took decades to correct. However, the world was more stable, Mr. Chairman, than it is today, and I'd say we can't create that same circumstance.

Sequestration will set us right on that same course that I just described, and frankly, I've been before. And as General Odierno said, I don't think we need to go there again.

Now shipbuilding and related industrial base also stand to suffer from a sequestered environment. Companies, not necessarily the big primes, but the companies that make the key valves, the key circuit cards and the things that put us together make us the great seapower we are might be forced to close their businesses, and it takes a long time to build a ship and longer yet to recover from the losses of these skilled workers or the materials that some of these companies provide. The critical infrastructure in this vital section of our nation's economy is key to sea power.

So Mr. Chairman, I understand the pressing need for our nation to get the fiscal house in order; I do. It is imperative we do so, I say, in a thoughtful and a deliberate manner to ensure we retain the trust of our people. We have to retain that trust. And to sustain the appropriate warfighting capability for your Navy, the forward presence and its readiness.

So unless Naval forces are properly sized, modernized at the right pace with regard to the adversaries that we might have, ready to deploy with adequate training and equipment and capable to respond in the numbers and at the speed required by the combatant commanders, they won't be able to answer the call.

I look forward to working with this committee, with the Congress to find the solutions that will ensure that our Navy retains the ability to organize, to train and to equip our great sailors and Marines and soldiers and airmen and Coast Guardsmen in defense of this nation. Thank you.

MCCAIN: Thank you. General Welsh.

WELSH: Thank you Mr. Chairman, Ranking Member Reed and members of the committee. It's always an honor to be here. It's a special honor to sit before you today with three people I consider to be friends, mentors and literally heroes.

My pride in our Air Force and the airmen who give it life hasn't changed since the last time I appeared before you, but what has changed is that we are now the smallest Air Force we've ever been.

When we deployed to Operation Desert Storm --

MCCAIN: Repeat that again? Repeat that -- we are now the smallest Air Force --

WELSH: We are now the smallest Air Force we've ever been, Chairman. When we deployed to Operation Desert Storm in 1990, the Air Force had 188 fighter squadrons. Today, we have 54, and we're headed to 49 in the next couple of years. In 1990, there were 511,000 active duty airmen alone. Today, we have 200,000 fewer than that. And as those numbers came down, the operational tempo went up. Your Air Force is fully engaged.

All the excess capacity is gone, and now more than ever, we need a capable, fully ready force. We simply don't have a bench to go to, and we can't continue to cut the force structure as we've been doing for the last few years to pay the costs of readiness and modernization or we will risk being too small to succeed in the task we've already been given.

But BCA-level funding will force us do exactly that. We will have to consider divestiture of things like the KC-10 fleet, the U-2 fleet, the Global Hawk Block 40 fleet, and portions of our airborne command and control fleet. We'd also have to consider reducing our MQ-1 and MQ-9 fleet by up to 10 orbits. The real world impact of those choices on current U.S. military operations would be significant.

In the ISR mission alone, 50 percent of the high-altitude ISR missions being flown today would no longer be available. Commanders would lose 30 percent of their ability to collect intelligence and targeting data against moving vehicles on the battlefield. And we would lose a medium-altitude ISR force the size of the one doing such great work in Iraq and Syria today.

The Air Force would be even smaller and less able to do the things that we're routinely expected to do. Now, I'd like to say that that smaller Air Force would be more ready than it's ever been, but that's not the case.

24 years of combat operations have taken a toll. In F.Y. '14 and '15, we used the short-term funding relief of the Balanced Budget Act to target individual and unit readiness. And the readiness of our combat squadrons has improved over the past year. Today, just under 50 percent of those units are fully combat ready -- under 50 percent.

Sequestration would reverse that trend instantly. Just like in F.Y. '13, squadrons would be grounded, readiness rates would plummet, red and green flag training exercises would have to be canceled, weapons school classes would be limited, and our air crew members' frustration and their families' frustration will rise again, just as the major airlines begin a hiring push expected to target 20,000 pilots over the next 10 years.

We also have a broader readiness issue in that the infrastructure that produces combat capability over time -- things like training ranges, test ranges, space launch infrastructure, simulation infrastructure,

nuclear infrastructure -- have all been intentionally underfunded over the last few years to focus spending on individual and unit readiness. That bill is now due. But BCA caps will make it impossible to pay. The casualty will be Air Force readiness and capability well into the future.

I'd also like to tell you that your smaller Air Force is younger and fresher than it's ever been, but that wouldn't be true, either. Our smaller aircraft fleet is also older than it's ever been.

If World War II's venerable B-17 Bomber had flown in the first Gulf War, it would have been younger than the B-52, the KC-135 and the U-2 are today.

We currently have 12 fleets -- 12 fleets of airplanes that qualify for antique license plates in the state of Virginia. We must modernize our Air Force. We want to work with you to do it within our top line. It certainly won't be easy, and it will require accepting prudent operational risk in some missions for a time. But the option of not modernizing really isn't an option at all.

Air Forces that fall behind technology fail. And joint forces that don't have the breadth of the air space and cyber capabilities that comprise modern air power will lose.

Speaking of winning and losing, at the BCA funding levels, the Air Force will no longer be able to meet the operational requirements of the Defense Strategic Guidance. We will not be able to simultaneously defeat an adversary, deny a second adversary and defend the homeland. And I don't think that's good for America, no matter what angle you look at it from.

We do need your help to be ready for today's fight, and still able to win in 2025 and beyond. I believe our airmen deserve it, I think our joint team needs it, and I certainly believe that our nation still expects that of us.

I'd like to offer my personal thanks to the members of this Committee for your dedicated support of airmen and their families, and I look forward to your questions.

MCCAIN: Thank you.

General Dunford?

DUNFORD: Chairman McCain, Ranking Member Reed, and distinguished members of the Committee, thank you for the opportunity to appear before you today.

I'm honored to represent your Marines and testify on the impact of sequestration.

I'd like to begin by thanking the Committee for your steadfast support over the past 13 years. Due to your leadership, we fielded the best trained and equipped Marine Corps our nation has ever sent to war.

I know this Committee and the American people have high expectations for Marines as our nation's naval expeditionary force and readiness. You expect your Marines to operate forward, engage with partners, deter potential adversaries and respond to crises. And when we fight, you expect us to win.

You expect a lot of your Marines, and you should. This morning, as you hold this hearing, your Marines are doing just what you expect them to be doing. Over 31,000 are forward deployed and engaged. And, Chairman, I've captured what those 31,000 are doing in my statement. I'd just ask that that be accepted for the record in the interest of time.

Our role as the nation's expeditionary force and readiness informs how we man, train and equip the Marine Corps. It also prioritizes the allocation of resources that we receive from Congress. Before I address what would happen at a Budget Control Act level of funding with sequestration, let me quickly outline where we are today.

As we have experienced budget cuts and fiscal uncertainty over the past few years, we prioritize the readiness of our forward deployed forces. But in order to maintain the readiness of our forward deployed

forces, we've assumed risk in our home station readiness, modernization, infrastructure sustainment, and quality of life programs. As a result, approximately half of our non-deployed units, those who provide the bench to respond to the unexpected, are suffering personnel, equipment and training shortfalls. In a major conflict, those shortfalls will result in a delayed response and/or additional casualties.

We're investing in modernization at an historically low level. We know that we must maintain at least 10 percent to 12 percent of our resources on modernization to field a ready force for tomorrow.

To pay today's bills, we're currently investing 7 percent to 8 percent. Over time, that will result in maintaining older or obsolete equipment at higher cost and more operational risk. And we are (ph) funding our infrastructure sustainment below the DOD standard across the future year's Defense programming. At the projected levels, we won't be properly maintaining our enlisted barracks, training ranges, and other key facilities.

While we can meet the requirements of the Defense Strategic Guidance today, there is no margin. And even without sequestration, we will need several years to recover from over a decade of war and the last three years of flat budgets and fiscal uncertainty.

In that context, BCA funding levels with sequester rules will preclude the Marine Corps from meeting the requirements of the Defense Strategic Guidance.

Sequester will exacerbate the challenges we have today. It will also result in a Marine Corps with fewer active duty battalions and squadrons than would be required for a single major contingency. Perhaps disconcerting (ph), it will result in fewer Marines and sailors being forward deployed in a position to immediately respond to crises involving our diplomatic posts, American citizens or interest overseas. While many of the challenges associated with sequestration could be quantified, there's also a human dimension to what we're discussing today, and the other chiefs (ph) have addressed that.

Our soldiers, sailors and Marines and their families should never have to face doubts about whether they will be deployed without proper training and equipment.

The foundation of our -- the all-volunteer force, as General Odierno has said, is trust. Sequestration will erode the trust that our young men and women in uniform, civil servants and families have in their leadership. And the cost of losing that trust is incalculable.

Given the numerous and complex security challenges we face today, I believe DOD funding at the Budget Control Act level, with sequestration, will result in the need to develop a new strategy. We simply will not be able to execute the strategy with the implications of that guidance.

Thank you once again for the opportunity to appear before you this morning. And I look forward to your questions.

MCCAIN: Well, thank you. And I thank you all for very compelling statements and I hope that all of our colleagues, in fact all the American people, could hear the statement and see the statements that you made today, our most respected members of our society.

I would also have an additional request, and that is that if you could provide for the record, all of you, a list of some of the decisions you would have to make if -- if sequestration continues to be enacted and there is no amelioration of the situation that you're in.

I guess the only other comment I'd like for you to answer, because I'd like all my colleagues to be able to have time to answer questions, is the old line about those of us that ignore the lessons of history.

And General Odierno, you made reference to it, when General Sheidmeier (ph) came before this committee and said that we had a hollow Army. I know that my friend, Senator Reed, remembers that also. And we were able to recover hardware-wise in ships and airplanes and guns and -- but it took a lot longer than that to restore the readiness and even the morale of members of our military.

And all four of you made reference to it, but I'd like you to perhaps elaborate a little bit on the -- on the

personnel side of this. Because it seems that there's always the best and the brightest that leave first, when you're a pilot that can't fly and you're on a ship that doesn't leave port, and you're in a Marine or Army outfit that doesn't exercise and doesn't have equipment.

So maybe each of you would make -- give a brief comment about this intangible that makes us the greatest military on earth.

Begin with you, General Odierno.

ODIERNO: Thank you, Senator.

The center of everything we do is our soldiers. The Army is our soldiers. And without them and their capabilities, our ability to do our job becomes very, very difficult. And it is something that happens over time. My concern is when you're -- when you're funding readiness, you're funding leader development. You're funding the development of our young soldiers. And you can't just do that episodically. You have to do it in a sustained manner because it's a continuous learning cycle that allow them to execute the most difficult and complex missions that we face. And in today's world, those missions are becoming more complex and more difficult.

My concern is as they see that maybe we're not going to invest in that, they start to lose faith and trust that we will give them the resources necessary for them to be successful in this incredibly complex world that we face. And I think sometimes we take for granted the levels of capability that our soldiers bring and the investment that we have made into their education and training, which is essential to everything that we do. And we can't lose sight of that.

And unfortunately, with sequestration, we are going to have to reduce that over the next four to five years for sure because we cannot take end strength out fast enough to get to the right balance because of our commitments that we have. And so therefore, you have to then look at readiness, training and modernization. And so we are losing cycles of this training that develops these young men and women to be the best at what they are, and the best of what they do.

And so for us, we can't ever, ever forget that.

GREENERT: Mr. Chairman, I bring something to everybody's attention. When we have sequestration, we -- well, we exempted personnel, as if, hey, that's good. That means they got paid. But that doesn't mean that they got -- that's kind of their quality of life, and we gave them their housing allotment and all. That's good.

But the quality of their work, which is what you're alluding to, when they go to work, and what the general was -- was alluding to, they're not proficient at what they do. And they're not -- therefore, they're not confident. And as a sailor, you're out to sea. You're on your own. You have that confidence, know that you can be proficient.

You alluded to pilots. You kind of have a have and a have-not. If you're deployed, you're flying 60 hours a week sometimes. If you're not deployed, you may be flying 10 hours a week. And some of that, by the way, may be in the simulator. So you are sitting around a classroom looking out the window at your Strike Fighter Hornet. It looks really great, but it's on the tarmac. And that's not why you joined.

And the same goes at sea if you're a destroyer-man, and the same in the submarines. So you're -- you're not operating. That becomes behavioral problems eventually because the idle mind is the devil's workshop. So, you know, we're out and about. Our alcohol problems go up. I alluded to what I saw in command. I saw it as a J.O. And this is what happens when -- then that gets to family problems. It just starts cascading.

So, you bring all that together and you -- you -- we have an all- volunteer force that wants to contribute and they want to do things. They want to be professionally supported in that regard.

Thank you.

MCCAIN: General Welsh?

WELSH: Chairman, during the first round of sequestration, our civilian airmen felt like we committed a breach of faith. They have still now recovered completely from that. And if it happened again, it would be absolutely horrible. And I believe we would see the effect immediately in retention.

I can't emphasize enough my agreement with what Jon just said about people not joining this business to sit around. Pilots sitting in a squadron looking out at their airplanes parked on the ramp certainly feel like a hollow force, whether we define it that way or not.

Same thing with the people who want to fix those airplanes, load weapons on them, support them from the -- from the storage areas. They join to be really good at what they do. In fact, all they want is to be the best in the world at whatever it is they do. All of our people are that way. And if they don't think that we will educate them and train them and equip them to do that and to fill that role, then they will walk.

They're proud of who they are. They're proud of who they stand beside. And they're proud of what they represent. And when they lose that pride, we'll lose them. And if we lose them, we lose everything.

MCCAIN: And also, we're going to have, as you've made reference to, a significant draw from the airlines as the Vietnam-era pilots retire from the airlines. I think that's an additional issue that we are going to have to face up to anyway, without sequestration.

WELSH: We see it today, sir.

DUNFORD: Mr. Chairman, thank you. You alluded to the hollow force in the 1970s. And like the other chiefs, I was on active duty during that time. I was a platoon commander where we had -- we had an organization of about 190,000 Marines, but we didn't have proper manning. We didn't have proper training. We didn't have proper equipment.

And where we saw the impact was in poor reenlistments. We saw it in discipline rates. We saw it in poor maintenance of our equipment and the lack -- the lack of professionalism. We were unable to maintain the quality of people that we wanted to have. And quite frankly, I know myself and many of my counterparts at the time had a very difficult decision to stay in the Marine Corps. And many of us only made the decision to stay once the Marine Corps started to turn around in the 1980s. And as you alluded to, it actually took five to seven years even after we started to make an investment, for the morale to catch up.

The thing that I would add to what the other chiefs have said, though, is that I think most of us would be -- would not have been able to predict the quality of the all-volunteer force and its ability to sustain now over 13 years at war. And there is nothing that has allowed that force to sustain except for intangible factors. It's not been how much we paid them. It's been their sense of job satisfaction, their sense of purpose, their sense of mission. And as I alluded to in my opening statement, their sense of trust. And I think I probably speak for all the chiefs, none of us want to be part of, on our last tour on active duty, want to be a part of returning back to those days in the 1970s when we did have in fact a hollow force. And I think we're fortunate that we were not tested at that time.

REED: Thank you very much, Mr. Chairman.

And thank you, gentlemen, again for your testimony and for your great service to the nation.

You have already reduced end strength. You've already reduced training. You've already reduced maintenance. You've already stretched out acquisition programs, et cetera. And whatever you do, I think you will manage. And which presents an interesting problem is that we could be in a period of accelerating, but invisible decline until a crisis. And then the reckoning will be severe. So we have to, I think, take appropriate action now, and the chairman's leadership is absolutely critical in that.

But let me just go and ask you individually, with all these cuts you're already made, with all the losses,

looking forward, what are the one or two capabilities that you will see leaving or lost if sequester goes into effect? And I'll ask each of you gentlemen.

General Odierno?

ODIERNO: There's -- I often get asked the question, Senator: What keeps me up at night? And the number one thing that keeps me up at night is that if we're asked to respond to an unknown contingency, I will send soldiers to that contingency not properly trained and ready. We simply are not used to doing that.

The American people and we expect our soldiers to be prepared and that they've had the ability train. They understand their equipment. They've been able to integrate and synchronize their activities so they're very successful on the ground. That's the one thing that I really worry about as we move to the future.

The second thing is our ability to do simultaneous things. We're coming to the point now where we're going to be able to do one thing. And we'll be able to do it pretty well, but that's it. But this world we have today is requiring us to do many, many things, maybe smaller, but many, many things simultaneous. I worry about our ability to do that.

REED: Admiral Greenert, please.

GREENERT: We're in a time of modernization. So our benchmark is the year 2020 and our ability to do these missions that I referred to. And for the Navy, a lot of those missions require joint access to areas around the world against an advanced adversary. So what I'm talking about as I look in the future is the -- perhaps the inability.

We'll fall further behind in what I call electromagnetic maneuver warfare. It's -- it's an emerging issue. It's electronic attack, the ability to jam, the ability to detect seekers, radars, satellites and that business. And we're slipping behind and our advantage is shrinking very fast, Senator.

Also, anti-air warfare. Our potential adversaries are advancing in that. We're losing that. That's -- and if we don't have that advantage, we just don't get the job done in the 2020 timeframe. The undersea domain, we dominate in it today. But again, we have to hold that advantage. And that includes the Ohio replacement, the sea-based strategic deterrent, in addition to anti-submarine warfare. So it's about access and the ability to -- to get that access where we need.

Cyber is also another one, and one that we talk about a lot.

Lastly, I can't underestimate the fact that we're good and we will continue. As Joe Dunford said, our forces we put forward, we will put forward and they will be the most ready. But we're required to have a response force, a contingency force. We owe that to the combatant commanders. And it has to be there on time and it has to be proficient.

We're not there today, and we'll just never get there if we go to sequestration. We'll remain at about one-third of what we need to be. Thank you.

REED: Thank you.

General Welsh, if you could be...

WELSH: Senator...

REED: ... succinct.

WELSH: ... infrastructure that gives you long-term capability -- training ranges, test facilities -- those kind of things over time -- we haven't been investing. It will cost us the ability to operate in the future.

Multiple simultaneous operations -- we simply don't have the capacity anymore to conduct that, particularly in areas like ISR, air refueling, et cetera. The capability gap is closing, as John mentioned, between the people trying to catch up with us technology, and they have momentum. If we let the gap that -- get too close, we won't be able to recover before they pass us.

Space and -- and nuclear business -- in the space business, we cannot forget that that is one of the fastest growing and closing technological gaps. And in the cyber arena, if we don't try and get ahead in that particular race, we will be behind for the next 50 years, as everybody else has been behind us in other areas.

Those are my biggest concerns.

REED: Thank you.

Commandant?

DUNFORD: Thank you, Senator Reed.

The two capability areas, first, would be our ability to come from ship to shore. We're in a vehicle right now that's over 40 years old. And replacing that is both an issue of operational capability, as well as safety.

Also, our air frames, the AV-8 and the F-18 are both over 20 years old -- once again, an issue of both operational capability and safety. But I would say, Senator -- and you alluded to it -- that my greatest concern, in addition to those two capability areas, is actually the cumulative effect of the cuts that we've made to date and the cuts that we'd make in the future. And, quite frankly, every day, I'm still finding out second and third order effects of the cuts that have been made to date and the sequestration that was put in effect in 2013.

REED: Thank you very much.

Further complicating your lives and our lives is that this is a focus today on the Department of Defense, but the ramifications go, of course, to this government. And the impacts will -- will roll back on you. One of the more obvious examples is, if the State Department is subject to sequestration, they won't be able to assist you in the field. And General Mattis, who was brilliant yesterday in his testimony, said last March that if you don't fund this fully to the State Department, then I need to buy more ammunition. So, that's one effect. But there are even more subtle effects.

We provide impact aid through the Department of Education. They administer. If the Department of Education is subject to sequestration, then there will be an impact. In fact, Secretary of Education Duncan, before the Appropriations Committee last year, said the Killeen Independent School District in Texas, which has 26,000 federally connected children, including 18,000 military dependents in Fort Hood, would lose an estimated \$2.6 million.

So, we have to take not only in (inaudible) the Department of Defense, but, of course, the whole government. Because you all talked about retaining troops. When those young soldiers down at Fort Hood don't think their education opportunities for their children are as good as they were, they're going to vote with their feet.

So, that's not your responsibility, that's our responsibility. And this has to be a comprehensive solution to this issue, because it will affect you in so many different ways. You will, as General Dunford, will be waking up getting complaints about how the schools are bad (ph) and on leaving (ph). And that's not Title 10.

So, Gentlemen, thank you for your service and your testimony.

MCCAIN: Senator Wicker?

WICKER: Thank you, gentlemen. This is very profound testimony today and very helpful to us. There are members of this Committee who are also going back and forth today to the Budget Committee hearing. We have a debt problem in this country.

General Mattis spoke about it yesterday with another distinguished panel. No nation in history has maintained its military power, and it failed to keep its fiscal house in order. So, we're -- we're balancing a spending problem we have in the government overall with -- with really, frankly, a lack of funds in the Defense Department that you've talked about today.

General Odierno, you said in your 40 years or so of service, this is the most uncertain time you've seen as a professional military person.

Admiral Greenert, this is the fewest number of ships we've had since World War I? Is that correct?

GREENERT: That's correct, sir.

WICKER: And, General Welsh, as -- as an Air Force veteran myself, it's astonishing to hear that this is the smallest Air Force ever in the history of the United States. But you did say that, and that -- is it...

WELSH: Since we were informed in 1947, yes, sir.

WICKER: Right.

And, General Dunford, in talking about sequestration, you say it's the funding levels, and also, it's the rules of sequestration. So, I thought I would start with you, and then we'd go back up the panel here.

If we were able a little more easily and quickly to give you flexibility within the funding levels, and -- and some relief from the rules, to what extent would that help you in the short run, or in the long run?

DUNFORD: Thanks, Senator, for that question. Just the -- the funding capsule on -- would reduce our overall budget by about \$4 billion to \$5 billion a year from fiscal -- from where we were at present -- present budget '12. And so, that's -- that's for us about 18 percent to 20 percent.

It would certainly be better if we didn't have the rules associated with sequestration. And what I can guarantee you, Senator, is, whatever amount of money the Congress provides, the United States Marine Corps will build the very best Marine Corps we can. But even at the Budget Control Act levels without sequestration, we will reduce the capacity to the point where we'll be challenged to meet the current strategy.

WICKER: General Welsh, to what extent would -- would flexibility within these very low levels be somewhat of a help?

WELSH: Senator, I think all of us understand that our services in the department as to be part of the debt solution for the nation. We -- we don't live in a -- in a mushroom farm and not believe that that has to be true.

The things that we would need, though, with any kind of reduced levels of funding, as we've been looking at, is stability and predictability in funding over time. And then the ability to make the decisions that will let us shape our services to operate at those funding levels that are less than predicted.

For the Air Force, if you look back to the '12 budget, which is where we kind of came out of, and said, "OK, we can execute this new strategic guidance," the '12 budget projected for F.Y. '16 was \$21 billion more per year than we will have at BCA levels. \$21 billion a year requires some very tough decisions to be made, some very hard and unpopular decisions to be made. But without the ability to make those decisions, we will continue to be stuck, not sure of where we're going in the future.

WICKER: The clock is ticking away on that predictability, isn't it, General?

WELSH: Yes, sir, it is.

WICKER: Admiral?

GREENERT: My colleagues have spoken to the -- the value -- the number -- that is, the dollar value. But I would say if the verb, "sequestered" -- as you know, that's a -- that's an algorithm. And all accounts get -- and we've been through this -- they get decremented. And then we spend months reprogramming, with your help up here on the Hill. And we lose months. We lost four, five, six months on a program like for us, the Ohio Replacement Program, where we don't have. So, shipbuilding gets held up. Projects get held up. People aren't hired. And that loses that trust with industry.

So, precluding getting sequestered is helpful. And continuing resolutions stop -- have a similar effect in that we're not -- we're not doing any new projects. And some of these are pretty critical, as we go into the years and need to modernize.

ODIERNO: Senator, the first comment I would make is, over the last two years, we've been given money above the level of sequestration. And in the Army, we're still only 33 percent ready. And so, yes, flexibility will give us the ability to manage insufficient funds in our department, but that's all it does.

It allows us to better manage. Because today, we've had to extend all our aviation programs. So the cost for every Apache has gone up. The cost for every UH-60 has gone up. The cost for every CH-47 has gone up, because we've had to extend the programs longer and longer and longer. So we're paying more money per system. And so, we are inefficient, even if with the less dollars we have. So that even exacerbates the readiness problems even more. So flexibility would help, but it is not going to solve the problem we have, which is a problem of insufficient funds to sustain the right level of readiness.

WICKER: Thank you. And let me just ask briefly, you know, there was a decision we were going to pivot to Asia-Pacific. To what extent was the Joint Chiefs of Staff consulted on that? You know, we've got Eastern Europe, we've got Russia and we still have the Middle East and everything going on there. Doesn't seem to have calmed down, as some people thought. To what extent was this a Pentagon decision that we could even have re-pivot to Asia-Pacific and afford it?

(UNKNOWN): The -- that was part of our discussions. And we had numerous discussions with the White House and within the Pentagon when we did the Defense Strategic Guidance in 2012. So that was one of the -- kind of the foundations of that strategy. So I would say, Senator, I felt we had a good discussion on the -- what we call the re-balanced Asia-Pacific.

(UNKNOWN): I would just comment I agree with that. We had thorough discussions and we thought the rise of China in -- this is 2012 was very important and we've had to be able to have the capability to respond potentially to that and also the problems with North Korea and other problems in the Asia-Pacific. And we made some assumptions about where we would be in the rest of the world. Those quite -- have not quite played out the way we thought with Iraq, ISIS, as -- and specifically Russia and their increased aggression. The strategy is still good. We just have to recognize that there are some additional threats out there that we didn't expect that we're going to have to deal with those. And that increases the risk as we look at sequestration and other budget cuts.

WICKER: Thanks, gentleman.

THORNBERRY: Senator Donnelly.

DONNELLY: Thank you, Mr. Chairman. Thank you all for your service. General Welsh, I wanted to ask you, in regards to our nuclear mission, it's a very, very critical mission, obviously. What impact is sequestration going to have on your efforts in this area?

WELSH: Sir, in two specific areas, I think, are at the top of the list. The first is that nuclear infrastructure I mentioned before. We're at a point in time where we have got to start modernizing and recapitalizing some of that infrastructure in terms of facilities that were built 50 years ago now.

We have a -- an investment plan designed It's prepared to be put into place. We actually have it in the

President's budget this year. If we go to sequestration, all of the facility maintenance and new buildings that we have put into that proposal will fall off the table, except for a single weapons storage area at one of the bases. So that's the first point.

The second one is that we do have a requirement as a nation to make decisions on what do we want to recapitalize and modernize in terms of nuclear weapons and nuclear command-and-control capability over the next 15 to 20 years and how it affects the Air Force and the Navy. The decisions on that need to be made in the near future. Sequestration and BCA caps will limit the amount of things you can do in that arena and they'll make those decisions more important to make earlier so we don't waste money leading into the time when those things have to be done.

DONNELLY: Admiral, how will this affect the plans you have for the Ohio class?

GREENERT: If I get back to the verb, if we are sequestered, we lose months, as I was saying before, hiring engineers. And we're on a very tight timetable to start building the first Ohio in 2021. So that's kind of one piece. We have to continue to do that. The sea-based strategic deterrent, including the Ohio replacement, is my number-one program. But in fiscal year 17 through 20, we have \$5 billion invested as advanced procurement for the first Ohio, which in 2021, is \$9 billion built, on top of the shipbuilding plan that we have now. Very difficult to do. We have to do it, though, Senator, so we'll have to continue to work in that regard.

DONNELLY: Thank you. And I obviously have the same concern you all do on our warfighting capabilities. When you look at the difficulties in Syria and Iraq and that area, what are the kind of things we're not able to do there, that you look and you go, if we were doing this and this, it would really help move the ball forward. Where are you being placed in a tighter spot right now? General Odierno, if you'd give us a start?

ODIERNO: Well, I would just say it is -- the first thing is this fight against ISIL (ph) in Iraq and Syria is a long-term issue. And so, this is not something that's going to be resolved in weeks and months. This is something that's going to have to be resolved in years. And it's going to require a combination of efforts with local indigenous governments.

It's going to require efforts from training indigenous forces and it's going to require support from us for a very long period of time. And it's going to require continued assessments and adjustments on how we believe we will continue to support that effort. And think over time, if that threat continues, we'll have to reassess what our strategy is.

So that's the hard part about it is, this is not a short-term problem. It is a long-term problem, and it's going to take a long-term dedicated effort to solve it across many different lines of effort, whether it be through diplomatic efforts, whether it be through a combination of joint capability and enabling indigenous forces, our ability to train indigenous forces and the capability that we will need to continue to do that for long periods of time.

DONNELLY: So in effect, you're facing a long-term challenge. And as you look long term, you may have less tools in the toolbox to deal with it?

ODIERNO: Yes. That's correct

DONNELLY: General Dunford?

DUNFORD: Senator, thanks for that question. Right now, as I mentioned earlier, we're taking all the risk, not with our deployed units but our units in home stations. So everything that General Austin has asked us to do, from a Marine Corps perspective, we're able to do right now. But as General Odierno said, should this continue on, really, for us, it's a question of capacity to do everything that we're doing at a sustainable deployment-to-dwell rate.

Just to give you some idea of how fast our Marines are turning right, now they're all deploying for about seven months. They're home for 14 months or, in some cases, less and then back out for seven months

in perpetuity. So that sustained level of operational tempo is something that concerns me, and ISIL is really just a part of that.

DONNELLY: And that also makes it pretty difficult on the homefront, doesn't it?

DUNFORD: Senator, it's really two issues. One is the time available to train for all of your missions. And the second is, obviously, the time available to spend time with your family. And we're particularly concerned with our mid-grade enlisted Marines when it comes to that particular challenge.

DONNELLY: General Odierno, in regards to as you look forward, how are you planning to mix with the National Guard? And how does that figure into your plans as we look forward?

DUNFORD: So clearly, if you look at what we've done -- so in the end, if we go to full sequestration, were taking 150,000 people out of the active army. So the large majority of our cuts are coming out of the active army. So because of that, we're going to have to rely more on the National Guard and Reserves.

And we have to remember, what we're trying to achieve is our National Guard and Reserve provides us a depth to respond to complex problems. And so the issue becomes is we're going to have to rely in some areas more on a -- on them in the beginning, such as in logistics and areas like that where we don't have enough structure in the active component now because of these reductions. We're going to have to rely heavily, more heavily on the National Guard and U.S. Army Reserves for things such as that.

And in terms of the combat capability, they're still going to have to provide us the depth, and we might have to use that depth earlier because we're going to have less capability in the active component. So this all gets to this balance that we're trying to achieve.

I worry about the fact that if we reduce the active component too much, our ability to respond quickly is going to be affected because the world today spins much quicker than it used to. Instability happens quicker and our -- and our -- the necessity of us response has to -- for us to respond has to be quicker, and I worry that we're going to lose that capability because that's what we expect our active component to do, and then we expect our National Guard and Reserves to be right behind us helping us as we forward with this. And I -- and I worry about that as we -- as we go forward.

DONNELLY: Thank you all for your leadership. Thank you, Mr. Chairman.

MCCAIN: Chairwoman Ayotte.

AYOTTE: Thank you, Chairman. Appreciate it. I want to thank all of you for your leadership and what you're doing for the country, and most importantly, this discussion about sequestration. And I think it's very clear the impact that it's going to have in our ability to defend the nation is one that calls all of us to act to address this for each of you. And so I thank you for being so clear about what the impacts will be today.

And yesterday, we heard the same thing from General Mattis and General Keane and Admiral Fallon about the impact of sequester, and I think there's a clear consensus among those who have served and have formerly served in the military the devastating impact on our ability to defend the nation and our men and women in uniform.

I want to ask each of you, when our men and women volunteer for service in the armed services, they give up a number of rights that the rest of us enjoy. They volunteer to tell our government -- we tell them what to wear, what to do, where to live, and to some extent, they give up to some degree what they can say. And most importantly, they obviously are willing to sacrifice their lives to defend our nation.

In return for these restrictions and expectations, Congress has guaranteed these brave men and women the ability to communicate with us, and I believe that this is very important. In fact, Congress put in place a law, 10 U.S. Code 1034 that prohibits anyone from restricting a member of the armed forces in communicating with a member of Congress.

Do all of you agree that this law is important? Yes or no?

DUNFORD: Yes.

WELSH: Yes ma'am.

GREENERT: Absolutely.

ODIERNO: Yes, Senator.

AYOTTE: Thank you. General Welsh, I want to ask you about comments that have come to my attention that were reported to have been made by Major General James Post, the vice commander of Air Combat Command, and he's reported to make these comments when addressing a group of airmen this month. And what he is said to have made in comments to the airmen was anyone who is passing information to Congress about A-10 capabilities is committing treason. And as part of those comments, he also said if anyone accuses me of saying this, I will deny it.

Let me just ask you this, General Welsh. Do you find those comments to be acceptable in any way to accuse our men and women in uniform to say you're committing treason if you communicate with Congress about the capabilities of the A-10 or the capabilities of any of -- any other of our weapons systems? Yes or no?

WELSH: No, ma'am. Not at all. And there is an investigation currently ongoing into that incident.

When I read the newspaper article, I actually contacted the general officer involved and his commander. The Department of Defense IG is overseeing an investigation being run by SAF IG, and we'll present the facts to the committee as soon as that investigation is complete.

AYOTTE: Well, I hope that this is a very thorough investigation because, obviously, I think this is very serious to accuse people of treason for communicating with Congress. One thing I would like your commitment on that I think is very important, do you unconditionally denounce, if it is found to be true -- and by the way, Air Combat Command, in responding to press inquiries about this, has not denied that the general made those comments. But do you denounce those comments and do you support the legal rights of members of the Air Force to communicate lawfully with Congress about the A-10 or any other issue? And do you commit that the Air Force will take no punitive action against airmen who are exercising their lawful right to communicate with Congress?

WELSH: Senator, I completely commit to the lawfulness of communication with Congress. I support any airman's right to discuss anything that you'd like to discuss with them and to give you their honest opinion.

In this particular case, with the investigation ongoing, my job is to wait until the facts are known, make recommendations to my secretary, and then we will report the decisions that she makes as a result of that when it -- when it's done.

AYOTTE: I appreciate that, General Welsh, because it worries me about the climate and the tone that is set if members -- airmen, airwomen are told that they would be committing treason for communicating with us. And I just want to be clear because what I'm hearing is that there's actually an investigation going on in reverse to find out who has communicated with Congress. And to me, that seems the opposite of what we would be trying to accomplish in looking at whether -- what General Post said and whether it was lawful or not.

So I hope that there will be no punishment or any kind of pursuit of people trying to communicate with Congress. Will you commit to me with that?

WELSH: Senator, I know of nothing along those lines at all. I would be astonished by that. And certainly I'm not part of it, the secretary is not part of it, and I would not condone it.

AYOTTE: Thank you.

MCCAIN: Senator Shaheen, happy birthday.

SHAHEEN: Thank you, Mr. Chairman. We won't talk about which birthday it is.

(LAUGHTER)

SHAHEEN: But it's certainly better than the alternative, so I appreciate that. Thank you very much for being here, gentlemen, and for your service to the country.

Apropos Senator Ayotte's questions, one of the things that I would hope is that our men and women in the military would let members of Congress know about their concerns with respect to sequestration because I do think it's helpful for each of us to hear from people serving what they see firsthand about the impacts of some of these policy decisions. So I'm hopeful that we will hear more of those discussions.

SHAHEEN: You know, I have been pleased that Chairman McCain has started the Armed Services Committee hearings this year with a broader view of national security policy, and one of the issues that has been brought up with respect to national security policy is that one of the concerns is the fact that we have not had an ongoing budget process that people can count on; that we have a debt that in the future is a concern; and that it would be important for us to address that.

I certainly put sequestration in that category, that it's important for us to address this and to do it in a way that provides certainty; that deals with the -- the shortfalls that our military is facing; and that it's important for us to do that with respect to all of the agencies of the federal government that deal with national security.

I wonder, gentlemen, if you would agree that that's an important goal that we should be working towards in Congress.

General Odierno?

ODIERNO: Well, I think, you know, again, the strength of our country is based on many different factors. It's important that we understand that as we go forward. We certainly understand that.

What I would just say to that is -- is that the important part of our defense spending, the important part -- role that plays in ensuring our security should also be considered as we do that, as part of this. And I know you know that, Senator.

SHAHEEN: Thank you.

And does everyone agree with that?

GREENERT: Yes, ma'am.

WELSH: Yes, ma'am.

DUNFORD: Yes, Senator.

SHAHEEN: Thank you.

So, to be a little parochial this morning, as I think most of you are aware, the Portsmouth Naval Shipyard is a shipyard that's shared between New Hampshire and Maine, and is I think one of our very important public shipyards.

Admiral Greenert, I know you know this.

And I wonder if you could talk about the importance and the impact of sequestration on our shipyards, on our depots, and the concern that that provides. We've talked a lot about the impact on our active duty military, but our civilian workforce is also affected.

GREENERT: Thank you, Senator.

I would say it was -- the impact was very much underestimated, and that's part of your point. So a few facts. We lost 75,000 man- days of planned shipyard work that we had to defer because we had no overtime. We couldn't hire. And then, of course, on top of that, we furloughed them. So, how do they feel about the importance of it?

But what do we lose in that? We lost, you understand this, 1,700 submarine days. So that's like taking five submarines and tying them up for a year. So, I mean, that's -- that's the kind of impact. So I worry about going -- and as I've said, it takes five years to recover from that collectively.

We talked about the importance of the nuclear deterrence. Well, these public shipyards underwrite all that. That's our SSBNs. And because of Portsmouth, I can do work in the other shipyards on the SSBNs. Portsmouth is a major, major part of a ship maintenance enterprise that we must have. And I worry about it in sequestration.

SHAHEEN: Thank you very much.

Does anybody want to add the -- to the impact on depots in the country?

DUNFORD (?): Senator, I can add from an aviation perspective. When we did furlough folks, we lost a lot of engineers and artisans. And right now, 50 percent of our F-18s are (inaudible) reporting (ph). And we're having a very difficult time recovering from the loss of maintenance throughput capacity as a result of those furloughs.

And also, importantly, because it was -- it was mentioned in most of our opening statements, when we talk about trust and we talk about retaining high-quality people, predictability is very important to people. And I fear that some of those folks that were furloughed won't come back because they do have other opportunities.

SHAHEEN: I -- I certainly share that. And Admiral Greenert, I know you appreciate this with respect to the shipyard. One of the things that I've heard from some of our shipyard employees is that as we're looking at an aging workforce and the need to hire new people, and the shortage of STEM-educated people, that engineers, mathematicians, scientists -- they're all in very short supply. And if they don't feel like there's certainty about government work, then they're going to look in the private sector. And that creates a real issue for all of us.

GREENERT: Senator, if I could add, you know, we've already reduced about 4,500 out of our depots, contractors, civilian employees. What we found following the furlough is, as you just pointed out, is our doctors, our engineers, our behavior health specialists -- all of these people, because of the now they're worried about the uncertainty and there are jobs available for them other places, they are -- they are taking those jobs at a higher rate than they have in the past.

That's the impact that this has. This capability that we've developed and experience that we're developing, we're losing. And it's -- it is a big concern for us, specifically in the STEM area that you're talking about.

SHAHEEN: Yes. Thank you all very much. My time is expired.

MCCAIN: Colonel Ernst?

ERNST: Thank you, Mr. Chair.

Gentlemen, thank you all for being here today. I do appreciate your continued service to the United States.

General Odierno, thank you for mentioning in your brief the Reserve and National Guard forces; and also to Senator Donnelly for bringing that point up as well. We do feel the impact. We're hurting. We're hurting,

too, through sequestration.

With respect to the DOD and sequestration, General, you mentioned just this morning that we must appropriately care for our soldiers. And our soldiers and their families are bearing the burden of our decisions. We must train, maintain and sustain the force, and our equipment. But with sequestration in place, we also recognize that we have to utilize taxpayer dollars to the best of our ability.

So, could you please give examples to the panel on where we are holding our military leaders accountable and how they are best utilizing taxpayer dollars in such a time as this?

ODIERNO: So, there's a couple of things that we continue to do that I think are important. We are -- we're reducing all our headquarters. And the reason we're doing that is so we can get more capability to the soldiers that are serving. So we made a decision in the Army to reduce all our headquarters down to the two-star level by 25 percent, and with that, to free up dollars in order to train our soldiers, which helps.

We've reorganized our brigade combat teams and eliminated headquarters, so we're able to fund and train the best we can. We are trying to reorganize in our aviation capability. We're getting rid of aircraft that are no longer capable of doing the things we need them to do.

We're transforming our training strategies. We've just now developed a strategy -- a total force strategy and forces command where we are training -- every training -- all training we do is a combination of active, guard and U.S. Army Reserve. So we can maintain that capacity. So we're trying to make it as efficient as possible. We're also looking at how we are -- are making the most out of our training dollars in live training, in virtual training, and constructive training. So all of those things are the kind of things we're doing.

We're also streamlining some of our sustainment activity, because we -- we became too over-reliant on contractors, especially during the peak years in Iraq and Afghanistan. We want to retain our green suit capability because we have to sustain that at very high levels. And that also will reduce our dollars we're spending on contracts that allow us to do this.

So these are just a sample of the kind of things we're trying to do to put money back in, that will allow us to take care of our soldiers. And the best way to take care of our soldiers, in my opinion, is to make sure they are prepared and trained to do their jobs.

ERNST: All right. Thank you, General.

And as a follow-on to that, and maybe all of you can just very briefly respond. Just last week, we had the State of the Union. I had invited a friend of mine from Iowa State -- we were cadets together -- to attend. He lives here in Washington, D.C., at least temporarily. And he responded, "Joni, I would love to, but I can't; I'm being fitted for my new leg." Well, he's stationed at Fort Bragg, but he lives here right now at Walter Reed -- a great friend of mine. I was able to visit with him on Monday.

So, his last tour to Afghanistan was a little more difficult than most. And because of that, he has lost his -- his left leg.

We have a lot of soldiers, a lot of members that are going through difficulties and challenges. And I would like to know just briefly from each of you the impact of sequestration as it is in regard to our medical care and follow-on for soldiers and their families -- just very briefly, gentlemen.

ODIERNO: One of the issues that we're working through that we have to watch very carefully is we're going to have to consolidate our medical capability and facilities. As we do that, we have to make sure that every soldier and their family member gets provided the same level of support no matter where they are stationed. And that becomes a challenge as you start to reduce. And so we have to be -- be careful to ensure that.

We will still have the best -- highest level care. The issue becomes the sustained care over time across the country and overseas, because of where our people are serving, and making sure that they get the

right coverage for themselves and their families.

And there's some difficult decisions that are going to have to be made. And I do worry that one of the things we -- they should be able to rely on is the best medical care for them and their families as we move forward. So this is something we're going to have to watch very carefully as we move forward. ERNST: Thank you.

Admiral?

GREENERT: I think the general got the key points there. For us, it's about the resiliency programs and the wounded warrior care and recovery programs. We have to fund them, and we have to make sure they don't get caught up in some overall reduction. So we have to be very vigilant in that.

For us, it's a program called Safe Harbor. I watch it myself, to make sure that we don't inadvertently -- heaven help us if we do it consciously -- but inadvertently have these kinds of things caught up in, again, the verb they get sequestered. So we've got to watch that.

ERNST: Thank you.

WELSH: Senator, I think the key for us is what Jon highlighted there, and that's identifying where they could get caught up in this, and then come to you and ask for help, because I know you will provide it -- this committee will provide it. This is one of those sacred trust things that we owe our people.

ERNST: Thank you.

General?

DUNFORD: Senator, maybe I'd just address also the non-medical care aspect of it. We established a wounded warrior regiment to take care of our wounded warriors about 10 years ago. And we're very proud of the way that we take care of Marines. And as General Welsh said, it is about keeping faith.

We have funded that to date through OCO funding. So one of the challenges now is as we move forward and OCO goes away, we've got to move that into the base. And we've got to move it into the base at the very same time we're dealing with sequestration.

So that will certainly remain a priority for us, but it will be one of the other things that competes with the resources that we're going to have fewer of.

ERNST: Right. Thank you very much, gentlemen.

Thank you, Mr. Chair. MCCAIN: Senator Kaine?

KAINE: Thank you, Mr. Chairman.

And to the witnesses, thank you all. I did my back-of-the-envelope math, and I think this is 156 years of service to the United States that's sitting before us at the table in military capacity. And we owe you thanks, but we ought to also listen to you.

For the record, I just note, I voted will -- with enthusiasm for the nominations that were before us earlier, but there were 42 nominations to lieutenant colonel and colonel, and there was not one woman among the nominees. Those nominated were -- superb qualifications, but that is a fact of interest. And I just wanted to bring it up that people on the Committee pay attention to that.

The sequester was voted in by Congress in August of 2011. And I think, as some of your testimony indicated, and as we all know, when it was voted in, everyone wanted it not to happen. The idea was that Congress would find a better path forward. All agreed that a sequester path would have exactly the kinds of consequences that you have testified to this morning.

Since August of 2011, as you've also testified, the world hasn't gotten simpler. We've seen the rise of ISIL, an Ebola threat, increasing Russian bellicosity toward neighboring nations, North Korea cyber attacks, devastating Syrian civil war, decline in the situation in Libya and other nations in Africa, flexing of the muscles by the Chinese, flexing of the muscles by the Iranians. The challenges have gotten only more intense since August of 2011. But while the challenges are getting more intense, we are needlessly inflicting pain through budgetary mechanisms on our military.

General Mattis testified yesterday, and the chairman indicated this as -- in his opening statement -- it's a pretty powerful statement when you think about it -- "No foe in the field can wreak such havoc on our security that mindless sequestration is achieving." There's some powerful foes in the field. But General Mattis' testimony yesterday was that none of them will have as much effect on American national security as sequester. And that's why it's imperative that we reverse it. We have to take steps to reverse it.

If you look at budgets, budgets tell you about priorities. We can say all we want about how we value military service and the defense mission, but at the end of the day, our budgets tell us something about what we really value. In 2015 (sic), 1.3 percent of America's GDP was spent on interest payment. That number is rising. 3.2 percent of the budget -- of the GDP was on defense. That number's dramatically falling. 3.3 percent on non-defense discretionary. That number's falling even more dramatically. 5.6 percent of our GDP was spent on federal health care. That is growing dramatically. 4.9 percent on Social Security. That is growing dramatically. But by far the largest item on the expenditure side is tax expenditures: \$1.5 trillion a year of deductions, exemptions, loopholes, credits, et cetera. 8.1 percent of the GDP, and rising.

What our budget is telling us is that we support tax expenditures much more than any of these other areas. And we need to find appropriate ways to rebalance the budget in sequester and invest what we need to to combat the challenges that we've discussed.

General Dunford, I wanted to dig in with you a little bit on some of the testimony you gave about the relationship in the Marines between readiness and forward deployment. We've demanded of you that you be more forward deployed in the aftermath, for example, of the -- of the horrible tragedy in Benghazi. We've asked you to restructure to have expeditionary units and rapid response teams closer to the action. We've asked the same of other service branches. But forward deployment has a cost.

Talk a little bit about what sequester does in terms of whether you have folks forward deployed, or whether you have to have them back home. And if that's the case, what is the effect of that on our ability to respond to crises?

DUNFORD: I thank you, Senator, for that question.

Our ability to be forward deployed is -- is based on our capacity. And as I mentioned earlier, today, our units are deploying for about seven months. They're home for 14 months and back for seven months. If we get sequestered, we will reduce capacity. And we'll reduce capacity to the point where we'll be closer to a one-to-one deployment-to-dwell rate. Meaning that our Marines will be deployed for seven months -- our Marines and sailors -- back out for seven months and deployed for seven months. So, that's a -- that's a pretty significant cost.

Again, we talked earlier about both the impact on training -- very difficult to maintain corps competencies with that quick a turnaround. And we have experience doing that. We were at, or about that level about four or five years ago, at the peak of the requirements in Afghanistan and in Iraq. So, you know, that's the biggest impact on sequestration, is that reduced capacity. Now, that's the most significant one.

The other impact, though, is, because of its mindlessness, and it cuts across all of the lines -- it'll also have an impact on home station training facilities that are available, amount of ammunition, amount of fuel, amount of batteries -- the things that you need to do to properly train when you're back at home station. All of that degrades two things, Senator. One is the number of Marines that are forward deployed. And as -- and as we've discussed before, in the wake of Benghazi, I think there's an expectation that Marines and sailor will be there and respond within hours to a threat against our diplomatic corps, U.S. citizens or interests abroad.

The fewer Marines and sailors there are forward deployed, the longer timeline for us to be able to respond. And with sequestration, I also have concerns over time about the capabilities that those Marines have, both from an equipping and a training perspective. And the human factors, again, because it had quick turnaround from a deployment to dwell perspective.

KAINE: Thank you, Mr. Chairman. My time is expired.

MCCAIN: Colonel Sullivan?

SULLIVAN: Thank you, Mr. Chairman.

Gentlemen, thank you for your wonderful service to our country.

I just wanted to echo what General -- or Senator Wicker mentioned -- Senator Colonel Wicker -- in terms of General Mattis' comments yesterday about the strategic aspects from a national security perspective of the national debt that we've racked up over the last several years -- \$18 trillion, and increasing. So, I think we all see that we're struggling with the issues of sequestration, with the issues of readiness, but with the broader issues of how our fiscal situation in this country actually impacts national security. So, appreciate the testimony here.

I also appreciate the focus on what's happening and what potentially could be happening with regard to training, readiness, morale, particularly given the global security threats that I -- right -- I know that we all recognize are out there.

Similar to Senator Shaheen, I also would like to focus a little bit more, though, on local impacts. I think it's important that the people that we represent also hear what the potential for local impacts could be with regard to sequestration.

I'm sure all of you gentlemen would agree that Alaska is one of the most strategic, most important military places that we have in this country, whether it's missile defense, world class unrivaled training, areas and ranges, platform for rapid deployment into the Asia-Pacific into Eurasia.

You'll be hearing me talking about that a little bit in some of our hearings. I'm sure my colleagues will, as well. But the large number of Army and Air Force bases and personnel in Alaska, I think, is a testament to the important geostrategic location and training. **SULLIVAN:** General Welsh, you mentioned the importance of training. As you know, JPARC in Alaska is probably the premier airspace for Air Force training in the world. Larger than several American states.

And General Odierno, I know that you're heading up to Alaska soon, sir. We're looking forward to that. I wanted to let you know there was an article today in the Alaska Dispatch. It mentioned how the Army is looking to eliminate 120,000 positions looking at potentially 30 installations that could be impacted, including a couple combat brigades, possibly from Fort Rich or Fort Wainwright in Alaska.

Obviously, this is having big concerns in my state. Can you -- is sequestration driving this focus in the Army to look at the 30 different installations, including brigades in Alaska? Is that's something that's being driven directly by sequestration?

ODIERNO: It is being driven directly by sequestration and the fact that we will have to reduce significantly the amount of forces that we have in our active component and National Guard and Reserve component. And so, we have to throughout all of the United States and overseas, we'll have to take reductions. And every installation could be affected, as we make these decisions.

SULLIVAN: So that exercise right now, as described in the Alaska Dispatch, is a direct result of you preparing for sequestration?

ODIERNO: Direct result. Yes, sir.

SULLIVAN: OK. General Welsh. I know that the F-35s is a top program with regard to the Air Force. Alaska, as you know, is a frontrunner for future F-35 basing -- something that we're quite excited about. I think it would be great not only for Alaska, but for the country, given our location. I look forward to having future discussions with you on how to cement that decision. But I actually wanted to ask you about the impact of sequestration on that program. If there is any, if the future basing could be delayed or undermined with regard to the F-35s, is that something that would also or could also be impacted by sequestration?

WELSH: Senator, the -- if sequestration occurred again in '16, it might be necessary to defer some of the aircraft buy in F.Y. '16 out of '16. And the details of that'll be in our budget rollout. We'll be able to discuss those in detail with you and your staff, beginning next week. But that is a possibility. We have defended this program, as you know, from the beginning, as a priority program for us. And so we hope that does not become reality. That would not, by the way, put the initial operational capability date at risk, in my view. And clearly, your emphasis on the strategic benefits of the state of Alaska and the training capability at JPARC are pretty well supported by the decisions we are trying to make. But F-22 beddown already made, tanker beddown already made and now consideration of Eielson as the leading candidate for our Pacific beddown. And so, I would agree with everything you've said about the location and the strategic value.

SULLIVAN: Yes, sir. Thank you. And again, I look forward to having that discussion in more depth with you and other members of your staff.

General Dunford, you know, you mentioned and actually several of you mentioned the -- your experience with -- when you initially joined the service, kind of the hollow Army or the hollow Marine Corps. Could you provide a little more details -- any of you or all of you, quickly -- on specifics of kind of then and now? When you joined the service, saw the initial kind of hollow military versus the high level of training that we've had with regard to our troops and readiness?

DUNFORD: Senator, I'll start by talking about the quality of people. And in the aggregate, there's absolutely no comparison between the quality of the men and women that we have in uniform today and the quality that we had in the wake of Vietnam during the late 1970s. We certainly had some very, very good people. But the comparison I would make today in the quality of people would be very significant.

But really, what was going on in the 1970s is we didn't have sufficient money to train. And so, the training was not effective. Our capabilities weren't growing. We didn't have significant amount of money to take care of our infrastructure in our barracks. And frankly, I can remember days of asbestos carpeting, lead pipes, raw sewage in the barracks and in conditions of habitability that, frankly, we were embarrassed about in the 1970s.

But I think, you know, the one thing that's different today than the 1970s is the spirit, the will and the discipline of the force, in addition to being very well equipped. Of course, much of the equipment we had was old. But the most important thing, the intangible quality of the force today. And again, we've all spoken about trust. We've all spoken about the ability to predict the support that you're going to have when you go to harm's way. And all of those things have given us that spirit and will and discipline. And that's the thing I'd be most concerned about losing is the quality of the force and those characteristics that we see in our soldiers, sailors, airmen and Marines today.

THORNBERRY: Senator Manchin?

MANCHIN: Thank you, Mr. Chairman. And thank you all for your outstanding service to our country and we appreciate it very much. I don't know the person in West Virginia that wouldn't sacrifice for our military, not one, that wouldn't do without, that wouldn't give up something that they're getting now or a benefit for our military. I don't know of one.

But they do ask the question: Can we do it better? Can we make it more efficient? And I just remember the Omnibus Bill we just passed. There was \$5 billion of new equipment in there for the Department of Defense, that I understand nobody asked for. So I'm sure if it was built in my state or in some other state, we were wanting you all to buy and pushing it on.

There's got to be a more effective efficient way of procurement. We've got to have enough resilience -- I know the Chairman has fought on this forever. I've heard him when I was governor of the state and when I was in a legislature. There's got to be a better way. And when Eisenhower said, be ware of the industrial military complex, man, he knew what he was talking about. Even back to George Washington -- knew that there could be a problem.

We've got break that so that we can go back to the people willing to sacrifice, whether it's in my state of West Virginia, Arizona or wherever it may be. And they said, fine, what's everybody else doing. I'll sacrifice, but are we doing it better? We don't have an audit. So without an audit, I've never been able to run a business without an audit, knowing where my problems were. And we have a hard time getting it out of the Defense of Defense, so that we know where the waste or efficiencies or things of that sort.

We force stuff upon you all that you don't want. And I know you can't speak and it makes it politically very challenging. But we've got to be there for you. And if we're going to have the best of readiness and prepared and support the greatest Defense Department the world has ever seen, we've got to make sure we're doing in a most efficient fashion.

So I look at that and I have a whole different approach to this two years in the military service. I was a product of IRATSI (ph), a mandatory RATSI (ph) in WVU. And I enjoyed it. And I never had a chance, if I didn't. The draft process and all, everything that went with that. I still believe in two years of public service for every young person. And really, we could tie it to this two years of college the President, instead, you earn two years of college, if you give two years of public service. It doesn't have to be military. You all can pick and choose the best, if they wanted to go there. And we still had that option. I think it has more value and buy into our country if they do that. MANCHIN: I just want to know, and I have the most frustration with the procurement of this process of ours, why it takes so long to get an idea for new technology to market? Why is it so long for us to get that and the cost that goes in that? F-35 I know our chairman has been on this for as many years as I can remember. There's no quid pro quo. There's no incentive or reward or penalty, it seems like.

We don't run the private sector the way we're running the procurement in the military that I know of, so it's kind of an open end. And I'd like anybody's comment that would want to chime in. We can start with General Odierno and go down if any of you all want to chime in on this, but give us some direction that we can help you, and how an audit would work to reveal the inefficiencies so the transparency that we need up here to give you all the support you need. General?

ODIERNO: Senator, thank you. First, we are working very hard towards auditability. Now, we are -- we are starting to put the systems in place that are enabling us to better see ourselves and where we're spending money where we're wasting money and where we are underfunding money. And I -- we're getting there.

And I think the requirement's by '17, but we're working very fast to get there, and we're starting to see some of that come to fruition. So I want you to know we're taking that very seriously and we're making some progress. We're not where we need to be yet, but we're making progress and we should be prepared by '17 to meet that goal.

A couple of things I'd just comment on what you said is, yes, we are still having to procure systems we don't need. Excess tanks is an example in the Army, hundreds of millions of dollars spent on tanks that we simply don't have the structure for anymore.

There's reasons for that, I can understand, but there are things that go on and we -- when we're talking about tight budgets, a couple hundred million dollars is a lot of money, and we've got to understand how we do it.

The other thing is I know there's lots of people that have looked at procurement reform, and the one thing that's been frustrating to me as the chief of staff of the Army is how little authority and responsibility that I have in the procurement process. I have a say in requirements to some extent, but I have very little say.

Now what I have to do is use my influence, use my influence as a four-star general and the chief of staff of the Army to try to influence the process. But frankly, I have no authority inside of that process outside of recruitments, and so, you know, I think when you're -- when you're in this position, you've been in -- serving for decades, you've been -- fought wars, you have some experience in what is needed and how we develop and procure items. And I'd like to see us in uniform get a bit more involved. And I'd ask as we review this that we'd all take a look at that, sir.

GREENERT: We too are working on auditability. This year, we're -- we're going under what's called the scheduled budgetary activity. That means the financial transactions. We should complete that by December. That takes us to the next, which are to look at the four classic areas of auditability. So I tell you, the Navy is on track. We'll continue to keep the committee and yourself informed.

When I look at the procurement process, Ray has it about right. I think we have too many -- we need to clarify -- what we call clarify the chain of command. There are too many people involved in the process. If I say I need a thing, then it starts moving toward somebody building it, and there are a whole lot of people telling us no, this is what you really need. And I'm talking about in the Pentagon, just to get it out of the building. That's one.

Two, we need to be able to compromise once we tell somebody to go build us something. If I say it has to be this fast, do this greatness and I'm reaching hard -- it can be quite expensive, and the technology just may not be there. We may need to de-scope this. It's too expensive, it won't deliver on time. Cost and schedule need to become a much bigger factor in this process than it is today.

I think it ought to be a key performance parameter -- that's big speak in the Pentagon means if you breach this, you've got to go back and stop, take a pause and look at this again.

MANCHIN: If I can just finish -- one just -- and I'll finish up; my time is out. But I'd love to speak to you all if I can because I'm really interested in procurement and changing procurement, how we do it.

MANCHIN: I'm more interested in finding how many ideas come from you all to what you -- what you just described is what you need versus what somebody else thinks you need. Those are the things I'd like for you to think about. I'll come and visit with you all if I may. Thank you very much.

I'm sorry, Mr. Chairman.

MCCAIN: Thank you, Senator Manchin. And that is our second top priority item I think for this committee in the coming session.

Senator Tillis?

TILLIS: Thank you, Mr. Chairman.

Gentlemen, thank you for being here, your leadership and your service to our nation. And I apologize for being out. I've got a committee meeting over in Judiciary with the appointment of the nominee.

But my question to you is I came from North Carolina legislature and we had a very -- we had a budget crisis back in 2011. We had to cut.

What I heard from the heads of the various administration members were that they could absorb some of these cuts if the legislature were willing to provide them with the flexibility to determine where they do it, and potentially even changing some of the processes, I think alluding to what maybe the admiral said on procurement processes.

Has there been much of a comprehensive focus on if you could make changes to the way you procured, deploy and prioritize spending? And provide that feedback to the Congress. That's one.

Another question is with respect to sequestration I don't know that much about it although I do know that I would vote to repeal it. Can you describe what kinds of constraints prevent you from being able to absorb

the suggested cuts with sequestration that may make it easier if it were to stay in place? And go down the line.

ODIERNO: Senator, the one thing I would say is I think sequestration level of budget is simply not enough budget for us to meet the demands that are on the force. I want to be very clear about that up front. I just think it does not allow us to meet what we believe is our defense strategy in the Defense Strategic Guidance that we're operating under now. That said, we are inefficient in just sequestration itself is inefficient because it is some cases salami sliced cuts that limit how you manage. And what it's done is it's stretched programs longer than they need to be so the cost per item is more.

It is causing us to reduce training and some of our other modernization activities much broader than we need to. It is causes us to cut end strength too quickly. So, all of those add to an inefficient use of the resources that we're provided.

So we can make some adjustments around that would help if we were able to change some of the mechanisms associated with sequestration. That said, I just believe the level of funding under sequestration is simply not enough for us to do the things that we need to do.

TILLIS: General, does that suggest that -- and if I were to have that discussion with someone in business the question I would ask is how productive and how efficient do you think your organization is. So are you suggesting that now that the cut as suggested by the sequestration are beyond your capacity to drive additional efficiencies and productivities out of the organizations?

ODIERNO: No. No. I would not -- no. There is always, always room in the Army for continued efficiency.

And we have taken several steps to try to improve our efficiency, whether it be in how we let contracts, whether it be how we size our headquarters, whether it be how we manage some of our programs. We always have to be doing that and adjusting and adapting how we do things and be more efficient in our ability to train. We're always looking at those items.

So there's always room for that. But I think we have to understand. The levels we're talking about really hinders us in what I believe in a very difficult, sturdy environment to meet the needs of the nation. Thank you.

TILLIS: Admiral?

GREENERT: I echo what General Odierno said is that the absolute value of money that it takes to do this strategy and what the world -- what the country needs the military to do today, it doesn't balance. And so what I'm saying, and my testimony was you have to change what you're asking us to do. While the world's getting a pretty big vote on this. So there's a mismatch and imbalance in that.

As General Odierno said, I'll give you just a quick anecdote. In the president's budget 2015, which we brought up here, there was a \$90 billion change over what we say -- or difference in what was say we needed and what we had. \$20 billion of that we made up through overhead reduction, efficiency, buying more efficiently through what we call Better Buying Power. And so, sir, we are doing our best to be as efficient as possible.

I would say that takes time for these things to come to roost, the efficiencies. The kinds of reductions we're talking about are today. So there's a mismatch in that as well.

TILLIS: Thank you.

General Welsh?

WELSH: Senator, sequestration is a blunt force instrument. It was intended to be, as was referenced earlier in the hearing, so that we wouldn't keep it in the law.

The problem with it is there is nothing about that instrument that you would use in the business world.

You would never expect to create great savings the first year after you decided to restructure your entire business.

TILLIS: And just for the record that's why I agree I think strategically it's a poor approach toward addressing or vetting or getting, driving out efficiency. So I agree with that, General Welsh.

WELSH: Yes, sir. And then when it comes to efficiency we in the Air Force have not used our auditor general well. We've never done implementation audits for new programs, new ideas, new organizations.

We started that over the last 18 months. We found that if you get off to a good start in these changes you have a much better chance of success.

That same logic applies to acquisition programs. If you start procurement with a bad milestone chart, a bad funding plan or a bad acquisition strategy, we will end up in here explaining to you why the program is failing.

We have got to do a better job of starting the right way. And that involves a number of people supporting us in changing policy law and us paying more attention to it.

TILLIS: Thank you.

General Dunford?

DUNFORD: Senator, I'd associate myself with the comments of the chiefs. And maybe -- because you asked about what about the methodology makes it very difficult.

In 2013 our manpower account was exempt from sequestration. We spent somewhere almost 70 percent of our budget is toward people. And so the full weight of sequestration then fell within 30 percent of our budget.

So if we went back to sequestration in 2016 it would be a similar impact with a full weight of sequestration comes against 30 percent of the budget. So there's absolutely -- not only do you have no flexibility in its application, but it's a very narrow part of my budget where the full weight of sequestration would fall.

TILLIS: Thank you, general. This really gets to the point about the constraints. Thank you, Mr. Chair.

MCCAIN: Senator King?

KING: Thank you, senator.

I just returned from the Budget Committee. I apologize for missing some of the discussion, and I may nudge upon some of the points...

MCCAIN: Not accepted.

KING: Thank you. Always a pleasure to work with you, Mr. Chairman.

I want to emphasize a point that I understand Senator McCain made and that is number one, sequestration was designed to be stupid. Did you know that? It was expressly designed to be so stupid and unacceptable that Congress would never allow it to go into place.

I remember campaigning in 2012 and people said well what do you think of the sequester. I said well it'll never happen, Congress won't let that happen. But here we are. And one of the reasons that it doesn't make much sense is that we're focusing all our budgetary attention on a declining part of the budget.

The growth in the budget right now is in mandatory programs, and particularly in health care costs: Medicare, Medicaid, Children's Health Program. That's what's driving the federal deficit. It's not defense. It's not national parks. It's not the Head Start program.

And we're focusing that the sequester is like invading Brazil after Pearl Harbor. It's a vigorous reaction, but it's the wrong target because that is not where the problem is. And we're headed for a moment, by the way, Mr. Chairman, where discretionary spending, including defense, is at the lowest level ever, ever.

And we've simply -- and we really shouldn't even be having this discussion because it's such a -- it's a pointless exercise in terms of trying to deal with the budget. We need to be talking about a much larger question, particularly the extraordinary cost of health care in this country as a percentage of GDP and as a per capita.

So I know you've had all the testimony, and I heard it at the beginning about how devastating it will be. And it -- we really have to start talking about how to deal with it.

And I hope, Mr. Chairman, that we -- this committee, which sees the impact of sequester more than any other committee in the Congress because it's half of it -- more than half of it falls within our jurisdiction -- can lead the way in trying to find some kind of solution that will make sense.

So I don't really have any specific questions except to underline what I heard all your gentlemen say in your opening statements is that this will really be devastating. Americans' lives are being put at risk by this policy. Would you agree with that, General Odierno?

ODIERNO: Yes, sir.

KING: Admiral?

GREENERT: Yes, sir, I do agree.

WELSH: Yes, sir.

DUNFORD: Yes, senator.

KING: That should be the headline. That Americans' lives are being put at risk when we go to such extraordinary lengths to protect the lives of our people. And yet by compromising readiness, by compromising morale, by compromising modernization, by compromising training that's the inevitable result.

And you guys are having to go through these extraordinary gyrations to deal with this uncertain budget situation. And the danger is risk to American lives, both our people in uniform and our civilians.

So I certainly want to thank you for your testimony. Also I'd like to ask one other question. Is the -- I would assume that the uncertainty of this whole situation is almost as bad as the dollars. Is that correct, general?

ODIERNO: It is. There's a lot of angst in the force about what's in the future, what's going to happen. They're focused on what they're doing today, but they do worry a bit about what it means for them in the future, our soldiers and their families.

And so it is creating some angst in the force. And that's concerning to me. And for the Army especially because we are reducing so much force structure might be required to reduce so much more force structure. It's creating great angst in the force itself.

KING: Final question for you, admiral. Talk about the risks of the industrial base. My concern is that you can't turn on and off the industrial base. When welders leave to go somewhere else you can't just pick them back up the next year. And isn't that a deep concern to the Navy?
GREENERT: It is, Senator. We're at the point where in our shipbuilding plan we're at about, if you will, minimum sustaining. The good news is we are buying efficiently. But that all comes unraveled if you start dropping out ships here and there. And in aircraft and weapons we are minimum sustaining.

So what happens is people think, "Well, the big crimes are going to go under." They say, "Oh, that won't happen."

That's not the concern. It's what you said. It's kind of the mom-and-pop, the smaller or mid business people that do -- that make very specific and refined equipment. Nuclear -- over half of our nuclear industrial base is sole-source. So we really, really need them.

And so this -- this lack of planning, the inability, it can't keep them open. You can't buy an economic order quantity. And it is a deep concern. And as you said, you can't bring it back fast.

KING: Well, and the irony is that when you have to delay the multi-air procurement, for example, you end up paying more in the end. So the taxpayers lose both ways.

GREENERT: They absolutely do. It's like some say you're eating at 7-Eleven every night. You're just not - you know, it's not sustainable, and it's more expensive.

KING: Well, I have 7-Elevens in Maine, so I'm not going to comment. Thank you, Mr. Chairman.

MCCAIN: Senator King, I want to thank you for the work that you are doing, along with a number of efforts to try to address this issue. I thank you very much. Senator Cotton?

COTTON: Thank you very much, Chairman McCain. Thank you, gentlemen, for your distinguished service to our country.

Want to look back on a few of the statements you made at the last hearing we had, General Odierno, starting with you. You said that if sequestration level reductions continue in F.Y. '14, 85 percent of our BCTs would not meet readiness levels appropriate for contingency requirements? Are we in a situation now where 85 percent of our BCTs are not in fact ready?

ODIERNO: We got down to actually 90 percent at one time in '13. We built -- because of the BBA, I think we built that up back in '14 and '15 to 33 percent. But we'll be -- if sequestration begins in '16, we'll be headed right back down to those numbers again.

COTTON: How are you managing that lack of readiness?

ODIERNO: So what we have to do...

COTTON: ... through BCTs?

ODIERNO: So what we've had to do is we had to develop a force, so we're saying, "OK, we're going to take this amount of the Army, we're going to give you the money and train you to the highest level," which means the rest of the Army is training at a significantly (ph) lower, which really concerns me.

Because what I worry about is I've got to have some level of the force capable of deploying no -- to an unknown or no-known contingency. But what that does is it means we're not funding the rest of the force; affects morale, affects capabilities, and it takes longer to recover from it.

COTTON: So in a concrete sense, that means certain BCTs are only doing individual tasks, or platooning company level collective training?

ODIERNO: Squad. Individual squad and some platoon, and that's it.

COTTON: You had said that only 20 percent of the operating force would have sufficient funds for collective training. Is that the case?

ODIERNO: That was the case. And again, when we got the additional money '14 and '15 above sequestration, we were able to increase that to about 35 percent of the force. But if it kicks in again at 16, it will go right back down.

COTTON: Where do we stand on schools now, basic professional schools like Warrior Leader, BNOC, ANOC, coming...

ODIERNO: So there'll be -- right now, they're funded fully. If sequestration kicks in, we'll start to see a reduction in our special training schools. So ANOC, BNOC, we'll try to fund those. We're going to have to look at them as Ranger, Airborne, Pathfinder. About 85,000 spaces will be unfunded in our specialty schools, which are critical to providing us to have high-level competence that we need.

COTTON: What kind of percentage decrease would that be for the specialty training schools, like Ranger, (inaudible), Airborne, Pathfinder?

ODIERNO: We'll have to -- it'll be somewhere around a 50-60 percent level.

COTTON: Have you seen that affecting retention?

ODIERNO: Well, we haven't done it yet. We would have to do that if we go back into sequestration.

COTTON: Do you foresee it affecting retention?

ODIERNO: Yes. I think it'll affect retention. All of this affects retention, because the most important thing we do is make sure they're absolutely trained to do their mission. When we start backing off on their ability to train, it will affect retention.

COTTON: You projected the need to go from just over 530,000 troops to 420,000. Is that still your assessment?

ODIERNO: That is in fact the case, Senator.

COTTON: At what levels are we going to see the most declines in personnel; soldier, junior, senior NCO, company-grade, field-grade officer?

ODIERNO: It's all. So, you know, we manage officers by (inaudible). We're already going through boards now. Even just to get to 490, we're involuntarily separating officers at the captain, major, lieutenant-colonel and colonel level. We're also reducing the amount of NCOs.

We're reducing the amount of soldiers we're bringing in. And we're actually, over the last couple years, have reduced the ability for people to re-enlist. That will increase if we have to go to sequestration.

COTTON: And at those levels, those are the soldiers who can have the multiple combat deployments underneath their belts?

ODIERNO: That is absolutely correct.

COTTON: So you're losing their combat experience...

ODIERNO: That's correct.

COTTON: ... with new privates and lieutenants who don't have it?

ODIERNO: Yes, sir.

COTTON: General Dunford, if I could switch to you for a moment, your predecessor had projected that you would have to decrease your end strength about 187,000 to 174,000. Is that projection still accurate?

DUNFORD: Senator, that's correct, with sequestration.

COTTON: With sequestration. Could you explain to a layman why what might seem like a relatively small reduction of about 13,000 could be so hurtful to the Corps?

DUNFORD: I can, Senator. Thanks for that question. The biggest impact would be that reduced capacity would have an impact on the deployment, the (inaudible) ratio of our Marines.

So today, we consider the optimal force -- and we did a study on this in 2011. That optimal force would be 186,800 Marines. That would allow Marines to be gone for seven months, home for 21 months, and gone for seven months again. And we call that a one-to-three deployment to dwell.

When we came down to 182,000, that puts us at a one-to-two deployment to dwell. So we're deploying seven months, home for 14 months, back out for seven months.

If we go down to 174,000, and really with a Marine security guard plus-up, that would be about 175,000. That'd be the only change I'd make from my predecessor's comment. If we get down to that level, many of our units would be closer to one-to-one than one-to-two.

So Marines would be home for about eight or nine months between seven-month deployments, with an impact on the quality of training that we're able to provide, as well as impact on families.

COTTON: Admiral, you'd testified that if sequestration remained in place, you'd only be able to sustain about 255 ships, which is approximately 50 less than today. Is that still the case?

GREENERT: It's not, Senator. That was about 15 months ago when I did that testimony. That was a scenario based on our using force structure retirement to garner savings. And mandates from Congress, and (inaudible) have kind of taken that off the table.

So I would look at other avenues, probably other modernization. And it concerns me about when I talk to capability and the future, that's more likely where we would go for that kind of savings.

COTTON: My time is expired. Thank you all.

MCCAIN: Senator McCaskill?

MCCASKILL: Thank you, Mr. Chairman. As you might be able to tell, I don't have much of a voice today, which is a fact that's being celebrated many places around here. I won't spend a lot of time questioning, because I have questions for the record that I would like. I know Senator Manchin touched on the acquisition process.

I would certainly recommend to the members of this committee, and to the leaders in our military, the report that was issued by the permanent Subcommittee on Investigations, under the leadership of Senator McCain and Levin, where they took information from a variety of important experts about our acquisition process, and particularly, the challenges that the bifurcation represents between the civilian and the military, and how awkward that has been, and how frickin' expensive it's been in the long run.

That's a technical term, "frickin." I figure I can say that since I can't talk.

I will just use this time to briefly ask one question. And one of the things I have discovered as I have done an enormous amount of work in the area of acquisition -- and by the way, getting rid of sequestration, I think, is maybe the most imperative bipartisan challenge we have in the Senate.

And it is a bipartisan challenge, and we're going to have a lot of them. And how we on this committee step up in a bipartisan way to try to address it, I think, will be very meaningful.

But one of the problems in the military is that it is based on leadership, and your ability to be promoted. And what positions you have are relevant to whether or not you're promoted. And there's kind of a short stick to get to be a systems manager.

And so what happens, these program managers, they don't want to hang out in those jobs, because they get all the heat when things go wrong. They are not seen as bright and rising stars within the military. It's

not the career path that is the most desirable.

Whether you're back in the days when we couldn't get the companies to even give anybody with authority that clipboard to check on contracting, the Corps' representatives, I mean, when I started doing this, you know, it was the lamest member of the company that was handed that clipboard to do the contracting checks.

So I would love if not now, in writing later, how you all believe you can elevate these positions so they're seen as part of a trajectory of success within the military. Because until we get quality leaders running these acquisition systems, these programs, we're going to continue to struggle with costs that we just frankly can't afford in this country anymore.

And I've only got three minutes left. So if any of you want to take a stab at that, that would be great. I apologize for my voice.

(UNKNOWN): Senator, we're very aware of the issue you just brought up in terms of ensuring that in certain parts of our service, they have the ability to move up and get rewarded for the work that they're doing. And we manage it very carefully. With our acquisition corps specifically, we have management guidelines that we're attempting to follow.

For me, it's more about -- it's not only that, but it's more about the mixture of experience between acquisition and operational experience. And that would help also in that area where we make sure we have that dual experience. And we've moved away from that a little bit, where we make somebody an acquisition officer very early on.

But that said, we have put programs in place to ensure that the promotion rates are at least equal. But with that said, I believe we have to constantly review it, look at it, and ensure that they are having the opportunities for promotion. And we will -- I will respond in writing in more detail.

GREENERT: Ma'am, in the Navy, we have a corps called "acquisition professionals." It's not literally a corps, it's a subspecialty. And it's in statute how they are promoted, and what jobs they are required. We need to do some work in there.

Number one, the report of fitness is very similar to a unrestricted line officer. So the attributes that they are evaluated on don't match up with the reality of what they do day in and day out. We need to revise that. That's in progress, and I'm working with our acquisition professional.

Number two, we need to cross-pollinate. People who may not be acquisition professionals need to serve with them and understand what do they do so that as we go back and forth and describe what I need, what they need and how -- their reality. We need to understand that so we can do better.

Number three, the assignment process needs to be -- it's like a conga line right now. We need to go in and find out who are -- to your point, who are these people who are performing very well. Get them in the right job. Keep them there so that they can develop the program and we're not just shifting people through there.

And then lastly, encourage our program managers to come forward. The program's not going well. We've got to evaluate them and actually reward them for coming forward and saying I've got a problem here. Because what happens is they fill in the data and they say check it out, doing well, I've got to get out of here before this thing goes bad and then the poor person that comes in and it explodes gets the heat.

WELSH: Senator, I think this is -- it's a fascinating area for study. I spent about two-and-a-half years in the acquisition business and the thing I walked away is my primary lesson was I didn't understand any of the rules when I left any more than I did when I walked in. It's complicated.

But what I did understand is the quality of the people we have in the acquisition business in the Air Force. It's especially for us. We get a lot of people actually wanting to come into the Air Force as young acquisition and contracting officers. The talent level's phenomenal.

Where we start to lose them is when they become disconnected in their duties when they get to the mid career with what the rest of the Air Force is doing. They don't feel that they are critically important to the big Air Force, they feel they're critically important to their program. And not having that connection is a big problem, in my view.

We have a number of general officers who are acquisition officers. We have some who are contracting officers. So there is a path for them if we can make them want to stay long enough to enjoy it.

It's tough work. You have to be very talented to do it well. And we have to make sure they understand that they're critically important to the Air Force.

This is where that civilian-military connection I think will make a big difference if we can get it right. They have to feel like we're all in the same Air Force, not that they're in a separate section that's just buying things for us. That won't work over time.

DUNFORD: Senator, I think we have a similar construct to what Admiral Greenert talked about with the Navy. And I understand the question you were asking. I don't have anything to add that the other chiefs haven't already said, but we will take the time to respond thoughtfully in writing.

MCCAIN: Col. Graham?

GRAHAM: Thank you, captain.

NATO partners are reducing their spending regarding defense in general. Is that fair to say?

DUNFORD: Yes, sir.

GRAHAM: How many NATO nations spend 2 percent of their GDP on defense?

ODIERNO: Senator, the answer's two or three. I believe Estonia does.

GRAHAM: Two or three. So that's a dilemma for us because as you look over the next coming years, the capabilities of our NATO partners are diminishing, not increasing. Is that fair to say?

ODIERNO: In the ground side, yes.

GREENERT: The U.K. is improving their Navy, but the capacity's small.

GRAHAM: Same for the Air Force?

WELSH: Yes, sir. The problem is a capacity problem for our traditional allies.

GRAHAM: OK. So what will we be spending on defense at the end of sequestration? What percentage of GDP will we spend on defense?

ODIERNO: I believe it's about 3 percent, Senator. **GRAHAM:** I think it's 2.3 percent.

Can you do me a favor and check among yourselves and send us, if you can find agreement among the four of you, the number that the military views that we will spend on defense relative to GDP. And also add into that letter the average the nation has been spending on defense let's say since Vietnam.

I think that would be very instructive to the committee to understand the true effects of sequestration. I believe it's around 2.3 percent, and that's about half of what we normally spend on defense since Vietnam. But I could stand corrected, just let us know.

Have each of you talked with the president about this problem with sequestration?

WELSH: We have, senator.

GRAHAM: All of you?

ODIERNO: Yes, sir.

GRAHAM: What does he say?

ODIERNO: The conversations that we are having, he -- I think as you see our submission of the 2016 budget you'll see that in fact our budget is well above sequestration. And that's a budget that we have worked with the president. So I think you would see that he believes that Department of Defense cannot operate under a budget of sequestration.

GRAHAM: Has he suggested a solution to replace or repeal sequestration beyond the 2016 budget? The answer is...

WELSH: Not to us, senator.

GRAHAM: Does he seem upset when you mention to him the consequences of what the Congress has decided to do with his signature?

ODIERNO: I think the discussions that we've had with the president, he understands the challenges we have. He understands the security environment. He understands the pressures that is being put on all of our services. And I think...

GRAHAM: But has he submitted a plan to you and say I understand what you're telling me, this is unacceptable, as commander in chief here's how I intend to fix it? Has he suggested such a plan to any of you?

(UNKNOWN): I'm not aware of one directly, sir.

GRAHAM: And I don't mean to just to beat on the president. I think that applies to us too. We're the ones who created this mess. The president signed the bill. So you know it's not just fair for me to comment on the president. The Congress is in the same boat. We don't have a plan. But Senator McCain, to his credit, is challenging some of us on the committee to find a plan.

Mr. President, help us. We can't do this by ourselves. We're going to need the commander in chief to weigh in and inform the American people that the sequestration cuts are unacceptable. Not just on the defense side.

Are you familiar with the Foreign Operations account under -- the 150 account, our foreign aid account? Are you all familiar with what we do, State Department, other agencies?

DUNFORD (?): Vaguely.

GRAHAM: Do you agree that that's a vital program in terms of national defense all of its own?

DUNFORD (?): It is.

GRAHAM: Have you looked at what happens under sequestration to our ability to be engaged in Africa to deal with malaria, with AIDS and a variety of other health care issues?

(UNKNOWN): I have not, Senator.

GRAHAM: Have you, General Odierno?

ODIERNO: We have through our commands, understanding the cuts and what that could mean to stability.

GRAHAM: Well, you need to take a look because the military's been the strongest advocate for a robust foreign assistance account. If you think sequestration's a problem for you, you ought to look at what it does to our State Department.

Having said all of that, do you all agree that once we get sequestration fixed and right, whatever that turns out to be, that we should reform our benefit pay and compensation packages to make the military more sustainable?

ODIERNO: Yes, Senator. Because if we don't, regardless of sequestration we would have to take significant cuts in our capacity.

GRAHAM: Do all of you agree with what the Army just said?

GREENERT: I agree, senator.

DUNFORD: I agree.

GRAHAM: Would you urge Congress to look at this commission report seriously on pay and benefit reform?

DUNFORD: Senator, I would urge them to look at it seriously. But not having get into the details of the report itself, I'm not sure the merits of the report at this point. **GRAHAM:** OK, nor am I. But I would just suggest that we need to look at reforming pay and benefits, be generous, but sustainable.

As to the Marine Corps, what is your infrastructure account looking like, General Dunford?

DUNFORD: Senator, we're programmed for about 70 percent of the DOD recommended amount against our infrastructure. Because of OCO, over the last couple years...

GRAHAM: What does that mean to the Marine Corps?

DUNFORD: What that means is we had an unprecedented \$8 billion military construction program over the last few years. And what'll happen over time is that we won't be able to properly maintain it.

That'll mean there'll be mold in the barracks. That means that the barracks will not be maintained at a rate where they're suitable. That means our ranges won't be properly sustained. Those are some of the impacts.

GRAHAM: Do the other services have similar concerns?

ODIERNO: Absolutely. We've taken significant risks, sir.

GRAHAM: Will that affect retention and family quality of life?

ODIERNO: It'll affect family programs. It'll affect quality of life. And it'll affect the ability to train the way we need to train.

GRAHAM: Thank you all.

BLUMENTHAL (?): Thanks, Mr. Chairman. Mr. Chairman, I would apologize for being absent, but I know that my apology will be rejected. So I won't even endeavor because there's no committee hearing or meeting more important than this one going on today.

MCCAIN: You're forgiven.

BLUMENTHAL (?): Thank you.

But on a more serious note, I would like to thank the chairman for his constant and relentless focus on

this topic, and for raising it again at the very outset of this session of the Congress so that we can put a lot of these issues in context.

Many of my constituents who are digging out from a major weather event in the northeast might be forgiven for comparing sequestration to the weather. There's an old saying everybody talks about the weather but nobody does anything about it. And we have talked about sequestration a lot on this side of the dais, but the Congress has yet to do anything meaningful about it. And I thank the chairman for putting it very much on the front burner as we begin consideration of this budget.

I take it, Admiral Greenert, that in your testimony there's no mention of a BRAC because there's no planning for BRAC and none is on the table at this point.

GREENERT: Well, the department has requested a BRAC. In my testimony I didn't speak to it. I'm always open to a BRAC. It's a good process. But I'm satisfied with the Navy's infrastructure as it exists today -- base infrastructure.

BLUMENTHAL (?): So there's no immediate need for a BRAC in your view.

GREENERT: In the Navy I'm satisfied with -- on my base lay down there in that regard. But again, the process makes the bases that I have that much more efficient. It's not a bad process, per se.

BLUMENTHAL: You spoke very cogently in your testimony about the fragility of the maritime industrial base, which I think is a major consideration that very often the public doesn't understand as a consequence of sequestration. And you note that the damage can be long lasting and hard to reverse.

That's true of facilities and manufacturing plants not only at places like Electric Boat, but also in the supply chain across the country and particularly in the immediate vicinity, in Connecticut, for example, where parts and components and supplies are necessary to in effect make the weapons systems and platforms that make our military as powerful as it is. Is that correct?

GREENERT: Yes, sir, it is correct. In fact, I would worry less about a company like Electric Boat, a larger company. But as you've said, the key is they have to go to these subprimes, if you will, particularly nuclear.

And we are so sourced in so much of our nuclear technology in our plants. That's a huge asymmetric advantage of ours. That goes at risk when -- if these smaller businesses close. Where do we go? Do we go overseas? I mean this is really a serious subject, sir.

BLUMENTHAL: Thank you.

There's been some discussion of the mental health consequences of losing professionals as a result of the sequestration process. As you may know, Senator McCain and I have spearheaded a bill to provide better mental health care to our veterans, the Clay Hunt bill, which I hope will be voted on literally in the next day or so, next few days if not today.

Gen. Odierno, I wonder if you could speak to that issue. Because it is very, very concerning. The suicide rate among veterans is 22 a day, and within the active military also extremely deeply troubling. Perhaps you could elaborate on that point.

ODIERNO: Thank you, senator. Unfortunately you know we've had to decrease actually our behavioral health capabilities over the last couple years. Not something we want to do. And this is during a time of concern where we believe we should be increasing our behavioral health capabilities in order to support our soldiers.

This is a long-term problem, and it's not one that goes away because we're out of Iraq or we're out of Afghanistan. It's one that will sustain itself for a period of time. And it's our requirement to do this. So it's one thing that's very important to us. And we're trying to be as efficient as we can. We're trying to get it down to the lowest levels possible. But I worry about that.

We're trying tele-behavioral health to improve it. But it is an issue that is of great concern to us. And frankly, when we had to furlough civilians, one of the specialties that walked away from us was our behavioral health specialists because there's such a need for them in many other walks of life that they decided because of the uncertainty that they would go work somewhere else. And that's very problematic for us as a service.

BLUMENTHAL: Let me ask. Generally there's been a lot of talk about retention, which is extraordinarily important. What about recruitment, which is as important? You want the best to be attracted. Has sequestration affected recruitment?

ODIERNO: We've been able to meet our goals for recruiting. But it's starting to get more difficult. And so, we're a bit concerned as we look ahead to the next two or three years. We've had high standards, to be able to meet those standards.

But frankly, part of the problem as well as the population that's eligible is decreasing because of the other problems we're having in the youth of our society. And so for us it's becoming critical. And I think the uncertainty of the military service and the constant discussion of reducing military budget is going to have an affect I think on reenlistment potentially, and recruitment.

BLUMENTHAL: Is that true of the other services as well?

GREENERT (?): We're meeting goal, but it -- one of the measures is at what week of the month of the four weeks do you finally meet goal? And we're starting to get into the third week, which is very unusual for the last four years in the high-tech ratings.

BLUMENTHAL: Thank you.

WELCH: Senator, I think for us the big draw to the Air Force is word of mouth from those who have served or testimony from those currently serving. Increasingly that testimony is through social media. People see it on blog sites and other comments.

Sequestration lit up the blog sites with this job sucks kind of comments. That has died off. It will come back and it will come back stronger than it happened before. And those are the testimonials I'm worried about affect recruiting. We haven't seen an impact yet.

DUNFORD (?): Senator, we're certainly not complacent about the need to recruit high-quality people. We have not yet seen an impact.

BLUMENTHAL: Thank you.

Thank you, Mr. Chairman.

MCCAIN: I want to thank you, Senator Blumenthal, for your leadership on this issue that you just discussed with the witnesses. And I'm afraid it's only the beginning. But I think it's a good beginning.

Senator Hirono?

HIRONO: Thank you, Mr. Chairman. As we struggle with sequestration, and yes, we all agree that we should eliminate it. But as we, as I said, struggle with how to do that though, generally when confronted with a conflicts issue like this you look at how you can achieve more efficiencies, and you've talked about that.

And there's a whole range of other things that should be on the table. And I think Senator McCain also mentioned that we should be looking at the mandatory spending side of things, which is a whole other ball of problems.

Shouldn't we also be looking at the revenue side of things in order to look at how best can we have more

revenue so that we can have less of these kinds of huge cuts all across the board, not just to the military but on the domestic side? Do you have any thoughts about that, any of you?

(UNKNOWN): Senator, I'm not sure what you're referring to by the revenue side. If you're talking about efficiency of operations to our internal budgets, absolutely.

HIRONO: I'm not talking about those kinds of efficiencies. Revenues such as we look at our tax structure for example.

(UNKNOWN): Oh. Yes, ma'am. Well, I think that's really the issue for the Congress. We've heard discussed already where are the cuts coming from, where are they of most benefit to the nation?

We have the real privilege and the much easier task of recommending -- making recommendations to you on budgets based on military risk. You have a much broader problem and have to consider risks for many different factors in society. And that's why you deserve the big money, ma'am.

HIRONO: Anyone else want to chime in? Really the way we talk about big picture I do think that we need to have an honest discussion, a frank discussion on the revenue side of the picture.

Gen. Odierno, I noticed in your testimony that you mentioned the Supplemental Programmatic Environmental Assessment. And even as we speak, the Army is conducting listening sessions in Hawaii.

I think we can agree that the men and women at Schofield Barracks and Ft. Shafter have made tremendous contributions to our national security, as do our men and women who are serving in all other areas.

But I'm also aware that the 2nd Stryker Brigade Combat Team, the 25th Infantry Division from Schofield Barracks is prepared to leave for joint military exercises in Thailand, South Korea and the Philippines. Can you speak to the importance of this kind of mil-to-mil programs and maintaining stability in the Asia-Pacific region, especially as when the rest of the world is, particularly in the Middle East and Africa, are the very unstable. At least if we can provide a level of stability in the Asia-Pacific area I think that is worth pursuing. So would you give us your...

ODIERNO: First, senator, these -- this program under the guise of what we call Pacific Pathways is an incredibly important program that we've done now for -- this is the third year we've done it, but it's increasing each year. And what this is, is to build confidence in our allies, our strong allies that we have in developing capabilities that allows us to sustain strong partnerships with many militaries.

As was discussed here, you know with us being reduced it's important that we are able to leverage a multinational partner capability. And through these exercises we were able to gain more interoperability capability working together, gaining confidence with each other, getting used to working with each other.

So it's absolutely critical to our future strategy. And you know having these forces in Hawaii is incredibly important to us because that gets us about halfway there. If we have to go from the continental United States it becomes much more difficult. So having those forces in Hawaii becomes very important for us because of the ability to do this in more -- in quicker fashion.

HIRONO: So is sequestration going to negatively impact our ability to engage in these mil-to-mil programs?

ODIERNO: It will. It will reduce the dollars we have available to do events like this. We certainly would rather not have it reduced. We think they're very important. But I believe we will not be able to do events like that as much. We'll have to reduce them. And it'll cause us problems in developing a future security architecture throughout the Pacific region.

HIRONO: Can you provide us with the specifics of which of these kinds of programs you would have to reduce if a 2016 sequester comes into play?

ODIERNO: So the problem we have in the Army is if sequestration goes impact in 2016 there's only two places it can come out of, modernization accounts and readiness accounts. And part of the readiness accounts is operation -- which funds many of these exercises.

So we will have to make decisions on which exercises we do not do. And so although we would like to continue to do some of these, all of it will be affected. And so we're going to have to reduce them to some level. And frankly, it will also reduce the readiness of our units that are conducting these missions.

HIRONO: Thank you. In some of your testimonies you discussed the importance of sustained investment in technological infrastructure. And as we know that cyber warfare is very much upon us. So for what you can say in this forum with the increased threat of cyber warfare, could you address the potential impacts to our cybersecurity capabilities should sequestration come into play in 2016?

ODIERNO: If I could just -- we've increased the spending in cyber. But we have a lot of infrastructure kind of things that we have to do in order to better protect our networks that better protects our nation. And that's going to be prolonged.

In fact last year at the end of the year we were hoping for about \$8 million we'll be able to use in OCO to improve our infrastructure specifically aimed at increasing our cyber security. Unfortunately it was not approved. And so because of that, that puts more strains on the dollars we'll have available the next four or five years.

So if sequestration comes into play, it will -- it'll take us longer to consolidate our networks and make them more capable of conducting them from outside our attacks. I'm very concerned about that.

HIRONO: So although my time is up I assume that the rest of you agree that this is going to make it very difficult for you to keep your cybersecurity infrastructure in place, or to even build it.

GREENERT: It would be hard in the Navy. But it would be a top priority right after the Sea Based Strategic Deterrent for us.

WELCH: Yes, ma'am, same comment, nothing to add to that.

DUNFORD: It's a core capability, senator, that's going to suffer from the same effects as all the other capability areas with sequestration.

MCCAIN: Senator Heinrich.

DUNFORD: Thank you.

HEINRICH: Thank you, Chairman.

I want to thank all of you for your service, and really for your decades of commitment. It -- seeing the level of experience at this single table, it -- it highlights something that I think is worth mentioning, just so that the public understands why these recruitment and retention issues are so incredibly important. You just -- the military is fundamentally different from other government agencies, from the private sector.

You can't hire in a colonel or a general from the private sector or from another agency. And I think the incredible amount of experience that all of you represent really helps highlight that to our constituents.

I've got a couple of questions that I want to ask General Welsh in particular, and I want to thank you, for one, on my first question, speaking to this issue in the media recently, it's something I've been very concerned about recently, and that is with respect to remotely piloted aircraft pilots and the crews that make those missions possible, I've become very concerned about the current level of resources supporting the training, the retraining, the retention of -- of those personnel. And what I want to -- I know you share some of that concern.

What I want to ask you is, if we're as challenged as we appear to be because of the tempo, pace, in large

part, if the Budget Control Act goes into effect, can you give us a sense of the scale of what we're going to be facing in terms of not meeting the demand with regard to remotely piloted aircraft in a way that's -- that's really going to put us at an enormous disadvantage, in my view, and I don't want to put words in your mouth, but I really want you to articulate, if you would, the scale of the challenge there for -- for my colleagues.

WELSH: Senator, as sequestration went into effect, we believe we would have to cut the number of orbits that those pilots and the other -- the other crew members fly, which in a strange way would actually make the problem we're discussing better.

We have enough manning to fly 55 orbits with a sustainable life battle rhythm, work schedule, over time. But we are flying 10 above that.

HEINRICH: Right.

WELSH: And we have been since 2007, 10 above the number we had, because we've been surging. We've surged nine times in eight years with this particular force because of mission requirements. The -- which those crews understand. They love doing the mission. They're excited about the work. But they're tired.

If we went to 45 CAPs, we'd create a more sustainable battle rhythm virtually as soon as that happens. So the problem would be operational requirements that wouldn't be met, but the manning problem would be alleviated to a great extent. And that -- so the issue really is meeting combatant commander requirements once sequestration hits, and that's a different problem, but still a significant one.

HEINRICH: I hear you.

But do you see that operational tempo, and the demand for that going down in the near future?

WELSH: No Senator, I don't. We keep thinking we've got it topped out and we've got a plan to get there, and it increases again. And we've just been chasing this requirements rabbit for a long time.

HEINRICH: Yeah.

WELSH: And we've got to get ahead of it, because we have to be able to train more people than move in and out of the system every year, and we haven't been able to do that yet, because all the trainers are doing operational support.

HEINRICH: Right. On another separate issue, General Welsh, the -- if the -- if the BCA levels do go into effect, do you see any feasible way to modernize the existing triad-based nuclear deterrent that we have?

WELSH: Senator, it's going to have to be modernized. The question is, what parts of it do you modernize and what do we, as a nation, expect of our...

HEINRICH: I guess I should say in its entirety, because...

WELSH: Yes sir.

HEINRICH: ... because I think that forces some very difficult conversations. And we've seen talk here within the last few days of a dyad as opposed to a triad. Would it force those kinds of decisions?

WELSH: Well, I think it'll -- it'll -- I don't think that discussion will ever go away, Senator. You know, I'm a believer in the triad. But we clearly have to have discussions that involve the Air Force, the Navy, the department, the Congress, the National Security Council, and the White House to decide where is the nation going to go with this?

We just don't have enough money in our budgets in the Air Force and the Navy to do all of the modernization that you would need to do if we took everybody's desire and tried to meet it.

HEINRICH: OK. Thank you all.

MCCAIN: I want to thank the witnesses. And just for the record, I know the answer, but for the record, if sequestration returns next year, can your service execute the Defense Strategic Guidance?

(UNKNOWN): No sir.

(UNKNOWN): No.

(UNKNOWN): No, Senator. No, Chairman.

(UNKNOWN): No, Chairman. No, Chairman.

(UNKNOWN): No, Chairman.

(UNKNOWN): No, Chairman.

MCCAIN: I want to thank you. I want to thank you all for your very straightforward testimony and candid testimony, and I would like to mention two things with you.

One, and it was referred to earlier, the commission on pay compensation is reporting out. They will be appearing before the committee and we'll be looking at their recommendations. We're going to need your input as to whether those are doable, their effect on the military, on the all-volunteer force, on our retirees. And so I hope you'll -- I know you'll be looking at that commission's recommendations. We're going to need your input and evaluation of it.

And finally, again, it was raised by several members, we're here fighting as hard as we can to repeal sequestration, and that's a bipartisan effort, but we have to do a better job on acquisition reform, and we're going to be spending a lot of time on that in this committee.

And I've come to one conclusion already, and that is in the whole process, it requires your input in a much more meaningful fashion, and I think you all would agree with that. After all, if you're responsible, you should play a much greater role in the process. And that's one of the conclusions that I think that we're in agreement on, and that we will probably try to add to the NDAA. But there's a lot more that -- that needs to be done, and so I'll be counting on you to understand that you'll probably be asked some pretty tough questions in the days ahead.

So I thank you for being here.

Senator Reed?

REED: Thank you, Mr. Chairman, thank you.

MCCAIN: I thank the witnesses.

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