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House Subcommittee on Defense
Committee on Appropriations

STATEMENT OF

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COMMANDANT OF THE MARINE CORPS

BEFORE THE

HOUSE SUBCOMMITTEE ON DEFENSE

COMMITTEE ON APPROPRIATIONS

THE IMPACT OF SEQUESTRATION

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Introduction

As a nation and as a department, we are entering difficult times. My fellow service chiefs and I are here to talk about the potential impacts of both the current continuing resolution (CR) and sequestration and the resulting fiscal impacts. We are here to talk about the challenges that have already presented themselves as a result of the CR, and the further disruptive impacts of pending sequestration. I think it is important, however, to start with some things that will not change. All Marines, including their Commandant, believe in the criticality of our role in the defense of our nation. Our Marines in the valleys of Afghanistan, afloat on amphibious ships, standing their posts at our embassies, and training for war at home… all remain at their posts. We are highly cognizant of the global stage upon which our collective actions will be scrutinized, and we share the concern of all that even the perception of a disruption of our nation's ability to protect its global interests will have strategic consequences.

As Commandant, I assure you that we will do everything in our power to ensure the continued security of the American people, to protect the global interests that underpin our prosperity; we will meet our responsibilities for rapid response to crisis wherever it may occur. Marines will be *always faithful* to the trust which the American people have vested in them. You have my pledge that I will do everything within my authorities to maintain that forward deployed and ready force, period. Already a lean organization, your Marines will continue to give you the best capability that can be squeezed from the resources you allocate for our nation's defense.

Resources and Readiness

Struggling under the CR funding levels for operating and investment accounts, which are much lower than the request, the prospect for even deeper reductions from sequestration in this fiscal year is alarming. There should be no misunderstanding; the combined effect of the continuing resolution and sequestration will have a significant effect on the global security climate, the perceptions of our enemies, and the confidence of our allies. In a *new normal* of brushfire instabilities, violent extremism, non-state threats and struggling sovereign entities, the role of the United States as a leader in the protection of the international order is central. The effects that our armed forces create in this global environment are measured in ready crisis response forces, ships at sea, planes in the air, partnerships on the ground and trust among our allies. In a word, our propensity to remain a global leader in a challenging world is measured in READINESS. Readiness is the aggregate of the investment in personnel, training, and equipment to ensure that units are prepared to perform missions at any given time. Our ability to project a ready force is measured by friend and foe alike. Their reactions, and the impacts on the international order upon which our prosperity and security depend, are a direct reflection of the readiness of our forces.

The linkage between resources and readiness is immediate and visible. While I think all can agree that defense resources must be highly scrutinized as our nation finds its fiscal footing, the scale and abrupt implementation of prospective resource changes have the potential for devastating impacts on readiness. This is not a temporary condition. Impacts on readiness have primary, secondary and tertiary effects. While the primary effects on short-term readiness will be observable immediately, the longer-term effects may be even more devastating. Under the continuing resolution at FY12 resource levels, I have already been forced to realign funds from longer term

activities within the O&M account to protect the short-term readiness of our combat deployed Marines, and those on the forward edge of our nation's ability to respond swiftly when crisis erupts. While these short term adaptations are possible, the short-term readiness of our current forces comes at the expense of those who will follow in their footsteps. In a sense, we are eating our 'seed corn' to feed current demands, leaving ever less to plant for the enduring security demands of the nation.

Without action from Congress to address the magnitude of defense resource changes, the abrupt nature of the imposition of reductions, and the severe inflexibility in their implementation, the nation will experience significantly degraded defense readiness. The strategic impacts will be immediate and global.

Marine Corps Readiness Degradation

The Defense Strategic Guidance remains a clear articulation of future threats, challenges, and opportunities - I continue to support its full implementation. In the event of an annualized CR, the Marine Corps faces a $406 million reduction in its Operation and Maintenance budget relative to the President's FY 2013 Budget. This will create immediate challenges in maintenance, training, and base operations accounts. Given the looming specter of sequestration in addition to the CR, we face an extended period of severely constrained spending driven by rules that provide little flexibility to efficiently apply the mandated reductions. Analyzing and applying constrained resources requires decisions now; decisions that will have strategic impact.

By the will of the 82nd Congress, the Marine Corps is mandated to be the nation's expeditionary force in readiness. Having been dubbed "America's 911 Force," we are our nation's hedge against uncertainty…a national insurance policy of sorts. As such, deployed forces, and units in training alike, are poised to swiftly respond to crisis and disaster, giving immediate options for strategic decision-makers…all while buying time for the generation of the larger joint force. We mitigate the risk inherent in an uncertain world by being ready to respond to today's crisis – with today's force – today. Even when not deployed, Marine units are required to maintain higher levels of readiness, so they can deploy on short notice. "Tiered readiness," where resources from non-deployed units are paid-forward to ensure that deployed and next-to-deploy units have sufficient personnel, equipment, and training to accomplish their mission, is a recipe for a hollow force. Over time, tiered readiness leads to an unacceptable degradation in unit readiness. This is not compatible with the ethos, role, or missions of our nation's expeditionary force in readiness.

Our Marines on the forward edge of our nation's security remain my number one priority. The forces that currently support the Afghanistan mission, those engaged in countering terrorism globally, and those preparing to go, will receive the full support they need. This has my full attention. Protection of support services for our wounded warriors and their families also remains a high priority. Our focus on deployed forces, families, and our wounded warriors, comes at a cost. Under the continuing resolution, I have been forced to degrade activities necessary to the long-term readiness of the force, such as organizational and intermediate maintenance of equipment returning to theater, to ensure the full support to our most engaged units. For forces not deploying to Afghanistan, the fuel, ammunition, and other support necessary for training

will be reduced precluding our ability to provide fully trained individuals and ready units to meet emerging crises – ultimately impacting even the Amphibious Ready Group and our Marine Expeditionary Units. The looming specter of sequestration, if not addressed, amplifies this impact. To keep our Marines in the field, we are already being forced to reduce depot maintenance of our equipment, reduce our participation in training exercises, reduce equipment buys and curtail modernization programs. Despite the constrained funding resulting from the CR and sequestration, in the next six months we will be able to continue meeting Marine Corps deployed warfighting needs and the training of next-to-deploy forces. Between six and twelve months, however, we'll continue to decrement readiness accounts with ever increasing erosion of home station unit readiness and force modernization, and begin to show small impacts in next-to-deploy forces. Beyond 12 months we will see a real impact to all home station units (e.g. fixed wing squadrons will have on average only four of twelve assigned aircraft on the ramp due to aviation depot shutdowns) and the beginning of impacts to our next-to-deploy and some deployed forces – in all a slide to a hollow force we have fought so hard to avoid.

It is important to note that sequestration has significant impacts well beyond this current year. Viewing sequestration and its impact solely in FY13 abrogates our responsibility to ensure long-term readiness of the force. The Marine Corps manages the long-term health and readiness of the force by balancing resources across five broad pillars: high quality people, near-term unit readiness, capability and capacity to meet Combatant Commander requirements, infrastructure sustainment, and equipment modernization. Maintaining balance across all five of these pillars is critical to achieving and sustaining Marine Corps readiness. Actions we are being forced to take to ensure our short-term readiness (e.g. transferring facilities sustainment funding to support operations and equipment maintenance) are creating an imbalance across these pillars and will result in both near and far-term readiness shortfalls. The entirety of your Marine Corps' ground material modernization investment accounts for this FY contains only $2.47 billion, comprising a mere 12% of our baseline budget. Due to our small numbers, further reductions in the ground investment accounts, although perhaps proportional to the other services, will have disproportional impact on Marine Corps readiness, especially as it pertains to limited essential modernization.

Marine Corps readiness is at a tipping point in the sense that our ability to rebalance funding from long-term investments to short-term readiness is becoming unsustainable. By the end of calendar year 2013, less than half of our ground units will be trained to the minimum readiness level required for deployment. The impact on our aviation units is not any better. Only two thirds of our aviation combat units will be at readiness levels required for overseas deployment; decreased readiness will compound in 2014 and beyond. In order to maintain our forward deployed "fight tonight" units at acceptable readiness levels, we will fall well below the minimum number of flight hours at home necessary to retain minimum safe flight standards and warfighting capabilities. We will have to reduce our Theater Security Cooperation and exercise support by 30% in the Asia Pacific region, opening the door to those who would gladly take our place in global leadership. In doing so, we will markedly limit bilateral and multi-lateral engagement opportunities, thus putting our credibility at risk with our allies and partners. The void left by our "actual absence," where we may be needed most, will be filled by somebody…some other nation or entity.

Containing the Damage

We have worked diligently to mitigate the effects of the CR, slowing the rate of expenditures across our accounts to ensure sufficient funding for the entire fiscal year and to better prepare for the potential effects of sequestration. Our task has been made more challenging by the ever increasing demand for Marines. A resumption of the Marine Unit Deployment Program in the Pacific has reestablished a key component of the nation's stabilizing presence in the Asia Pacific region. The establishment of a rotational presence of Marines in Darwin, Australia has already had a positive impact on the confidence of our allies and our ability to respond to crises in the South and Southeast Asian littoral. The planned ramp-up of Marine security forces for our embassies and consulates is a necessary artifact of the "new normal." Marines are in high demand to support the growth of special operations and cyber forces as well. Together, the increased requirement for Marines around the globe, combined with the reduced funding associated with an annualized CR, has created a Marine Corps funding shortfall of $945 million in FY13.

To preserve the ability to operate throughout the entire fiscal year and prevent immediate reductions in depot workforce, cyber activities, base security, and ongoing training and exercises we reallocated second quarter fiscal resources from lesser priority funding. We have curtailed all but mission-essential travel and conferences. We have slowed expenditure rates below those required to maintain our current readiness levels, and have reduced depot funding and facilities sustainment, restoration and modernization spending. We have delayed major contracting actions until later in the fiscal year, where feasible, to give us a hedge against our worst-case fiscal scenario – CR and sequestration. Had we not taken these actions, we would have exhausted our operations and maintenance resources in early to mid-August with no way to pay for even our deploying and next-to-deploy forces' readiness.

As an example of our funding slow down, we are delaying obligation of MRAP support funding as we validate essential operational requirements. We reduced civilian personnel budget caps and allowed commanders to determine priority hiring within these reduced spending levels, even though they are still recovering from a previously instituted 14-month long Marine Corps wide hiring freeze in 2011 and 2012. This funding reduction reduced planned civilian personnel expenditures by $38 million and will result in the Marine Corps being approximately 400 civilians short of our intended FY 13 civilian workforce end strength. Some essential programs at our bases and stations, such as our Wounded Warrior programs, will continue while other, less critical programs such as Tuition Assistance and Off Duty Education are reduced or eliminated as the resources necessary to maintain faith with our Marines and their families are used to fund readiness. While no decisions on furloughs have been made, we have published guidance across the Marine Corps to plan for reduction in temporary and term employees, and for potential furloughs of civilian personnel. The potential extensive and deleterious human and family effects associated with furloughing our civilian Marines are unthinkable, but in the event they are unavoidable, we must do prudent planning. Beyond the individual impact of furloughs to our civilian Marines, the impact on everything from readiness at Marine Special Operations Command, the readiness impacts at our Depots and our bases and stations, to the readiness impacts on our Wounded Warrior and family programs is significant. Our civilian Marines are not simply headquarters staff personnel in the Pentagon. Rather, 95% of our civilian workforce

comes to work every day outside the National Capitol Region and performs invaluable functions that keep our Marine Corps ready and contribute directly to our warfighting effectiveness.

Although barely sufficient to mitigate the immediate impacts of an annualized CR, these actions are in no way sufficient to cover the additional fiscal impact of sequestration in FY13. Sequestration is expected to impose nearly an additional billion dollars in resource reduction to the Marine Corps this year. This will drive irreversible readiness impacts, especially when viewed through a long-term lens. The inflexibility of sequestration and discretionary cap reductions in the Budget Control Act of 2011, if allowed to occur, would trigger cascading cuts in our operating budgets through 2021. Many initiatives will be unfunded or underfunded given our potential resourcing levels. Here are some specific examples of actions I will be forced to take due to the combined effects of the CR and sequestration:

- Reduce depot funding to 27% of the identified requirement, thus decreasing throughput of depot level maintenance for organizational equipment, and delaying our ability to reset war-torn equipment by eighteen months or more
- Park over eighty aircraft as depot maintenance schedules are stretched out
- Reduce support to theater geographic combatant commander requirements for shaping their theaters, responding to crisis and preventing conflict
- Reduce participation in multi-national training exercises, degrading one of the most effective investments in building partner nation capacity
- Degrade training for deploying units due to lack of fuel, equipment and spare parts
- Cut ammunition allocations for gunner certification and training
- Cut flight hours available for pilot proficiency, safety, and certification
- Reduce facility maintenance to 71% of the requirement
- Delay Marine Corps contributions to Joint special operations and cyber forces
- Further reduce an already thinned civilian workforce
- Severely curtail or extend acquisition programs
- Reduce organizational activities including recruiting, range-maintenance, family-housing maintenance and quality of life enhancements for military families
- Curtail safety and base security investments
- Cut educational investments in the human capital of our uniformed and civilian workforce
- Reprioritize an entire year of Military Construction projects into FY 14 and beyond. Given the current fiscal limitations, some could be delayed or deferred or may be cancelled. When reductions in facilities sustainment are compounded with the inability to execute our planned Military Construction program for FY 13, we are faced with a situation where we have severely impacted planned aviation unit lay-downs associated with the MV-22 and F-35B, as well as other critical projects at home and in the Pacific.
- Delay major procurement programs such as Ground/Air Task Oriented Radar, Joint Light Tactical Vehicle, and Amphibious Combat Vehicle resulting in the possibility of Nunn-McCurdy breaches, Initial Operational Capability delays, and increased unit and total program cost.
- Cancel major multi-year procurements such as the MV-22 and incur greater cost and program delay in future program buys

Congressional Action

I have identified the very real impacts of the CR and the potential further impacts of sequestration. Congress can take actions in three areas that can lessen the impact and hopefully make less draconian implementation of reductions to the defense program:

- Review the magnitude of the total Defense reductions over the ten years of sequestration and ensure the impacts to readiness and a sustainable national defense are well understood and strategically acceptable;
- Pass a FY 13 appropriation bill that ameliorates to the greatest extent possible the adverse impacts of the continuing resolution; and
- If a FY 13 appropriation bill is unachievable, enhance the ability of the Services to optimize continued readiness under the current resource caps by allowing for reallocation or re-baselining of funds in the annualized CR, and include the ability to execute critical multi-year procurements such as the MV-22 and provide for FY 13 military construction projects

As part of either a FY 13 appropriation or an annualized CR, it will be necessary to arrest extra inflationary personnel cost growth in order to maintain a balanced portfolio and a capable force. Recently, the Joint Chiefs of Staff offered a number of well-developed and thoughtful proposals to slow or reduce the growing cost of our personnel accounts. I urge you to review these proposed adjustments to pay raises, housing entitlements, tuition assistance and TRICARE premiums. We must consider these critical cost reducing actions in order to continue to meet the nation's defense requirements, take care of our people, and do so in a manner that retains the most ready, sustainable and capable all volunteer force we have had across the proud history of this nation.

Conclusion

Our actions to resource the defense of our national and global interests will have strategic consequences. Our foes, cunning and adaptive, watch carefully for any decline in American ability or willingness to lead in a partnered global order that supports the common good. The continued prosperity and security interests of our nation are dependent on resourcing long-term success.

While Congress and this committee carefully executes their responsibility to validate every tax-payer dollar they appropriate to our nation's defense, I can assure you that the Marine Corps will continue to uphold our share of this responsibility as a sacred trust. Our reputation as the "frugal force" comes from an ethos that values both high combat readiness, and careful stewardship. The Marine Corps will ask only for what it needs, not for what it wants. I am committed to building the most ready Marine Corps that the nation can afford. The current fiscal uncertainty and the implementation restriction of sequestration prevent realizing this commitment and threaten to force our retrenchment from those global issues and areas that are still of critical importance to America. Working together, we can map out a resource strategy that protects our global interests as a nation, keeps faith with our service-members, and provides the greatest value to the American people. I thank you for the opportunity to engage in this dialogue, for your service to our nation, and for your continued support to your Marines. Semper Fidelis.