House Armed Services Committee Holds Hearing on the Impact of Sequestration on the Defense Department

Feb. 13, 2013

MCKEON:

Good morning.

We meet this morning at the 11th hour. This is I think an unprecedented hearing in my time. I never remember where we've had all of you here at one time in a hearing. And I think that shows the importance that the committee places on our -- our subject and the importance that you all place on the subject, and the important roles that you play in defending our great nation.

This committee has undergone 16 months of exhaustive examination of the pending damage from sequestration. And now it appears that this self-inflicted wound is poised to cripple our military forces in just a few days. As the military members of our panel noted in a letter I received on January 14th, and I quote your letter, "We are on the brink of creating a hollow force."

None of us came to this committee, or come to this committee with clean hands. The debt crisis we face was decades in the making and a result of choosing the easy path when we should have explored the bravery of restraint. The president is not blameless. His negotiators put sequestration on the table during the long fight over the debt ceiling.

We are not blameless either. Many of us voted for this terrible mechanism in the naive hope that the president and the Congress could put our politics aside and fix our debt crisis. That was a bad bet. Today, we need to hear the ground truth from our witnesses. They've dedicated their lives to providing their best and unbiased military advice. We're certainly in need of such advice today.

Unburdened from administration orders to defer planning and assessments, you can now make it clear to this body, the White House, the public, what damage months of inaction on sequestration and the continuing resolution have done to our armed forces.

General Odierno, you testified yesterday that you began your military service in a hollow force and that you were determined not to conclude your career the same way. I hope that you and the panel can expand on that notion today, determining at what level of cuts do Congress and the president turn that fear of a hollow force into reality.

General Dempsey, in April of last year you testified about the $487 billion cut from defense. I don't think a lot of people understand how much has been cut from the military in just a very short period of time. You told Congress that to cut further would require an adjustment of strategy. Going through the $487 billion cuts, you all had a year or so to plan and to come up with the new strategy, a strategy that changed our strategy that we've had of protecting the world since World War II. But I think all of you have stated at least publicly or to me that we cannot even carry out that strategy with the new sequestration cuts.

You concluded, General Dempsey, that this new strategy would, and I quote, "not meet the needs of the nation in 2020 because the world is not getting any more stable." We see that every day. Anybody that turns on the TV or reads a newspaper can understand how unsettling this world is. I'm interested to know if you continue to stand by that statement.

Today, we anticipate detailed answers to our questions. In addition to hearing about levels of risk as sequestration's blind cuts absolve folks from planning. We want to hear if we've crossed a red line and cut

too much. If that red line is in the near distance, I expect you to point it out. Again, I don't think many people understand, other than the fact that we have a debt crisis, a problem that so far the solution has been to take 50 percent of our debt savings out of defense when it only accounts for 17 percent of our overall spending.

Gentlemen, you have no stronger advocate, no stronger ally in this fight than this committee here, the Armed Services Committee. And we urge you to work with us in these final days. In the coming weeks and months, leaders in both parties and the White House will, I hope, come together to begin discussion of the drivers of our debt and the path to fiscal health. There will be no easy choices on that table.

I fear that many may choose to soften the blow of these choices by turning once again to the Department of Defense. Indeed, the formula to achieve what the president characterized as a balanced approach includes tens of billions in additional cuts for this fiscal year. I cannot support any plan regardless of how it addresses entitlement spending or revenue unless it also offers meaningful and real relief for the DOD from sequester.

With that, I look forward to your testimony here today. Dr. Carter has had commitments scheduled long before this hearing was established. He is going to have to leave at 12:45. I think the rest of you are committed to one o'clock. I would encourage members to really pay attention and really get your questions answered in this hearing.

And I turn now to our ranking member, Mr. Smith.

SMITH:

Thank you, Mr. Chairman. I want to start by thanking you not just for this hearing, but for going back a year and really focusing attention on this challenge. We've had a number of hearings on sequestration, on the impact of it, on the challenges that the Department of Defense has faced. And I think you did what you could, basically, to make sure that people were aware of what was coming. And now that we are days away from it, I think it's beginning to sink in, but I certainly believe you've done a good job of shining a bright light on the problem and the challenge.

I also want to thank the gentlemen in front of us for being here today. But more importantly, for their service and for what they've had to go through, really for two years now, in not knowing how much money you were going to have or what you could spend it on, having to be incredibly creative figuring out how to keep programs running. And certainly sequestration is part of the problem, but the fact that we haven't passed appropriations bills in a couple of years is almost as big a problem. Having to operate on a continuing resolution is also very, very difficult for the Department of Defense.

Again, you don't know what programs you can fully fund and what programs you can't from one year to the next. It has really put an enormous amount of pressure on our government, on our Department of Defense. I should point out, this is not just the Department of Defense. This is the entire discretionary budget. Every element of the government that is dependent upon discretionary spending -- transportation, homeland security and a variety of other programs -- have gone through this same exercise. And it's had a crippling effect on the ability of our government to function and has also had a very, very negative effect on our overall economy.

And I believe strongly that we need to begin to get back to regular order and fund the discretionary budget, pass appropriations bills, and set a clear number.

Now, the idea behind the Budget Control Act and sequestration started with concern over the debt and deficit. And I will tell you that I share that concern. There are some that argue that the debt and deficit aren't really a problem and get very creative with the numbers to make that argument. I think they're just

flat wrong. It clearly is a problem. We can't continue to run a trillion-dollar deficit every year and not have it impact every aspect of our society. We have to get it under control.

SMITH:

The problem is if you're going to get the deficit under control, there's sort of three pieces to it. Yes, the discretionary portion of the budget is one piece. It's 38 percent of the budget, but mandatory spending is 58 percent of the budget. It's a much larger piece. And then, of course, the other big piece is revenue and taxes, raising more money. We have systematically, over the course of the last 15 years, both dramatically increased spending and dramatically cut taxes. It's not surprising that we are where we are.

And the problem is -- and the reason sequestration was set up -- it as set up as a forcing mechanism to basically torture the discretionary portion of the budget under the belief that we would -- we in Congress and the president -- would not want that torture to continue, and would do something about taxes and mandatory spending, but we have not.

I personally think, at this point, we need to stop torturing the discretionary portion of the budget, absolutely agree that we need to raise taxes and cut mandatory spending, but holding hostage the discretionary budget to doing that makes no sense whatsoever. It doesn't force it. It doesn't make it anymore likely.

And it does devastate the discretionary portion of our budget, make it very difficult for the government to function. And it slams the economy as we saw in the negative GDP growth of the fourth quarter that was driven by sequestration, by the cuts that were put in the discretionary budget.

So, I would propose that the discretionary budget has given what it can. It's done what it already can. It's had the cuts that the chairman described that were part of the Budget Control Act. We should just end sequestration. Get back to the table talking about mandatory spending and taxes, and -- and get us back on a path to some sort of both fiscal sanity and governing sanity.

The Department of Defense, and every other department needs appropriations bills. They don't need a C.R. They don't need the threat of not raising the debt ceiling. And they don't need sequestration. So we'll keep working on it. It is an intractable political problem, but it has a very real world impact on a number of areas, and certainly Department of Defense, and our ability to provide national security is one of the most profound.

And I think it will help to have this hearing today to hear more about the impact of that, and very specifically, how you're going to deal with it, because as bad as the problem is, it -- it is what it is. You all, and we have to deal with it as intelligently as possible. So hearing more details on how that process is playing out will be helpful.

And again, I thank the chairman for the hearing. I look forward to testimony and the questions of the members.

Thank you, Mr. Chairman.

MCKEON:

Thank you very much.

I now recognize our prestigious panel of civilian and military leaders for their opening statements.

Secretary Carter, we'll begin with you.

In the interest of time, and the number of witnesses that we have today, and the number of questions that we have from the panel, I'll remind you that your complete statements will be submitted for the record, and we'll proceed with Secretary Carter.

CARTER:

Thank you, Mr. Chairman, Ranking Member Smith.

I will be brief, because I know you want to get to the specific impacts of this.

First, let me just begin by thanking you -- the two of you, but each and every one of you for giving us this opportunity to explain the consequences of sequester and -- and C.R.

You know, Mr. -- Mr. Chairman, I would certainly use the red line. I -- that makes perfect sense to me. And -- and Mr. Smith's right, it's not just sequester, it's the C.R. also, which in a different way is affecting us very adversely. And it's -- it's the fact of, but also as Mr. Smith pointed out, the uncertainty engendered by all of this, we've been living with for quite some time. There's a real cost to having that uncertainty.

So, thank you for giving us the opportunity to -- to be here. I -- you know, you all know us and you care about national defense, that's shown by your membership on this committee and we're hoping -- I'm certainly hoping that by giving you the picture of the impacts of C.R. and sequestration on national defense, you can in turn, turn to your colleagues and by getting them to see this and understand it more, work our way towards what we all need which is a comprehensive solution to this.

Secretary Panetta and I've been using the word "devastating" for 16 months, Mr. Chairman, and -- and you and -- and others on this committee you've been speaking about it for 16 months. Last August, you gave me the opportunity to testify before you, and I said much of what we'll be saying today. That was then, and now the wolf's at the door.

The first problem, sequestration, which causes us -- will cause us to have to subtract, starting in two weeks, $46 billion from the amount of money that we had planned to spend between now and the end of the year. The continuing resolution's a different problem, there's enough money in the continuing resolution, it's in the wrong accounts.

In particular, there isn't enough in the operations and maintenance accounts. And as my colleagues will explain, although we will protect funding for Afghanistan we will protect urgent operational needs, we'll protect wounded warrior programs. The president has exempted military personnel expenses from sequestration. With all of that, still in all, by the end of the year there will be a readiness crisis, this year in just a few months time. And that's the near term.

In the far term, if the cuts continue over the next 10 years as suggested in the Budget Control Act, if there isn't a comprehensive solution to the budget picture in the long run, we aren't gonna be able to carry out the national security strategy that we so carefully devised with the president just one year ago.

So in the near term, a readiness crisis. In the far term, an inability to execute our strategy. That's very serious, and I just want to say that I -- you know, I understand -- I've long understood that we -- we -- we need to address the nation's fiscal situation, and that's why we have already cut $487 billion from our budget plans over the next 10 years. And that was on top of the several hundred billion dollars that Secretary Gates removed from the Defense budget, importantly by eliminating some unneeded and underperforming programs.

And on top of all that we're making a historic adjustment to the end of the wars in Iraq and Afghanistan. So we're -- we (sic) doing a lot, we've done a lot. I also understand that the taxpayer deserves a careful

use of the defense dollar. And that's -- and every dollar we're given -- and that's why we strive so hard to get better buying power for every dollar that we get, why we try to do acquisition reform and so forth. But both a strategic approach to reducing our budget, and good use of the taxpayer money, both of those are endangered by this chaos and the abruptness and size of these cuts.

What's particularly tragic to me is that sequestration is not the result of an economic recession or emergency, it's not because discretionary spending cuts are the answer for our fiscal challenge -- do the math.

It's not in reaction to a more peaceful world. It's not due to a breakthrough in military technology, or to a new strategic insight. It's not because paths of entitlement growth and spending have been explored and exhausted. It's not because sequestration was ever a plan intended to be implemented. All this is purely the collateral damage of political grid lock.

And for our troops -- for the force, the consequences are very real and very personal. As the CNO can describe in greater detail, we just had to cancel the deployment of an aircraft carrier. The reason for that was to make sure that we would be able to field an aircraft carrier a year from now.

But we did that at he very last minute, and so families that were all ready for that deployment suddenly had to change their plans, the plans they had for child care, the plans they had for where they were gonna live, what their families were gonna do after they said goodbye to a loved one so abruptly.

I go around to our bases around the country, and I see troops -- let's say, Army troops that have come back from Afghanistan. They want to maintain the same level of training and proficiency that they've become used to, and yet we're not gonna have the funding to keep their training at that level. But the mission is what motivated -- motivates them, that's what their profession's about, that's what we want to have motivate them. And as you'll see, we will not have the funding to continue that level of training.

So it has big effect on the uniform force, for our civilians also a big effect. You know, I -- I -- our civilians are much maligned. A lot of people think that DOD civilians are people who wake up somewhere here in the suburbs, get on 395 and come here and work in an office building in Washington. Not true. Most of our civilians repair airplanes, they repair ships, 86 percent of them don't even live in the Washington area, and 44 percent of them are veterans.

Yet, still in all, starting very soon we will, as a result of sequester, have to furlough the great majority -- or at least the great majority of our civilians will be subject to furlough -- for the maximum statutory length of time, namely 22 days between the beginning of April and the end of the year.

So there's a real human impact here. I've -- I've said I'm not under the law I'm a presidentially appointed civilians, and I can't be furloughed, but I'm going to give back a fifth of my salary for the -- at the end of the year, because we're asking all those people who are furloughed to give back a fifth of their salary.

Finally, this has a big effect on the -- in addition to this uniform civilian employees of the department on the industry on which we depend. The quality of the weapons produced by our defense industry is second only to the quality of our people in uniform in making our military the greatest in the world.

As such, a technologically vibrant and financially successful defense industry is in the national interest, the act of sequestration and longer term budget cuts and even the prolongation of uncertainty will limit capital market confidence in our industry. And companies may be less willing to make internal investments in their defense portfolio.

CARTER:

And the impact will be even greater on our subcontractors, remember that between 60 cents and 70 cents of every dollar we contract is subcontracted to the tier below the prime contractors. Many of these smaller companies don't have the capital structure that will allow them to withstand this uncertainty and turmoil. And yet many of them are small businesses. They are a source of innovation and new people for out industry. So it's very serious.

And, finally, sequester will cause a spike in program inefficiency, because we stretch out programs and we drive up costs. All the things you don't like.

So for the force, military and civilian, for the industry, consequences are very direct.

And I'd just like to close with an appeal to you to appeal to your colleagues, we need to deal with this situation broadly -- quickly and comprehensively and in a balanced way that you can support, that the president can support. We need to detrigger sequestration. We need to pass appropriations bills for all the federal agencies, for that matter,

The cloud of uncertainty hanging over our nation's defense affairs is already having a lasting effect. Ultimately, the cloud of sequestration needs to be dispelled and not just moved to the horizon.

The magnificent men and women of the Department of Defense and their families deserve no less. They need to know with certainty that we will meet our commitments.

Our partners in the defense industry and their employees need to know that we -- we're gonna have the same resources to procure the world-class capabilities they provide and that we can do so efficiently.

And perhaps most important, the world is watching. Our friends and allies are watching, potential foes over the -- all over the world. And they need to know that we have the political will to implement the defense strategy we need.

Thank you.

MCKEON:

Thank you, Mr. Secretary.

We in this room all know who we're going to hear from now. But let me -- there are, I'm sure, going to be people watching this, who are not in this room. Let me just let them know that next we will hear from General Dempsey, who is chairman of the Joint Chiefs of Staff, who is the top military adviser to the commander in chief, the president of the United States.

Then we will hear from General Odierno, Admiral Greenert, General Welsh, General Amos, General Grass. Each are the top military leader of their respective branches. So what they are saying, they've put years into -- into dedication to this nation, protecting this nation, fighting for this nation and peace around the world. Listen carefully to what they have to say.

General Dempsey?

DEMPSEY:

Thank you, Chairman, Ranking Member Smith, distinguished members of the committee.

I would like to echo Dr. Carter's expression of appreciation for you to have this hearing.

To your point, Chairman, do I stand by my statement of last year?

No. I'm now jumping up and down. This is not about standing next to anything. We are on the verge of a readiness crisis due to an unprecedented convergence of factors.

And, by the way, if there's anybody in this room or anybody on -- in this building that thinks we can fix this by ourselves, they are incorrect.

We are facing the prolonged specter of sequestration while under a continuing resolution, while we are just beginning to absorb $487 billion worth of cuts from 2011 and while we're still fighting and resourcing a war.

That's unprecedented.

Secondly, these are not the only factors that make this drawdown more difficult and decidedly different from any other point in our history. There is no foreseeable peace dividend. The security environment is more dangerous and more uncertain. Much of our equipment is older or aging fast. End-strength caps limit our ability to shape the force. And health care costs are reaching unsustainable levels.

In this context, sequestration will upend our defense strategy. It will put the nation at greater risk of coercion. And it will require us to break commitments to our men and women in uniform and their families, to our defense industrial base, and to our partners and allies.

We have and we will continue to be part of the nation's economic recovery. We're committed to remaining responsible stewards of the taxpayers' dollars, as we work to build an affordable and unrivaled force in 2020.

But to do this we need budget certainty. That is, we need the antithesis of sequestration. We need a steady, predictable funding stream. And we also need the time to implement reductions in a responsible manner over a manageable timeline.

Finally, we need the flexibility to transfer and reprogram money to our highest priorities. Readiness loses when major portions of the budget are deemed untouchable. Everything needs to be on the table.

We should resist kicking this further down the road. Failing to act is a choice of itself. One that will eventually require a progressive contraction of security commitments around the world and a less proactive approach to protecting our interests.

When I testified before this committee last year, I said that if we fail to step up properly on the budget, we will reduce our options and therefore increase our risk. Our military power will be less credible because it will be less sustainable.

Now we're only a few days away from making that risk a reality.

Thank you.

ODIERNO:

Thank you, Chairman McKeon. Thank you, Ranking Member Smith and other distinguished members.

Nearly 18 months ago, I was charged with the responsibility of leading the Army and providing you my best military advice.

Over the course of my 36-year career, I've commanded every level including, most recently, division command, corps command and theater command in combat.

I know what it takes to prepare this nation's sons and daughters for war. I know what it takes to grow leaders in our Army. I know what is required to send soldiers into combat. And I -- I have seen, firsthand, the consequences when they are sent unprepared.

All of us have experienced the Army post-Vietnam. It was one that was underresourced, one that was undertrained, one that lacked appropriate equipment, was not ready and lacked discipline.

We cannot allow careless budget cuts to bring us there again.

And, as you said, Mr. Chairman, as I said yesterday -- I want to repeat it again, I began my career in a hollow Army. I am determined not to end my career in a hollow Army.

We owe that to the young men and women who are willing to raise their right hand and defend this country.

Every day, I'm reminded of the uncertainty and danger of our global environment. It is the most unpredictable and dynamic security landscape I have faced and experienced in my career.

I remind everyone that today the Army has 58,000 soldiers in Afghanistan, 23,000 soldiers deployed in other places around the world. They will be impacted by these cuts. They will be impacted by these cuts.

The other thing I know is you simply don't know when we'll be asked to deploy soldiers to fight again. But history is clear, we will be asked to deploy our men and women again when the security of this nation is at risk.

We owe it to them and to the American people that they be ready when we ask them to do that. That is our charge, together.

The fiscal outlook which the U.S. Army faces in this fiscal year is dire and to my knowledge unprecedented. In addition to the $170 billion in cuts to the Army levied by the Budget Control Act of 2011, the combination of the continuing resolution, a shortfall in overseas contingency operations funds for Afghanistan and the sequester in fiscal year '13 has resulted in somewhere between $17 billion and $18 billion shortfall to the Army's operation and maintenance accounts, as well as an additional $6 billion cut to other programs.

All of this will come in the last seven months of this year.

So, therefore, it has grave consequences and immediate readiness impacts on our forces, especially those not serving in Afghanistan or forward in Korea, because we will ensure that they have all the money that they need.

But what that means is we will curtail the funding for the next forces in, for the next forces after that in. We'll curtail training for 80 percent of our ground forces. This will impact our units' basic warfighting skills, induce shortfalls across critical specialties, including aviation, intelligence, engineering, and even our ability to recruit new soldiers into the Army.

We have an immediate Army-wide hiring freeze, and we will terminate an estimated 3,100 temporary and term employees. We will cut 37,000 flying hours from our aviation training, which will create a shortfall of over 500 pilots by the end of fiscal year '13.

We will create a backlog at flight school that will take over two years to reduce.

We'll reduce our base sustainment funds by 70 percent. This means even minimum maintenance cannot be sustained, which will place the Army on a slippery slope when our buildings will fail faster than we can fix them. There will be over 500,000 work orders that we'll not be able to execute.

We will furlough up to 251,000 civilians for up to 22 days. We will cancel third and fourth quarter depot maintenance, which will result in the termination of an estimated 5,000 employees and a significant delay in equipment readiness for six divisions and an estimated $3.36 billion impact to the communities surrounding our depots.

For fiscal year '14 and beyond, sequestration will result in the loss of at least an additional 100,000 personnel -- soldiers -- from the active Army, the Army National Guard and the U.S. Army Reserve.

Combined with previous cuts, that have already been approved, this will result in a total reduction of at least 189,000 personnel from the force, but it'll probably be higher than that.

These reductions will impact every Army base and installation that we have. Sequestration will result in delays to every one of our 10 major modernization programs. It'll create an inability to reset our equipment after 12 years of war, and unacceptable reductions in unit and individual training.

ODIERNO:

These cuts will be felt across the entire country.

Since 2008, the total Army budget will have been reduced over 40 percent. If sequestration isn't enacted, it will be greater than 50 percent. That's a number greater than any war that we've been involved in since World War II.

In my opinion, sequestration is not in the best interests of our national security. It will place and unreasonable burden on the shoulders of our soldiers and civilians. We will not be able to execute the Department of Defense strategic guidance as we developed last year.

I understand the seriousness of our country's fiscal situation. We have and will continue to do our part. But the significance of these budget reductions will directly impact our ability to sustain readiness today and into the future. We simply cannot take the readiness of our force for granted. If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives.

It is our responsibility, the Department of Defense and Congress, to ensure that we never send soldiers into harm's way that are not trained, equipped, well-led and ready for any contingency, to include war. We must come up with a better solution.

Thank you so much for allowing me to testify here today. I look forward to answering your questions.

MCKEON:

Thank you, General.

Admiral?

GREENERT:

Good morning, Chairman McKeon, Ranking Member Smith, members of the -- distinguished members of the committee, and thank you for the opportunity to testify today.

When I last appeared before you, I declared that there are two important qualities of our naval forces. And they are, one, that we will operate forward where it matters at the maritime crossroads of the world, and that they will be ready when it matters. This remains our mandate. Your Navy and Marine Corps are uniquely qualified to respond immediately to crises, to assure allies, to build partnerships, to deter aggression, and to contain conflict.

But these qualities and their value are at great risk by the fiscal uncertainty that we now face. Although our primary concern with sequestration and the lack of an appropriations bill is the impact they have on the readiness during this fiscal year, make no mistake, it's going to have an irreversible and debilitating impact on Navy's readiness through the rest of the decade. We will not be able to respond in the way the nation has expected and depended, and we should make that kind of decision consciously and deliberately.

Three symbolic, but not really all-inclusive examples, of the impact of the delays -- are the delays of the deployment of the Harry Truman, the delay in the overhaul of the Abraham Lincoln, and the delay in the initial construction of the John F. Kennedy. These were not inconsequential decisions or the only decisions that we will have to make, and that we're going to make over the coming weeks. They did not come without significant -- excuse me -- they did not come without significant consequences to our people, to the defense industry, or to local economies.

The impacts of funding that we realign today will cascade into the future years. The $8.6 billion shortfall confronting us in operations and maintenance has compelled us to cancel ship and aircraft maintenance, reduce operations, curtail training for forces soon to deploy, and plan for the furlough of thousands of civilians. These actions enable current missions of forces forward deployed, but subject to congressional action, will have inadequate surge capacity at the appropriate readiness to be there when it matters, where it matters.

We ask that the Congress act quickly to replace sequestration with a coherent approach to deficit reduction that addresses our national security interests. We need an appropriations bill for this fiscal year that will allow the department to allocate resources in a deliberate manner. Without these actions, the condition and expected service life of our ships and aircraft will further degrade. Our sailors will not be proficient and they won't be confident to do the job. And we will be forced to cancel or slow procurement of relevant platforms and systems needed to preserve our warfighting superiority -- platforms such as the Joint Strike Fighter, the P-8 maritime patrol aircraft, the littoral combat ship. All those and even more will be in jeopardy.

Mr. Chairman, I know are dedicated to the men and women of our military and to their families. But our folks are stressed by the uncertainty about their jobs, their operational schedules, and more importantly, their future. I appreciate the opportunity to testify on their behalf and I thank you in advance for your efforts in this, and that of this body in trying to avert the very real readiness crisis that we face today.

Thank you.

MCKEON:

Thank you, Admiral.

General Welsh?

WELSH:

Thank you, Mr. Chairman, Ranking Member Smith, and members of the committee. It's always and honor to appear before you, and appearing with this group is especially a pleasure and a privilege for me.

In line with what you've already heard, sequestration threatens to carve crucial capability from our Air Force as well, with alarming and immediate effects on people, readiness, infrastructure, and eventually on modernization. Sequestration represents the potential $12.4 billion top-line budget reduction for fiscal year '13 for the Air Force. It affects every account and every program.

If it occurs, it will significantly undermine your Air Force's readiness and responsiveness today. It will significantly impact the Air Force civilian workforce in the coming months. And it's impact on modernization will clearly affect the Air Force in the future. You've heard a lot of examples. The Air Force is dealing with the same types of things. I'll highlight just three.

The 22-day furlough that the deputy secretary of defense described will affect up to 180,000 civilian airmen, depriving our Air Force of over 31.5 million hours of productivity and specialized expertise just through the remainder of this fiscal year. It will result in a loss of over 200,000 flying hours. And what that means to us is that while we will protect flying operations in Afghanistan and other contingency areas, nuclear deterrence and initial flight training, roughly two-thirds of our active duty combat Air Force units will curtail home station training beginning in March and will drop below acceptable readiness levels by mid-May. And most, if not all, will be completely non-mission capable by July.

It will cut 30 percent of our remaining weapons systems sustainment funds, which means we'll need to postpone about 150 aircraft and 85 engines from depot induction, which creates a backlog that will keep giving for years. The Air Force's global vigilance reach and power are what make it one of America's premier asymmetric advantages and a critical member of this joint warfighting team. The strategic agility and responsiveness require a high state of readiness. Sacrificing that readiness jeopardizes the strategic advantages of air power.

Sequestration will have an almost immediate effect on our ability to respond to multiple concurrent operations around the globe, something that we've been asked to do, along with our sister services, many times in the past. Longer term, sequestration cuts Air Force modernization, will impact every one of our investment programs. These program disruptions will, over time, cost more taxpayer dollars to rectify contract breaches, time delay and efficiencies. They'll raise unit costs and they'll delay delivery of validated capabilities to warfighters in the field.

The Air Force is long overdue for reconstitution following more than two decades of war. Our inventory still includes aircraft that are as old as I am, which is getting to be a scary thought. And our force is as small as we've ever been since we became a separate service. And now we find ourselves stuck in the unenviable trade space between readiness and modernization, and we need your help to get out.

Mr. Chairman, Ranking Member Smith and the committee, thank you for what you've been doing to address this problem. Anything we can do to help you pass an appropriations bill and to eliminate sequestration is our goal.

Thank you for the chance to be here.

MCKEON:

Thank you, General.

General Amos?

AMOS:

Chairman McKeon, Ranking Member Smith, members of the committee, forgive me for reading my remarks here, but it's a strategic message and there's much inside of it and I didn't want to miss a single point of it. So, if you'd forgive me for doing that.

I'm struck as I sit here looking at my colleagues, all six of us. There are almost 240 years of military experience and service to our nation. We have seen a lot. Every one of us are combat veterans. So what we have to say is from our hearts. It's honest, Chairman. You'll get the truth from all of us today.

Speaking today principally as a member of the Joint Chiefs of Staff, this body in front of you today, sequestration by its magnitude, its timing and its methodology will have a devastating impact on our nation's readiness both short term and in the long term. Combined with the effects of the existing continuing resolution, sequestration creates unacceptable risk in four main areas.

First, risk to our national strategy, then risk to our forces, then risk to our people, and lastly, risk to the United States of America. Regarding strategy, maintaining a sound international economic system and a just international order are the very foundations of our nation's strategic guidance. The effects of disruption to this global order could be seen in volatile energy prices, fluctuating global markets, sovereign behavior, and economic decline. Failing to provide leadership in the collective security of this global order will have significant economic consequences for the American people.

Worse, a fiscally driven lapse in American leadership and forward engagement will create a void in which old threats will be left unaddressed and new security challenges will find room to grow. There should be no misunderstanding. The combined effects of continuing resolution and sequestration will have a deleterious effect on the stability of global order, the perceptions of our enemies, and the confidence of our allies.

Sequestration viewed solely as a budget issue would be a grave mistake, bordering irresponsibility. Our collective actions in the next few months would be scrutinized -- will be scrutinized on a global stage where even the perception of a disruption of our nation's willingness to protect its global interests could and will have strategic consequences.

Regarding risk to our forces, the linkage between resources and readiness is immediate and visible. The scale of an abrupt implementation of sequestration will have devastating impacts on readiness. Sequestration will leave ships in port, aircraft grounded for want of necessary maintenance and flying hours, modernization programs canceled, and units only partially trained and re-set after 12 long years of combat.

Because of our special role as America's crisis response force, Marines place a high premium on readiness. I have done everything within my authorities to date to preserve a ready Marine Corps. I will continue to do so. Under continuing resolution, I have kept deploying units ready, but only by stripping away the foundations of the long-term readiness of the total force.

AMOS:

While these short-term adaptations are possible, the enduring effects of these decisions puts the future health and readiness of my force at risk. By the end of this year, more than 50 percent of my tactical units will be below minimum acceptable levels for (ph) readiness for deployment for combat theaters.

In a very real sense, we are eating our seed corn to feed current demands, leaving less to plant for the long-term capabilities of the force. This pattern inevitably leads to a follow force, and it's impacts are already being felt under the continuing resolution.

The most troubling and immediate risks are those that sequestration imposes on our people. Sequestration does not hurt things, it hurts our people. The qualitative edge that the American servicemember takes to the battlefield is the fundamental advantage that differentiates our forces from our enemies. This qualitative combat edge will be severely eroded by the impacts of sequestration, leaving America's men and women with inadequate training, degraded equipment, and reduced survivability.

While military pay and allowances have been exempted in this round of sequester, the quality of life for the all-volunteer force and their families will suffer as we reduce family programs and installation maintenance.

Our civilian Marines will likewise be impacted. Ninety-five percent of our civilian workforce is employed outside the Washington, D.C., national capital area. They're the guards at our gates; our financial experts who manage our budgets; our acquisition specialists; the therapists who treat our wounded; and the teachers who teach our children.

The economic impact to these families and the local communities are put at risk by short-term furlough or a long-term termination. Protecting our ability to keep faith with our families and our wounded warriors is a top priority in my Marine Corps.

But even this, the most sacred of responsibilities will be increasingly put at risk under sequestration.

In closing, allow me to articulate one more set of risks, the risk to our nation. In the final analysis, sequestration potentially asks the most who have borne the greatest sacrifice. The effects of sequestration over the next 10 years will threaten the foundations of our all-volunteer force, putting the nation's security on a vector that is potentially ruinous.

It will dramatically shape perceptions of our government as both an employer and as a customer, thereby reducing confidence throughout our nation's institutions. These are strategic matters that demand our immediate attention and action.

I urge the committee to consider the full range of risk created by this legislation, and ask for your assistance in mitigating them to the extent possible.

Thank you, Chairman and Ranking Member Smith. I look forward to your questions (inaudible).

MCKEON:

Thank you, General.

General Grass?

GRASS:

Chairman McKeon, Ranking Member Smith, members of the committee, thank you for the opportunity to be here today.

Over the past 11 years, sustained investment and engagement in overseas and domestic operations has transformed the National Guard from a strategic reserve into an operational force that provides dual-mission capability to our nation and our communities.

The readiness of this operational force is clearly at risk, and the total force is on the verge of a readiness crisis. The National Guard rapidly expands the capacity of the Army and the Air Force. The National

Guard does the same for civilian authorities by providing organized, disciplined, properly equipped military units on short notice.

The Guard can do this because of the institutional procurement, training, education and depot-level maintenance programs the Army and Air Force provide.

The reduction in these critical areas would have an immediate impact on National Guard readiness. In the -- in a matter of months, our readiness as an operational force for the nation's defense and as an immediate homeland response capability will be eroded.

With the inability to transfer funds between programs, sequestration and the possibility of a year-long continuing resolution will further degrade our overall readiness.

I have provided all 54 adjutants general with a summary of near- term measures to assist them in mitigating risks and threats to our readiness. We've asked them to examine overhead, curtail conferences, not renewing temporary civilian positions, and implementing hiring freezes -- and that's just the start.

We're planning to defer sustained -- sustainment and maintenance requirements for aircraft facilities, to conserve operations and maintenance funds, and to use those conserved funds only for mission-essential, mission-critical functions.

Sustainment, restoration and modernization cuts will degrade our already aging armory infrastructure. The continuing resolution prohibits any new starts in military construction, further threatening our armory and facility modernization master plans.

The capability of our facilities to support Guardsmen across the states in more than 3,000 communities directly impacts our ability to reach and support areas of our country suffering from disasters.

If we face a full sequestration scenario, the National Guard may have to furlough soldiers and airmen serving as military technicians, as well as other government civilians. This means more than half of the National Guard's full-time members may be furloughed, resulting in maintenance backlogs in every state.

These actions will reduce National Guard readiness and the forces available to the governors to respond to natural and manmade disasters. Preparation and training of nearly 13,000 soldiers and airmen assigned to the units given the mission to mitigate the effects of chemical, biological and nuclear terrorist attacks or industrial accidents in the homeland will suffer as exercises and training events are delayed or canceled by reductions in operations and maintenance funds.

In summary, the potential impact described today will have a measurable and dramatic negative effect on critical National Guard capabilities both for at home and abroad.

I thank you for the opportunity to appear before you today. I look forward to your questions.

MCKEON:

Thank you, General.

You know, when I -- when I went to the Steering Committee to apply for this job as chairman of this committee, I told them, I thought that the responsibility of the chairman was to ensure that every one of our people that we send into harm's way would have the training, the leadership, the equipment, the time, everything they needed to carry out their mission in protecting this nation and our allies at peace around the world, and return home safely.

One of the things that I think disturbs me most about all of this discussion that we've been having now for the last, actually, couple of years doesn't even address the real problem that we face. Yes, debt is a problem, but where does it come from?

I have a little chart here that I've been using the last week that shows what our spending has been over the last 50 years -- major (ph), percentage wise, over all of the government area. The top, the purple, is what we spend each year for interest in the money that we borrow. The red is mandatory spending, those items that we don't get to vote on each year; they've been decided in the past and they're on auto pilot, and they're just moving forward -- Social Security, Medicare, many of those items that fit into this category.

The green is the non-defense discretionary spending that we spend here out of Washington -- education, roads, transportation, FBI, border security, all of those. And the blue at the bottom is defense.

Now, we can see how defense spending has gone down. We can see that discretionary non-defense has kind of remained a constant. We can see that mandatory spending has way more than doubled in that time period. We know that those numbers on that progression, the ones that are going down are continuing to go down; the mandatory's continuing to grow. That is the real driver of all of this that we're talking about.

If we eliminated all of defense, if we eliminated all of the discretionary spending, we would still be running a deficit each year of a half trillion dollars just for the auto pilot mandatory programs. So those need to be addressed.

We need to put people back to work. We need to grow the economy. That needs to be addressed.

But so far we've focused heavily on cutting discretionary spending with the -- at least half of that coming out of defense, which only accounts for, like, 17 percent of our overall spending. The president's talked about a balanced approach. This has been very unbalanced.

None of you in uniform have ever made the decision to go to war. That's always done by civilians. Yet, once that decision is made, the responsibility to carry it out falls on you. And you do a tremendous job.

One -- one of the things that I'm most stressed about is the -- the -- what the impact of this is going to be on our readiness. Now, the way I interpret that is the soldiers, sailors, flyers, Marines, Guard, all of them that are going to be deployed over the next -- you know, we know the troops are gonna come home from Afghanistan. I wish we could say that'll be the last war we ever have to fight.

But look at our history. Look at what we did after World War II. Look at what we did after Korea, after Vietnam. We have cut, cut, cut so that we won't be prepared for the next one.

MCKEON:

If we could have testimony from all of those who are not able to testify anymore who lost their lives because of a lack of readiness, a lack of training, a lack of proper leadership, which is the direction we're heading in.

I think, General Odierno, you told me earlier, before we came in here, that the American people have always trusted you and even trusted us even though our Congress, I think, we're given about 11 percent approval rating. You probably have the highest approval rating from the American public of anyone. But they've expected us -- and they've taken for granted -- the fact that we will always be able to -- to be there to respond when we're attacked.

And we get attacked when we show weakness. And as we cut our readiness, that around the world shows weakness. And it opens us up, and it makes us vulnerable. And then that causes more lives to be lost. I'm concerned about the troops that are going to be deployed next year to Afghanistan. And are they getting the proper, total training that they need now. I -- I hear stories that they're not, already, before sequestration fully kicks in.

I would like, if you could, in place of those who are not able to testify, who have lost their lives, the first ones going across Africa when they didn't have that training and leadership and equipment, those who were in Korea when we were almost pushed into the ocean that lost their lives that were not able to have that training.

Will you please, General Odierno, Admiral, General Welsh, General Amos, General Grass will you tell us some specifics that you already see happening or you know will happen as they don't get enough ammo to practice firing their weapons and (inaudible) as they don't get enough flying hours, as we have to bring ships into port.

How are we going to be hit so that the American people can really understand -- they think we're cutting waste, fraud, and abuse. That's a -- a term we throw out. We're way past that. If they understood what we're really talking about, I think there would be a rising up of people in this nation to say do not try to fix this problem on the backs of our military.

General Odierno?

ODIERNO:

Thank you, Chairman.

The -- the impacts are significant across every area. Over time, you know, first what we do is we -- we degrade the capabilities of individual soldiers. We degrade it because their equipment begins to fail, it's not maintained at the right level, their training is reduced, so their proficiency -- although still good -- is not at the level we would like it to be.

But most importantly, it's as you grow up in terms of the type of unit you train in. For example, we like to be trained at battalion level proficiency. So they understand how to coordinate activities at the battalion level.

Because of these training reductions, right now we believe we're down to about squad level capabilities for fiscal year '13 for example. So that means you're only gonna train up to a squad. You won't do the coordination. You won't do the live fires. You won't do the kind of capability you need to synchronize and organize yourselves. So when you get somewhere and have to deploy somewhere, you're ability to coordinate-execute is not trained, and that puts lives at significant risk.

Secondly, flying. Let me talk about flying. You know, for example, in Afghanistan, it is probably one of the most difficult places we've ever had to fly rotary wing aviation, because of the environment, because of the altitude, because of the weather conditions. And if we have to reduce the amount of training we give our pilots they will go in there with a hell of a lot less capability.

And what does that mean? That means there'll be mistakes made. And what does that mean? That means we'll have accidents, or that means we'll be more likely to be shot down by enemy fire. And ultimately that results in not only in the death of our pilots, but those who are riding with them. And then, of course, it'll then hinder us in conducting the operations the way we see fit in conducting operations. So then across a broader range, you now lose your capability to conduct the type of operations that are necessary in order for us to be successful.

It's about how well are we able to train our support forces, our logistics capability that's -- has to go throughout any area of operation and deliberal (ph) logistics. And as we have to prioritize because we don't have enough money, do they get the right training? So they are prepared to run convoys over long distances that they are coordinated and prepared to -- to protect themselves.

All of those things now come at risk. And ultimately, those all result in the loss of life and the loss of capability that we have. And that's what we're concerned about. And over the long term it will -- it will degrade. It'll be worst a year from now than it is today. It'll be worse two years from now than it is a year from now. And it'll slowly degrade over time.

And then you start to learn the expertise on how to train, and what the right standards are. And it continues to build on itself as you go forward, and it really becomes risky, and then you find yourself in a hollow force, one that is not capable of doing the missions that we are going to ask them to do.

Our soldiers, our airmen, our Marines they do the most complex missions of any military in the world, and we have to train them so they're able to do those complex missions. That's why they're so much better than any other military, because we ask them to do missions that are much more complex and difficult.

MCKEON:

Admiral?

GREENERT:

Chairman, let me -- let me take you to early 2014, calendar year 2014. As a result of what we're not gonna do, training and preparing people here in the near future so that we can be out there, where it matters like I said before, right now, here's the situation in 2014.

We have no ships in the Southern Command, so the hundreds of tons of -- of drugs that are being intercepted, there's nobody there to do that. And we're not nurturing future relationships there and keeping stability down there.

You have one carrier strike group, an air wing in -- in the Central Command, 2014, instead of the two, which is the demand signal. So you don't -- so you don't -- that central commander does not have the option to be able to support strikes as appropriate in Afghanistan while being in the Arabian Gulf to maintain stability and deterrence there, and again nurture relationships and keep the peace if you will in and around that area.

There are no ships -- no amphibious ships, or cruisers and destroyers to support counterterrorism operations, supper our embassies over there for quick reaction, because we don't have an amphibious ready group over there around the African Command. So that's the support option around Somalia, around Yemen, the Red Sea, Sudan, all of that. There's no one there. We'd have to kind of surge forth over there. So we're not there when it matters, and we're not ready when it matters in that regard.

In the -- in the ballistic missile defense, we would start stepping down and we would have no ballistic missile defense deployments in 2014. Well we have commitments to meet. So we'd have to figure that out. We have commitments to Israel. We have commitments to the Central Command to provide ballistic missile defense.

These are the things that we won't be able to support on the current situation as you look at 2014.

MCKEON:

Thank you.

General?

WELSH:

Chairman, to be clear on this, from an Air Force perspective, readiness levels aren't just a problem in -- in the future. They've been a problem since about 2003 when operations tempo, and -- and things began to build up on the force. And our -- our readiness levels have been declining ever since.

Right now, almost half -- just under 50 percent of our Air Force units, of squadrons, which are our fighting level unit, are below what I would consider an acceptable combat readiness level. The operational tempo of deployments, equipment degradation over time, failure to modernize have created this problem now, which we have been managing with a level of risk hat we thought was -- was acceptable, but we were getting close what I think Ray Odierno would describe to you as the razor edge that he feels the Army is now on.

We set aside full spectrum training a few years ago to focus on the fight that we're currently engaged in. We kept a small piece of our Air Force supremely ready in areas like the nuclear mission, et cetera, because we knew we had to do that. But the rest of our combat air forces did not maintain that readiness level.

And so, our ability today to go fight a determined enemy, in a contested environment, with degraded communications, degraded navigation, degraded weapons systems capability is not where it should be. And we are fully aware of that. Our secretary this year, at -- for the '13 budget, and then forward into '14 declared it a -- a readiness bomb (ph) to try and get back to that kind of training, improve our simulation capabilities.

Our -- our range air space is -- is not fully funded to even have this kind of training, because we haven't been doing it for the last two (ph) years. So we are trying to recover to that.

The problem as I see it, is as we try to get back to that, Mr. Chairman, when the next major conflict starts we will send our joint force to fight regardless of how well -- ready they are. And they will go, and they will fight, and they will die in greater numbers then they have to. The conflict will last longer than it should, civilian casualties would be more than we would like to accept. We owe them better than that.

MCKEON:

Thank you.

General Amos?

AMOS:

Chairman, I think General Welsh's last comment, the very last one he made about, we will go when the next conflict happens, that's -- that's a true statement. There will be nobody at this table that will hold back.

But I'm reflected back to Korea, when we came out of World War II, and that great struggle in Europe, and the struggle in -- in the Pacific, and that both those campaigns were over.

1946 America turned its back on its military across the board. And statements like, we'll never do another amphibious assault, there's no reason to have that kind of talent (ph), those ships. We had over 1,100

amphibious ships in World War II, we're down to 30 today. It was Inchon 1952 where the Marines landed under General MacArthur and came in the back door of -- of the North Koreans that actually began to relieve the pressure on Seoul.

But when that force was put together, it was cobbled together across the United States of America. We had Marines that went even without boot camp, never been to boot camp. Medal of Honor recipient, (inaudible) 7th Marines, never went to boot camp.

Now you could say, well maybe that's OK then. But I'll tell you what, there was a lot of young men that didn't come home from the Korean conflict as a result of our -- of our negligence coming out of World War II.

AMOS:

For us, and mechanical things that -- that I -- you can attribute to, we've got nine F-18 squadrons in the United States Marine Corps. That's it, nine. They're aboard Navy aircraft carriers. There are four deployed to Okinawa, Japan. We have some right now in the Persian Gulf postured to do our nation's bidding there.

By January of next year, I'll have less than half of the airplanes available to put in squadrons. What that means is those four deployed squadrons will have their full complement of 12 airplanes. Those squadrons that are back home, preparing to go, will have less than five of the 12-plane squadron.

Our training is already being degraded back home, because we're taking money from training ranges and training opportunities to make sure that those units that are next to deploy, the ones that are going to go into Afghanistan -- we're in the middle of changing over right now, the month of February and March, what we call the 13 Tac 1 Force (ph) is going into Afghanistan.

They've already been trained. They're fine. They're at what we call C-1 (ph), they're at the highest level of training.

The forces that will relieve them in the August and September timeframe will be the same. But as I said in my opening remarks, the seed corn for that was eaten and paid for for long-term readiness to get those forces ready to go.

And, finally, I'd like to just -- I'd like to throw this out to the committee here. Several things have happened in the last three years, and I think it would be instructive to ask ourselves what is it we would not want to do?

When we start talking about Jon Greenert's ships and his faithfulness in trying to get his ships forward deployed, and he's working hard at it, and I'm a partner in that, but here's a couple of things that -- that we did since 2010 with your Marine Expeditionary Forces forward deployed.

2010, the 15th Marine Expeditionary Unit, deployed for seven months. Rescued the crew from the Magellan Star. Flew 312 combat sorties over Afghanistan. The 53 Echoes, they're 35-year-old helicopters, flew 400 miles deep into Pakistan, up in the most dangerous part, to rescue over 9,000 people in that -- in the Pakistani floods.

The 31st Marine Expeditionary Unit in the western Pacific went to the Philippines as a result of a mega-typhoon, delivering 170,000 pounds of relief and rescuing 600,000 victims. I mean, the magnitude of that is staggering.

They turned and they went to northern Japan, to Sendai (ph). Nobody told them to go. They just anticipated the mission and the very next morning after that terrible earthquake and tsunami and the

impending nuclear disaster, the Marines of the 3rd Marine Expeditionary Force went up there for 45 days, and flew in the radioactive plume, rescuing over 9,000 Japanese and delivering more than a hundred -- hundreds -- several hundred thousand supplies.

2011, 26th Marine Expeditionary Unit rescued the displaced persons from Tunisia when that country began to unravel. Operation Odyssey Dawn started, the air campaign over Libya. For the first two days, those were Marines that were flying the -- the deny flight campaign over Libya. They rescued the F-15 pilot late at night in an MV-22.

Lastly, a series of other things, but in 2012, the 24th Marine Expeditionary Unit, just this past December on its way home -- had left after being in the Central Command area war for eight and a half months.

They were outside the Straits of Gibraltar and got turned around and headed east when the Palestinian and Israeli conflict broke in the Gaza Strip. And the whole world looked at that. We didn't know what was going to happen. And yet, the 24th MEU found itself off the coast of Israel.

Those are the kinds of things that -- that our nation's gonna either have to say we're not going to do in the future, and that's a significant strategic decision.

And that's why I said in my opening comments, this is not a budgetary issue. These are strategic consequences that we're dealing with.

Thank you.

MCKEON:

General?

GRASS:

Mr. Chairman, I think the last time I checked, there was about less than 1 percent of our population serving in uniform today. And we are all -- I think if you ask any of us, we're all very proud of an all-volunteer force, well-led, well-trained, well-equipped.

And the National Guard is a part of that all-volunteer force. And we train with the Army and the Air Force at their installations. We train at their combat training centers. We train combat training center operations and command post exercises with every level from division down to company.

That training gives us leaders that can go into situations like, not too long ago, Hurricane Sandy, as it came ashore, 12,000 Guardsmen from 10 states and a host of other aircraft that moved equipment and personnel, both military and civilian into the area -- 12,000 across those states.

The reason they were able to do what they do every day is the individual training they received, that basic training and advanced individual training, and then the additional training, collective training, they received back home and at some of these combat training centers where we train today, these regional locations.

They were also able to do it because of the leadership they had, both at the company and battalion level, but also at the brigade and division level. We've grown those leaders over time because we've had the opportunity to do that training.

On the air side, I'm very concerned about our pilots, especially our rotor wing pilots who do search-and-rescue every day across this country somewhere. I'm very concerned about them flying, because when

they do fly into situations like last week with the storm that approached and came up the northeast, very extreme conditions. And as you continue to degrade the experience level, the flying hours and the opportunities to go to some of the most difficult places to train, like the high-altitude training center in Colorado, as you degrade those opportunities, our pilots are going to be less qualified.

And I think, sir, we do have to keep that. We will put everything we can into moving forces into these training centers that are going overseas first, but I do see a degradation of those back home.

Thank you.

MCKEON:

Thank you.

Mr. Smith?

SMITH:

Thank you, Mr. Chairman. I'll try to be quicker. I know there's a lot of other members who want to get in, so I'll just direct my questions, actually to Dr. Carter.

And the focus of my questions is, if you were able to get some certainty, I want to know how much that would help. Now, obviously, you know, there are concerns about any further cuts in the discretionary budget. There are many folks on this panel who think that there shouldn't be any further.

Personally, I think probably is room for some further cuts.

But the big problem is that, you know, you've had two years now with the C.R., the debt ceiling threat, threat of government shutdown, C.R. doesn't enable you to fund the right programs.

So let's say hypothetically, you know, we were to take a 10=year number, let's say, you know, we'd ask for another $175 billion cut from defense, but you could do it pretty much wherever you want. We'd do it during normal appropriations process. But right now, today, we said that's the number. We're going to give you an appropriations bill. We're going to kill sequestration. We're going to raise the debt ceiling. We're basically going to take that uncertainty off the table and let you budget going forward for 10 years with $175 billion (inaudible) that you need to cut.

How much of everything that we've heard here would that help solve?

And I'll throw one other little curve ball in there, something we haven't mentioned today: There are cuts the DOD has proposed that Congress has legislatively prohibited you from doing. I think the most dramatic of these was the cruisers that we wanted to decommission that you now have to keep, but you don't also -- you also don't have the money to operate.

How much of that also throws into that problem?

If you could just touch on those -- those two points, that's all I'll have.

CARTER:

A very good question. I will -- I will try to answer.

The -- because I think someone watching this from outside would reasonably ask everything that we've been saying, why does it go -- go to pot so fast?

That's the near-term question, and it has to do with the continuing resolution and the immediate effect of sequester. And what's going on here is that a lot of the impacts that are so severe are in the operations and maintenance accounts.

SMITH:

That's what -- that's what gives us the hollow force is, you know, you've got a situation where, you know, you can only cut from certain places. You can't make the long-term planning of reducing, you know, longer term procurement or reducing force size. You've got to cut right now. And if you're cutting right now, that's day-in and day-out training. You're not able to train the force, basically.

Sorry, but that's I think...

(CROSSTALK)

CARTER:

That's exactly right. And that's why this year with sequestration, with the continuing resolution, we just run out of training money toward the end of the year. And the consequences of that have been described.

You're asking a longer term question about defense spending in the long run. It's a very good question.

And we last year began a adjustment that we're still just embarked on to accommodate $487 billion in budget adjustments. We've worked very hard to do that in a strategic way, in accordance with the president's strategy.

We have not gotten all of the congressional authority that we need, so there was -- there were adjustments that we wanted to make, that were in the best interests of the strategy that were not accepted, not supported by the Congress. And that's a big issue for us going forward, if we're going to accomplish that $487 billion...

(CROSSTALK)

SMITH:

... you face the same consequence there. If you are planning on a $487 billion reduction -- I think it's fair to say, by the way, that that -- that was a reduction on what we were projected to spend. It's not a dollar-for-dollar cut. It's what we were protected to spend.

(CROSSTALK)

SMITH:

But if you're projecting that out, you say, "OK, here's what we're going to do."

And then we come in and say, "Nope. You can't do that."

Then you're forced back into a similar situation of, OK, well, we've got to get the money somewhere else. And that forces you back into those short-term, difficult, hollow force...

(CROSSTALK)

CARTER:

... the turbulence and uncertainty all by itself is a problem to us.

I'll just give you one other illustration of that, which is in our programs with the -- acquisition programs. Every time we have a program that we have on a sound footing. We're getting -- trying to get the best value we can. We have an industry partner who's fought through how they're gonna operate their line, how they're gonna operate their workforce and so forth.

That's what you want. You want the most economically, efficient possible way of providing our -- our -- our equipment. All that gets thrown into the turmoil, every time one of these changes is made.

So turmoil, uncertainty, all by itself is a bad thing.

And this year, we -- it -- the combination of continuing resolution and sequester is just particularly severe, particularly this late in the fiscal year. And that's why the consequences that are so dire and so immediate are very real.

SMITH:

So -- I mean, so basically, long-term cuts are a challenge. You've got 10 years to sort of figure that out. And I don't want to minimize that. It certainly is a challenge.

But it pales in comparison to the short term, not knowing if you can continue any one of the programs that's right in front of you because you don't have an appropriations bill that enables you to do it, because sequestration's coming. Those short-term things cause chaos, frankly.

CARTER:

Well, they're both concerning to me. The short-term chaos is -- is concerning, and the long-term endangerment of our strategy and our position in the world and our ability to have the force structure and the modernization and the -- the people that we require for defense both in the short term and the long term.

SMITH:

OK.

General Dempsey?

DEMPSEY:

I do feel obligated -- I feel like I'd like to respond as well, Congressman.

Clearly, budget certainty, time and flexibility help, but there is a magnitude issue here, too. We built a strategy last year that we said we could execute and absorb $487 billion. I can't sit here today and guarantee you that if you take another $175 billion that that strategy remains solvent.

And if you're wondering why this is so hard, let me just use the Army -- you know, people say, "Well, hell, you did it after World War II; you did it after Vietnam." After World War II, it went from a million-man Army

to 781,000 -- after Vietnam, actually, 781,000. It went -- in the '90s, we went from 781,000 to 495,000. We grew it for Desert Storm -- for OEF and OIF -- to 570,000. It's on the way to 490,000 because of the Budget Control Act.

The question I would ask this committee: What do you want your military to do? If you want it to be doing what it's doing today, then we can't give you another dollar. If you want us to do something less than that, we're all there with you and we'll figure it out.

SMITH:

OK. That makes sense. Thank you.

I yield back.

MCKEON:

Thank you.

Mr. Thornberry?

THORNBERRY:

Thank you, Mr. Chairman.

And I just have to observe that I think in the 51 years we've had a defense authorization bill, I don't think we've ever swallowed any president's proposal whole without making some adjustments. But of course, what we're talking about today is -- is on a different scale, as -- as General Dempsey was just describing.

General Odierno, in November 2011, we had a hearing in this room on sequestration. And you testified that if we go beyond that -- talking about the $487 billion, it becomes critical. And it becomes a fact that we will no longer modernize. We will no longer be able to respond to a variety of threats.

General Dempsey just said another dollar beyond the cuts that you all have already planned for changes the strategy. And it sounds to me like your testimony says if we go beyond that, we -- we cannot respond to those threats.

Is that still your testimony today?

ODIERNO:

What I said was in the context of what we are required to do. So I want to make that clear. So back in 2011, that was in the context of what you're asking the Army to do, we would not be able to do. I think it's very much in line with what General Dempsey said.

I would just throw out one another point is -- with the Army, it's about force structure. So, you know, you get a balanced force structure, readiness, modernization. You know, for us to move forward, any significant cuts is a further reduction in our force structure.

And -- and what I would just tell everybody, we haven't even started our reductions yet, based on the $487 billion cut. That will start in '14. Everything we've done so far has been overseas. That now starts in the continental -- in the 50 United States in '14, and it's going to be dramatic. And I just want everybody to be braced for that. That has nothing to do with sequestration. If sequestration goes into effect, that

doubles. And we haven't even started the reductions yet. And that has a significant impact on readiness, on our ability to respond in itself.

THORNBERRY:

OK.

General Amos, at the same hearing, you testified that so if you go beyond that amount -- $1 billion, $2 billion, $5 billion -- it's going to come down in force structure, and it will mean capabilities and the ability to respond. Is that still your position today -- that beyond what you have already had to deal with -- this $487 billion -- further cuts, as you said -- $1 billion, $2 billion, $5 billion -- it comes down to force structure and our ability to respond?

AMOS:

It certainly does, sir. I absolutely agree with that today. The landscape has changed a bit. Just even the very matter of re-setting the force that's currently in Afghanistan, all the gear that we've had, we still have that bill (ph) and it continues to slide.

So not only -- not only will be have less capability because re- set is now in competition with modernization, which is in competition with O&M, which is in competition with readiness, and finally in competition with personnel costs. All of it fits in the alchemy.

So, yes, what will have to happen is our capacity -- you know, the total volume, the ability to be able to do the things that our nation expects its Marine Corps to do will be -- will be reduced.

THORNBERRY:

General Welsh, you weren't here at that hearing, but your predecessor testified that "we are confident that further spending reductions beyond the Budget Control Act's first round of cuts cannot be done without substantially altering our core military capabilities and therefore our national security."

Do you agree with that?

WELSH:

I do, Congressman. We are already in a position in the Air Force of trading modernization for readiness. You saw it in the decision on the C-27 last year and our recommendation on the Global Hawk Block 30. We didn't want to get rid of those platforms because we wanted to get rid of the platforms. It's because we couldn't afford to keep doing everything we were doing.

So we are trading new capability in the Global Hawk Block 30 to improve our readiness numbers for the remainder of the Air Force. I absolutely agree with General Schwartz's comments.

THORNBERRY:

Well, let me just observe that the president's answer to sequestration has been more cuts in defense, at least as part of what he calls a "balanced" approach. And I hope each of you all are describing these consequences to him because further cuts beyond the Budget Control Act are going to move us in the direction that you've all warned about here today.

One other observation during my last 20 seconds. The House has acted twice last year to substitute sequestration cuts, or other targeted cuts for sequestration cuts. The chairman has introduced a bill to prevent sequestration by federal attrition. I introduced a bill to stop sequestration just by delaying further implementation of the health care act.

There's other ideas that members have. To quote the president, "We can do this. We just have to want to."

I yield back.

MCKEON:

Thank you.

Mr. Cooper?

COOPER:

Thank you, Mr. Chairman.

This is a sad day for this committee, a sad day for Congress, a sad day for America. The witnesses have basically told us of a military emergency that's going to be facing this country, but I don't sense that we feel that there's a congressional emergency.

This is one of the largest, if not the largest committee in the House of Representatives, and apparently we don't have the ability to force a vote between now and March 1 when sequestration kicks in. Maybe there's one scheduled that I'm not aware of, but basically the House has been doing trivial pieces of legislation for the last several weeks and we're about to go on a district work period next week.

So as our nation faces a crisis, and this is the Armed Services Committee, we are doing almost nothing. In fact, there's not even very good attendance at this hearing to hear the chairman of the Joint Chiefs and all the chiefs. This is amazing. There's a disconnect here.

As Dr. Carter said, this is all a result of collateral damage from political gridlock. In a lot of the members' statements, we're hearing more signs of political gridlock. This is a congressional responsibility and this is the Armed Services Committee. What are we doing about it?

We have the power to fund the shortfall. Let's use that power. And if we refuse to do that, we at least have the power to give you all the flexibility to minimize the damage. We're not even doing that because we insist on micromanaging the department.

So let's take some responsibility here. And as General Dempsey said, if we won't fund the mission, let's have the courage to admit a smaller mission. We're refusing to do that. So why does this committee exist if we don't take responsibility, if we don't do our job? Because our men and women in uniform are doing their jobs. We in Congress are not. And we're about to take a week's vacation right as sequestration is about to hit. How does that make sense?

We do not even curb our CODELs, much less take salary reduction as a result of shared sacrifice principles like Dr. Carter and others are doing for political appointees. We're political appointees. We're lucky enough to get elected by our folks back home. What are we doing to help our military?

Mr. Chairman, the best I can tell, this committee is doing little or nothing except talking about it. And yet we are about the largest committee in Congress. We presumably have enough votes, enough clout with both parties to get something done, shake something loose before it's too late.

As you all know, as a practical matter, it's already way late because fourth-quarter growth last year was negative, partly as a result of defense drawdowns, already anticipating problems. And we're about to make that worse due to congressional inaction, due to congressional gridlock.

America deserves better. And Mr. Chairman, I think it's up to this committee to do better, and we have precious few days left to do it. So I would urge my colleagues -- I would urge congressional leadership, let's at least have a vote on this before sequestration happens. Let's go on record. Let's not just duck and dodge, as Congress has been doing for too long. America deserves better and America deserves a vote.

Thank you, Mr. Chairman.

MCKEON:

Thank you, Mr. Cooper.

It is -- this is the largest committee in the Congress. We have 62 members. We have now 34 Republicans and 28 Democrats. I'll just point out, this is a bipartisan committee and we do strive always to work in a bipartisan way; 31 of the 34 Republicans are here in this hearing today, or have been here.

And I -- and I agree with you. I don't know why everyone isn't here. And we have introduced bills, as Mr. Thornberry said. He introduced one. I've introduced one. And we've done -- we've tried to move things in this, but the funding that you're talking about generates from other committees. So within the jurisdiction of our committee, we got our bill passed last year. We got our bill passed the year before. And we've done the things.

If you have other things that we could -- that we could do within our jurisdiction, I would be happy to see that we have a vote in this committee.

COOPER:

If the chairman would yield? How about flexibility for the Department of Defense so that at least they have the discretion to manage within their means?

MCKEON:

Good suggestion.

Mr. Jones?

JONES:

Mr. Chairman, thank you. And your comment earlier about it's the Congress and the policymakers that send our troops to war, and whether they're necessary or not -- that's debatable. But I think about the fact we spend over $1.56 trillion in Afghanistan and Iraq combined.

And Secretary Carter, the problem is the American people do not fully understand the deficit and the debt problems facing our country. And we have had the policies that have worn out the budget for our military. And I blame the Congress for that, and I'm part of that.

But it leads me to a point, that comment you made, and I want to build on this very quickly. You said, "protect the money for Afghanistan."

Well, this Monday, driving from North Carolina to D.C., I was listening to C-SPAN. And John Sopko, who's the inspector general for Afghan reconstruction, made the comment that we're spending $28 million a day in Afghanistan. He took calls from the American people. Most of 'em were very anxious to hear that kind of money being spent in Afghanistan.

He actually said there's so much fraud and abuse, and gave an example of building a police barracks, I believe, and they -- the Taliban bombed it a week or two later and blew it up. So they're rebuilding that.

And this is where it's not fair to the military that -- the American people love their military, the majority do. And yet when they see that we're spending this kind of money overseas and the country we're in is known as the graveyard of great empires -- I want to thank the president for reducing the number of troops this year, and I mean that sincerely. But we sign a 10-year strategic agreement with Afghanistan, so that means there's still going to be money going to Afghanistan. There will be some troops there. And we'll have nothing to show the American people.

So therefore, it's tough for us (inaudible) sequestration, I agree with the chairman and Mr. Cooper (ph). I didn't vote for the bill, by the way, so I'm not trying to blame anybody else. But I didn't vote for it because I didn't understand sequestration, and it was something that if I don't understand it I try not to vote for it.

But we're not -- when we're telling the American people -- yesterday, in Marine Times, it says, "Obama OKs $50 Million to Assist France in Mali," well, I know that that might not sound like much to this committee or to -- to those testifying, but the people that read that in east and North Carolina, that's a lot of money.

Yes, we're supposed to get repaid by the French, but I think we've got a public relations problem with the American people. I don't think the military does. But I think we policymakers in the administration -- I even go back to the Bush administration, and now the Obama administration -- we've got a problem when they see us spending all this money in a foreign country, with very little accountability, and then we come here and talk about our concerns.

And we're all up here are concerned about sequestration and continuing resolutions. But Mr. Secretary, that's the problem we've got. They see us being the big cop on the block on one hand and the man with the cup begging for pennies on the next. It just doesn't wash with the American people.

CARTER:

Well, Congressman, you have -- you have a number of important points there. I mean, the first is the strategic question of why do we have our military in the first place -- which -- what are we doing in Afghanistan, how long are we gonna be in Afghanistan, are we gonna succeed in Afghanistan. You mentioned Mali, as well. These are the kinds of commitments that America has long fulfilled and that we have believed are important for our security.

And I think what you've been hearing here today is that unless we have long-term budgetary stability and adequate funding, we indeed can't do these things. And we can discuss whether they're necessary or not for our security. I mean, after all, Afghanistan was the location from which 9/11 originated.

You made another very important point -- two other very important points. If we're going somewhere -- and -- and I just for the moment leave aside whether we should be in Afghanistan -- given that we're there, we can't short the troops. And that's what we've done, is protect the funding for Afghanistan in this year of -- where we have these -- the continuing resolution and sequestration hitting us. And that's one of

the reasons why it's even worse in the other part of -- of the budget. And that's why for things that are not directly related to Afghanistan the hit is even larger.

And, finally, you mentioned fraud and bad contracting practices, they do occur. They're unacceptable anywhere. And I think that the department has tried to learn the lessons of Iraq in Afghanistan, improve contingency contracting, crack down on waste, fraud and abuse. But even a single dollar lost that way is unacceptable. And it doesn't make any sense for us to be asking for funding from the taxpayer if we're not also making sure that every dollar's spent the right way. So that's an excellent point.

MCKEON:

Gentleman, time expired.

And that is a good point. I wish he had gone on to tell about the investigations and the people that are in jail, and the contracts that have been -- they've done a lot in -- in trying to clean that up.

Ms. Bordallo?

BORDALLO:

Mr. Chairman, thank you.

Gentlemen, I thank you all for your time today.

It is clear through the many hearings that we have already had on this topic that sequestration would have lasting effects on the readiness of our armed forces. We all agree on that.

My first question would be to you, Dr. Carter, or perhaps Dr. Amos. Kim Jong Un once again this week showcased partially why we are rebalancing to the Asia-Pacific region. His reckless actions highlight the need for the United States to maintain a robust presence in this region of the world.

So to that end, I am concerned about the possible impact of sequestration on our rebalance efforts.

Keeping in mind that the U.S. has an international agreement with Japan, what impact would sequestration have on the realignment of Marines from Okinawa to Guam, Hawaii and Australia?

It would seem to me, gentlemen, that we need to fulfill our international agreement.

Dr. Carter?

CARTER:

I'll make one comment, and then ask General Amos and then perhaps General Dempsey for the Asia-Pacific.

You're right. The cuts that would begin with sequestration in '13 and that would extend out over the decade that we are saying would require a change in our strategy, one of the ways our strategy would need to change is we couldn't do what we want to do in the rebalance to the Asia-Pacific theater. And -- and that's a very important strategic objective for this country, because for 70 years we have kept the peace in the Asia-Pacific region. That's what's led to prosperity there, which we've benefited from.

And we're trying to keep that pivotal role of the U.S. military in the Asia-Pacific theater going, and in fact to renew it after a decade of focus and concentration on Iraq and Afghanistan. And all that which is critical to our strategy's put in doubt and put in jeopardy if these further budget cuts go on.

BORDALLO:

General Amos?

AMOS:

Congresswoman, I'll be happy to talk about this, because this is very important to me.

We have taken aboard the shift to the Pacific and the reorientation of Marine forces as directed pretty seriously. We've got over $3 billion in the FYDP. And there's a portion of that (inaudible) that is at serious jeopardy.

As you're aware, we've begun the ground work for the -- some of the early realignment of forces on Guam. We have more to do this year. There's money in the budget to do this. We can't get the projects started.

So, in essence, the realignment from Okinawa to Guam, if sequestration continues, is gonna jeopardize that -- that shift to the Pacific.

But we've already begun putting more forces in the Pacific. We put another unit (inaudible). In fact, we've got two more infantry battalions on the ground in Okinawa today. You're aware that we've got the -- the force on Australia that -- that we're working with them. All of that is gonna be in jeopardy.

If sequestration hits, the second battalion that I just put on the ground on Okinawa, I won't have enough money to bring 'em home.

So -- so we're serious. We have the money. We've aligned the forces for the Marine Corps over the next 18 to 24 months to move to the Pacific. We're committed. We're committed to go to Guam, we're committed to reduce the presence on Okinawa, all the things that our government and Japan have agreed to.

But if sequestration hits, it's untold yet exactly what their (ph) impact's gonna be. But, Congresswoman, you can rest assured that it'll be significant.

BORDALLO:

Thank you.

(CROSSTALK)

BORDALLO:

General Dempsey?

DEMPSEY:

... just to let you know, what -- what the Joint Chiefs do, the reason we exist, is to balance priorities. So the combatant commanders keep sending demands -- 'We need this, we need that.' This group right here takes it in almost weekly actually and tries to balance the priorities.

And the balancing act, if you will, gets a lot harder as the resources shrink.

BORDALLO:

Mmm-hmm.

I just want to remind everyone -- this is my only question, Mr. Chairman. But, you know, we do have an international agreement to fulfill here. And I think this may have -- if we begin to withdrawal or decide not to go ahead with this -- could have lasting effects between our ally Japan and ourselves.

So I want -- is there anybody else that wants to comment on this?

(CROSSTALK)

AMOS (?):

Congresswoman, I'd like to just make one more comment on the Pacific -- on the -- on the -- just the importance of it. We've got five international treaties. It's more than just Japan. It starts at Japan. It goes to South Korea. It goes to the Philippines, goes to Thailand, then (ph) goes to Australia and New Zealand.

So we have 60 percent of the world's population is in the Asia- Pacific area. Seventy thousand people die of natural disasters every single year in that area. Forty-nine percent of the world's oil passes through the Straits of Malacca -- 100 percent of China's oil does, 100 percent of South Korea's. This is an important region for us. And they're trading partners with us, and they're active. So we have a very vested interest in the Asia-Pacific area.

BORDALLO:

Thank you very much, General and Dr. Carter and Mr. Dempsey.

MCKEON:

Thank you.

Mr. Forbes?

FORBES:

Thank you, Mr. Chairman.

General Odierno, you know, I hope, how much I respect you and each of the gentlemen to your left who head our services. I respect your service to our country and your military judgment.

But each of you now face probably the largest deficit in your O&M accounts that you've faced in a decade.

And, General, may I ask you the question, because you have the largest.

If you look at the chart that I have up here, I was a little bit surprised when Secretary Carter thanked us for giving him the opportunity to explain the impact of sequestration. This committee has not only given that opportunity; we've begged and pleaded and to try to find out that impact for well over a year.

If you have trouble reading this chart, you can look and see that the BCA was signed into law in August, not of 2012 but of 2011. Like many people, I didn't vote for it; I didn't sign it into law. I lost. Congress passed it. The president signed into law. It was the law of the land in August of 2011. Supercommittee failed in November of 2011.

There's been 560 days since it was signed into law as the law of the land, 447 days since the supercommittee failed. And if you look to the far right, that's just within the last couple of weeks, when we've received the memos from you guys about the impacts that this was going to have.

We know that this planning didn't take place because Secretary Hale testified before this committee in September of last year that they were still trying to understand how the law works -- that's over a year after it was passed, and that they would do the planning as they got closer.

We then heard the assistant secretary for defense for public affairs say that they were just beginning the planning and they would get more specifics in December, just a couple of months ago.

So, General Odierno, my first question to you is, based on your best professional military judgment, was it a mistake to wait that long, all this period of time of silence, was it a mistake to wait that long to do the planning and communicate to the American people that impacts that we would have from sequestration?

ODIERNO:

I think, first, there's a couple things here, Congressman.

First, there's a kind of a Bermuda Triangle happened. So -- so the problem we have for '13 is part...

FORBES:

And, General, I don't mean to cut you -- I only have five minutes.

ODIERNO:

OK.

FORBES:

If you please just answer my question, because I'm going to come back to the Triangle.

ODIERNO:

Well -- well, the problem we have is, you know, we -- we thought, if necessary, the $6 billion reduction would not have as great an impact as I'm now testifying to, because it's now an $18 billion. Sequestration is about $6 billion. And, yes, that's - that still have significant impact.

But in combination with the other two, it's grown, and that's why you're hearing these grave impacts...

(CROSSTALK)

FORBES:

But as to sequestration, was it a mistake to wait that long to do the planning and communicate its impact to Congress? Yes or no?

ODIERNO:

I communicated the impact of sequestration last year. You know, I mean, we were very - I mean, it might have been general in nature, but we were very clear on the impact of sequestration. So our testimony on sequestration is not new.

FORBES:

Well, General, we were asking these questions, and we couldn't get specificity.

And, again, I come back to Mr. Hale's testimony in September. If you were doing the planning, Mr. Hale certainly didn't indicate the planning was being done...

(CROSSTALK)

ODIERNO:

Well, we made a decision in the Department of Defense, which we agreed with, that we would wait on planning. And, frankly, that's because we never thought it would be executed.

FORBES:

And, General, if you don't do the planning, how do you know the impacts?

ODIERNO:

We -- we knew in general terms the impacts. We knew the -- you understand the impacts of a -- of a $6 billion reduction in '13. You understand the impact of a $170 billion reduction across the...

(CROSSTALK)

FORBES:

General, the only thing I'll just tell you is this, we heard over and over again when we were asking you guys what's the impact, we were hearing, "We're not doing the planning. You can't plan for chaos."

And the American people needed to know that.

Let me go to General Welsh.

General Welsh, I just heard you say that the Air Force has been in a decline in readiness since 2003. How, then, could the Air Force sign off on $487 billion of additional cuts to national defense in 2011?

WELSH:

As I mentioned, Congressman, our view was that we could do that with manageable risk.

FORBES:

But -- but...

(CROSSTALK)

WELSH:

There's no -- there's no margin remaining.

FORBES:

But that wouldn't have turned around the readiness decline that you testified was happening since 2003, would it?

WELSH:

Well, it would if we tried to within the Air Force change the way we spend our money, which was the purpose of the P.B. '13 (ph) budget that was originally submitted.

FORBES:

Admiral Greenert, when you gave us the impacts on this, you didn't give them to this committee. You know, basically, I had to find them from a reporter when they were given out recently on that.

Let me ask you, I heard you testify earlier about all the ships that we don't have in places across the globe, and I think that was your testimony earlier. Did I mistake that?

GREENERT:

That we would not...

(CROSSTALK)

FORBES:

We would not have.

GREENERT:

Today, we do.

FORBES:

With -- with these $487 billion of cuts in -- in retrospect. You know, you heard General Odierno say that this was a perfect storm. Was it a mistake to sign off on those $487 billion of cuts?

GREENERT:

The $487 billion in cuts were a law, so...

FORBES:

So was sequestration, Admiral.

GREENERT:

We still have time, Congressman. It's not yet.

FORBES:

I yield back.

CARTER (?):

Mr. Chairman, could I say something about the planning and the timetable here, since it was raised and it could barbershop (ph)?

MCKEON:

Could you do it very briefly? We've got a lot of people...

(CROSSTALK)

CARTER (?):

I just want to say it's a very good question. It's a fair -- fair -- fair point to raise. But I'd make two important points about it.

The first is that we have been describing the consequences of sequester for a very long time. We've been anticipating them. They're not hard to see.

So planning isn't the problem. Never been the problem.

The problem was doing something.

Now, we didn't do anything until the last few months in the sense of beginning to act as though sequestration might really occur because doing so is harmful.

So we've always tried to balance acting in a way that's harmful to defense in the anticipation that it -- you might not act to stop sequestration against the risk associated with carrying out something that might not actually come to pass. We've tried to make that balance.

We made that balance in the fall by not beginning to do things, like lay people off and release temp and term employees and so forth.

Beginning in January, I did instruct us to begin taking action. That's different from planning. That's taking action.

We don't like to do that. These are not things that we'll wish we had done if two weeks from now there's no sequester. These are not...

(CROSSTALK)

MCKEON:

I think what the gentleman was getting at in this question was we in previous hearings were told that you had been ordered not to plan, up until last December, which was about two weeks before it was supposed to begin. That's probably what the...

FORBES:

Mr. Chairman, since I asked the question, my concern was this: We've been after the Pentagon for well over a year, as you know, to give us the specificity of what this would actually mean.

And we were constantly told, "we can't get that information, because we haven't done the planning."

And my point is, it would have been a lot easier for us to persuade Congress to act, had we had that specificity months ago, instead of waiting until a couple weeks before the deadline would take place.

MCKEON:

Thank you.

Mr. Courtney?

COURTNEY:

Thank you, Mr. Chairman.

You know, in fairness to the panel that's here, I actually think it was reasonable for them to expect Congress to do something in the intervening period.

Again, sequestration has a legislative history that goes back to 1985, which is in our memo today. The -- the sequestration language that was adopted in the Budget Control Act verbatim adopted the 1985 sequestration.

And if you go back to read one of the sponsors, Phil Gramm, back -- who authored that back in 1985, he states very clearly it was never the objective of Gramm-Rudman to trigger sequester. The objective of Gramm-Rudman was to have the threat of the sequester force compromise and action.

And we saw a little, microscopic example of that on January 1st of this year, when the fiscal cliff bill was passed, and we actually delayed sequestration for two months.\

I mean, obviously, you know, pathetically inadequate. But nonetheless, if you look at the structure of that compromise -- of that act, that Congress approved, it was equally divided between revenue and spending cuts. That's the da Vinci Code (ph) here, in terms of trying to get the people on both sides of the aisle to actually find a real solution. And that really should be what we're focused on.

Again, I give this panel great credit for the fact that you're still, you know, doing your duty to the people of this country. And -- but, frankly, you shouldn't be in this position.

And, again, looking at the history of Gramm-Rudman through 2002 when it was finally laid to rest, because we had a balanced budget, it was Congress that had to sort of bump and grind its way through budgets that -- that eventually got us to the place where it became a nullity.

And that's our job. That's -- that's really how we fix this. Not sort of fingerpointing about whether or not people were doing planning for the indiscriminate cuts which Secretary Carter described those I think about two or three times before this committee last year.

Admiral Greenert, I'd just like to actually, though, focus for a second. I mean, your testimony, which, again, talks powerfully about sequestration, I mean, the fact is, though, that the Navy has other issues here in terms of the C.R.'s impact on O&M account, repair and maintenance.

And I just, you know, if we, again, pull a rabbit out of our hat in the next 24 hours and get sequestration off the table, I mean the fact is that Congress still has more work to do in terms of the C.R. and its impact in terms of keeping a fleet that's ready to -- to -- to fill its mission.

Is that correct?

GREENERT:

Yes, sir, it is. We have a $4.6 billion delta, if you will, between what I need to get the job done in F.Y. '13 and what would be in the budget, which is the F.Y. '12 level.

COURTNEY:

So, and again, just in the last year, I mean, there have been -- you know, the usual unexpected events, like a fire of a submarine up in -- Maine and collisions at sea that you have to fix. I mean, this is not stuff that, you know, again, you can just sort of eat with flat line from last year's C.R. Is that basically the -- the problem?

GREENERT:

Yes, sir, that's correct. The difference -- the $3.2 billion literally is the difference between F.Y. '12 and F.Y. '13 in our president's budget.

But, as you said, the world kind of gets a vote. So there was an arsonist started a fire on a submarine, $350 million. So that's not budgeted. There's a collision, $125 million, not budgeted.

And there's operations in the Gulf to support UAVs from ships, to support an additional carrier strike group, which we spoke to, would have been the Truman, and other operations -- the Ponce, which is our (inaudible). All rolled together, $1.4 billion.

COURTNEY:

Thank you. And obviously it has a ripple effect on the workforce when you cancel repairs, you know, planning for having folks in the shipyards obviously takes a hit when that happens.

GREENERT:

Well, there's a double whammy, if you will. If we furlough, then the workforce is less and then we will -- eventually, we don't have -- they don't have the work, so readiness-wise, we have less workers, we have less work to be done.

By the way, this doesn't go away. You don't change the oil on your car, go in for the 20,000-mile checkup, you won't get that car for its warranty. And the expected service life is an issue, then, for the ships. Now it's a bill we have to pay.

COURTNEY:

Secretary Carter, briefly, the president called for a draw down to 34,000 troops by the end of this year. Your budget last year had $88 billion for Afghanistan, going down to $44 billion. Again, projecting out -- I mean, assuming the -- the -- we stay on our course to 2014, getting down to a -- kind of a rump force, I mean there are savings there that we can book at some point.

Am I being too...

CARTER:

No, you're absolutely right. The overseas contingency operations budget, which is separate from our base budget, which was about $89 billion last year, will go down as the -- as the commitment in Afghanistan goes down. I should just add parenthetically in addition to funding operations in Afghanistan, OCO also funds, for example, the reset of equipment of particularly Army and Marine Corps equipment.

So those bills will need to be paid even as the Afghanistan War -- War winds down, but you will see OCO go down in the next few years, and we'll be calculating that budget, and -- and Secretary Hale will in coming months.

(UNKNOWN)

Just to add briefly, there are other costs like retrograde, getting the forces out that are gonna add to our near term expenses. So I think it remains to be seen how quickly, but the secretary's exactly right. It will eventually come down.

COURTNEY:

Thank you.

MCKEON:

Thank you Mr. -- Gentlemen, time expired.

Mr. Wilson.

WILSON:

Thank you, Mr. Chairman. And thank each of you for being here today. I -- I want you to know that it's my view that you indeed are providing testimony from the heart. I -- I -- this is the most candid hearing that I've had the privilege of attending. It also reminds me of how in the world did we get here. And according to Bob Woodward, in his book "The Price of Politics," this originated in the White House, on page 326.

And so -- as -- as -- there shouldn't be finger pointing, it needs to be addressed. That's why I'm very grateful that our chairman has twice lead the House to address sequestration, to avoid this. Additionally, there's other legislation and so I truly hope the White House that originated this issue, and -- and I think, crisis, needs to come and meet with our chairman, and have a positive effect.

Additionally, General Amos, I'm -- I'm very grateful that I -- my late father-in-law was a very proud Marine. So I know that it's -- the service of our American military that provides us the freedom to be here today. The Marine Corps is to be reduced by 20,000 Marines to 182,000. We know that personnel costs are significantly higher for Marines than the other branches.

Will there be additional personnel reduction below 182,000 to address the issues relative to hollowing out the military?

AMOS:

Congressman, the -- just to -- just to kind of make a correction here, the actual cost per Marine is less than any other servicemembers...

WILSON:

Well that's even -- hey -- hey, this is good...

AMOS:

Two -- Two -- two statements. Our percentage inside our total obligating authority is higher than any other services. You raise my total obligating authority, my percentage of personnel costs go down.

So I just want to make that point. We are on our way down to 182,000 as planned and agreed to. I don't know if that's the floor, because we don't know what will happen with all the -- you know, we think we do. We're planning on sequestration, we've already discussed that, but right now the president has held the manpower account as stable. So that only leaves two other accounts that within my service, and all ours, that you can deal with.

You can pull on the O&M lever, which is training, readiness. Or you can pull on the procurement, which is modernization and reset. So I don't know where it's gonna go. Right now I -- I'm planning on 182,000, but quite honestly, 182,000 I consider to be kind of the -- the standard floor that I can do the missions that are assigned to the United States Marine Corps around the world as a 182,000 size force.

Will I go lower, it's -- its' hard for me to tell. It's the function of the budget.

WILSON:

And -- and thank you for your explanation.

General Odierno, you earned your way to credibility with me when I visited with you in Baghdad. And I was so impressed by -- by your candidness, by the success of the reduction in violence in that country which has been so important for the American people.

As we proceed, the Army is to be reduced by 80,000 personnel to 490,000. You've already, very eloquently, documented the dire consequences of sequestration.

Do you anticipate a further reduction before -- below 190,000 personnel?

ODIERNO:

If sequestration goes into account we will have to -- we do somewhere around 100,000 more soldiers. That would be a combination of the active National Guard and Reserve.

So yes, we -- we will have to, we have no choice, because 48 percent of our budget is personnel costs. So if a budget goes down, we have to take personnel out, and that starts to reduce our capabilities and abilities to respond. And reduce the number of brigade combat teams, reduce all logistics formations, our intel formations, all that are now supporting combatant commanders around the world.

And -- and again thank you for being so candid and -- and letting the American people know a specific issue is the LUH-72 helicopter, and General Grass and General Odierno, it's my understanding that they will be placed in non-flyable storage possibly on 15 March.

What does this do for the homeland missions of the National Guard?

And what does this have effect on Army readiness?

ODIERNO:

Let me answer that first, then I'll turn it over to General Grass. First the issue is, these aircraft were purchased in order to support our training that goes on, our installations, and support the National Guard in their support of the state governors in order to meet the missions that they have.

And because they are not currently aircraft that are deployed in combat, they're one of the first ones to reduce as we reduce training, but I'll turn it over to General Grass.

GRASS:

Congressman, first impact is going to be on the Southwest border and the mission there, and we're looking at that right now to try to find ways to mitigate the risk on the Southwest border mission in support of states.

Also, we use those aircraft at every disaster now. And there's a mission equipment package on there that the first responders like that actually can give them pictures from the sky down to the ground. And one of the major issues that we're gonna deal with these aircraft are very, very economical to fly compared to a UH-60. So if we have to go back to flying our '60s it's gonna drive up our operations cost -- our flying (inaudible) cost. And again, with those counts of being devastated here in the long term we won't be able to fly.

WILSON:

Again, thank you very much.

MCKEON:

Mr. Loebsack.

LOEBSACK:

Thank you, Mr. Chair. Thank -- thanks to all of you for being here today and -- and testifying, and -- and for your service of course.

People often ask me -- I'm -- you know, I'm from Iowa -- why are you on the Armed Services Committee. We don't have any bases -- I used to joke, you know, I follow Joe Courtney, we don't have any submarine facilities, we don't have any bases at all, but we have a lot of brave men and women in the active service on active duty in all of the different -- different branches of our military.

We have a lot of Guard folks, air and -- and -- Air Guard, and Army Guard. We just re-deployed in the case of about 10 or so folks, from the 833rd in Ottumwa, an engineering unit to Afghanistan, and in -- as I said, in the case of some of those folks, that's the third deployment for them.

General Amos knows all too well, I have -- my wife, Terry, and I have a couple children who are in the Marine Corps. As General Dempsey knows, they attended the Naval Academy, but we don't talk about those games anymore. But at any rate, there's a lot to be said for Iowa's connection to the military, not the least of which, of course, is region around the Quad cities which borders Illinois, and we have the Rock Island arsenal there. That's why I'm very interested in arsenals and depots.

Also, I have the Iowa ammunition plant in my district, West Burlington, or Middletown. Very, very important facility. But before I get to my question for General Odierno in particular, with respect to the organic industrial base, I want to associate myself with the remarks of Mr. Cooper.

A number of us did not vote for the BCA in the first place precisely because we feared we'd be in this position that we're in right now. Nobody wants the sequester. It doesn't make any sense, whatsoever. And my own view is those who thought that somehow we're going to avoid this, because somehow in a fit of rationality, Congress was actually going to get its act together, and the president and Congress were gonna get their act together to avoid the sequester, I simply didn't have the confidence that, that was gonna happen.

And that's a big reason why I voted against BCA in the first place. I was just not at all convinced that somehow this institution and that the leadership in this institution along with the administration were gonna get their act together and avoid it, but we're here now, and we're facing these problems, not only for our military, but for many other services that are very worth that are government performs -- provides our population is very, very critical.

I'm hopeful, but I'm not optimistic that we're gonna avoid this, very concerned about it, When it comes to the readiness of our military and the organic industrial base in particular, I have a concern about that. And, if I might, General Odierno, can you please detail for us -- if you can -- the long term effects, the steps that are already being taken in terms of hiring freezes, reduction of temporary and term (ph) employees that we mentioned earlier reduction of base operation?

What kinds of effects will these have on the Army's organic industrial facilities, and really essential capabilities? And are these effects -- even more importantly, are these effects -- are they reversible or not? And -- and if so, how is -- how would that be the case?

ODIERNO:

Well, thank you, Congressman.

Over the last several years, we've spent a lot of time really improving the capability of our depots. They've come a long way over the last several years. And they've become efficient, in fact, so efficient practically some of our industrial partners have trouble competing with them because the efficiencies that we've developed in all our depots. But we have to sustain this capability of both our depot and industrial base that is right for us as we move forward.

The -- the depots are gonna be effective. We're gonna have longer backlogs, we think -- as we mentioned earlier -- we're gonna reduce about 5,000 employees this year. Frankly, if sequestration goes into effect, we think that would probably double the number of people we'd have to take out of our depots.

ODIERNO:

So what does that mean?

We want to sustain the capability in our depots, we'll do that. But it's going to reduce their -- their capacity to -- and throughput of -- of equipment. Which is gonna slow down our readiness, which is gonna take us longer to recover from the wars in Afghanistan and Iraq, which they've done such a great job of helping us as we've got our equipment back and get it reset for use for our soldiers. So you're going to see a significant delay.

The other thing is the partnerships that have been formed with our depots and our industrial base, which have become critical to our future. And I worry that we'll have to continue to adjust that and lose the great gains we've made.

But when you get down to the individual personal level here, what's going to happen is -- what I'm afraid of -- is we're going to lose some of our engineers. We're going to lose some of our welders. We're going to lose some of our mechanics. And we won't be able to get them back -- those who are experienced in understanding how to repair our equipment. And that, you can never recover from. And we'd have to then rebuild that expertise.

So those are the concerns I have.

LOEBSACK:

Yes, I think it is important we continue to think strategically about this, too, because whether we like it or not, there's a likelihood -- how high we don't know -- we will engage in conflicts down the road. We have to have that organic base there. We have to have it ready to be warm (ph) as quickly as possible. We know that in Rock Island, for example, the up-armoring of the Humvees was very critical and the private sector simply could not take care of that in the same kind of fashion that the arsenal did.

So thank you very much. I really appreciate this...

(CROSSTALK)

MCKEON:

The gentleman's time is expired.

I ask unanimous consent to include in the record all member statements and extraneous material.

Without objection, so ordered.

Mr. Bishop?

BISHOP:

Thank you, Mr. Chairman.

And I appreciate this panel. I came here to listen and I've heard quite a bit that's beneficial. I have four specific questions, perhaps, and then one general one if I could do it very quickly.

Mr. Carter, if you could do this quickly, have you done any calculations as to the termination costs that will be (inaudible) the supply chain -- contract termination costs that will be (inaudible) for our suppliers?

CARTER:

To begin with, we don't anticipate terminating a lot of contracts. Sequestration applies to unobligated funds. So contracts that we've already entered into in the main we will continue.

BISHOP:

So there are no termination costs (inaudible) calculating?

CARTER:

Well, there may be down the road, particularly if we go beyond this year. There may be contracts that extend over several years, and they won't necessarily have termination charges associated with them, but there will be real costs to stopping them.

BISHOP:

Have you calculated that?

CARTER:

Yes, I mean we...

BISHOP:

Do you know what that number is?

CARTER:

I don't know what the total number is over the department. We can get you...

BISHOP:

Thank you. I appreciate it.

(CROSSTALK)

CARTER:

... program by program.

BISHOP:

Mr. Welsh -- or General Welsh, I'm sorry -- can you just tell me very quickly what the impact of the 50-50 statute will be with sequestration?

WELSH:

Yes, sir. It's a major problem. As we furlough civilian employees, for example, in the depots, the problem we'll have is we'll be managing for the last couple months of the year day to day, activity to activity, to try

and avoid violating the 50-50 rule. Relief from that rule would be a huge plus on the management side of the depots.

BISHOP:

Can you tell me the impact of sequestration on the F-35 production?

WELSH:

Yes, sir. I think this year we'll probably lose two airplanes, one for sure, probably two Air Force models, the CTOL model. And then, of course, I think there's some impact on the RDT&E side. I think we'll lose about $176 million. That will affect software development, software testing, development of the block four software which is our initial operational capability.

BISHOP:

Thank you.

Am I making the assumption that the 22-week furlough -- you are making the assumption that that will actually suffice? Or will there be program cuts in addition to that, specifically at depots?

WELSH:

Sir, as the -- I think we will lose about $550 million of work in the depots if we in fact don't introduce that 150 aircraft and 85 engines. I think there will also be an associated half-billion to three-quarters-billion dollars in contract logistics support break, which will also cause a ripple effect on the small businesses that are the suppliers and support.

BISHOP:

So that will equate to some kind of program loss at the same time?

WELSH:

Yes, sir. I think so.

BISHOP:

Which once again, it goes back to my question about the termination of contracts, whether you're planning for it or not. I appreciate this.

Let me -- let me ask just one quick general question here that goes along with this. I look at the panel in front of me and you guys are the good guys. If this was the first cut the military was supposed to be taking, I really wouldn't have any sympathy for you. But if you go back over the last six years, the kinds of reductions that we have had over the last six years in the military makes this part unacceptable. And that's what the problem (inaudible).

I feel comfortable, even some -- well, I voted against sequestration. I also voted for the two solutions that we presented in the last session. It would have been very helpful if you could have taken some of the extra personnel that you have and gone to the Senate and helped them pass one of those bills to solve this particular problem.

But I want you to know at the same time that even though the opening invitation talked about how the divisiveness of the Congress has caused this, you guys have helped cause this as well. You are part of the problem. Mr. Forbes was exactly right. When I kept asking the one-stars, the two-stars and three-stars: What will be the impact it will have on your facility because of sequestration? There was no answer to it.

You know very well, just as much as anyone, how long it takes Congress to work. You realize you can't start in January and get a solution to a problem that's supposed to be coming up at us. You realize there has to be some kind of lead time. And the silence that was coming out of the Pentagon, the silence that was coming out from the -- from the military establishment did not help in actually presenting to the American people what this means.

And I'm sorry to say this, but you owe some of that responsibility. You bear some of that burden along with us. And I wish, for heaven's sake, December was too late to start this question. Had you actually been doing something earlier about it, we may have been able to get momentum that was extremely necessary.

And I'm sorry. There is a lot of blame to go around if we actually have to have sequestration. Don't think you're going to get out of accepting some part of that blame.

I'm out of time. I yield back. Thank you.

MCKEON:

Thank you.

Ms. Hanabusa?

CARTER:

Mr. Chairman, I just need to respond to that.

Let me just start with the secretary and I. The secretary and I have been saying for 16 months that sequestration would be devastating. I was up here on August 1st, which would make a very good diamond right in the middle of the chart that Mr. Forbes showed, saying just exactly what I've said today. There was plenty of detail.

There were, Congressman, I was talking about furloughs. And by the way, in answer to your question, even if we furlough everybody -- all 800,000 civilian employees of the department for the full time that we're allowed to statutorily, we only get $5 billion of the $46 billion we have to get before the end of the year. So we've been thinking about this a long time and worried about it for a long time and speaking out about it for a long time.

And the second thing I want to say is, you know, it doesn't take a genius to figure out what the consequences of sequester are. Sequester, it cuts every account one by one. You could see it all coming. So it's not something that is mysterious. It is by design something that is very mechanical. And so we knew what was going to happen.

And the last point I'd make is that we're now acting as though sequestration is going to happen. I wish we weren't and I still hope it gets averted, but we've had to start taking some actions now so that it doesn't get worse later. So the actions that we've started to take over the last couple of months are -- are, as you hear today, harmful. And they'll have been completely unnecessary if sequester is averted.

But we're starting to take them. We have to take them so that it doesn't get worse.

BISHOP:

Mr. Chairman? Since this was in answer to my question, I need to have the 11 seconds I yielded back? Can I do 11 seconds right now?

MCKEON:

Sure.

BISHOP:

I'm sorry. That answer is not acceptable. The mere fact of the matter is the planning actually came out in 2012. You were not vigilant on this issue early enough. I'm sorry. That goes back. You were not vigilant on this issue early enough. To stop -- to do this only in December of 2012 and then start this type of -- this type of obvious public campaign does not help us move forward.

It was too long in which people were saying, "We hope it won't happen; we don't think it will happen." Having the president say, "It's not going to happen." A lot of people took you at your word. That word needed to be different much earlier than December of 2012.

Now, I'll yield back, and I apologize for forcing you to go over. It wasn't my intent.

MCKEON:

Ms. Hanabusa?

HANABUSA:

Thank you, Mr. Chair.

Secretary Carter, on page four of your testimony, you make an interesting statement. Basically, you say that if you were given the authority to transfer funds or reprogram funds, that the dollars would be sufficient in the base budget. But what you need to do is take them from the investment accounts to the operations and maintenance account.

In addition to that, Admiral Greenert says on page eight of his testimony that he -- if he has transfer authority as well, he can probably reduce the impact on his O&M. And on page seven of General Amos's testimony, he also talks about transfer authority. I'm not quite sure where he's going to transfer from, but he has a $406 million shortfall in terms of operation and maintenance. And we've been having this discussion of operations and maintenance.

So, what exactly do you need in terms of the transfer authority that you're asking for? And I do understand. We're talking about two things. We're talking about a short-term solution for the immediate 2013 to offset the C.R. as well as the sequestration, and then we're going to discuss hopefully, if you answer me quickly enough, a long- term issue as well.

So can you tell me, whatever authority you want, will that take care of Admiral Greenert plus General Amos and anyone else who needs this authority?

CARTER:

Well, there are two problems here. One is the continuing resolution. We very much need and would like to have an appropriations bill, a normal appropriations bill...

HANABUSA:

I agree.

CARTER:

... that will relieve us from the C.R. And no question about it, that will relieve a lot of the pressure that we're talking about today.

With respect to sequester, it's -- we only have a few months left and we have to absorb $46 billion. What that means is you kind of have to go wherever you can get the money in that period of time. And so while additional flexibility is always helpful, at this point it -- it doesn't help that much.

HANABUSA:

But the implication of your statement is, what you can assume from your statement is that there are some funds of money that could, if we were -- if you were given this flexibility, you could transfer. And I assume, because of the statements, that it provides sufficient total base budgets to DOD for these -- these numbers or these monies are in the wrong bucket, for lack of a better description; that you can do something with this authority. Correct?

CARTER:

Yes. If we had a full appropriations bill, the part of the problem that we've been -- part of the problem that we've been discussing today, namely that related to the continuing resolution, would be alleviated. Sequester would still remain.

Let me ask Secretary Hale if he wants to add anything to that.

HALE:

The only thing I'd add, if we do end up on a continuing resolution, what we'd like the appropriators to do to the C.R. is to eliminate the limit. There's a legal limit on the amount of money we can move -- it's $4 billion in the general fund accounts -- to eliminate that for one year. Or if not, set it at a very high level so we have the opportunity to move this money.

HANABUSA:

OK. The other question, and by the way, all the gentlemen to your left signed (inaudible) in that letter of January 14th to the chair.

The other question is sort of following up on what Ranking Member Smith was talking about. That's the $487 billion. And thank you for clarifying. I always wondered what happened to Secretary Gates' $100 billion or $200 billion, part of it being reinvested. And you seem to say that that's also in the accounts. So I think we're talking about whether you're taking it from future spending or not, you're talking about maybe $687 billion that you believe that the DOD has agreed to.

Now, my question is: Where and how is that money accounted for? I mean, we are saying you're going to do -- am I -- am I to assume that the assumption is you're doing $487 billion in this period of time, taking

your 50 percent of the $1.2 trillion, plus taking the budget caps, which is also part of the Budget Control Act, and Secretary Gates' $200 billion on top of that?

Or are you fudging -- I'm not saying it in a negative way -- are you fudging the $487 billion and the $200 billion in that process? And if you don't have enough time, I will ask the chair to get it in writing anyway.

CARTER:

No. And we will provide in writing a detailed racking (ph) of it. But no, it's not double-counting. Under Secretary Gates, we made major adjustments in our budget plans, and then again with the $487 billion, those are distinct and both very, very major.

And I just want to repeat something that I think General Dempsey and General Odierno said already, which is we're just on the -- we're just beginning to make that big move, represented by the $487 billion and the Gates cuts before that -- the huge strategic adjustment from the era of Iraq and Afghanistan, to the era that's going to define our security future.

So we have laid in those plans, but we have to actually carry them out. They're challenging managerially. They're challenging budgetarily. They're challenging for everybody at this table actually to carry out. And we're just embarking on them. And that's why as we try to make this historic adjustment, the $487-plus billion cut, to have on top of that this turmoil associated with the C.R. and the sequestration just makes it doubly difficult.

We're happy to do the first part to make the post-Iraq- Afghanistan adjustment, but it's almost impossible to do it in this environment of uncertainty and turmoil.

MCKEON:

Do you -- do you want to change that statement that you're happy to do the first part?

CARTER:

Yes, I do. I'm not happy to do it.

MCKEON:

You can survive the first part.

CARTER:

Yes, and we're committed to making that work, but it's awfully damned hard when you've seen all these...

MCKEON:

Thank you.

Mr. LoBiondo?

LOBIONDO:

Thank you, Mr. Chairman.

Secretary Carter, current law allows OMB to reorder the sequester once it takes effect, proposing an alternative budget to allocate the cuts. Congress would have to pass it, but the president is already authorized to propose a framework that would provide more flexibility to all of you.

However, at the hearing you attended last August with the acting OMB director, he stated in response to a question for the record that the administration would not propose an alternative budget to grant the military more flexibility in how it allocates the cuts.

So, given the current circumstances and the concerns that we all have, of all of you, the chiefs, has senior leadership at DOD reengaged with the White House on this subject to request the president to take advantage of his current authorities?

CARTER:

I'm going to let Secretary Hale respond about what exactly the law provides. But my understanding is that to amend the provisions of sequester in the Budget Control Act and the laws that precede it would take a law. And the larger point I want to make is that we really need this cloud of sequestration and uncertainty dispelled. It -- it hangs over our head even if you move it a little bit toward the horizon. It's still pretty harmful to us.

So I -- I just have to say that we need once and for all...

LOBIONDO:

Well, excuse me -- excuse me, Mr. Secretary. We all know that it's a cloud. And we all want it to be fixed. But in this real world that we're working in, it may not be. So, the next best thing may be to give you the flexibility so that you can manage better what is a horrible situation. And with all due respect, sir, you did not answer my question.

CARTER:

I'm sorry. I see where you're getting to now, so let me say something and ask Secretary Hale to say something.

Yes, more flexibility is good. I have to say, though, and I made this point earlier, at this point -- and that particularly applies to the continuing resolution where we'd love to have an appropriations bill. At this late date in the year, any additional flexibility in -- with respect to sequestration is less helpful than it may seem simply because we have to go wherever the money is at this point. So we don't have a lot of flexibility about where we find...

(CROSSTALK)

LOBIONDO:

Excuse me. Excuse me again, sir. I apologize for interrupting you. I really do. But maybe I wasn't clear. I'm anxious to know if you, the senior leadership of DOD, will reengage the White House to use their current authorities in a worst-case scenario to help us minimize what is going to be a horrible situation? So I'll take it that you are not going to reengage the White House to do this.

CARTER:

Let me ask Secretary Hale. I'm not sure what the law -- I'm not sure what the authorities...

(CROSSTALK)

HALE:

I'm not aware of the authorities the president has to change this law.

LOBIONDO:

Well, we'll make sure we give you chapter and verse. I could be wrong, but I -- I understand that there is an allowance for that. The president can propose. We must pass it, but it would give you the flexibility. But the president needs to propose it.

HALE:

Well, you could introduce it, I guess. Yes...

(CROSSTALK)

LOBIONDO:

Well, the president needs to propose it, sir. And if DOD senior leadership will engage him, it will be helpful to get a proposal that we can then look at, is what we are saying.

HALE:

I'd just like to underscore what Secretary Carter said. At this point in the year with five months gone, even with flexibility, to get $46 billion out, we will have to go guns blazing at all unobligated funds.

LOBIONDO:

I understand.

HALE:

Flexibility isn't going to help very much.

LOBIONDO:

OK. I understand that. So I will take that as that senior DOD leadership will not reengage the White House on this issue.

HALE:

We'll do anything we can to try to help. That I don't think would solve the problem.

LOBIONDO:

OK. Thank you.

I yield back, Mr. Chairman.

MCKEON:

Ms. Duckworth?

DUCKWORTH:

Thank you, Mr. Chairman.

I have two questions. One is for Dr. Carter. And Dr. Carter, this may seem a little micro and if you can't answer this right away, no problem. If you can't answer this right away, I would ask the chairman to allow you to respond in writing.

In the face of sequestration, I am somewhat concerned when I hear that DOD is still considering expenditures such as the proposed building of a brand new multi-level, a multiprotocol label switching network, MPLS, network that would basically take over the entire I.T. network, requiring major capital investment, not available for fully functioning capability for at least five years, significant degradation in security capabilities from those that are being provided already by commercial network providers who currently provide it for financial services industry, for Wall Street and the like.

So why, when faced with sequestration, would (inaudible) seek to build an entirely new network with degraded capabilities, less security, and significantly higher costs?

CARTER:

If I may, I'd like to get back to you in specificity on that matter. It's a very good question. We have to ask why we're doing everything that we're doing under this circumstance -- a very fair question. I'll make sure I get you a good answer.

DUCKWORTH:

Thank you, Mr. Carter.

My next question is for General Grass. You spoke of maintaining an operational force. And I am concerned about the resources that the National Guard is going to have access to under sequestration for that -- to maintain that operational force.

You perform, for example, 95 percent of all domestic missions. And I don't think people generally are aware of the range of missions that you provide -- everything from the civil support teams that provide nuclear, biological and chemical sweeps for the inauguration, to the regular, you know, natural disaster recovery.

I, as a part of the Illinois National Guard, flew the oldest flying Black Hawk in the United States Army inventory, and it is still flying missions in Kuwait today. It was the fourth one delivered in 1978 model. I understand that 400 -- over 400 of your Black Hawks are alpha models, not set even before sequestration to be replaced until F.Y. '23 because we will do the active duty forces first before we come to the National Guard.

Could you discuss, General Grass, sort of the range of missions that you are providing? And -- and what sequestration will do for you if you are not getting the ability to modernize your equipment and train some of these very specialized mission -- troops that are performing these missions?

GRASS:

Thank you for the question, Congresswoman.

Of course, being a first responder in the homeland from a military perspective, we have to always be ready to support those governors. And then surrounding states, just like today in the northeast, we have three states that have come to the aid of Connecticut to help out with the storms.

But I think the problem we're going to get into as our equipment degrades and our pilots can't get into schools and can't continue to maintain their proficiency, it will take longer and longer to respond in a time of disaster and we'll have to come from further and further.

And the other thing that I'm very concerned about is we've been working very closely with FEMA and NORTHCOM to look at responding to complex catastrophes across the Department of Defense, and how we might bring the forces of the Guard, as well as any other forces that might be available, to respond to that scenario. And even the planning we're doing now for that, that response would be at risk, no doubt.

From a National Guard perspective, I think the investment we make every day, and we work very closely with the Army and Air Force, and our procurement comes through the Army and Air Force for the most part. We do have some under the NGREA account that we do specific dual-purpose equipment, but for the most part all the training and equipment, and the procurement and investment accounts that we rely on, the Army and Air Force are just critical to be able to do the homeland mission.

DUCKWORTH:

Thank you, General Grass.

And as a Democrat, I'm going to talk a little bit about states' rights and my concern that governors do maintain the ability to access the troops under state active duty in Title 32, you know, when you have to switch over to Title 32 for those troops.

Can you talk a little bit about your ability under sequestration and some of these cuts to respond quickly, especially when you have the state agreements where one state will come to the aid of another and how you'll be able to maintain the readiness of those forces?

GRASS:

Yes, Congresswoman. Look at just in the last three days. I mentioned the three states that responded during Hurricane Sandy, which is more of a regionally based contingency that we responded to. If you look at all the states coming in, most of that was done in state-to-state agreement.

Even last year, your state of Illinois provided helicopters to the state of Vermont during Hurricane Irene. And we try to do at the National Guard Bureau is identify where that equipment is and facilitate the move quickly. Again, sequestration will -- will definitely degrade our ability to do that.

MCKEON:

The gentlelady's time is expired.

Mr. Turner?

TURNER:

Thank you, Mr. Chairman.

I want to thank all of you for being here. I have a very high regard for each of you and what you do.

General Dempsey, I have a particularly high regard for you. I appreciate your statement that when looking at budgetary issues, you have to consider what are we going to ask the military to do. You said that you could -- that the DOD could not give another dollar if you are going to be doing what you are doing today, and I appreciate that very strong statement. It's very helpful.

It's my understanding, General Dempsey, that General Odierno, Admiral Greenert, General Welsh, General Amos, General Grass, and yourself, General Dempsey, have not been asked to do less yet. Is that correct? You've not been asked to do less?

DEMPSEY:

No.

TURNER:

Thank you.

Now, I have a slide. If we could put the slide up? This is the president's proposal. I want to point out, Mr. Carter, you had said that -- a long list of what this is not because of. It's not because of a peace dividend. It's not because of technology. It's also not because of my support. I voted no on sequestration.

But -- but we need to talk about what it really is because of. It is because the president, we know it was his idea, his plan and his failure of leadership. Now, this is the president's proposal on the answer of sequestration.

Before I get to that, I want to point out that the House passed H.R. 5652, excuse me, H.R. 6365, H.R. 6684 -- and Mr. Carter, I have a file for you to take with you so the next time you see the president. Since I had the opportunity to sit in the State of the Union where he chanted at Congress to take a vote, I'd like you to communicate to him our request that he asked for a vote on these three bills that have been passed by the House and been sitting over in the Senate, that would take not a dollar from DOD, as General Dempsey said. We passed three plans that not a dollar would be asked of DOD.

Now, let's go back to the president's proposal. We can put that up. The president actually proposed cuts of $250 billion in his sequestration solution; $250 billion you can see would be letting half of sequestration go in. Now, he had campaigned saying that he would not let sequestration happen. He didn't say he'd let half of sequestration happen.

So Mr. Carter, I have a really simple question for you. Since we have General Dempsey and the other generals on the record that not a dollar more can be taken out of DOD without them doing less, and we've passed three bills that wouldn't take a dollar out of DOD, and the president's proposal is $250 billion that would come out of -- out of DOD, is $250 billion greater than a dollar? It's a real simple math question.

CARTER:

Yes, of course it is.

TURNER:

Thank you.

So we would appreciate if the president would ask the Senate to take a vote on our three proposals.

Next, General Dempsey, to go to the scope of you not being asked to do less, one of the things that we're always concerned about is what is the threat. What -- what is it that we're trying to respond do so we can make certain you're not asked to do less? Last December, the president threatened to veto F.Y. '13, the National Defense Authorization Act because that legislation would have required the president to certify prior to any U.S. nuclear force reductions that Russia is in compliance with its arms control obligations to the United States.

General Dempsey, can you tell me today is Russia is in compliance with its nuclear arms control obligations to the United States, and those include the comprehensive nuclear test ban treaty, New START, and the intermediate-range nuclear forces treaty and the Moscow treaty? And please don't say that the answer is classified. How we would know and how they are not in compliance would be classified, but whether or not they're in compliance is not.

General Dempsey, are they in compliance?

DEMPSEY:

Well, I'd like to refresh my understanding, so I'll take that for the record.

TURNER:

Good. Thank you, General.

Well, going back to the president's proposal, the president has proposed cutting $250 billion out of DOD over the next 10 years. We have three proposals on the table that would cut nothing. We have General Dempsey saying that you can't give another dollar without the military doing less.

Mr. Carter, since I'm assuming that the president ran this by you, that you could tell us what exactly the president's going to ask DOD to do less of under his proposal of cutting this from the DOD's budget.

CARTER:

Congressman, I -- I don't know where the proposal is that is reflected in your chart. And the president hasn't indicated to us and the department any additional...

(CROSSTALK)

TURNER:

OK, Mr. Carter, I just want to thank you -- thank you for acknowledging that. Because Mr. Carney yesterday I think it was specifically acknowledged that over the next nine years, the president's proposal would cut $250 billion from defense. So I hope that you do get in touch with the White House, since Carney is saying that the president's proposal would do that, and ask what less he would have you do.

I tell you, it's very important to me because I have Wright- Patterson Air Force Base in my community, which is why I voted no against this. There are tens of thousands of people who are critical to our national security, as all of you are. And this needs to be averted and the president needs to take action, and that action isn't cutting $250 billion out. It needs to be asking for a vote on the three bills that have been passed by the House.

Thank you, Mr. Chairman.

MCKEON:

Thank you.

And -- and that plan that Mr. Turner put up there was given to us by the president last week, after months of saying he would veto any short-term plan, indicating that he would veto these plans if, in fact, the Senate had taken them up. But it's put us in a very difficult position. And basically, what he -- what he does is he cuts the $500 billion from defense -- the $500 billion-plus from nondiscretionary that are going to be now over 10 years by law. He cuts that in half and he makes up the difference by increase another $600 billion, $500 billion in taxes.

Mr. Enyart?

ENYART:

Thank you, Mr. Chairman.

Gentlemen, I'm a newcomer here. I'm a freshman. And I want to say that as a member of the new freshman class, I'm frankly appalled at the questioning that you have endured today -- the political finger-pointing and blame-game that you've had to sit here and listen to.

There have been some substantive questions and I intend to ask you substantive questions. But before I do that, as a member of the 70 or so freshmen who intend to work in a bipartisan manner to resolve some of these issues that are facing us, I want to apologize to you for that political blame-game that you've sat through this morning.

Now, General Dempsey, I'd like to ask you, please, in my past life, I had occasion to frequently visit with senior NATO commanders, general officers, MODs. And invariably, what I would hear from them is that the United States is the indispensable partner, largely because of our tanker refueling, General Welsh; because of our intel capabilities and all of those other things that we could bring -- not necessarily the boots on the ground, but all of those call them "back office" things that we could bring -- bring to the fight.

And those NATO and -- because I dealt mostly with NATO -- but I'm sure also our Asia partners rely on us to be that indispensable partner in securing peace and security through the world. What are you hearing today from our NATO partners, from our Asia partners? What concerns have they expressed about what they're viewing today with this sequester threat?

DEMPSEY:

Well, they clearly are concerned, although the most -- the most interesting comment was from a British colleague who said, "You know, you're one big budget deal away from regaining your mojo." And I think that's right, actually.

I don't -- you know, look, what we're talking about today is degradation over time. This won't be a cliff. But, some of the effects are already being felt, as you've heard here today. So our NATO partners are concerned, as our Asian partners are. They, you know, frankly, they can't imagine we won't figure this out.

And where they're really concerned is in the capabilities that we bring uniquely -- tankers, ISR -- you know, the things that they simply can't replicate. But just to let you know, I also push on them, that they've got to do more as well because some of them are under-resourcing defense on their side.

ENYART:

Thank you, General.

General Welsh, could you tell me what impact will the cancellation of the third- and fourth-quarter aircraft depot maintenance have on the Air Force's global mobility and long-range capabilities for Air Force tankers and for airlift capacity?

WELSH:

Yes, sir. Thanks for the question.

The -- the last time this happened and the depot workforce was affected this way was in the early '90s after Operation Desert Shield and Desert Storm. It took, according to the people who were managing the depots at that time, two to three years for the workforce to recover and become a vibrant, fully productive workforce in the depots.

The longer problem that we would face was the -- is going to be the backlog of aircraft going through the depot and the work that we can't surge to make up quickly because capacity is capacity. And making up -- the longer this continues, the longer timeframe it will take to recapture the bow-wave of work that was not accomplished this year.

ENYART:

Thank you, General.

General Dempsey, as the chairman of the Joint Chiefs, I'd like to refer this question to you. Now, I realize that this is not a direct impact on DOD, but how will cuts to other government programs outside of DOD impact the military and their families that -- that comprise all the services? And I'm thinking of such cuts as the Veterans Administration or other cuts. How is that going to impact your recruiting, your long-term stability of the force?

DEMPSEY:

Well, you know, Congressman, we -- we are part of the nation's fabric. So our men and women live across America. And so, -- and take advantage of the, not only the unique -- the unique things we provide them, but also the things that exist out in their communities, whether it's schools or -- or child care or whatever happens to be.

And so, to the extent that America writ large is affected, we'll be affected.

That same thing is true, by the way, in things like infrastructure -- or information technology. We talk about cyber on occasion. We are vulnerable -- even though I can protect the dot.mil -- we can protect the dot.mil domain in cyber, to the extent that the rest of the architecture is vulnerable, we're -- we're vulnerable.

Look, we're part of the landscape of America. And if America is affected, we're affected.

MCKEON:

The gentleman's time expired.

Mr. Rogers?

ROGERS:

Thank you, Mr. Chairman.

I appreciate you all taking the time to come here and describe in such (inaudible) detail the consequences of the sequestration. I think most of the members of this committee were aware, but the country needs to know, and this is going a long way to help in that end.

General Dempsey, you all described pretty clearly what's going to happen. And you told us today. Have you had that conversation with the president?

DEMPSEY:

I have, Congressman.

ROGERS:

And does he seem to appreciate it? Because last night in his speech, he seemed to be in denial that we've got a problem. He didn't make any proposals as to how to deal with the sequestration.

DEMPSEY:

I can't speak for his plan going forward. I can simply tell you that we have had that conversation, and he's expressed concerns in his role as commander in chief.

ROGERS:

But he has not told you that he expects to be able to stop this?

DEMPSEY:

He assured me he's working on it.

ROGERS:

Yeah, well he hasn't told us about it.

You know, the chairman has offered legislation to put this off. There are initiatives. But we have got to have help from the other end of Pennsylvania to remedy this.

Ash Carter, I know he had to leave, had sent out a memo to you all about proposed ways of dealing with sequestration. Scared the heck out of folks at the Anniston Army Depot in my district, for obvious reasons.

General Odierno, based on the notification timelines, when will the first date of DOD furloughs occur?

ODIERNO:

We believe that there are about 45 days required notification. And so they would begin quickly after that.

ROGERS:

At what level in the chain of command is that trigger pulled?

ODIERNO:

That would be done by the secretary, with guidance from myself.

ROGERS:

And when will that formal notification to Congress come?\

ODIERNO:

It's going to come very shortly.

ROGERS:

How does Mr. Carter's recommendations to significantly curtail unit training and readiness impact the projected organic industrial bases workload for each military service in the aggregate and for each central -- center of industrial (inaudible) in fiscal 2014?

ODIERNO:

Yeah, what it does, it obviously it creates a backload of -- of -- of equipment. That will be in all of our depots.

As I've stated before, depots have become a critical part of what we do. And so, what we've done by delaying, it will require backlogs and it will require us longer and longer to get that equipment out.

ROGERS:

Again, I represent the Anniston Army Depot, as you know. We call it the pit crew for the American warfighter. We've got a backlog there. Do you know how much of a backlog that's already been paid for?

ODIERNO:

I don't. I don't know the -- I don't know the exact -- but I can get back with you on that.

ROGERS:

I'd appreciate that.

General Dempsey, you made the comment a few minutes ago, in response to my predecessor's question about degradation over time that -- that the sequestration is not going a cliff, it's going to be degradation over time.

But yet, Ash Carter's recommended, and I understand you've all been briefed, the proposal to cease any additional work going into the depot system for the third and fourth quarter of this year.

If it's not a cliff, why is that action being taken?

DEMPSEY:

What we're trying to do is stretch readiness as far as we can stretch it. I mean the not -- the decision not to deploy the Truman is probably the best case. But we're trying to stretch the readiness dollars as far as they'll go. And so, the actions we're taking, hope -- we hope that some of those will be reversible.

But we're in the business of stretching readiness right now.

ROGERS:

Well, see, that's my concern, when you talk about ceasing -- you know, I've talked with the colonel in charge of the depot, and he's told me he's taking no additional tanks into the system after the 15th of next month, I think it's the 15th of next month.

It sounds like a cliff to me.

DEMPSEY:

Well, I -- just to -- I happen to be a tanker. So I think the answer on the tanks is -- is probably that these gentlemen to my left are prioritizing -- as they stretch, they're prioritizing and in the near term we're not using tanks in Afghanistan. It doesn't mean we'll never use them again, but we're probably prioritizing those things that we think we will use.

ODIERNO:

If I could, Congressman...

(CROSSTALK)

ODIERNO:

... I do have some data. From February to September, it'll be about $294 million worth of work that's planned. At Anniston, there'll be about $131.8 million carryover into '14 (inaudible).

ROGERS:

OK. That makes me think that we're not going to need to close it down third and fourth quarter.

ODIERNO:

No. No, but -- no. We're not going to close it down. We'll just reduce...

ROGERS:

Manhours.

ODIERNO:

... manhours.

ROGERS:

General Dempsey, last question: As you know, President Obama did not request any funding for the Israeli Iron Dome missile defense system in '12. And with the C.R., that means that there's no funding going to be in the '13 fiscal year.

Can you commit that you're going to prioritize making sure that funding is -- is provided to keep Iron Dome (inaudible)?

DEMPSEY:

Well, what I can commit to is what I can control, and that is my recommendation that we continue to support the Israelis and their acquisition of Iron Dome.

But, you know, the decision will be a policy decision, made by my wingman, who's not here right now.

ROGERS:

So -- so the reprogramming of any money to cover that will be done by the secretary, not you.

DEMPSEY:

It will be approved by the secretary, with our recommendation.

ROGERS:

OK. And your recommendation will be to do that.

DEMPSEY:

It will.

ROGERS:

Thank you, sir.

Thank you all for your service.

MCKEON:

Thank you.

Mr. Gallego?

GALLEGO:

Thank you, Mr. Chairman.

I'd like to yield 15 -- 15 seconds of my time, please, to the ranking member.

SMITH:

Thank you, Mr. Chair.

I by and large agree with Representative Enyart that we don't need to get into the blame game, get overly political here, and certainly put you in a position of commenting on the politics of this.

But there are a couple things in the record that I think need to be clarified. The president has made numerous proposals to stop sequestration. In the lead-up to January 1st in particular he made countless proposals including cutting mandatory programs, put the chained CPI out there, saying we should cut Social Security and Medicare to help make up the money. So there's plenty of room to work on this on both sides.

It's not one side's had an idea, and the other side hasn't; that's first of all.

Second of all, all of the Republican proposals to deal with this have included substantial cuts to the civilian workforce.

Now, I realize that some of my colleagues seem to think that the civilian workforce does absolutely nothing, but all of you sitting up here realize that is not the case.

If you cut the civilian workforce within the Department of Defense, you are cutting defense. Now, maybe that's OK. But I will also tell you -- I'll answer the Carter's -- the question, since Ash Carter isn't here to answer it, cuts to civilian workforce are more than $1. OK?

So there are cuts on the table, and those are things that we have to consider.

And, lastly, the box that we're in here, no one really wants to cut defense by this amount, but no one also wants to have a trillion dollar deficit. And unless we are willing to raise taxes and cut mandatory programs, we wind up stuffed into that corner.

Now, all of that has plenty of room for bipartisan effort to work together. But I don't think it's helpful to say it's just all one person's fault. This is a collective responsibility.

And I'll close by thanking the chairman for his opening remarks, which very clearly acknowledge that.

Thank you. I yield.

GALLEGO:

Thank you.

General, I, too, join Mr. Enyart. I want to thank you for your passionate defense and your candid comments on behalf of our brothers and sisters in uniform, because I -- my guest at the State of the Union last night was a wounded warrior from El Paso. And I wonder what he'd think if he was here to listen to this testimony this morning.

I am somewhat disappointed in the he said/she said and even the Bob Woodward said. I've just got here, and so I don't know. I know that we've got to find our way out of this. And I know that we have to find our way forward. And I know that this is too important to -- to mess up.

And I'm curious, General Welsh, for example, Laughlin Air Force Base in Del Rio, which has more flying time and more training. It's your -- one of your best bases. And they have a significant (inaudible).

Have you all analyzed what the economic impact would be on a local area of the sequester cuts? And what happens -- I know what happens on -- on the military side, but I think it's so important also to talk about the economic side. Because in many places, you're a key component of the local economy.

WELSH:

Yes, sir, we -- we have not completed an analysis of every base on the impact on the local economy of furloughing civilian workforce.

Laughlin Air Force Base is a great example for another reason, though. Because we do have a civilian workforce at Laughlin that does the aircraft maintenance scheduling and lots of support for the training activity there.

So while we plan to start drawing back all of our advanced flying training courses on the 1st of April, we will continue our basic flying courses to produce pilots at Laughlin and other training bases as long as we can. We hope to make it as long as August, early September.

The problem is that as we furlough civilian workforce, we won't be able to fly the same number of sorties. We won't fix airplanes as quickly. And those dates will start to slide to the left, further impacting our ability to train even our basic pilots.

And that has a -- that has a repercussion that will take us years to recover from.

GALLEGO:

And the other question, I have -- an article from the El Paso Times, for example, that Fort Bliss is bracing for a 30 percent cut.

I mean, what -- what happens if Fort Bliss -- if Fort Bliss takes a 30 percent cut?

ODIERNO (?):

I'm not sure what the -- what the 30 percent means. I think it's from base operations.

And so, what -- what that means is there'll be a reduction in services to our soldiers and our families.

It could be anything from gate guards to cutting morale welfare recreation programs to reducing some other key programs that are there for recreation as well as counseling and other things that occur.

We're trying to fence those things that are most important to our families and to our soldiers, but that 30 percent reduction is significant to any installation. That's -- that's across all installations, by the way, not just Fort Bliss.

GALLEGO:

Well, I want to tell you that I -- I do not believe that you are part of the problem. I look forward to working with you towards a solution.

And frankly, I -- I served with a guy who I got along with very well when he was the governor of Texas, who later became president of the United States. And one of his mantras was always personal responsibility. And it's a mantra that I believe in.

And I was -- it's interesting to me that -- to learn today that it's your job to tell us about the consequence of our own actions. Because it seems to me that each one of these decisions has been a law passed by the Congress, which has set us on the course that we're at today.

And so the idea that you would tell us -- have to tell us about the consequences of our own actions doesn't seem in line with this concept of personal responsibility.

Thank you for (inaudible)

(UNKNOWN)

(OFF-MIKE) There we go.

Could I just take 15 seconds?

(UNKNOWN)

Yes.

(UNKNOWN)

First -- the first chairman, Omar Bradley, in 1948, in his memoir said, the biggest mistake he ever made was -- he said he knew that the Army was on a path and wouldn't be able to fight its way out of a paper bag in the early '50s. In his memoirs he said, that's the greatest mistake that he ever made.

We're here today to make sure we don't make that same mistake.

MCKEON:

Thank you.

Mr. Gallego, we -- before you got here, we were all so engaged in this problem. You -- if you could get staff to brief you on a hearing that we held a year ago, September, we held five hearings before that on the -- on the impact on the military, sequestration. Then we held one on the impact on the economy of the country. And there was some very good information there, and that -- that did break down the loss of jobs, and basically said we would -- this would take us into a -- another recession.

And to respond to Mr. Smith comment, I introduced a bill last Congress, and I introduced it again last week that does cut the civilian work force, not because I think that they don't do a good job, and they're necessary. My father-in-law spent his entire adult life working for the civilian Navy starting with trying to get -- get torpedoes to explode when they hit a shit rather than just bounce off.

So I -- I have great respect for the civilian side of the -- of the equation also. But what my bill did was cut the -- the work force by 10 percent through attrition. It didn't require furloughs, it didn't require firing people, laying people off. It was over a 10 year period. It did just pay for sequestration the first year both the non-defense, and the defense side, and I -- my thought and my hope was that it would push it after the election, give us some time to bring some real thought to bear on the issue.

So far we've ignored that solution, and as a consequence probably gonna have a lot of people now furloughed, and people lose their jobs, and -- and my legislation would have eliminated that, unfortunately it didn't happen.

Mr. Franks?

FRANKS:

Well, thank you, Mr. Chairman.

And let me add my name to the list of all those who've expressed the -- the respect and gratitude to those of you on this panel today. I -- I remind myself every day that my greatest hopes of my children being able to walk in the sunlight of freedom, if they do that, it will be in large part because of those of you that've given your lives to the -- to the cause of human freedom. And I appreciate it very deeply.

You know, I -- I suppose it's in that backdrop that I am -- am bewildered that the national command structure to the highest echelons, even your commander in chief have placed all of you in the untenable position of -- of having to essentially cannibalize the capability and readiness that you oversee in the interest of understandably maintaining your commitment and support of those in theater, and it's just an untenable unfortunate tragedy situation. And I -- I have to express just a sense of real sadness that we've all put you in that -- in that position.

Having said that, you know, oftentimes in a -- in a predictive environment we don't know what's -- what we're gonna face. Right now we look at North Korea's advances, and -- and the potential of an emerging nuclear Iran. Those are all things that we see. We don't know exactly all the things we will see, and it's especially challenging in my mind when we -- we don't allow for additional room for unforeseen possibilities. And the only thing I know to do in that situation is to make sure that we have a robust force that is -- is comprehensive in nature.

So, with that in mind, I'm hoping -- I'm hoping that the President of the United States will -- before the sequester takes place -- sit down with the Congress, still -- still and do what we can to prevent the worst of -- of this situation from occurring.

And I think the only way I know to -- to motivate that is to once again do like we've done today, to -- to try to emphasize the seriousness of it.

So, General Welsh, for my first question -- is to you, you last week issued Air Force Space Command budget actions that you will have to take if the sequester kicks in on March 1st. And the memo, as a point of action, you've stated that it will, quote, "Reduce some missile warning in (ph) space surveillance of 24-7 operations to 8 hour a day operations."

Now, you know, given that a nuclear missile can ruin our whole day, that seems like astonishing action, and -- and it seems important to allow you the opportunity to -- to demonstrate the pressure and the realities that you face that would press you to such a decision.

WELSH:

Yes sir.

The -- one of the benefits of our space operations funding streams is that there's a little flexibility across the set of sensors that provides both space warning -- missile warning, as well as space surveillance. And so what our Air Force Space Commander has decided to do is to try and concentrate the 9 percent -- nominal 9 percent sequestration cut in secondary modes of radars that allow us to continue the missile warning mission of the United States so that the -- we are not at risk of -- of not having warning of an incoming missile from our ground base radar sites.

As well as the -- the second phenomenology, the satellites in space that help contribute to that, and instead shut down modes of some of the ground base radars that allow them to then -- that are redundant capabilities. So we don't have as much redundancy now in the system, and we don't have as much capacity to track objects in orbit.

And so that's where he's taken that cut in order to -- in order to save money to put against the critical things that those radars do.

FRANKS:

Well, thank you, sir.

Let me direct my last question to General Dempsey.

General Dempsey, last night President Obama called for even more cuts to our nuclear arsenal. Ashton Carter said something recently that the nation's nuclear deterrent is, quote, "The last thing that you want to do serious damage to," unquote. And I find myself in full agreement with that, but do -- would you agree that -- that the sequester will have pressure on reducing our strategic weapons? And would that weaken our strategic nuclear deterrent?

DEMPSEY:

I'm not sure there's a cause and effect relationship there, but I will say that as we look to the future -- again, in my capacity, what I'm responsible for in terms of military advice, I would say, as I have, that we need to preserve the triad, we need to ensure that the stock pile is well maintained. And we need to -- if we were to take any further reductions, it would be in the context of negotiations notably with Russia.

FRANKS:

Thank you, Mr. Chairman.

Thank you, gentlemen.

MCKEON:

Thank you.

Looks like we're going to be called into vote in 15, 20 minutes possibly. We have nine members left that haven't had the chance to ask their questions. So we'll -- we'll try to move it along as quickly as we can.

Ms. Davis.

DAVIS:

Thank you, Mr. Chairman. And thank you to all of you. I know how difficult all the choices are that we have before us, and I would certainly hope that as we continue to move forward that we're open to some of that negotiation, because we know that, you know, there are difficult choices, and we don't' want to be necessarily shielding special interest groups who don't need subsidies that they're already receiving. I mean, there are a lot of choices out there, just -- that's just among them. And you're faced every day with these choices, and I know you're trying to make the best ones you can.

I -- I wonder Secretary -- or Admiral Greenert, I'm sorry -- that you've been dealing with a number of extraordinary cost-cutting measures and trying to do some of those up front and soon. And Secretary Carter has also talked about the fact that we need them to be reversible where possible.

And I'm wondering if you could talk a little bit about how you would hope to stop some of the ripples, some of the effects throughout the economy, throughout the civilian force as well as you make some of those up front decisions right now that are scaring everybody, of course, and could create some real problems down the line.

How are we -- how are we thinking about reversing any of those decisions?

GREENERT:

Well, the -- first of all, if we had an appropriation bill we could then reverse these things that we laid out there because we'd have the funding. And I'll speak to operations and maintenance first.

The -- secondarily, if we'd been on an appropriations bill, if we had the ability to reprogram money then the kinds of things which are now near term could be, if you will, reversed.

As we lay these out we start in -- in this case the third quarter through the fourth quarter at any given time during that period if we can reprogram money, get a bill, or find unobligated funds we would then put them where -- put -- invest that where it can best be...

DAVIS:

Are there some areas that this is more problematic than others? Obviously I mean one can anticipate if you're cutting, you know, contracts that's -- that's very difficult to do, but are there some that are just not reversible actually?

GREENERT:

Once -- once we do not do a ship maintenance -- ship availability in a private shipyard the ship goes back into its rotation, if you will, someone else is -- is up next. That -- that's not reversible. Once that contract is canceled, number one the -- the contractor might be on to something else. Number two, again, we got the -- we have to do the ship. Same applies to aircraft maintenance as well.

DAVIS:

Is there an opportunity to spread out that impact -- we had done some of that with Hurricane Katrina -- to try and go to different shipyards, is that a possibility at all?

GREENERT:

It's a possibility. Step one is, we need the -- we need the agility with the money, if you will, other options with the funding.

DAVIS:

Thank you.

If I could turn just quickly to military personnel as well. I mean, the president has said that the military personnel will not be immediately affected by sequestration, and yet we know that with the exception of current levels of -- of pay, basically that there is a -- a way that they would be affected.

And I'm wondering how we might be making some of those decisions of protecting some programs over others.

GREENERT:

Well, the -- for me, first, their military pay itself is protected of course, it's exempted. But I worry about the furlough of civilian employees who support us; fleet family service centers in the world I live in; child care centers; the, of course, sexual assault advocates, sexual assault prevention. All of those we worry about.

And -- and I'm working very hard, and I've directed that we will not unfund, if we will, for these savings our programs, our family readiness programs. We will protect those.

And so I'm watching that very closely.

DAVIS:

Did anybody else want to comment on that in terms of other services?

(UNKNOWN)

Congresswoman, we've, just like Admiral Greenert, our military force structure and pay structure, once we get down to the 182 (ph) and all the services adjust to their new levels, that's -- at's hedged off.

But I'd like -- I'd like to just reemphasize what Admiral Greenert's talking about, is when we've sat down and -- and looked at our O&M shortfall this year; for the C.R. it's $406 million (ph). But you add it all up, sequestration, it's about $1.8 billion, $1.9 billion O&M this year just for '13 for my service.

As we've prioritized where we're gonna try to get that money to pay those O&M bills, that's readiness (inaudible) training and all the things we've talked about here today, at the very top of the tier -- in other words, the last fruit that's like the apples on the very top of the tree, they're (ph) the very last ones you take, is wounded warrior care, it's family readiness programs, it's the 42 brand new sexual assault response coordinators that we've hired; the -- 20 -- the other 42 victim assault -- victim advocates that we've hired. It's our high -- highly qualified experts to help in the prosecution.

So it's not -- I'm not throwing a red flag down. I'm just saying at the very top of the tree are these things at are really sacred to -- to -- to all our services. And they will eventually be impacted -- to the degree, I'm not sure. But we're gonna be working real hard to try to minimize that. But I just want to be honest...

(CROSSTALK)

DAVIS:

Thank you. I appreciate that, General, because those are some of the choices that the Congress has to make as well, in terms of where we put our great emphasis.

MCKEON:

Thank you.

DAVIS:

Thank you.

MCKEON:

The gentlelady's time's expired.

Mr. Wittman?

WITTMAN:

Thank you, Mr. Chairman.

Gentleman, thank you...

(CROSSTALK)

MCKEON:

Gentleman, suspend for just a second. We're not, obviously gonna have time. And some of these members, I know, have been here the whole -- the whole hearing, as have you. We're not gonna have time for all of their (ph) questions. The vote has already started. I'll monitor it and -- and run it as long as we can.

But those of you who don't get to ask, if you will get your questions to the staff, I would ask you, gentlemen, if you would answer them for the record.

Thank you.

Mr. Wittman?

WITTMAN:

Thank you, Mr. Chairman.

Gentlemen, again, thank you so much for your service to our nation. I know it's a very challenging time.

I want to go directly to Admiral Greenert and to General Amos. This picture was in the Washington Times just this week, and I think it is a snapshot of the readiness crisis that we're in.

And, gentlemen, this could be part of any of our services. This could be an airwing on a flight line idled (ph). This could be an airborne battalion without the equipment or the planes to fly to train.

This is really a snapshot. And this snapshot just happens to be taken in Norfolk, but it could be in San Diego, it could be in Pearl Harbor, it could be in Everett, it could -- it could be in Mayport. It could be at any of our places.

But the thing that concerns me about this is what we see in this picture are five nuclear aircraft carriers. Now, granted, one of those is Enterprise, getting ready to be decommissioned. But what we're seeing now is only 10 aircraft carriers available through 2015.

We know that the Theodore Roosevelt is across the river, of going through a refueling. So it's not available. We have two aircraft carriers that are in need to service and we have one being decommissioned.

Also in this picture are four of our large deck amphibs. They're the backbone of our MEUs.

Now, gentlemen, this picture pretty much sums up, I think, our readiness crisis. And as they say, a picture is worth a thousand words. This picture to me denotes a number of things. Number one, great risk. Everyone here on this panel has said it, readiness crisis. I think that is absolutely at the -- at the heart of this. It is a decreased capability, lack of resources, loss of talent, limited response. All those are issues, things that come to mind.

And, gentlemen, I'm not here to place any blame. I don't think this is a blame game. But what I want to ask Admiral Greenert and General Amos is, is this picture the future of what we can expect under sequestration? And is this the future, what the American taxpayer can expect in the next decade for our fleet if sequestration goes into place?

GREENERT:

Yes, it is, because what you've just said, Congressman, is we don't have the Navy where it matters, which is operating forward. And we -- what you have there is the Abraham Lincoln, tied up, getting ready for overhaul. That's OK. But you don't have the George Herbert Walker Bush underway getting ready for her workup. The Truman is one of those, and we've discussed Truman before -- I won't belabor your time. Enterprise is decommissioned. And as you said, Eisenhower will leave in due time.

But I'm very concerned about the amphibious ready group future. That -- and I spoke to that, especially in 2014, early 2014. We won't have an amphibious ready group where it matters so that she can be ready when it matters. And we know the value of that.

And I'll defer now to the commandant.

AMOS:

Congressman, you're absolutely right, it is -- if you remember those MEU deployments I referred to earlier, about two hours ago, some or perhaps all of them would not have been there. But -- so that's a fact. That could be the future.

And the last thing I'd say is that you have those amphibious ready groups as our nation's insurance policy. That's what we are. It's an insurance policy. You buy insurance health (inaudible) life insurance for the unknown. We don't know what is out there. We've already heard our chairman talk about the unstable -- the world we live in right now is very dangerous. It's gonna be the way for the next two (ph) decades.

I'm not trying to scare everybody, but -- but you have to have a hedge for us, such that you can do something when something happens to buy time for (inaudible).

(UNKNOWN)

Congressman, if I could just...

(CROSSTALK)

WITTMAN:

Please?

(UNKNOWN)

... here.

WITTMAN:

Yes.

(UNKNOWN)

It's the same type of problem we have. And I -- I mentioned it yesterday (inaudible) I'll mention it here, is that right now we're training the next set of units to go to Afghanistan. We are now not training the ones that go after them. And that will cause a significant impact there.

But to get to what General Amos just said, what really concerns me is we will now see a slow degrade in our readiness that will cause us to have to respond if we have to respond to contingencies. And as was said earlier, we'll respond, but they will not be as ready as we'd like 'em to be, and that will ultimately cause -- and the cost will be in lives and our ability to accomplish the mission in a timely fashion, which will ultimately cost us more money in the long run. And that's what we're trying to prevent here.

WITTMAN:

(inaudible)

General Welsh?

WELSH:

Congressman, you said it. That is the future. We -- we -- I mentioned in my opening statement that by the end of July I won't have 75 -- or 70 percent or so of our combat air forces combat ready. They'll be flying enough to keep take off and landing currency. That's it. No mission training at all.

WITTMAN:

Thank you, Mr. Chairman. I yield back.

MCKEON:

The gentleman's time expired.

Mr. -- Dr. Fleming?

FLEMING:

Thank you, Mr. Chairman.

And thank you, panel, and thank you for your service to our nation.

You know, Admiral Mullen, when he was before us, made the statement that, when asked what is the most pressing problem that this nation has, certainly, in the defense of our nation, and basically he said it was our debt and deficit. Eighty-three percent of Americans agree with that. The Gallup polls show we're simply spending too much. That is the debate that led us to the Budget Control Act.

And, of course, that was the consideration of holding our defense hostage for a debate that we all know, both sides of the aisle admit, that reforming entitlements, streamlining entitlements, making entitlements strong and sustainable, is really where we're gonna have to have savings in outyears.

Having said that, you've been asked to cut almost $500 billion even before the BCA. And I felt like it was inappropriate for us to hold our national defense hostage, so I voted, like many on the panel here, against the Budget Control Act of 2011 and the sequester. But we still have it.

And the president, on the one hand, he talks in platitudes. He floats trial balloons. The only thing I know of that he's been specific about that would help put the money back into the sequester for the military would be to raise taxes.

Well, we've already done that with $1 trillion through the Affordable Care Act; another $620 billion barely a month ago added. And that's crushing our economy today. We're going into a second recession. And we know this could cause even worse recession going forward.

So my question for you is this, and this is much more specific and down in the weeds. I have two important military bases, Barksdale Air Force Base and Fort Polk. Fort Polk has JRTC, and we have these rotating brigades that come in for training. Would it make sense -- could we streamline at a lower cost by permanently locating at least one of these brigades?

At Fort Polk we are adding, as you know, 100,000 acres. It's becoming a wonderful training site, even much better than it was.

And (inaudible) General Odierno, go ahead...

(CROSSTALK)

ODIERNO:

Sure, well -- well, Congressman, as I said earlier, first, the improvements that have been made at Fort Polk have been tremendous. I was just down there not too long ago. And the criticality of the training that we do there is irreplaceable. So it's a really valuable place for us to continue to go.

However, that said, as I -- I just told you, we're in the process now of reducing by 80,000 soldiers, and we're now reviewing where do they come out of. And so for us to think about moving and increasing somewhere is -- is a very difficult time for us to do that. We're trying to figure out what's -- where are the best places for us to reduce our footprint. And that's what we're going through now.

So I've got to figure out where I get 68,000 worth of structure out of the Army, and it's gonna affect every installation.

So after that's done and part of that process, looking at where -- where do we want to sustain our -- our bases and -- and how do we want to sustain our capability across the Army.

Fort Polk is one that we're gonna -- we will absolutely continue because of the value of JRTC. But if we're able to reinvest there yet, I don't know yet. We're still reviewing.

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