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THE FUTURE OF NATIONAL DEFENSE AND THE UNITED STATES MILITARY TEN YEARS AFTER 9/11: PERSPECTIVES OF SECRETARY OF DEFENSE LEON PANETTA AND CHAIRMAN OF THE JOINT CHIEFS OF STAFF GENERAL MARTIN DEMPSEY

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

HEARING HELD
OCTOBER 13, 2011

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Thursday, October 13, 2011.

The committee met, pursuant to call, at 10:03 a.m. in room 2118, Rayburn House Office Building, Hon. Howard P. "Buck" McKeon (chairman of the committee) presiding.

OPENING STATEMENT OF HON. HOWARD P. "BUCK" MCKEON, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. The hearing will come to order. Before I begin. Please let me welcome members of the public who are in attendance, but remind our audience that our committee will tolerate no disruptions of this proceeding. This including standing, holding up signs, or yelling. If anyone disturbs these proceedings, we will have the Capitol Police escort you out immediately.

The House Armed Services Committee meets to receive testimony on the future—the committee will stand in recess until the Capitol Police escort the disruptive individuals out of the room and restore order.

[Disturbance in hearing room.]

The CHAIRMAN. The House Armed Services Committee needs to receive testimony on "The Future of National Defense and the U.S. Military Ten Years After 9/11: Perspectives of the Secretary of Defense Leon Panetta and Chairman of the Joint Chiefs of Staff General Martin Dempsey." This hearing is part of our ongoing series to evaluate lessons learned since 9/11, and to apply those lessons to decisions we will soon be making about the future of our Force. As our series draws to a close, we have received perspectives of former military leaders from each of the Services, former chairmen of the Armed Services Committee, as well as outside experts.

Today we will change direction as we look to the viewpoints of our sitting Secretary of Defense and Chairman of the Joint Chiefs of Staff. Our witnesses today have spent decades serving our Nation. Thank you both for being with us and for your public service. As I continue to emphasize our successes in the Global War on Terror and in Iraq and Afghanistan, we appear to be lulling our Nation into a false confidence of a September 10th mindset. Too many appear to believe that we can maintain a solid defense that is driven by budget choices, not strategic ones. While I agree that the

military cannot be exempt from fiscal belt tightening, we have to put this debt crisis into perspective if we are to find our way back into fiscal responsibility.

Defense has contributed more than half of the deficit reduction measures taken to date. There are some in government who want to use the military to pay for the rest, to protect the sacred cow that is entitlement spending. Not only should that be a non-starter from a national security and economic perspective, but it should also be a nonstarter from a moral perspective. Consider that word, "entitlements." Well, entitlements imply that you are entitled to a certain benefit and I cannot think of anyone that has earned that right ahead of our troops. By volunteering to put their lives on the line for this country, they are entitled to the best training, equipment, and leadership our Nation can provide. But all this talk in Washington lately about dollars doesn't translate well into actual impacts on the force and the risk to our Nation.

Yesterday, former chairman Duncan Hunter encouraged us all to answer these questions before we voted to cut anymore from defense. Isn't our primary constitutional duty to defend our Nation? Is the world suddenly safer today? Is the war against terrorism over? I hope our witnesses today can help us understand the ramifications of these possible cuts in relation to our force structure as well as our ability to meet future needs of our national defense. How can we make sure that the Department of Defense is a good steward of the taxpayer's dollar without increasing risk to our Armed Forces?

The U.S. military is the modern era's pillar of American strength and values. In these difficult economic times, we recognize the struggle to bring fiscal discipline to our Nation, but it is imperative that we focus our fiscal restraint on the driver of the debt instead of the protector of our prosperity.

With that in mind, I look forward to hearing from our witnesses today. The committee will be in recess while the disrupters are removed.

The committee will be in order and I yield now to the ranking member of the committee, Mr. Smith from Washington.

[The prepared statement of Mr. McKeon can be found in the Appendix on page 57.]

STATEMENT OF HON. ADAM SMITH, A REPRESENTATIVE FROM WASHINGTON, RANKING MEMBER, COMMITTEE ON ARMED SERVICES

Mr. SMITH. Thank you, Mr. Chairman. I hope my comments will perhaps have a more calming effect on the audience. I doubt it. I thank you very much for having this hearing. We have had a series of hearings with a number of experts analyzing our national security needs and the budget threats that they face, but now of course we have the two people who are most in charge of making those decisions. It is a great honor to have the Secretary of Defense and the Chairman of the Joint Chiefs of Staff here. They do not have an easy job as they try to wrestle with the budget challenges we face. And I agree with the chairman, that the cuts that we are facing in our Department of Defense budget do place national security issues at risk. We have difficult decisions to make to figure out how

to accommodate even the cuts that have already been put in place for the next 10 years. There will be difficult challenges that are contained in that.

And I think we should also point out in addition to the sequestration threat, and it is not just that sequestration would require further cuts in defense, and I should say further cuts in all discretionary spending. And I am concerned about infrastructure and education and innovation and a number of other areas that face—that have already been cut, number one, and, number two, face the severe cuts of sequestration, but I think it is really important that the committee understands the way that was crafted, it requires across-the-board cuts. If we go to sequestration, every line item in the defense budget, and frankly, every line item in all discretionary spending has to be cut by the exact same amount, which is, frankly, insane. I mean, it will get us to the point where we would have to build, like, one and a half aircraft carriers. Well, you really can't do that.

So if we go to sequestration, it is not just the cut, it is the crazy way it was written that would frankly make it impossible to budget. The second piece that I don't think that folks have a full understanding of is how devastating running a government on continuing resolutions is. The gentlemen before us have to make budget decisions, week in and week out when we can't pass appropriations bills, and they have to do it on a CR [continuing resolution] which doesn't really fund the Government the same way as an appropriations bill. It continues it from last year, but it doesn't give clear guidance on what programs are to be continued. That costs us money and creates problems. So I would strongly urge this Congress to pass appropriations bills so that we can fund our Government in a responsible and reasonable way. It is costing us money and leading to inefficiencies and making it more difficult certainly at the Department of Defense, but throughout all discretionary spending to do their job.

So both of those things are threats. But as I mentioned before with this committee, I am also mindful of the budget challenges that we face. They are real. Our budget is 40 percent out of whack. We borrow 40 cents of every dollar we spend. That is not sustainable, and it needs to be fixed and in fixing it, I believe everything has to be on the table. Now, I am very much aware of the choices that are faced by the Department of Defense, the threats and risks that are contained in making those cuts, certainly above all, the impact on our troops and our ability to continue to adequately provide for them and to make sure of the one thing that I think should always be without dispute and bipartisan agreement. We can disagree about what the mission of our military should be, but once that mission is set, there should be no disagreement, that we have the highest obligation to make sure that we give our troops the support, equipment, everything they need to carry out the mission that we have told them to do. It would be irresponsible not to. And with that challenge, I believe that we need to put everything on the table in trying to deal with our budget deficit. As I have said before in this committee, I am so concerned about cuts, not just in DOD [Department of Defense], but in other parts of our budget, that I am willing to say we need more revenue, that we can't take that

piece off the table if we are truly going to meet the concerns that I think we are going to hear expressed today, and again, as I will continue to emphasize that also exists for other parts of the budget as well.

So I hope we will consider that. I look forward to the testimony of our witnesses and their guidance on how to deal with the challenges we face both on the budget side and on the national security side, and I will just close by saying we could not have two more able people in those positions. And I look forward to their testimony. I yield back.

[The prepared statement of Mr. Smith can be found in the Appendix on page 59.]

The CHAIRMAN. Thank you. Now, let me welcome our witnesses here this morning. We have Secretary of Defense, Leon Panetta, Chairman of the Joint Chiefs of Staff, General Martin Dempsey. Gentlemen, welcome to your first hearing in your new positions before this committee. I look forward to a candid dialogue. And the time is now yours, Secretary Panetta.

[Disturbance in hearing room.]

The CHAIRMAN. The gentleman will resume.

STATEMENT OF HON. LEON E. PANETTA, SECRETARY OF DEFENSE, U.S. DEPARTMENT OF DEFENSE

Secretary PANETTA. Mr. Chairman, Congressman Smith, distinguished members of the committee, it really is an honor for me to have the opportunity to appear before you. For the first time as Secretary of Defense, I would also like to join you in recognizing General Dempsey. Marty Dempsey is a brilliant soldier, and he is someone who is a proven leader on the battlefield and off the battlefield. And I am delighted to have him alongside of me in his new capacity as Chairman of the Joint Chiefs.

On behalf of the men and women of the Department of Defense, I want to thank the Members of this committee for your support and for your determination to join me in every way possible to try to ensure that these men and women succeed in their mission of protecting America. As a former Member——

The CHAIRMAN. The gentleman will suspend.

[Disturbance in hearing room.]

Secretary PANETTA. As a former Member of the House for 16 years, I really do believe that Congress must be a full partner in our efforts to protect the country. And for that reason and in that spirit, I have had the opportunity to consult with many of you and will continue to consult with you as we face the challenges that the Department of Defense must confront in the days ahead. These are difficult times, and I really do need your full guidance, your full counsel, and your full support.

I would like to thank you for convening these series of hearings. This is an important effort that the committee has engaged in, looking at the future of national defense and the U.S. military 10 years after 9/11, and for giving me the opportunity to be here today to add my perspective to that discussion. We have been at war for 10 years, putting a heavy burden on our men and women in uniform to defend our Nation and to defend our interests. More than 6,200 have given their lives, and more than 46,000 have been

wounded during these wars that we have engaged in since 9/11. The conflicts have brought untold stresses and untold strains on our service members and on their families.

The CHAIRMAN. The gentleman will suspend.

[Disturbance in hearing room.]

The CHAIRMAN. The gentleman will proceed.

Secretary PANETTA. These conflicts have brought untold stresses and strains on our service members, and obviously on their families as well. But despite it all, we really have built the finest, most experienced, most battle-hardened, All-Volunteer Force in our Nation's history. Our forces have become more lethal and more capable of conducting effective counterterrorism and counterinsurgency operations.

New or enhanced capabilities, including the growth of special operations forces, unmanned aerial systems, counter-IED [Improvised Explosive Devices] technologies and the extraordinary fusion that I personally witnessed between the military and intelligence operations have provided the key tools that we need in order to succeed on the battlefields of the 21st century.

And make no mistake, we are succeeding. Ten years after 9/11, we have significantly rolled back Al Qaeda and Al Qaeda's militant allies. We have undermined their ability to exercise command and control and to do the kind of planning that was involved in the attack on 9/11. We are closer than ever to achieving our strategic objectives in Afghanistan and Iraq. And we continue to be a bulwark for democracy in confronting countries like Iran and North Korea and others that would constitute a threat to our security.

The bottom line here is that these conflicts that we have been through, that while we are moving in the right direction, the fact remains that we are at a turning point, a turning point not only with regards to the challenges we face, but a turning point with regards to the military as a whole.

As the current mission in Iraq comes to an end, as we continue to transition security responsibility in Afghanistan and as we near the goal of disrupting, dismantling and ultimately defeating Al Qaeda, the Department is also facing a new fiscal reality here at home. As part of the debt ceiling agreement reached in August, the Department must find more than $450 billion in savings over the next decade. Our challenge is taking a force that has been involved in a decade of war and ensuring that as we build the military for the future, we are able to defend this country for the next decade at a time of fiscal austerity. We need to build a force that can confront a growing array of threats in the 21st century.

As I pointed out to some Members the other day, one of the differences is that as we came out of past wars, we essentially were able to enjoy a peace dividend at a time of relative peace. Now as we confront the fiscal challenges that this Nation faces, we are doing it at a time when we are continuing to confront a series of very real threats in the world to our national security. We continue to confront the threat of terrorism. Regardless of what we have been able to achieve and we have achieved a great deal, there remain real threats out there, not only in Pakistan, but Somalia, Yemen, North Africa and other places. Those terrorists who continue to plan attacks in this country. We continue to have to deal

with nuclear proliferation in the world. We continue to have to confront rising powers in the world. We continue to have to confront cyber attacks and the increasing number of those attacks that threaten us every day. And yet as we confront those threats, we have to meet our fiscal responsibilities. That will require setting a very clear set of strategic priorities and making some very tough decisions.

Working closely with the service chiefs, the service secretaries and the combatant commanders, I intend to make these decisions based on the following guidelines: First, we have and we must maintain the finest and best military in the world, a force capable of deterring conflict, a force capable of projecting power, and a force capable of winning wars.

Second, we absolutely have to avoid a hollow force and maintain a military that even if smaller, will be ready, agile and deployable. As I said after every major conflict, World War I, World War II, Korea, Vietnam, the fall of the Soviet Union, what happened was that we ultimately hollowed out the Force, largely by doing deep, across-the-board cuts that impacted on equipment, impacted on training, impacted on capability.

Whatever we do in confronting the challenges we face now on the fiscal side, we must not make that mistake and we will not make that mistake of hollowing out the Force.

Third, it demands a balanced approach and we have to look at all areas of the budget for potential savings, from efficiencies that trim duplication and bureaucratic overhead to improving competition and management and operating and investment programs, procurement programs; tightening personnel costs that have increased by almost 80 percent over the last few years, and reevaluating our modernization efforts. All of that needs to be considered, all of that needs to be on the table if we are going to do a responsible job here that addresses the areas where we can find savings without hollowing out the Force.

And finally, and most importantly, we cannot break faith with our men and women in uniform. The All-Volunteer Force is central to a strong military and central to our Nation's future. We have a lot of very effective weapons at the Pentagon and at the Department of Defense, a lot of very sophisticated technology, but very frankly, we could not be the finest defense system in the world without the men and women who serve in uniform. They are the ones that have made us strong, and they are the ones that put their lives on the line every day in order to protect this country.

We have got to maintain our faith with those that have deployed time and time and time again. And that is something I intend to do. If we follow these four principles, I am confident that we can meet our national security responsibilities and do our part to help this country get its fiscal house in order.

To achieve the required budget savings, the Department also must work even harder to overhaul the way it does business and an essential part of this effort will be improving the quality of financial information and moving towards auditable financial statements. Today, DOD is one of only two major agencies that has never had a clean audit opinion on its financial statements. That is inexcusable and it must change. The Department has made sig-

nificant progress toward meeting the congressional deadline for audit-ready financial statements by 2017, focusing first on improving the categories of information that are most relevant to managing the budget. But we need to do better. And we will.

Today I am announcing that I have directed the Department to cut in half the time it will take to achieve audit readiness for the statement of budgetary resources, so that by 2014, we will have the ability to conduct a full budget audit. This focused approach prioritizes the information we use in managing the Department, and will give our financial managers the key tools they need to track spending, identify waste, and improve the way the Pentagon does business as soon as possible.

I have directed the DOD Comptroller to revise the current plan within 60 days to meet these new goals and still achieve the requirement of overall audit readiness by 2017. We owe it to the taxpayers to be transparent and accountable for how we spend their dollars. And under this plan, we will move closer to fulfilling that responsibility.

The Department is changing the way it does business and taking on a significant share of our country's efforts to achieve fiscal discipline. We will do so, but we will do so while building the agile deployable force we need to confront the wide range of threats that we face. But I want to close by cautioning strongly against further cuts to defense, and for that matter, to other discretionary accounts, particularly with the mechanism that has been built into the debt ceiling agreement called sequester. It is a blind, mindless formula that makes cuts across the board, hampers our ability to align resources with strategy and risks hollowing out the Force. I understand this formula. When I was in Congress serving on the Budget Committee, I served on the conference that developed the so-called Gramm-Rudman approach to dealing with these kinds of cuts. But even then, every time the cuts were to take place, Congress basically postponed it because it was mindless, because it was across the board. It was designed as a gun to be put to the head of Congress so that it would do the right thing.

And I guess what I am urging the committee, the "super committee" [Joint Select Committee on Deficit Reduction] to do is do the right thing. Come up with the decisions that should be made, frankly, on the two-thirds of the budget that is still yet to be considered for deficit reduction. You are working with one-third of the budget in discretionary spending and it is taking a trillion dollar hit, and Defense is going to have to pay up almost half of that. If you are going to be responsible in dealing with the deficit, you have got to consider the mandatory programs and you have got to consider obviously revenue spending as part of that as well.

I truly believe that we do not have to make a choice between fiscal security and national security. But to do that, to do that will require that we have to make some very tough choices. And I have to be frank with you, they are choices that could have some impact on the constituencies that you care most about. As a Member of Congress, I have been through this. I represented an area that had significant military installations, Fort Ord, and a number of other installations. During the period following the reductions after the fall of the Soviet Union, during the BRAC [Base Closure and Re-

alignment] process, I lost Fort Ord. Fort Ord was taken down. That represented 25 percent of my local economy. So I know what it means to go through this process.

We have to do this right, and we can do it right and we can do it responsibly. But to do that I need your support to do everything possible to prevent further damaging cuts and to help us implement a coherent, strategy-driven program and budget that we will identify in the months ahead as critical to preserving the best military in the world. This is tough, it is challenging, but I also view this as an opportunity to create a military for the future that will meet the threats that we have to confront. I pledge to continue to work with you closely as we confront these challenges and I thank you once again for all of your tireless efforts to build a stronger military for our country that can protect our people in the future. Thank you.

The CHAIRMAN. Thank you, Mr. Secretary. Mr. Chairman.

[The prepared statement of Secretary Panetta can be found in the Appendix on page 61.]

STATEMENT OF GEN MARTIN DEMPSEY, USA, CHAIRMAN, JOINT CHIEFS OF STAFF

General DEMPSEY. Thank you, Chairman McKeon, Ranking Member Smith, Members of the committee. Thank you for the opportunity to testify before you today on the future of national defense and our military 10 years after the attacks on September 11th. I want to begin by introducing the handsome Marine over my right soldier here who I just recently appointed as my senior enlisted advisor. So this is Sergeant Major Bryan Battaglia, 32 years United States Marine Corps, served this country and the Corps with great distinction and great honor. And he has now been appointed as my senior enlisted advisor, so that he can help us accomplish the tasks that you just heard the Secretary articulate and ensure we remain in contact with the young men and women who—America's sons and daughters who we place in harm's way. So if you will join me.

[Applause.]

General DEMPSEY. As this is my first time before you as Chairman of the Joint Chiefs, I want to make note that I look forward to our continued cooperation for all of the very important reasons outlined by the Secretary of Defense. I also want to affirm that I take seriously our shared responsibility of maintaining a military that preserves the trust that is placed in our hands by the citizens of the United States. And I believe we can sustain that trust while also being good stewards of our Nation's resources.

In the past decade, over 2 million men and women have deployed overseas in support of operations in Afghanistan, Iraq and elsewhere. Our Joint Force has demonstrated great initiative, great strength and great resolve. The security landscape has also shifted during this period, and our military has demonstrated its ability to adapt and to learn. So from my vantage point and in keeping with the theme of these meetings, let me point out a few lessons that stand out. First, we live in an increasingly competitive security environment; capabilities that previously were the monopoly of nation-states are now proliferated across the security landscape. As

a consequence, we must learn faster, understand more deeply and adapt more quickly than our adversaries.

Second, relationships matter more than ever. Coalitions and partnerships add capability, capacity and credibility to what we see as shared security responsibilities. Therefore we are committed, even in the face of some of the budget pressures that have been described to expanding the envelope of cooperation at home and abroad.

Third, our Army, Navy, Air Force, Marines and our Coast Guard brothers and sisters combine to field a truly unmatched team. We still need our Services to maintain and be the masters of their core competencies and their unique service cultures, but they must operate as a single cohesive team. We must continue to value and advance joint interdependence.

Fourth, innovation is instrumental to the future of our Joint Force. We have expanded many of our—what we referred to in years past as low-density capabilities and we fielded many new technologies. We must continue to unleash innovation in the ranks and challenge ourselves to leverage these emerging capabilities in new and creative ways.

And finally, leadership remains at the core of our military profession. It is why we have been able to learn, adapt and achieve the results that I have described over the past decade. Now, developing the next generation of joint leaders will preserve our Nation's decisive advantage over any would-be adversary.

With these lessons in mind, we are working to build, to conceive, and then build the Joint Force we need in 2020. This Force must be powerful, responsive, resilient, versatile and it must be admired. It must preserve our human capital and have the capability and capacity to provide military options for our Nation's leaders. And it must be affordable. Be assured, I am fully committed to reducing costs without compromising our Nation's security needs. We must make hard choices that balance risk and as the Secretary mentioned, avoid hollowing the Force. These choices need to be deliberate and precise. Indiscriminate cuts would cause self-inflicted and potentially irrevocable wounds to our national security.

To close, I would like to again thank the committee for your commitment, your support to the men and women in uniform as well as to our families. They deserve the sacrifice—they deserve the future that they have sacrificed to secure. Thank you and I look forward to your questions.

[The prepared statement of General Dempsey can be found in the Appendix on page 65.]

The CHAIRMAN. Thank you, Chairman. Congratulations, Sergeant Major, on your new appointment. President Reagan once said that many people go through their lives wondering if they have had any impact on their fellow men, if they made a difference in life, and he said Marines don't have that problem.

Chairman, the first round of cuts from the Budget Control Act will reduce the funding for the military over the next 10 years by—from $450 to $480, $490 billion. What types of risks does the Department of Defense face as you implement these cuts over the next 10 years? Will there be any missions that you can no longer

do? Or is there a fallacy? Will you simply have to do the same missions with less?

General DEMPSEY. Thank you, Chairman. And as you know, we are involved in trying to figure out exactly the answer to that question. But I can share some emerging insights with you. The emerging insights are that it will require us to look at what our national security strategy has been, as articulated currently in the Quadrennial Defense Review. To your point about missions, in my statement, I mention that what we owe our Nation's leaders and our Nation's citizens are options.

It is somewhat inconceivable to me that we would roll back into this committee, to the national—to the leaders of our national security apparatus and say we are not going to do this because if the Nation needs us to do it, you know we have to find a way to do it. That is going to require us to build in—we will have to prioritize, but we have got to build in some versatility, because as many have testified to this committee and elsewhere, we generally find that we don't predict the future with any degree of accuracy. So it has got to be a combination of options and versatility. It has got to be capabilities, and it has got to be capacity. We need the capability to do things and we need the ability to sustain those capabilities over time. That is capacity. Tell me what you want me to do, how often you want me to do it, I can build you a Joint Force and we are working on that now. But the risks will accrue as we determine where we have to limit capabilities, if we get to that point, and it could accrue as we determine that we need less and then find ourselves using it more and asking more and more of our young men and women on a rotational basis that we can't sustain. So the risks are both to mission but also to the institution.

The CHAIRMAN. Thank you. Mr. Secretary, many have said that defense has to be on the table, and I understand that. In the first tranche of cuts of the Deficit Reduction Act, the military paid for about half of the table. You know, I have made the comment that we can't solve the financial problem that we have on the backs of the military, or who will have our backs the next time we are attacked?

I don't believe that the DOD should have to pay one penny more in discretionary budget cuts. I know you commented on this in your opening statement, and based on our conversations and our visits up to this point, I think we are of a like mind, but I would like to confirm your position, get it on the record. Do you agree with me that the national defense has contributed enough to deficit reduction and that no further cuts should be recommended?

Secretary PANETTA. Absolutely. The fact is we are having to cut a half trillion dollars, almost a half trillion dollars out of the defense budget. And that is going to take, as I said, some very difficult choices. I think we agree that as tough as it is, it is manageable. We can do this in a way that protects our Force for the future, but it is going to take us to the edge. And if suddenly on top of that we face additional cuts, or if this sequester goes into effect and it doubles the number of cuts, and then it will truly devastate our national defense, because it will then require that we have to go at our force structure, we will have to hollow it out, we will RIF

[Reduction in Force] people. It will badly damage our capabilities for the future.

I don't say that as scare tactics, I don't say it as a threat. It is a reality. And the reason I can say it is a reality because we have been going through how we take $450 billion-plus out of this budget, what weapons systems do we look at? What force structure reductions do we make? What kind of benefits in terms of personnel and compensation do we have to look at? What do we do with regards to areas that have to be tightened up in terms of procurement, et cetera? These are all going to be tough decisions.

Now, as I said, there is an opportunity here and we can do this the right way. But if suddenly we are facing additional cuts, and if suddenly we are facing a doubling of those cuts, a responsible approach to doing this right is going to be impossible. That is what I am saying.

The CHAIRMAN. And I think you mentioned the word RIF. If it came to that, we would be breaking faith with the very men and women who have been laying their life on the line for us. I think that is inexcusable, and I think no one on this committee would support that. Thank you very much. Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman. I do think it is important to emphasize that, you know, we have not said take defense off the table. In fact, defense has already been on the table. It was, along with the rest of the discretionary budget, what was cut as part of the debt ceiling agreement cut as has been mentioned by somewhere in the neighborhood of $450 to $490 billion, depending on how you add it up, and that is the challenge you gentlemen are faced with, is how to make that work.

So we are not suggesting it should be taken off the table. I think as we look at how we are going to deal with those cuts and then about the potential of sequestration and trying to prevent that, it is helpful to sort of understand what the threat is. And a couple of phrases that are used frequently that I would like you gentlemen to explain a little bit better is we have heard that it increases the risk. But that is never actually explained. What does that mean? And another way of looking at it is, what missions would we not be able to do specifically, in terms of, you know, a given region of the world, a given threat that we wouldn't be as robust against? I mean, throw it open to both of you. Can you tell us a little more specifically when you say "it increases the risk"? What risks specifically? What won't we be able to do that you think we should be able to do for national security reasons? Mr. Secretary, if you want to start and then, General.

Secretary PANETTA. Congressman, obviously we are going through the process now of—what we want to do is establish what is that larger strategy? So this isn't just numbers driven. It is not budget driven. It is driven by a strategy that we can shape that tells us, okay, what kind of force do we need, we know it is going to be smaller, we want it to be agile, we want it to be deployable, we think we have to have multimission kinds of weapon systems to help support that force. You know, if that is the larger strategy and we are still shaping that in conjunction obviously with the service chiefs, but also with the President, once we have done that, then obviously we are going to have to start making specific deci-

sions about, you know, where the reductions are made. I mean, you know, without—without telling you that decisions have been made and no decisions have been made. You know, I can give you an example. For example, if we decide that we have got to maintain our force structure presence in the Pacific in order to deal with China, and China's expanding role in that part of the world, and because of the other issues that exist obviously in that very sensitive part of the world, and if we decide that the Middle East is also a very important area where we have to maintain a presence as well, then just by virtue of the numbers that we are dealing with, we will probably have to reduce our presence elsewhere, presence perhaps in Latin America, presence in Africa, and so if you are talking about risks, part of the risks would be, you know, having less of a presence in those areas.

Mr. SMITH. Play out a little bit what that presence does for us? I could do it, but I am curious to hear what your answer is so the American people understand. So we are there, what does that do for us? Why is that in our national interests?

General DEMPSEY. Yes, sir. If I could elevate 10,000 feet or so and look down and I will eventually land on the African continent. The way we measure risk is the likelihood of something occurring and the consequence of it. So thermonuclear war is highly unlikely with an enormous consequence, and therefore our nuclear deterrent—we will be able to assess the risk to our nuclear deterrent as it is affected by potential budget cuts. If you work your way from nuclear deterrents down to irregular conflict, we can do that at every grade, if you will, of the kind of threats we face. But to your point about what do we get by our presence on the African continent? We are engaged in a conflict today and have been probably, if we look back carefully enough at our history—if we look back to about 1993, the attack on the World Trade Center, the first time, we have been involved in a conflict with violent extremist organizations, call them terrorists, who are networked globally, who are syndicated and who are decentralized. So they are not sitting in one place to be acted against. They are networked. One of the places they sit is Pakistan. One of the places they sit, or sat, is Afghanistan. One of the places they sit is the African continent. In order to defeat a network of adversaries, we have to be a network. We can't be this hierarchal cold war military, and we are not any longer.

So our presence on the African continent is part of our network of building partners, of gaining intelligence and then when targeting approaches, or targeting reaches the level of refinement, we can act on it. But we have to be networked against the specific threat you are talking about and part of that requires our presence in Africa.

Mr. SMITH. That is an excellent answer. I think also part of our presence is deterring our enemies from doing things. You know, it is an instructive point that we are now dealing with the high likelihood that Iran felt comfortable, you know, doing an assassination on our soil, and part of that has to be at least a calculation that they don't fear what the consequences of that would be. And you can extrapolate that out to a North Korea, to a whole lot of other

places, and there are consequences in those choices. Excellent answers. I thank you gentlemen. I yield back.

The CHAIRMAN. Thank you. We will now proceed to the Members having the opportunity to ask questions. I know you all want to ask questions, so I will be following the 5-minute rule and ask you to consider that in your questions and our witnesses to consider that in their answers, please. Mr. Bartlett.

Mr. BARTLETT. Thank you. Usually the resolution of big issue matters requires the aggregation of decisions about a number of smaller issues, and today I have a question about two of our programs that I think could be very effective in reducing our costs and improving our capabilities. The first relates to the C–27J. Mr. Secretary, yesterday in our subcommittee hearing, near the end of the day, your generals voluntarily brought up the issue of the C–27J. As you may know, sir, there has been a confirmed requirement for 78 of those planes for a number of years now. We have procured only 38 of them as a result of that. As one of your generals said yesterday, we are flying the blades off the lift helicopters to meet these lift requirements and these helicopters are enormously more expensive than the C–27J. Mr. Secretary, just yesterday I think a letter reached your desk signed by 12 Members of Congress relative to the C–27J. We would appreciate your personal attention to that, Mr. Secretary, if that is possible.

Secretary PANETTA. You will get that.

Mr. BARTLETT. Thank you very much. The second issue, the original acquisition strategy for the F–35 Joint Strike Fighter included a competitive engine program because of the thousands of engines projected to be procured to reduce costs and development risks through competition, and because of the Department's positive experience with the alternative engine for the F–16 beginning in the mid-80s. Contrary to assertions by some, there never has been an F–35 engine competition where the 135 [F135 engine] won. In fact, in 2006, the Deputy Secretary of Defense signed a memorandum of understanding with the F–35 international partners to procure the competitive engine. That same year, the Department, due to cost pressures on the F–35 program, sought to cancel the development of the competitive engine, change its acquisition strategy and use the R&D [Research and Development] funding planned for the competitive engine to cover overruns in the F–35 aircraft program. In spite of these department actions, Congress funded the competitive engine program through 2010.

Now the manufacturer of the competitive engine wants to self-fund the R&D for its engine beginning as soon as possible. The Department of Defense continues to be a major proponent of the competition in its programs, except for the F–35 competitive engine, opposing self-funded competition of the F–35 competition engine program.

In your speech at the Woodrow Wilson Center, you said, and I quote, "We will look to procurement reforms and improve competition, cost control and delivery when examining modernization operating costs."

Mr. Secretary, what kind of message is the Department sending to all contractors by opposing the efforts of the competitive engine manufacturer to self-fund R&D for its own program?

Secretary PANETTA. Congressman, I am a strong supporter of competition, but I don't want competition to cost me more money. I want it to be cost efficient. And with regards to the program, you have identified the problem is that all of those that have looked at it indicate that it is going to result in more costs to the Defense Department to proceed on that path.

Now, I will say this, that the manufacturer that wants to engage in self-funding has developed an approach. I think we need to look at it to determine whether in fact it is cost efficient. If, in the end, it is going to cost me more money, that is not what I call good competition. If in the end it saves me money, then I am willing to look at it.

Mr. BARTLETT. Mr. Secretary, isn't it true that GAO [Government Accountability Office] continues to contend that pursuing the 136 engine [F136 alternative engine] will probably save us money?

Secretary PANETTA. There are those that have indicated that there is some savings here and that we could achieve, you know, better competition. But frankly, it is disputed within the Department, and I have got to work through that dispute.

Mr. BARTLETT. We would appreciate your attention to that, sir. As you know, competition always makes things better and makes them cheaper. It should be no exception here. Thank you very much for your commitment to look at this personally. Thank you.

The CHAIRMAN. Thank you. Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman. Mr. Secretary, and, General, thank you for being here and thank you for your leadership in these critical times that face our Nation. The other night, Mr. Secretary, I made mention about the concerns that were expressed to me last week in a number of meetings with military families. Today I want to ask a question about military retirement reform because there is, or there are a number of proposals, largely through the Internet that are concerning our retirees. Recent budget pressures within the Department of Defense have resulted in greater awareness of the increasing cost of military personnel programs to include military compensation, health care and military retirement. The defense business board recently declared that the military retirement system was unaffordable and proposed a plan that would convert the military retirement system from a defined benefit plan to defined contribution plan that is common in the private sector. Benefits would vest at 3 to 5 years, as opposed to 20 years, in today's system and would not be payable until age 60 or 65 as opposed to immediately upon retirement under the current system. This would seem to be a very significant change in the culture of our military retirement benefit.

So the questions I have, Mr. Secretary, and also, General, if you want to comment, have we arrived at the point where reform of military retirement is necessary? Second, is the proposal of the Defense Business Board the right solution to maintain retention and combat readiness? If the Defense Business Board proposal is not the right solution, what would be a model that you believe might work?

And finally should the payment of benefits immediately upon retirement be continued as part of any proposed reform initiative? I

ask those questions because those are concerns that have been expressed to me several times last week.

Secretary PANETTA. Yeah. No, I understand. And as a result of that report that came out, there were a lot of people that were nervous that somehow that would be implemented, and again, the bottom line is that we have made no decisions with regards to that. As a matter of fact, the President has proposed a commission—one of the recommendations to the committee was a proposal to establish a commission that would look at retirement and provide grandfather protection for those in the service, and I would support that. But, look, this is what it comes down to. When we are looking at $450 billion-plus in terms of where we find savings, I have got to put everything on the table and take a look at it. And compensation in the retirement area is one of those. But at the same time, I have made very clear that we can't break faith with those in the service. We have made a promise to people who are on duty that we are going to provide a certain level of retirement. We are not going to back away from that. We have to maintain that promise. Those people have been deployed time and time again, they have put their lives on the line in the battlefield. And we are not going to pull the rug out from under them. We are going to stand by the promise that was made to them.

So one of the commitments that I have made is that in any circumstance related to this issue, we are going to protect those that are in the service today. And we are going to grandfather them in. Now, having said that, you know, are there areas in the retirement area that need to be looked at, for example, there are individuals that serve 12, 14, 15 years, when they get out, they have no retirement to take with them and, you know, is that an area that we ought to look at to determine whether or not they ought to be able to move some of those benefits to other areas?

Are there some reforms that can be made along those lines? I mean, I think those are the kinds of issues that we ought to be open to consider. But I only think it ought to be done recognizing that we have to protect those that are on duty.

General DEMPSEY. And, sir, if I could—thanks for the opportunity to comment on this, because I do want to address something I have seen in the discussions about this. I reject the characterization of our military retirement program today as kind of gilt-edged, and the comparison to civilian retirement programs. Look, it might turn out that our current plan is unaffordable and we will have to do something about it. But when we put a retirement program together, it is because these young men and women who become old men and women who serve for 20 years, who put themselves in harm's way, who move 10 or 15 times, who some of them can buy a house, some of them can't, their spouses rarely can have employment because we move them around, not voluntarily, they move because we tell them to go where the Nation needs them. That retirement program needs to be fundamentally different than anything you find in the civilian sector in my view. We can figure it out. We need the time to do so. If it is unaffordable, we will react. But I want to reject outright the idea that somehow my retirement program, or more important, that Sergeant Major Battaglia should be compared to someone else's.

Mr. REYES. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Thornberry.

Mr. THORNBERRY. Thank you, Mr. Chairman. Mr. Secretary, today and when I have heard you previously, you have seemed quite clear that you believe that we should make no further cuts in the defense budget beyond those which have already been enacted. Is that true?

Secretary PANETTA. Correct.

Mr. THORNBERRY. Does the President share your view on that?

Secretary PANETTA. He does.

Mr. THORNBERRY. So as Commander in Chief, I think it is important for him to be able to speak out and also say we have gone as far as we can go, we have gone to the edge, to use your words, and that no more cuts should come from the defense budget. I am hopeful we can have bipartisan agreement on that.

General Dempsey, you used a word that caught my attention in your statement. You said if there are further cuts, there could be irrevocable damage to our military. Now, a fair number of folks here, I think, have the opinion that, okay, so if there are cuts either enacted by the super committee or through sequestration, we can always make up for that the next year and put some more money and everything will be okay. Explain to us what you mean by "irrevocable," and how can a cut do damage that can't be corrected the next year with some extra money?

General DEMPSEY. It comes down to what I have described in the statement, Congressman, as the core of our profession and that is, the men and women who comprise it and who we develop as leaders. You know, we are the military. We consider ourselves the preeminent leader development institution in America. And I think we have a case to make that. If some of the cuts occur in the magnitude, and more important, with the targets as they are described right now in sequestration and it causes us to RIF—this goes back to the notion of do we have the time to reduce the force over time responsibly and predictably? That is one thing. If we don't, if we begin to have to RIF to meet the budget targets imposed by sequestration, we lose that core.

We have seen this happen in the 1980s—correction, 1990s, right after Desert Storm where we created a "bathtub" [chart bathtub curve], if you will, of captains and majors who exited the service and then when we had to regrow the Army by 65,000 as a result of the conflicts in Iraq and Afghanistan, where we suffered was not in the basic rifle infantry men. We can grow them. We can grow them in 20 to 30 weeks. You can't grow a captain, a major, a lieutenant colonel, a sergeant major in 20 to 30 weeks. And if we don't—if we are not careful with this and we have a migration of that talent out of the Army, that is irrevocable for probably 10 or 15 years.

Mr. THORNBERRY. Mr. Secretary, let me turn back to you for one other question. This series of hearings has been about 9/11. Ten years ago, one could see a clear trend towards terrorism, but the method of attack was certainly unexpected. It is undoubtedly true we will face unexpected things in the next 10 years that will be affected by our actions here.

One of the concerns I have is that, for things like research and development, those kinds of not specific programs, you don't know how they are going to play out, and yet they lay the foundation for our future. As you all go through implementing what has already been passed—and hopefully that is it—tell me how you take into account preparing for uncertainty. Because it seems to me that that is absolutely central to national security in a complex world.

Secretary PANETTA. Absolutely. In all of the past planning that has gone into developing the defense budget, the one thing that everybody agrees is that no one has accurately predicted the future and has anticipated the kind of attacks and crises we have had to confront. You can identify kind of large areas where you would expect that a future crisis might lie. But the reality is that if we are going to have a strong defense, we have got to be prepared to react to a surprise. We have got to be prepared to react to something we are not expecting. And that is the reason—I mean, I think you have hit on something very important, which is we need to have research and development. We need to have those kinds of creative areas of the Department that look at those kinds of potential problems, that develop approaches to those kinds of possible crises in the future. I mean, to have that kind of imaginative look at where we will be, what kind of potential enemy will we confront, that gives us the capability to begin to design a truly agile force that can respond to those kinds of threats. That is the difference. And I need that. I can't lock in, you know, there are three or four threats out there and we are just going to deal with those. We have got to be flexible and agile enough to respond to any threat, wherever it comes from.

The CHAIRMAN. Thank you. Mrs. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman. And thank you to you both for your leadership and also thank you for your statements about the military and their families. I think that is very important for them to hear and for us to obviously be very engaged in. And I certainly would encourage all my colleagues here to join us on the Personnel Subcommittee. Sometimes the committees are a little slim, and we need all of your support.

I wanted to ask you about our commitments and how we close the gap because we do know that our resources—if we wouldn't use the word "shrinking," they certainly would be diminishing, unlike the unprecedented rise that we saw in the last 2 years. Is there anything in addition to what has been said that you would like to share about how we close that gap?

Secretary PANETTA. Explain that question.

Mrs. DAVIS. The gap between our resources and our commitments. I think the General did speak to that. But I am just wondering if there is anything additionally from where you sit, Mr. Secretary, as well that you would like to say about that.

Secretary PANETTA. Well, let me reemphasize a point that I have made time and time again. You know, the problem is, yes, we need to make these reductions. We know we are dealing with more limited resources. But at the same time, I have got a responsibility to defend this country. And neither Congress nor the President did away with the challenge of terrorism. That is still very real out there. We have got terrorists out there who continue to plan to at-

tack our country. We have got to stay on top of that. We have got to be able to go after them and dismantle those kinds of operations.

We still have two wars that we are in. Now admittedly, we are drawing down in Iraq but we are still fighting a war in Afghanistan, and we are trying to transition there. But we are in a war. We have got the threats from Iran and North Korea. They are engaged in nuclear proliferation. They are trying to develop a nuclear capability. As we saw within the last few days, these are pariah nations that constitute a threat to our security, they constitute a threat to the security of the world. They are still there. We have still got to deal with them.

We have got cyber attacks that are coming at us left and right. We have got to deal with that threat. It is the battlefield of the future. We have got rising powers in the world that constitute a challenge to us. I mean, China in the South China Sea has created concerns for us as to our ability to be able to use international waters.

Mrs. DAVIS. Mr. Secretary, if I could just interrupt.

Secretary PANETTA. Those are the threats.

Mrs. DAVIS. Is there a way that Congress and the committee can better assist you in that strategic planning over what our role has been today?

Secretary PANETTA. You sure can. As we go through the process of developing that larger strategy, I need to be able to sit down with you and brief you on that and get your best input on that because that will be the place where we have to make choices as to what are those threats, what are the things we have to be ready for, and also consider what are the risks. The issue was raised, you know, what are going to be the risks involved here? There are going to be risks here. I am not kidding you. When you cut the budget by $450 billion, when you make the choices we are going to have to make, there are going to be some risks that are going to be out there. Those risks have to be acceptable, but there are going to be risks. We need to know that.

Mrs. DAVIS. Thank you. When General Pace testified just a few weeks ago, he mentioned that we don't really have a cohesive national security strategy, and he suggested that we need something more akin to Goldwater-Nichols when it comes to interagency collaboration, looking at the whole-of-government approach. Would you agree with that? And what, again, do you think that we should be doing to promote it? Should there be more reporting mechanisms to the committee in terms of what actually is being done about that? We know things have changed since we entered Iraq, certainly great progress in many ways. But on the other hand, I think a lot of us would agree we are not there yet.

General DEMPSEY. Yes, Congresswoman. I am not going to sign up for the extra reporting here. But I would like to respond to the question about, what are we doing to get after General Pace's advice. The Secretary has us embarked on a strategic review, the idea being that we really need to understand what we must do for the Nation, and we have projected it out to 2020 so we can look back and have four program operating memorandums to march toward it. So we are trying to jump across the immediate fiscal crisis, determine what does the does the Nation need—not what does the Department of Defense need—what does the Nation need. And one

of the answers to that question is, in fact, greater—we have tremendous integration with other agencies of government in which those relationships have accrued over the course of the last 10 years in ways that are absolutely remarkable. We have got to keep that going, and those are also some of the ways we can close this gap you describe between what the military has to do and what the Nation has to do. That work is ongoing, and it is on a very fast timeline, being led by the Secretary of Defense.

Mrs. DAVIS. Thank you.

The CHAIRMAN. Thank you. Mr. Jones.

Mr. JONES. Mr. Chairman, thank you very much. And Mr. Secretary, General Dempsey, thank you for being here today.

On Tuesday I had the privilege and honor of visiting Walter Reed Bethesda and saying thank you to so many soldiers and marines who have lost both legs that it brings me to this point. A lance corporal, his mother sitting in the room, asked me this question: Why are we still in Afghanistan? Mr. Secretary, I have great respect for you. You are on board and I know you will develop your own policies and that leads me to my question. In February of this year, we had Secretary Gates to testify before this committee. And I am going to read enough that I think you will understand the question. "By the end of this calendar year, we expect less than 100,000 troops to be deployed in both of the major post-9/11 combat theaters, virtually all of those forces being in Afghanistan." This is the key point. "That is why we believe that beginning in fiscal year 2015, the United States can, with minimal risk, begin reducing Army active duty end strength by 27,000 and the Marine Corps by somewhere between 15,000 and 20,000. These projections assume that the number of troops in Afghanistan would be significantly reduced by the end of 2014 in accordance with the President's strategy. If our assumptions prove incorrect, there is plenty of time to adjust the size and schedule of this change."

Well, you are here today, and I support the chairman and most members of this committee that we don't want to see cuts to the military that would just decimate the military. But with $120 billion being spent each year in Afghanistan, Karzai is a corrupt leader—in fact, a marine general. I hand this out to everybody that comes to my office. It has got the marines carrying a flag-draped coffin. And it says the number of people who have been killed in Afghanistan and the cost. And everybody that wants to see me about any issue, I hand this to them and I say, Please call the White House, the Speaker of the House, and the leader of the Senate and tell them to get our troops home before 2014, 2015.

So my question is this: How do I answer the lance corporal who has been there twice, severely wounded the second time, and many of them who have been over there four, five, or six times, you can testify to that. Will you reevaluate and not just accept what Secretary Gates said that we will be there until late 2014 and significant reduction in 2015? Because, Mr. Secretary, you know it is a no-win situation, and the General—I am going to read this and then please, I will give you the time to answer.

I have had a marine general as my adviser for 21 months. Any time I email him, he emails me back. What do we say to the mother and father, the wife of the last soldier or marine killed to sup-

port a corrupt government and a corrupt leader in a war that cannot be won? We continue to stay there until 2015. How many more have to die? How many more have to lose their legs and Uncle Sam will take care of them, as he should take care of them, for the next 50 years of their lives? So, Mr. Secretary, if you would give me an answer. Are you willing to reconsider what Secretary Gates testified to before this committee?

Secretary PANETTA. Congressman, our present strategy in Afghanistan is one that was developed by the President of the United States and by our allies in NATO [North Atlantic Treaty Organization] at the Lisbon conference which was to gradually transition our forces out of there by the end of 2014. And that is what we are doing, and that is what we will continue to work at in order to do it right.

We are in the process of making that transition. We have already taken down, by the end of this year, the first 10,000 of the surge that was put in. We will take out the remaining part of that surge next year by the end of the fighting season. We will then begin to take down the remaining force through the end of 2014. So we are on a path to gradually transition down and remove our combat forces from that area.

I have to tell you that, talking with General Allen, I feel that as difficult as that war has been, that the fact is that good progress has been made in terms of security. We have trained the Afghan army and police. They are operational now. We are making transitions. We have already transitioned seven areas. We are going to transition another group of areas in the fall to Afghanistan security and governance, and we are going to continue that process through the end of 2014.

Yes, there are concerns. Yes, there are problems that you have identified. But in the end there is only one reason for this mission and that lies in the fact that Afghanistan was a safe haven for the Taliban and for Al Qaeda to conduct the 9/11 attack on this country. And one thing we do not want is Afghanistan becoming a safe haven again for Al Qaeda. That is what this mission is all about.

Mr. JONES. Mr. Secretary—last point, Mr. Chairman—we got bin Laden, and Al Qaeda has dispersed all around the world. Let's bring them home.

The CHAIRMAN. Thank you very much.

Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman. And thank you, Secretary and General, for testifying today. And as we say in Guam, *hafa adai*, welcome. My first question is for you, Secretary Panetta, and has to do with the military buildup on Guam. In a recent Senate hearing, now-Deputy Secretary of Defense Carter indicated that the Guam realignment was on the table for cutting. I fear this comment is in direct contravention of our country's agreement with Japan which was reaffirmed in June of this year. These comments along with certain actions by the Navy have created a sense of uncertainty about the buildup and that is unhelpful.

Does DOD remain supportive of the Guam realignment as outlined in the Guam international agreement and the agreed implementation plan?

Secretary PANETTA. Congresswoman, we made an agreement with Japan related to the situation in Okinawa. Obviously we continue to stand by that agreement. We will continue to work with Japan on this. The challenge is going to be to try to make sure that we do it in a cost-effective way. That is going to be the challenge. But as to what we need to do, as to, you know, the effort to try to reduce our presence there, I think that is something we are committed to.

Ms. BORDALLO. Thank you. Thank you, Mr. Secretary. That is what I wanted to have on the record.

General DEMPSEY. Congresswoman, could I add just very briefly?

Ms. BORDALLO. Yes, General.

General DEMPSEY. I mentioned the strategic review we are undergoing. One of the questions we have to confront, and we are, is the issue of forward presence vice power projection. How much forward, how much from CONUS [Continental United States], how much rotational? And this conversation will occur in that context.

Ms. BORDALLO. Very good.

The next question is for you, General, as well. There have been a number of positive developments this year for the military buildup. But the Senate has raised concerns and suggests that we rethink the entire program. I believe this is unwise, given the current threat environment in the Asia Pacific region. What are we doing as DOD and other interagency partners in getting the Government of Japan to achieve tangible progress in Okinawa? And further, what is our Government—specifically DOD—doing to help the Government of Japan achieve tangible progress?

General DEMPSEY. Yes, Congresswoman. Thanks. To kind of spin off of my earlier answer. I mean, what we are trying to do is become articulate with our friends and allies about our intentions. We are not the only nation in the world that is facing a new fiscal reality. And so our Japanese partners are facing some similar cases, and we have got some issues on the Korean Peninsula as well related to our future strategy and the new fiscal environment.

I can just assure you those conversations are ongoing.

Ms. BORDALLO. Good.

Secretary, another problem here is, can the Hill expect to see a final master plan for the military buildup from DOD? Cost increases are becoming an issue. I think that is what you mentioned. Can you give us an answer on that?

Secretary PANETTA. First of all, I am not sure about a military buildup at this point. I think what we are engaging in right now as a result of the number we have been handed by Congress is going to be an effort to reduce the budget in a responsible way. But what I can share with you is that as we develop a strategy for what we are going to need in the future and as we develop obviously the decisions that will be part of our budget presentation early next year, I fully intend to consult and advise with you in that process.

Ms. BORDALLO. Very good.

And one final question. General, as we move to a post-Iraq and Afghanistan military, what are some of the biggest challenges that you see that face the military? And what areas of the world do we need to refocus on to put more emphasis on in the coming years?

General DEMPSEY. Again, that conversation is occurring even as we sit here among those who have been charged by the Secretary to answer that question. But I mean clearly we have got some emerging regions of the world that we have somewhat neglected because of the demands in Iraq and Afghanistan. You asked what concerns me in the post-Iraq/Afghanistan. I am concerned that we will convince ourselves that the job of defending this Nation is complete and that we can somehow go back to where we may have been in the mid-eighties, which is a military that wasn't sure of itself or its support. And that concerns me.

And again, back to one of the earlier questions about leaders. We have got to keep the right leaders in our military. That means we have got to train and educate them. We have to continue to inspire them so that when we need them—and we will—they will still be there.

Ms. BORDALLO. Thank you very much. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you. Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman. Mr. Secretary, you heard the chairman say we only have 5 minutes. If I had longer, I would compliment you more on all the things you have done, which I think have been very good up to this particular point in time.

I will go right to my question. Less than a month ago when you appeared in a Senate committee similar to ours, you made a statement that if we allowed the trigger of the sequestration to take place and had $600 billion of additional cuts, it would be like shooting ourselves in the head. I think that was a good analogy. But I will also come back and say, that was more than just the fact that these are across-the-board cuts. Because even if we said $600 billion but you allocate to cuts, it would still be like shooting ourselves in the head. But I took it from that, that what you really mean is that for us to ask to make $600 billion of additional cuts to defense before we have done a strategic analysis and review would be perhaps reckless, irresponsible, even dangerous to the country. Is that a fair depiction?

Secretary PANETTA. All of that.

Mr. FORBES. If that is the case, Mr. Secretary, then would it not also be reckless, irresponsible, and dangerous for us to do the $450 billion of cuts we have already done before we did a strategic review and analysis in the same way? And if not, differentiate for me the two.

Secretary PANETTA. Well, the reality I am dealing with is that Congress——

Mr. FORBES. I am not blaming you.

Secretary PANETTA. No, I understand. But I am dealing with the reality of having to reduce $450 billion and do it over these next 10 years. I mean, obviously the better approach—had we the resources in this country and had we managed our budgets more responsibly, the better approach would have been to develop the strategy to be able to discuss exactly what we need, determine what the resources would be in order to meet that strategy and then come to you and say, this is what we need in order to do the job.

Mr. FORBES. But the two are essentially the same. So if one of them was perhaps reckless and irresponsible and dangerous, you can make the argument that the other one would be too. And the other thing that I wanted to raise is we have heard a lot about risk. And both you and the chairman mentioned that there were risks to missions and institutions.

But as you probably know, yesterday we had three former chairmen in here, all who had tremendous wisdom and expertise. Former Chairman Skelton made an interesting observation. I asked him to give us the biggest warning that he would offer us as a committee, a Congress, and a Nation. And he said was over his tenure in Congress he had seen 13 different contingencies, conflicts; 12 of them were unpredictable. That means that the President, whoever he might be, is going to have similar unpredictable missions that we can't foretell right now. When we talk about acceptable risk, isn't it true that we are not just talking about risk to the mission or the institution but we are talking about risk to the men and women's lives who are performing those missions, if we make those and we are wrong?

Secretary PANETTA. You are absolutely right.

Mr. FORBES. Good. With that, Mr. Chairman, I yield back. Thank you both for your service to our country and for being here today.

The CHAIRMAN. Thank you very much. Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman. And I want to thank the witnesses and congratulate them on your new positions.

I also want to take a moment to at least highlight your announcement today about moving up the auditability target to 2014. I sit on the subcommittee with Mr. Conaway and Mr. Andrews. This committee actually has been moving on this issue. That is no mean feat, what you have announced here today. But it will in fact help us get towards the goals that we are talking about this morning in a smart way. And certainly waste, fraud, and inefficiencies are things that I think having an auditable set of books really helps us accomplish and doesn't affect our ability to defend ourselves. So congratulations on that announcement.

Secretary PANETTA. Thank you.

Mr. COURTNEY. You said a moment ago that you want to have a military that is capable of reacting to surprises. Last March, President Obama had to react to a situation that arose in Libya where we had a humanitarian disaster in Benghazi on the brink of happening. What he did at that time, which I think was the right call, was exercise what I think he described as "unique capabilities." To help NATO intervene, we had a submarine fleet in the Mediterranean, the *Scranton*, the *Providence*, the *Florida* which in a matter of 48 hours neutralized Qadhafi's air defenses. And you know in this era—I mean there are some people who feel that our submarine fleet is sort of a cold war relic. Obviously the events in Libya demonstrated that it gave this country the ability to react to a surprise. We are at a point though where all three of those boats are going to be going offline in roughly 10 years. We are now at a point where our sailors are being deployed at 7-month stints undersea as opposed to 6 months, which has always been the Navy's—again, to deal with a shrinking fleet size.

And I just wanted to ask you, Mr. Secretary, to just sort of get your views on the roles of our submarine fleet post-9/11, particularly in terms of other areas of the world that you mentioned earlier where undersea warfare seems to be sort of on the upswing with some of our potential threats.

Secretary PANETTA. I have always considered our submarine fleet to be an essential part of our forward presence, our projection, and also the capability of being able to respond to the kind of surprises that we run into in the defense business.

I think we need a full range of capabilities in order to be able to address the threats of the future and the threats of the present. Submarines have actually provided that additional arm, particularly with regards to our fleets, that I think is absolutely essential to our defense in the future.

Mr. COURTNEY. Good. Well, thank you. And maybe we can get you to come up for the commissioning of the *Mississippi* in December in Groton, Connecticut.

Secretary PANETTA. I suspect I will do that.

General DEMPSEY. And if I could add, Congressman, except for one Saturday every year in December, I completely support the United States Navy.

Mr. COURTNEY. Thank you.

A corollary though to that issue is obviously the SSBN [Ballistic Missile Submarine] replacement program which, again, we have spent a lot of time in this committee and in the Seapower Subcommittee. You mentioned, General, the issue of nuclear deterrence which is, thankfully, a low risk situation right now but nonetheless a risk. And I just wonder if you could share your thoughts in terms of the need to move forward with the SSBN replacement program that the Navy has worked hard on.

General DEMPSEY. Well, as you know, we have been studying and must continue to study the capability given to us by the triad. And of course the SSBN fleet is our most survivable leg of the triad. And therefore, I consider it to be indispensable.

As we go forward and as we understand the future of nuclear nonproliferation talks, I mean, that could change. But for now, I think we are exactly where we need to be.

Mr. COURTNEY. Thank you. One last question.

Mr. Secretary, Secretary Gates about a year and a half ago announced an initiative within the Department of Defense to really look at our regime of export controls.

Secretary PANETTA. Yes.

Mr. COURTNEY. Which, again, really are sort of in a cold war mentality. Again, I realize you are pretty new into the saddle. But any updates you can give us in terms of how that is progressing in your own views in terms of how we get there.

Secretary PANETTA. I fully support what Secretary Gates is trying to do in that arena. We really do have to update our export laws and begin to bring them into the 21st century, frankly. Not only for purposes of the technology and the industries that we have here, but I think we are at a stage now where, very frankly, as we develop those alliances, as we develop—I mean NATO performed pretty well in terms of Libya. And the real question is, if we are going to develop those kinds of capabilities, if we are going to de-

velop those kinds of alliances, they have got to be able to have the latest in terms of technology and in terms of weaponry. And that means that we have got to be able to share that kind of technology. So I am working very hard to try to see if we can try to do away with some of the barriers that were established by those laws.

Mr. COURTNEY. Some of us would want to work with you on that effort.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. This would probably be a good time to wish the Navy a happy birthday.

Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

General Dempsey, General Amos has been pretty adamant about the F–35B, and I agree that it does increase capacity certainly in range. But I am interested in knowing, since this is the first opportunity we have had to hear from you directly, do you share his enthusiasm for that aircraft? And will you commit to helping make sure that we move forward with it?

General DEMPSEY. I am supportive, without caveat, of the development of a fifth generation fighter. I am concerned about the three variants and whether, as we go forward in this fiscal environment, whether we can afford all three. But I am eager to learn more about that. And I do have great respect for General Amos' judgments. But I will tell you, that is something we have to keep an eye on. Three variants create some fiscal challenges for us.

Mr. MILLER. Secretary Panetta, good to see you. I look forward to working with you in your new capacity. Also talking about the STOVL [short take off and vertical landing] aircraft, I watched a video last week of it landing on the *Wasp* and my question is, with sea trials ongoing now, basically, and the aircraft appears to be performing well, it has been on probation—which the term "probation" doesn't exist in any of the acquisition areas, and I think probably it has created or could be considered a black mark on the STOVL aircraft. But what remains now as far as items that would allow it to be removed from its probationary status?

Secretary PANETTA. You know, all of these planes are now being fully tested, and that is one of the good things. I mean, this is the fifth generation fighter. It is something we absolutely need. It is a remarkable plane, and it really does the job well.

But what we want to do is to make sure that as it goes through this test period we are able to understand all of the issues involved with it, that we are able to be fully confident that this plane, once it goes into production, is going to be something that will be totally effective and will be totally capable of serving the mission that it is required to do. So, yeah. I mean, the term "probationary" is out there. But frankly, what that essentially means is, give us a chance to test it, give us a chance to see how it performs, and if it performs well then obviously it will be able to make the grade.

Mr. MILLER. Thank you. And the other thing was, OMB [Office of Management and Budget] released guidelines for 2013 in the budget where it actually states that the Department should identify programs to double down on because they provide the best opportunity to enhance economic growth. I did have the opportunity to go visit the line in Fort Worth for the F–35. 127,000 direct and

indirect jobs right now. Certainly if we can remove some of the instability in our purchasing of this aircraft and move forward with what we originally intended to do—and I understand the budgetary constraints that we are in right now. I still contend—and I don't think you meant it the way you said it. We have the resources. We don't have a tax revenue problem in this country. We have a spending problem and an allocation of where those dollars go. But I would hope that if that is what the administration would like and we are trying to increase jobs and this is an aircraft that we do want to go forth, looking at what China is doing and how fast China is producing their aircraft now, significantly quicker than what we originally anticipated, I hope that you would look at the F–35 very carefully as meeting OMB's challenge.

Secretary PANETTA. I will certainly do that.

Mr. MILLER. Thank you.

The CHAIRMAN. Thank you. Mr. Loebsack.

Mr. LOEBSACK. Thank you, Mr. Chair. I want to thank both of you for your service. I look forward to continuing to work with you into the future. I think we can all agree that under the current fiscal constraints that we are operating under we have got to make wise decisions, the best decisions we can make. I think we can all agree with that on a bipartisan basis, make sure that we don't draw down too much because, as Mr. Forbes said, Ike Skelton said, there are contingencies, things are going to happen. We are going to have to be prepared. There is no doubt about it. And I have two areas of inquiry I want to explore with you briefly.

The first has to do with our organic manufacturing base at installations like the Rock Island Arsenal. In the past I think it could be argued that we probably drew down too much. And so when contingencies came up, when issues came up, it took too long for us probably to go back to that organic base, build that up again and those capabilities. Congressman Schilling and I and this committee, we have been working across the Mississippi River, across the political aisle to make sure that facilities like the Arsenal can engage in unlimited public-private partnerships so we can maintain those skills of those workers there, not let the organic manufacturing base decline to such an extent as we did before.

The second issue has to do with the Reserve components, the Guard and Reserve. A lot of us have concerns that as we begin to draw down that we are going to see the capabilities of those forces also decline and across the spectrum, including Title 32 duties that they have as well.

So first I would like to ask the both of you to respond to the issue of the organic manufacturing base. How does that fit into the overall plan, making sure those capabilities remain, that they don't decline the way they did before.

Secretary PANETTA. Congressman, thank you for the question. Two very important issues. One, one requirement that I have with regards to our overall strategy is to make sure we maintain our industrial base. I absolutely have to have that. If we are going to be able to have a strong defense, if we are going to be able to maintain a strong defense, if we are going to be able to respond to the crises of the future, I have got to have an industrial base that can respond to that. If we have to mobilize quickly, if we have to

weaponize quickly, I have got to have that industrial base in place. And if we cripple that, we will cripple our national defense. So what I am asking is, as we develop a strategy and as we go through some of these decisions, we make very sure that we are protecting the base that you talked about so that those skills, those capabilities are always going to be there for us when we need them. It is going to require some decisionmaking here. We are going to have to be able to get the cooperation of the private sector as well in this effort. But I have met with them, and I am fully confident that we can get that done.

On the Reserve and Guard—and I will let the General speak to that. The Reserve and Guard, we have gone through a remarkable period where the Reserve and the Guard have really performed in an outstanding fashion with regards to the wars that we have been in. We have been able to rotate them in. They have gotten battle experience. They are better. They are more capable. They are more experienced. I don't want to lose that. And as we go into the future, what I want to do is, A, try to retain that kind of experience to the best we can. But secondly, I would like to keep them on some kind of operational capability so that we can basically move them into roles that will continue to benefit from that experience that we have gotten from them.

Mr. LOEBSACK. Thank you. General.

General DEMPSEY. Thank you, sir.

I don't have anything to add on the defense industrial base, other than to assure you that it is prominent in our strategy review. As far as the Reserve Component, if we are true to what we say we are, which is a learning organization, we need to learn some lessons as our relationship with the Reserve Component has changed over the last 10 years. And as we develop this strategy, we might find things that we decide we don't need immediately; they can be placed into the Reserve Component; and things that were in the Reserve Component that we now realize we need immediately, we might migrate them into the active. So I would say what you will see and what is ongoing right now is a very healthy discourse among the three components, Active, Guard and Reserve, to determine what is our new relationship now based on the last 10 years of war.

Mr. LOEBSACK. I thank both of you for your service, for your support for these issues. And General, just one little area of disagreement, in December, that we are going to disagree on the outcome of that game. I have two children who are Naval Academy graduates. I apologize. But that is how it is. Thanks very much.

General DEMPSEY. Congratulations. I have two children who are West Point graduates. So we are really at odds.

Mr. LOEBSACK. Thank you. And I yield back.

The CHAIRMAN. Thank you. Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman. And thank you, Secretary, for being here and General Dempsey. Thank you both for your service. Mr. Secretary, I want to thank you for your clarity of your response that there should be no further cuts in our military defense. Equally, I appreciate you stating your belief that that is the position of the President. This is so important that our country know and that our adversaries around the world know that we will

be prepared and we will be able to defend the American people. And General Dempsey, in fact with the number of threats the Secretary identified that are rising—not being reduced—it is very important that we be able to fight a two-conflict war. I am very concerned with the drawdown, the Army below 520,000, the Marines below 186,600, that that puts us at risk. Will we be able to face a two-front war?

General DEMPSEY. That analysis is ongoing, Congressman. But what I can assure you is that I would never advocate a strategy for this Nation that would limit us to being able to do one thing at a time because that is not the world we live in.

Mr. WILSON. Thank you very much. And Mr. Secretary, I am really honored. I work with Ranking Member Susan Davis to promote military families, service members, veterans. An extraordinary benefit that they have is the resale system, PXs [Post Exchanges], NAVXs [Navy Exchanges], MCXs [Marine Corps Exchanges], commissaries. They operate in the most bizarre locations around the world. It is a really great morale builder, a way of showing our respect to our military. And we have extraordinary facilities, such as at Fort Jackson in Parris Island that I represent. What is your view about our military resale system? In light of the budget constraints, can we count on this benefit to be available?

Secretary PANETTA. I view that as a very important benefit for the families that are out there. I mean having served 2 years myself and had my family benefit from that, I understand how important that is. And it is something we will continue to provide. As we go through the process of looking at the infrastructure, there may be some areas where we may have to reduce the presence. But for the overall benefit, that is one that we think we believe we ought to maintain.

Mr. WILSON. And a side issue that has been raised is the number of military families that work in the resale in remote areas around the world that simply couldn't find employment otherwise. And so it has so many side benefits that should be considered. And I am really pleased that Congressman Loebsack has really already brought this issue up, the importance of the National Guard and Reserves. As a 31-year veteran of the Reserves National Guard and extremely proud father of three sons in the Army National Guard, as we really get into the circumstance of budget cutting and determining prioritization, if you could state further—I can't hear enough because I do know firsthand of the extraordinary success, like the 218th Brigade in South Carolina of their service in Afghanistan, how much our Guard and Reserve appreciate serving overseas and in the country.

Secretary PANETTA. There is another factor here that I think is extremely important to the Reserve and the Guard, which is that the Reserve and the Guard reaches out into every community across this country and it makes every community a part of our national defense system. And to some extent, every community has to participate not only in service but in the sacrifice that is involved when we defend this country. So for that reason, I think the grassroots operation of having a strong Reserve, strong Guard that can help us as we confront the crises of the future is something

that I want to assure you we are not only going to maintain but strengthen.

General DEMPSEY. And I will add, Congressman, that having served multiple tours in Iraq and Afghanistan and having—most of the time when I get on a C–130 to go someplace, it is an Air National Guardsman. I have driven up Route Irish between the airport and the center of Baghdad and being defended by the fighting 69th out of New York. And the highest compliment I think we can pay the Guard and Reserve now is, you can't tell what soldier is an Active, what soldier is a guardsman, and which soldier is a Reserve component soldier. We are truly one force now.

Mr. WILSON. Thank you so much.

The CHAIRMAN. Thank you. Ms. Tsongas.

Ms. TSONGAS. Welcome. It is so good to see you both here for your first testimony before this committee, and we look forward to many more to come.

I don't relish the job you have. You have a very difficult task in view of the extraordinary challenges we face as a country. We all have known for some time that, as we face the debt and the deficit, the Defense Department was going to have to absorb its fair share. But we all know we want to do it in as thoughtful a way as possible. And what I appreciated, General Dempsey, was when you said you are a learning organization. And as you have talked about the assessment of risks, how you develop strategies as you assess those risks, just a comment, I would hope you also take into account that not every risk can be dealt with through a military response, that there are limits to our capacity to deal with every threat militarily, that there are perhaps other ways as well. So just a comment for the record. And as a learning organization, I am sure that that is something you will take into account as well.

And also, I wanted to reiterate the importance of the National Guard and Reserves. I know in the Fifth District of Massachusetts, most who are serving today are doing it through either one of those great organizations, and they have done it with such dignity and professionalism.

But I wanted to go in a slightly different direction. Yesterday the former chairman of our committee, Ike Skelton, testified in a hearing that "The strength of the U.S. military flows from the dedication and skill of our All-Volunteer Force. Indeed, the new Defense budget must maintain our Nation's security by keeping 'the profession of arms' professional." And I believe this is a view you both share.

With women now playing an ever-increasing role in our military, supporting our All-Volunteer Force requires an understanding of the issues and challenges confronting both the serviceman and the servicewoman. An issue I would like to address today is the issue of sexual assault in the military which is reported with alarming frequency. Mr. Secretary, in 2010, there were 3,230 reported sexual assaults in the military. But by the Pentagon's own estimate, as few as 10 percent of sexual assaults are reported. The VA [Department of Veterans Affairs] estimates that one in three women veterans report experiencing some form of military sexual trauma. And I can tell you that from the anecdotal evidence I hear, the stories I hear, from returning women veterans but also the VA organi-

zations in Massachusetts, that those numbers are accurate. Obviously it is unconscionable to begin with that so many of our brave service members are subjected to this criminal and predatory behavior. However, what also concerns me is that this systematic abuse will hurt our readiness by deterring highly skilled and patriotic women from enlisting or re-enlisting in our Armed Forces.

In a time of two wars and massive budget cuts, our military needs to attract and retain the most capable personnel possible. In 2008, when Ann Dunwoody became the first woman in our Nation's history to be confirmed as a four-star general, women made up 14 percent of our Active Duty personnel. We must make sure these women's needs are being met.

The House version of this year's National Defense Authorization Act, which passed in May, takes several important steps to address sexual assault in our Armed Forces. This work has been done through the combined efforts of many of my colleagues, Representative Davis, Representative Pingree and Representative Turner. When he appeared before our committee in February, I raised this matter and our responses to it with your predecessor Secretary Gates and asked him why the Department had previously resisted efforts to put certain protections in place. He responded he hadn't realized that the Department had resisted. He would look into it and find out why they oppose it, why not, and why they shouldn't go forward.

I have a very simple question to Secretary Panetta. In this time of austerity where we face massive budget cuts to the Department of Defense and potentially threatening cuts, if the sequester is exercised, can I count on your support to fund new initiatives aimed at preventing sexual assault in our Armed Forces? I don't want to see this budget environment become an excuse to not fund these initiatives.

Secretary PANETTA. Absolutely. I thank you for your leadership on that issue. It is an issue that I am paying a lot of attention to because women are performing in an outstanding fashion for the Department of Defense. They put their lives on the line. They are doing great in terms of helping to defend this country. And I think we have to make sure that we provide all of the protections necessary so that what happens in these horrendous sexual assault cases, A, should not happen but, B, if it does happen that justice is rendered quickly.

Mr. TSONGAS. Thank you. I look forward to working with you on this.

The CHAIRMAN. Thank you. Mr. Turner.

Mr. TURNER. Thank you, Mr. Chairman.

General, in your discussion of the range of threats that we might face, you said that nuclear conflict is unlikely. It is unlikely because of the strength of our nuclear deterrent. It is both credible and reliable. Cuts that are currently pending before Congress to our nuclear deterrent could affect both that credibility and its reliability. At a time where China and Russia are investing in nuclear weapons infrastructure, we are looking at proposed cuts that would create vulnerability and instability. After years of disinvestment, our current proposed plan for modernization really looks at the issue of deferred costs.

Mr. Secretary, I am going to ask you a question that I know your answer—because we had the opportunity to discuss this at the Pentagon on Tuesday. I appreciate your commitment to fully funding the modernization program of the NNSA, of our National Nuclear Security Administration. It is important though in this venue to have you express those opinions because, as you know, we are right now heading to the prospects of an omnibus in which there could be significant cuts that occur to our nuclear weapons infrastructure.

Now I know you are aware that as the New START [Strategic Arms Reduction Treaty] Treaty was being proposed, the President came forward and was asked for a commitment to modernization of our program. The President and the Senate, taking up the issue, recognized that as you go to lower numbers that you actually have to set aside increased dollars so that we can have both security and, understanding that we have had deferred maintenance, that we need to go forward with our modernization program. The President said, "I recognize nuclear modernization requires investment for the long term. In addition to this 1-year budget increase, this is my commitment to Congress, that the Administration will pursue these programs and capabilities for as long as I am President." The program included an $85 billion investment for modernization. And I know, as you both are aware, that this program resides in DOE, the Department of Energy, as opposed to DOD, the Department of Defense. And Secretary Gates, in showing his commitment to that program, set aside $8.3 billion over the next 5 years to invest in that program. Gates, then saying, "This modernization program was very carefully worked out between ourselves and the Department of Energy. And frankly, where we came out on that I think played a fairly significant role in the willingness of the Senate to ratify the New START agreement. So the risks are to our own program in terms of being able to extend the life of our weapons systems. This modernization project is in my view both from a security and political standpoint really important."

Mr. Secretary, so my question to you is, do you agree with Secretary Gates and the importance of this modernization program? And what is your assessment of the proposed cuts? As we know, the modernization program, in addition to coming across from the President's budget as fully funded, was included in the House budget as fully funded. It came out of this committee with our National Defense Authorization Act as fully funded and then stumbled as it came out of the Appropriations Committee, both the House and the Senate Appropriations Committees taking a whack at the program.

As we know, with the omnibus moving forward, your statements are even more important now. And I want to highlight that one of the issues with Gates' and your support of $8.3 billion to the Department of Energy programs is that as those funds come out of the Appropriations Committee with cuts, in effect your funds with being stolen for water projects across the country, and I think you might have an opinion about that.

Mr. Secretary.

Secretary PANETTA. Well, as a former Member, I know in those committees, they are going to reach for whatever they can in order

to try to see if they can fund those projects. I mean, I understand that process. But I think it is tremendously shortsighted if they reduce the funds that are absolutely essential for modernization.

I and Secretary Gates are in lockstep with regards to our positions and, frankly, with the President that we have got to fully fund—fully fund the modernization effort with regards to the nuclear area. I mean, this is too important. We have always been at the cutting edge of this technology, and we have to stay there. There are too many other countries that are trying to reach out to develop this capability. And if we aren't staying ahead of it, we jeopardize the security of this country. So for that reason, I certainly would oppose any reductions with regards to the funding for weaponization.

Mr. TURNER. I appreciate it. Because your statement is very important to identify that this is not an area where we can find savings, this is an area where cuts actually expose risks.

Secretary PANETTA. That is right.

Mr. TURNER. General, if you might wish to comment on the modernization. As our warheads continue to age, the infrastructure continues to atrophy, and it becomes a decrepit state that we look to our nuclear deterrent. As we look to lowering numbers, we lessen our ability to hedge as our nuclear weapons infrastructure ages and has disinvestment.

Do you have a comment on that?

General DEMPSEY. Just to reinforce what you said.

The CHAIRMAN. General, could you please do that for the record?

General DEMPSEY. I can.

The CHAIRMAN. Thank you very much. Ms. Pingree.

Ms. PINGREE. Thank you very much, Mr. Chair.

Thank you, Mr. Secretary and General, for being before our committee today and for your diligence in answering a great diversity of questions.

I want to first just echo the remarks of my good friend and colleague Mr. Jones. And I know he is no longer in the room, but I really do appreciate his vigilance and courage in continuing to highlight the importance of ending the war and bringing the troops back home. I know we started the day with protesters in the room, and sometimes they seem disruptive or their tactics are some we might argue with. But frankly, we are facing a time when there are protesters in almost every city where we reside or represent. And there is huge dissatisfaction in our country about the representation that they feel many of us them give in Congress. And one key area is about ending the war, the fatigue that people have. Many people feel we were misguided getting into Iraq, that we have been in Afghanistan for too long, and in this time of budget deficits we can just not justify $120 billion a year.

And I just want to echo Mr. Jones in saying that I have been on this committee only—this is my third year. But I have that feeling that we find ourselves often in somewhat of an unconscionable inertia around the war. It is hard to end. 2014 turns to 2015 turns to 2016, and people continually wonder when will we end the war, particularly after the capture of bin Laden, after the reduced number of Al Qaeda operatives and, in fact, in the light of, as you said,

huge security concerns in countries all over the world which we are not adequately prepared for or perhaps ready to defend ourselves.

I don't think it is unrelated that we are facing these huge needs for budget cuts and there is this dissatisfaction out there with the way we do things. On the right, it is about our growing deficits and the irresponsibility many people feel around that. On the left, it is this idea of, why don't we end the war and why are we spending $120 billion if we significantly need to cut defense?

Ms. PINGREE. And I think that is why we are facing such difficult cuts today. And I just feel—it is important to echo that. I agree with so many of my colleagues that we need to have a strong defense, and I am proud to represent the Bath Iron Works and the greatest shipbuilders in the world, the naval shipyard where we keep our submarines safe and working, and I understand that we don't have a strong enough Navy, that there are pending threats from China, and we don't want to be a smaller force than they are there. There are true needs in our military. There are huge security needs around the country. I just believe that this war, which has been crippling us as a Nation, which has had excessive costs, which has forced us to prepare for exclusively ground wars and not be prepared in other areas has to end.

All that said—and I know you have stated your own opinion on that, so I just feel the importance of reinforcing it and think that I reflect the thoughts of many, many of my colleagues in Congress, and certainly the majority of residents in my district. It is an issue I hear about frequently.

On a completely different topic, as you are pondering the difficult cuts that will need to be made one way or the other, I want to echo the remarks of my colleague, Mr. Reyes, who talked about the Defense Business Board. And I do appreciate your response to that, that it is still a plan that is under consideration.

Thank you very much, General Dempsey, for really talking about the difference in a retirement system for the military than in civilian life. You, I think, said it extremely well, that people move constantly, they serve their country in ways that we don't do in other lives, that people's spouses often can't work and build a retirement, and I strongly oppose that plan. I disagree with the idea of making those kinds of cuts. And I, frankly, would say that with the Commission on Wartime Contracting funding, that we have wasted between $30 and $60 billion in Iraq and Afghanistan and a billion more—billions more in wasted weapons programs that never make it in warfighters' hands, it is hard to justify targeting military families, those that serve our country when it seems to me, again, there are other places to be cut.

You have stated your opinions eloquently on both of these things. If you have other comments, I am pleased to hear them, but I wanted to add my voice to others who feel like we are not moving fast enough on ending the war.

Secretary PANETTA. Obviously, I respect your concerns and I recognize the frustration, you know, having been through these wars and the losses that we have incurred. But we are—you know, we are in the process of ending the war in Iraq. By the end of this year, we will have withdrawn all of our combat forces from Iraq. That is going to happen. And with Afghanistan, I am fully con-

fident that the President of the United States is committed to ensuring that we transition our combat forces out of their by 2014.

We just have to do this right. I mean, what I don't want to happen and I think what all of us need to be concerned about, if we do this in the wrong way, if we do it so fast that all of a sudden Afghanistan falls apart again, it becomes a safe haven for the Taliban or Al Qaeda and suddenly we are subject to attacks again, then, you know, the world is going to look at us and say how could you have let that happen? So that is what I am trying to prevent, is to be able to do this, but do it responsibly.

Ms. PINGREE. Thank you for your comments.

General DEMPSEY. I would like to answer that for the record too, Mr. Chairman.

The CHAIRMAN. Would you please. Mr. Kline.

Mr. KLINE. Thank you, Mr. Chairman, and thank you, gentlemen. And congratulations on your appearance here in your new roles. I want to thank you, Mr. Secretary, for your comments about responsibly disengaging from Afghanistan and not precipitously so. I mean, we have many, many of our sons and daughters who have served, are serving and will serve there. It would be a terrible, terrible disservice to them for them to serve with no chance of succeeding as well as an incredible danger to our own country.

So thank you for that. And I want to congratulate you sort of. I want to congratulate you on your announcement about 2014 and 2017, way, way, long overdue to have an audit. 2017, I daresay that perhaps neither one of us will be here, so I am cautiously optimistic that that might occur. But nevertheless, I really appreciate your take in the bit in the teeth so to speak and trying to get that done.

Looking at these budget cuts, those in the works and horrifyingly those that are potentially out there, I am mindful of a former chief of staff of the Army who used to talk about the tyranny of personnel costs. And I know that is of some concern as we have stepped up to meet our obligations to the men and women who are serving in terms of medical care, pay raises, retirement benefits and so forth. And I am very concerned that we honor your pledge to keep faith with those who have served, and I want to get to the question and underscore a discussion that I think was started by Mr. Reyes about retirement benefits.

As it happens, I was recently in Fort Bliss, Texas visiting my favorite soldier and his family and talking with families and soldiers about the story that was ripping around the United States Army in The Army Times and elsewhere and the high, high level of concern that the retirement benefits that they had served and worked for were going to be yanked away. And clearly, I think that would be breaking faith with those who have served and horribly irresponsible. And the same can be said of other benefits that we have put forward.

But I want to focus on this retirement rumor which is ripping through and which they were taking as real and which was being actively considered, that after having served 20 or 15 or a number of years, that they were going to get something substantially less than what they had signed up for.

So for the record, I am absolutely clear, I would like to hear from both of you that you are adamantly opposed to that happening, to changing those retirement benefits for our serving men and women.

General DEMPSEY. I am adamantly opposed to changing the retirement benefits for those who are currently on active duty, but I am also open to look at potential changes to the retirement system as part of our overall look at compensation for the future.

Mr. KLINE. Mr. Secretary.

Secretary PANETTA. Absolutely. We cannot break faith with those that have served and deployed time and time again and were promised the benefits of this retirement program. Those benefits are going to be protected under any circumstance.

Mr. KLINE. Thank you. Outstanding. Mr. Chairman, I yield back.

The CHAIRMAN. Thank you very much. Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman. Secretary Panetta, General Dempsey, I want to congratulate each one of you all for your new positions and look forward to working with you. I have served on this committee for almost 5 years now and one thing I have noticed is that from time to time, we have needed the presence of our Capitol Hill police officers to maintain order in the room while we conduct our business, and I certainly respect the rights of people to come in and protest what we are doing, but you don't have a right to interrupt our meetings.

We had a large contingent of protesters today and we were able to proceed with the meeting because we had adequate resources to maintain order, the Capitol Hill Police Department. I appreciate their service. I have also noticed during history that, from time to time, there are disturbances throughout the world, and these disturbances may interrupt some of our various interests around the world, and it is necessary for us to have some kind of force to maintain order. And I hate that human beings have to have some protection, the weak over the—excuse me. The strong over the weak, the weak who seek to get stronger and then take over from the then-strong folks. But this is just something, it is like competition, like capitalism. It is just a natural human phenomenon. And we must have sufficient force when necessary to bring about the kind of relief that we need in terms of maintaining order throughout the world. And that is why we need a sufficient military force that is ready to respond immediately to whatever the circumstances may be.

And, of course, people are always trying to get more innovative and coming up with new ways of doing things of hurting people, and hurting us, Americans. So we have got to stay a few steps ahead of that at all times. If we don't, then we are not taking care of our business as elected officials in this country.

That having been said, Mr. Secretary, I believe that global nuclear disarmament is necessary if our country and our species are to survive and flourish. I understand the need to maintain a deterrent capability for the time being, but we can, nevertheless, dramatically cut our stockpiles and slow investment in new weapons. Mr. Secretary, do you agree that nuclear weapons programs should be on the table as the Department of Defense determines how to reduce its spending over the next 10 years?

Secretary PANETTA. Again, you know, we obviously, strongly believe that we have to maintain a strong deterrent against those countries that could potentially use nuclear weapons against us. With regards to reducing our nuclear arena, I think that is an area where I don't think we ought to do that unilaterally, we ought to do that on the basis of negotiations with the Russians and others to make sure we are all walking the same path.

Mr. JOHNSON. Certainly. And I definitely agree with that comment. The Army has spent $2.7 billion trying to build an intelligence analysis platform, the Distributed Common Ground Systems, a program known as DCGS–A. That program is now 5 years behind schedule, vastly over budget and fails to meet the needs of our soldiers. An article appeared in *Politico* earlier this summer detailing some of those failures and it explained that the program was unable to perform even the simplest tasks and frequently crashes. Is this system—we have already spent $3 billion on this system.

The CHAIRMAN. The gentleman's time has expired. Mr. Lamborn.

Mr. LAMBORN. Thank you, Mr. Chairman. And, Mr. Secretary, and, Mr. Chairman, I welcome you both to the committee also. And I congratulate you both on your new responsibilities, I think. And I look forward to many more sessions with you. My first question has to do with missile defense. Mr. Secretary, as you know, the President's budgets to date have cut a total of $1.65 billion out of the ground-based missile defense system, the only missile defense system currently in place to defend our homeland. Are you committed to the adequate resourcing of the ground-based missile defense system in the future?

Secretary PANETTA. I am committed to adequately resourcing what we have in place.

Mr. LAMBORN. Well, then as a follow-up, do you believe there are now an adequate number? I think it is too limited of a number, but do you think there is an adequate number of ground-based interceptors both to counter the threat to our homeland and to provide for testing?

Secretary PANETTA. I have had the chance to visit NORAD [North American Aerospace Defense Command] and STRATCOM [U.S. Strategic Command] as well. And I had a chance to really look at our capabilities. I mean, I think we are in good shape with regards to our ability to respond. It doesn't mean that we shouldn't continue to upgrade. It doesn't mean that we shouldn't continue to look at other ways to try to expand that capability. But, you know, we really do have a very remarkable defense system set up to deal with that challenge.

Mr. LAMBORN. Okay. Well, I look forward to continued conversations on this with you both. And now a separate question, but it has to do with capability. This is for both of you. As already scheduled budget cuts to the Department of Defense in excess of $400 billion for the next 10 years begin to take place and apart from sequestration, do you anticipate the Army reducing the number of brigade combat teams?

General DEMPSEY. As the former chief of staff of the Army and currently chairman, I do anticipate that the Army will reduce the number of brigade combat teams, but not just because of the pres-

sure of a new fiscal environment. Again, I am all about trying to understand what the Nation needs in 2020. What have we learned over the last 10 years of war?

So there is a plan that General Odierno, the current chief, is working with my support, to take a look at how many brigade combat teams you need if you change the nature of the brigade combat team. So roll back in another maneuver battalion, some intel assets. Things that we didn't know we needed 10 years ago, now we know we need them. So we will reduce the number of brigade combat teams, but the number remaining will be more capable.

Mr. LAMBORN. Are you talking about doing something simultaneously with anticipated drawdowns of the numbers of troops in both Iraq and Afghanistan?

General DEMPSEY. Stated another way, even if we had all of the money we needed, we would want to make some changes based on the lessons of the last 10 years of war. So we need to do that.

Mr. LAMBORN. But are you mostly anticipating a reduction of the number of teams that would correspond to the number of troops being brought home from those two countries?

General DEMPSEY. No, sir. There is a relationship between what the combatant commanders establish as a demand. So we know what a steady state demand is. And part of that demand is articulated by what we see as the future of Iraq and Afghanistan. So we know, for example, if the demand is 10, we have to have a minimum of 30, because there is one in the demand cycle, one just out, one getting ready to go. 30 is not the number, but I am just using that illustratively.

Mr. LAMBORN. Okay. Now, if there is sequestration, how would that impact the ability of our military to address the kinds of threats that you both talked about earlier in your testimony?

Secretary PANETTA. All bets are off because it would—sequestration would demand such drastic across-the-board cuts that it is pretty clear that the force structure would be reduced drastically. We would be looking at having to increase the number of risks within the military. And in addition to that, there is no question that we would hollow out the force because it would require these drastic, deep across-the-board cuts that would affect training, equipment and everything else. It would really be devastating in terms of our national defense.

Mr. LAMBORN. General, is there anything you would care to add to that?

General DEMPSEY. As a former service chief, the way that a service chief maintains the balance of his force, as he has three rheostats. One is manpower, end strength, one—that is one. One rheostat. The other end strength is modernization and equipment. The other is training and maintenance. The impact of the sequestration is not only in its magnitude, it is in what it does, what it directs the service chiefs to do in each of those rheostats. We lose control. And as we lose control, we will become out of balance and we will not have the military this Nation needs.

Mr. LAMBORN. Thank you.

The CHAIRMAN. The gentleman's time has expired. Ms. Hanabusa.

Ms. HANABUSA. Thank you, Mr. Chairman. Thank you, Mr. Secretary. And thank you, General. Let me begin, first, with Mr. Secretary. My questions are on the line of the future. As you know, the chairman has put the series of hearings together about 9/11 and the future. And you are the fifth in the series.

General Cody, retired, said this in his testimony, and I have written it down because it is something that stuck with me. He says the real question with regard to Services budget are simple: What missions do you want our military to continue to perform? What threats do you want our military to counter? What level of readiness do you want the military to sustain? And history has taught us that we are not very good at any of that. We don't predict well. But we are here and that is almost what we are kind of forced to do.

So, Mr. Secretary, from your vantage point, what is this vision that you want to share with us that you perceive this military has got to look like? And, General. So you can start thinking about your response, I am very curious about your 2020 Joint Force statement and if you could start with that. But, Mr. Secretary, could you begin with that, first?

Secretary PANETTA. I think the General who testified, you know, hit the right buttons. We have got to look at the threats that are out there. And as I indicated, we are dealing with a variety of threats that remain out there that are serious and that challenge our security. It begins with terrorism, the ability to respond and keep the pressure on terrorism so that people can't attack this country, the ability to bring these wars that we are engaged in to an end. We are involved in those wars. We have got to bring them to an end.

Thirdly, the area of dealing with Iran and North Korea and not only the nuclear proliferation from those countries, but the threats that they constitute in the regions that they are involved in. We have got to be able to deal with the Middle East and the unrest that is going on in the Middle East. We have got to be able to deal with the challenge of China and rising powers. We have got to be able to deal with cyber.

That is a quick rundown of the threats that are out there. We have got to be able, if we are going to defend this country, be able to have an agile, deployable, effective Force that can respond to each one of those threats. That is what we have got to do. And that is the vision that we have got to create.

Ms. HANABUSA. Before I get to the General. But, Mr. Secretary, isn't that the problem? I mean, I have had these discussions and I represent Hawaii. And, of course, China and North Korea, they are very real. Is the fact that—to be agile, aren't we looking at different types of forces? I mean, we have always thought about, I think force-on-force, I think, is one of the words that the General used before, but we have counterinsurgency, counterterrorism, and all of that are different to attack different kinds of problems. Now, if you have got a limited amount of resources, what rises to the top? Or can anything not rise to the top and we have just got to do it all?

Secretary PANETTA. You have got to be damn flexible, and that is what we are going to have to be in the future.

Ms. HANABUSA. General. Thank you, Mr. Secretary.

General DEMPSEY. And I thank you, Congresswoman. Well, this is exactly the conversation we are having with ourselves. So if you are not too busy, we wouldn't mind having you on our committee.

Ms. HANABUSA. I would love to come.

General DEMPSEY. Okay. The sort of intellectual framework is that when we get to 2020, we need to have taken into account the capabilities that we—10 years ago, we didn't have a capability in cyber. Ten years ago our special operating forces were nowhere near as capable as they are today. These two areas are exponentially more capable. So what we are looking at in 2020 is what is this exponential improvement in capability in those two areas that didn't exist 10 years ago 10 years from now, what will that allow us to do with the conventional Force and how do we integrate those capabilities, not just keep piling them on top of each other? Because as we continue to pile, we run the risk that you just articulated of becoming unaffordable. So that is one answer to your question.

Secondly, we will have to make some decisions about where in the world we will take more or less risk. And that is a matter of understanding demographic change, climate change, economic change and which countries in the world are appearing to align themselves against our interest. And our interests are actually not going to change. We need access to resources, we need to have freedom of navigation, and we need to be partnered on issues of common interests with our allies and partners.

So we will be able to articulate that world and then look back at where we are today, and use the next 4 years when we submit 4 POMs [Program Objective Memorandum], 1317 through 1620, to build that Force.

Ms. HANABUSA. Thank you, thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman. Secretary Panetta, General Dempsey, thanks so much for joining us today. Thanks for your service to our Nation. And thanks for coming here to discuss with us what we know to be some of the most important decisions that we all will make in a long time. Secretary Panetta, I begin with you. Your statement earlier talking about those four decision making guideline, I am in full agreement with clear strategic priorities, making sure we have a ready, agile and deployable force, making sure we have the capability and the capacity as was spoken of. I think those are absolutely critical.

As we look at that clear strategic program plan, whatever you want to call it, for the Department of Defense, as you spoke of, there are going to be some risks that are out there within that decisionmaking framework. The question then becomes, as you are faced—both of you are faced with $450 billion in reductions in the next 10 years is how do you calculate those risks? How do you make priority decisions in a realm that, as you said, is very dynamic, changes all the time, threats emerge, threats disappear?

My question is this: As you look at prioritizing, can you tell us this: Prioritizing—what are the three areas that you say have to be preserved and what are three areas most likely to be cut?

Secretary PANETTA. You know, again, it really wouldn't be fair to try to throw those issues out there because we are really in the process of looking at all of those areas and trying to decide, you know, as we deal with the threats that are out there, what do we need to confront those threats and how can we respond, and where is it that we can seek some reductions?

Now, you know, look, let us just begin with what I think is going to be, you know, something that is pretty clear. We are going to have a smaller force. If you have a smaller force, you are not going to be able to be out there responding in as many areas as we do now. So the decision then is going to be, you know, what are the areas we have to prioritize? For example, Korea, you know, we have a large presence in Korea. Korea remains a real threat. I think we have got to maintain our presence there. Are there other areas, then, where we deploy, for example, in Europe, we have got a base structure in Europe that is pretty broad. You know, do we need to maintain all of that at the same time we are dealing with these other needs?

So you can see the kind of tradeoffs that are going to have to be made, based on the threat, based on the nature of the threat. But by doing that, you know, I guess what I need to make clear to everyone, particularly on this committee, is that when you do that, then there are some risks associated with that. What are the risks, for example, if we reduce our presence in Europe? Well, it is the relationship with NATO, and the role that NATO plays. You know, are we going to be able to provide the kind of support that NATO needs in order to do its job. Those are the kinds of issues that I think are going to have to be.

Mr. WITTMAN. Very good. General Dempsey.

General DEMPSEY. Yes, Congressman. Just to be clear about the end state, I mean, we—I didn't become the Chairman of the Joint Chiefs to oversee the decline of the Armed Forces of the United States, and an end state that would have this Nation and its military not be a global power. So you are never going to hear us say, we are going to be really good in the Pacific but we are going to completely ignore the Indian Ocean and its littorals. We just can't do that. That is not who we are as a Nation.

And so we will remain a global power and the Armed Forces of the United States will remain the most dominant military on the planet. I mean, we owe the country and we owe the young men and women we send into harm's way that.

So as we look at the future and prioritization, it is not a matter of ignoring anything, because again, we can say that, it will look good on a PowerPoint® slide, it will make us feel good, but at the end of the day we are not going to ignore anything that threatens our Nation or threatens our interests.

Risk is generally managed in terms of time. Now, that is kind of an indelicate answer. I could certainly flesh it out for you over time. So if we were to say that we have to do two, three, four things at a time, we could add up the resources required, I could put a bill on the table for the SECDEF [Secretary of Defense] and say here is what we need, but I know you don't have that kind of—so you are going to take all the risk. I am just telling you that. And that is not where we need to go. Where we need to go is say, look,

there are ten things we need to be able to do. These we can actually take some risk in terms of time, whether it is the time to activate the Reserve component, whether it is the time to generate it. So time is the independent variable here, and we are trying to determine how to use it.

Mr. WITTMAN. Very good. Thanks, Mr. Chairman. I yield back.

The CHAIRMAN. Mr. Ryan.

Mr. RYAN. Thank you, Mr. Chairman. And congratulations to both of you. Secretary Panetta, my mom is 100 percent Italian, so congratulations on being the second Italian-American Secretary of Defense. Let me associate myself first with Congressman Loebsack's remarks regarding the defense industrial base. I represent a district in northeast Ohio, as you know, and it is critical that we have this money that we are spending, the billions of dollars invested back into our country. And I spent years when I was first on this committee dealing with the Berry amendment. And sometimes the waivers that were granted through the Berry amendment for specialty metals was happening way too often when we have American companies, titanium and others, who could provide the materials for the military.

So I hope as you continue to push down through the bureaucracy, your view and your vision that some of this is taken into consideration. The one issue I do want to talk to you about, we see often in our districts when young kids come back and they have been killed in action, they are on the front page of the paper and we have parades and gut wrenching services with their high school buddies and the whole nine yards. One of the issues that I have been concerned with too is the issue of the kids who come back, can never get reestablished. They are dealing with high levels of PTSD [post-traumatic stress disorder], and they are in the obituary section in the back of the paper and there aren't parades, and there is no banners and there is not huge services and community recognition.

And one of the issues I think that is dealing this blow to these kids is the extreme and prolonged levels of stress that they have in multiple tours and being able to deal with this. Not only as combat troops, but also trying to deal with the stress afterwards. So I want to call to your attention a program called the Mindfulness Base Mental Fitness Training Program that was established by a woman named Liz Stanley at Georgetown. And it is beginning to show both in trials within the Army and in the Marines. There was an article in the *Marine Corps Times* a couple of weeks ago called "Bulletproofing Your Brain." And it basically helps these folks deal with the stress levels that they deal with in combat. And we see with high levels of stress, prolonged and extreme levels of stress, you have diminishment in your cognitive abilities, diminishment in your situational awareness, your ability to focus and causes a lot of problems while in theater. But what they are starting to see here and study in the field of neuroscience is that you can actually change the shape of your brain. You can make new neural connections, and I think this is important when you begin to teach these soldiers, both to raise their performance and improve their performance as soldiers being able to focus better, having more efficient use of their faculties as they are dealing with this stuff, in-

creased levels of situational awareness, but also being able to deal with the stressful situations afterwards when they come back.

And I think this program, if you will look at it, and start looking at what some of the studies are suggesting, I think it can have a transformational effect. It is my own personal opinion. The science is still—the case is being built. But I think it can have transformational effects on giving these soldiers the tools that they need for when they go back home. Benefits now and benefits when they go back home. And the reports we are getting back in some of these articles from people in the Marines and the platoons is that they think something is there. They feel it work and one quote from the *Marine Times* article was a soldier who has been to, I think, Afghanistan once and Iraq twice learned this program after he got back and he said, boy, I wish I would have had this before I went over.

So I want to bring that to your attention, ask your opinions on trying to look at some of these alternative approaches to training our soldiers and getting them maybe prepared in better ways to deal with what they are going to see, hear, smell and have to deal with in war. So——

Secretary PANETTA. Congressman, I want you to know that I am willing to look at anything, anything that can help be able to serve these men and women when they come back from the battlefield to be able to adjust and be able to deal with the pressures and the stresses that they bring back with them. This is a real problem. You know, we have too high a rate on suicides taking place. And it is an issue that bothers me terribly because I am writing condolence letters now to those families, and that just—you know, it is unacceptable. We have got to—we ask these guys to go into horrendous conditions, they put their lives on the line, they have to face incredible threats to them and to their buddies and suddenly, you know, they are pulled out of that and brought back to this country and having to face some of the pressures here of having to adjust. Whatever——

Mr. RYAN. I would love to work with you on this program and with the General as well. Hopefully at some point we could have a committee hearing on it and bring the neuroscientists, bring Liz and bring the crew here from some of the folks who have experienced it already.

The CHAIRMAN. Good idea. The gentleman's time has expired. Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman. Thank you, Mr. Secretary, and General, for your service and dedication to duty. And it is an honor to be with you today. One, General, I am reassured by your comments you just made. It sounds like you just said not having a global influence is not an option, but it is if a trillion dollars' worth of cuts goes into effect over the next 10 years.

So a lot of folks and my colleagues on both sides have hit on the high-level points, but I think what we need to do is have the conversation with the American people that if we have, like, a Checkpoint Charlie Berlin situation in the Luzon Strait or the Strait of Taiwan, we have to build up there for some reason and we have a humanitarian disaster, we have a nuclear fallout in Japan like we had with their nuke plants, the Mediterranean, the Indian

Ocean like you mentioned, other parts of the South China Sea, Atlantic, Pacific, there is not going to be a way for us to respond to everything if we break down the military with those cuts.

So we are going to have to have the conversation with the American people, do you not want to help Israel? Because we can't help Israel if we have a buildup at Taiwan or some other area where we have to stare the bad guys in the eye and build up in that region. I just think we have to have that conversation because I don't think the American people realize that not helping Israel, for instance, is one of the options that will need to be on the table if one of those cuts go through. So bringing it down from that 10,000 foot view down to ground level, let us talk about IEDs. I think that a lot has happened under Secretary Gates. You had the UAV [Unmanned Aerial Vehicle] Working Group, the IED Working Group, Dr. Carter, General Paxton, JIEDDO [Joint Improvised Explosive Device Defeat Organization], all of these different groups getting together. But it still takes a long time, sometimes months, sometimes years to feel deployed, do R&D and get stuff to the field, even if it is only an 80 percent solution.

For instance, the newest thing with the Marine Corps—I was there literally not as a Marine, but as a civilian when they got the silk underwear because of the IEDs and the way that things were going with IEDs and the types of injuries they have. But that is the extent of what the American might and the American industrial base can provide to our Marines and soldiers, is hopefully a cleaner extraction of the fragmentation as opposed to a way to combat.

So my question is, what fresh thinking, what kinds of outside-of-the-box ideas are you bringing to the fight on the number one threat to our men and women, 70 percent of our casualties and KIA [killed in action] are caused by that. Historically, low casualty rates compared to any other war in human history, but it is still there and that is my question.

And then if I could, how will these budget cuts if they go into effect, affect our counter-IED fight? Thank you.

General DEMPSEY. Thank you, Congressman. Thinking of defeating the IED is thought about in three aspects. You have to defeat the device. You also have to defeat the network that produces it, which is the supply chain, the leadership, the facilitation, the financing of it. And then there is an issue called signatures, which is one of the creative ways we have been getting after identifying with—through various sensors the signature component of an IED so you can track the network and defeat the device. And that work is ongoing. What we have done in the Army is essentially said the IED is the enduring threat to our force for the foreseeable future. So we need to institutionalize—it can't any longer be thought of as a one-off threat. It is there and it will always be there because the enemy knows that asymmetrically they can attack us that way. JIEDDO is an important organization. It is fully funded in the budgets that we have submitted so that we can do the kind of work that you are describing. And so at this point, I can tell you that even in the $450 billion-plus cut or reduction, we can account for what you said. If the reduction goes deeper than that, I would have

to—we will have to take a look. But everything will be affected if there is another phase of this thing.

Secretary PANETTA. I think one of the real success stories in my predecessor was the ability to develop the vehicles that had to be done on a quick timetable to get them out to the battlefield. Under most circumstances, that would have taken 8 or 10 years. What they did was they basically said we need them, we need them now. They made the contract. They required that it be produced within a timeframe. They got it done. We got it out there and we provided it out in the battlefield. That is the model I think we have to follow as we deal with these kinds of threats. We can't just sit back and allow this thing to go over a long period of time. We have got to get it and get it done now.

Mr. HUNTER. The normal acquisition process had to be bypassed by this Congress and by your predecessor for that to happen. Thank you both. I yield back.

The CHAIRMAN. The gentleman's time has expired. Mr. Garamendi.

Mr. GARAMENDI. Gentlemen, thank you very much. Mr. Panetta, it is always good to share a table or at least an opportunity with you. And, General, thank you for your service. I have a series of questions. Actually three. I will send them to you in writing and save a little bit of time around here. In discussions about maintaining our industrial base, which we like to call Make It in America, there are numerous questions that have arisen about the outsourcing to other countries of key military equipment. For example, the fuel for the hellfire missile is made in China. It raises a bit of a question. Many of the components that deal with the targeting of critical weapons are also made overseas in China and other places. This is a major concern, and I will send you a more detailed question on it.

The other point that I will just make is that from the far left to the far right, various think tanks have been thinking about what to do with the military. A very interesting matrix can be put together. It was put together by my military fellow, and it is very interesting where both come down from the far left to the far right and in the middle about things that can be done. I will send you that matrix and I think you might find it a useful exercise—maybe you have already done it—about where at least those two spectrums, far out spectrums, find similar potential. I will let it go at that. You can comment if you would like. Take a deep breath and take a pass. Thank you very much.

Secretary PANETTA. Thank you, John.

Mr. PALAZZO. [Presiding]. At this time, Mrs. Roby from Alabama.

Mrs. ROBY. Thank you. I just want to say personally what an honor to be here in front of you both today and I just appreciate your willingness to serve our country in this capacity. I want to touch on something a little bit more on the personal side as it relates to our troops. We have talked about strategic planning and certainly that is very important as we move forward with these cuts. But we have got to talk about the morale of the men and women who are currently serving our country, both here and abroad and what this whole discussion is doing to them as they

move forward in their day and nights away from their families and really what that looks like.

I had the opportunity several months ago to sit down with some soldiers at Fort Rucker, Alabama, and talk to them about what can we do to help support them. And this one soldier looked at me and his pregnant wife was sitting at his side and he looked at me with tears in his eyes and said, Mrs. Roby, don't worry about me, just take care of her.

And we are fast approaching, as we move towards the realness of the sequestration, because as I have said many times, that this Joint Committee in a lot of ways is a microcosm of all of the problems we already have in Congress. And as we move towards this deadline date, it is that soldier and his wife and his family that is the real victim in this. Time and time again over the course of my short time here in Congress, our military families have been the ones that have been the insurance policy against political debate here in Washington, and I think it is unconscionable, and I think what all of your answers that you have provided today are important as they relate to specific operations within our military. But I just really want to give you both an opportunity to talk about the effectiveness, and with the 24/7 news cycle, our military families are certainly not immune to the very discussions that we are having here. And I have small children and I work, my husband and I, very hard to ensure that they know that they are loved and that they feel secure. And when you have a soldier serving overseas whose spouse is at home having to worry about whether or not that paycheck is going to come for them to put groceries on the table or to make the car payment or the house payment.

You, General, said that no matter how awesome our technology is at moving forward as a progressive military, our men and women in uniform are what make this military great. So I just wanted to give you an opportunity to both respond to that aspect of what we are looking at down the road.

Secretary PANETTA. Congresswoman, I thank you for that question. Our men and women are out there putting their lives on the line in order to defend our democracy. I think that one of the great national security threats is the dysfunctionality of Congress and its inability to confront the issues that we face now. And I think your concern is that this committee that has been established might fail to provide the leadership that it has been given, or the responsibility it has been given to be able to come up in a responsible way with additional deficit reduction. That concerns me as well.

I have to share with you, I served in this House for 16 years. During that 16 years, we faced a lot of great threats. We faced a lot of problems. But the leadership was there on both sides of the aisle, Republicans and Democrats, to work together to try to find solutions to these issues, not to walk away from them. And I think what is very important for this super committee and for all Members of Congress is to take the time to think about the sacrifice that those men and women go through to put their lives on the line in order to be able to defend this country. And if the Members of Congress would be willing to engage in the same kind of sacrifice, then I think they will have earned the right to represent those constituents in Congress.

Mrs. ROBY. Thank you, I appreciate that. General.

General DEMPSEY. It is hard to do a better job of answering your question and the concern behind it than the Secretary just did. In everything we are doing right now, in every deliberation about strategies and how we are going to absorb different reductions, the family, the soldier, the family, the veterans, the wounded warriors, gold star families are always the first issue that we discuss. And if we only end up with 1 dollar at the end of all of this, it will go to a family.

Mrs. ROBY. I appreciate that. Mr. Chairman, I yield back.

Mr. PALAZZO. The chair now recognizes Mr. Coffman from Colorado.

Mr. COFFMAN. Thank you, Mr. Chairman. First of all, thank you so much for your decades of distinguished service. Secretary Panetta, General Dempsey, and for your dedication to maintaining a strong military. I am reminded of the history of Great Britain after World War II where they still saw themselves as a world power but they came out heavily in debt, they were weakened by World War II. They were still engaged in anti-communist operations in Greece and Turkey but then they had to turn to the United States, and we assumed that role and there is nobody behind us.

China is a rising power and I don't think we would ever want to turn that responsibility over to China. So we have to maintain that strong military, that global power as both of you have so well articulated today. Let me put three questions forward and if we run out of time in terms of answering them, then if you could answer them on the record. The first one is that we still have a Selective Service system in place. Yet, according to the Army recruiting command, individuals between the ages of 18 and 22, 75 percent of them, I believe, are ineligible today for enlistment in the United States Army of young people between the ages of 18 and 22.

In 1973 was the last year that we had the draft. In 1974, we disbanded Selective Service. In 1979, Jimmy Carter put it back on the table as a response to the Soviet invasion of Afghanistan. And it still exists today, and it is not even in your budget. It is an independent agency and it is under the Financial Services Committee. It is not even under this committee. So the question is, do we still need it? The second is in South Korea, I believe we are moving from 1-year assignments to 3-year unaccompanied—3-year accompanied tours for our 28,000-force presence there. That decision was made, I think, really during the height of the Iraq war when dwell times were next to nothing. But we are phasing out of Iraq now, we will be phasing down in Afghanistan, dwell times will expand and the question is, do we really need to spend the $13 billion that I believe is necessary in military construction to accommodate that change in policy? Can we do something that is more cost effective given the expansion of dwell times like deploying battalions for 6-month rotations to and from CONUS.

The last issue is concerns—I think we have rank inflation in the military and I would like you to take a look at that. I believe if we look at the height of the cold war when I was in the United States Army, we had a military much larger than. But I believe that there are more 4-star flag officers in the military today and a much smaller Force. I think we have as many admirals as we

have ships in the United States Navy. And I think that that is duplicative to the rest of the military. And I would certainly like you to take a look at that and the costs associated with that. Could you go through those three questions, please.

General DEMPSEY. I will go from bottom to top and the Secretary will take the question about Selective Service. We are looking at rank. Some of the rank inflation is a result of international partners and their desire for flags, but we are looking at that, believe me. Secondly, on Korea, tour normalization, it is part of our strategy review to look at our forward presence—wherever we happen to be, but notably in Korea and in Europe, and again, to determine how best to do it in an affordable way and I assure you that we are alert to the fact that tour normalization to 3-year tours might become cost prohibitive. We do need some structure there with families because of the message it sends and the readiness increases when you have soldiers there for a longer period of time.

Secretary PANETTA. I mean, we are in the process of looking at everything that costs a lot of money and that is one of the things that costs a lot of money that we need to look at and determine whether or not we can find some savings in the way we approach that. On the selective service, the registration, registration is still required. You are right, that there is a system. It is not associated with us. But, you know, my view is that we ought to maintain the registration aspect because particularly as we go through these budget cuts, particularly as we go into the future, if we face, you know, one of those surprises, if we face one of those crises that suddenly occur, we have to have some mechanisms in place in order to be able to respond. And while right now I have to tell you the volunteer force is the best, I wouldn't trade it for anything, it really has served its purpose, but I think we always have to be ready for that possible contingency in the future if we suddenly had to face an unexpected event.

Mr. COFFMAN. Thank you. Mr. Chairman. May I have 30 more seconds?

Mr. PALAZZO. Without objection, so ordered.

Mr. COFFMAN. Thank you, Mr. Chairman. In terms of looking at forward bases and whether or not we can demonstrate our support for our allies, whether NATO or South Korea through scheduled regular routine joint military exercises, we are spending almost 4 percent of our GDP [Gross Domestic Product] on defense. I think only 4 of our 28 NATO allies are spending the required 2 percent required under the NATO charter.

In South Korea, they are spending 2.7 percent of their gross domestic product on defense. I believe we are at north of 3.6 percent. It seems like we care more about defending the South Koreans and the Europeans than the Europeans and the South Koreans. So I think that we need to strike a balance in that. Thank you, Mr. Chairman. I yield back.

Mr. PALAZZO. The chair now recognizes Mr. Scott from Georgia.

Mr. SCOTT. Thank you, Mr. Chairman. General, Mr. Secretary, I appreciate you being here and we have talked a lot about the cuts on the top line. And I represent Robins Air Force Base in Georgia and we have Moody to my south, Benning to my west, Kings Bay to my east, Stewart, Gordon. I should not have started naming all

of the bases, but the military industrial base and the men and women of the Armed Services are very important to us, and I did not vote for the sequestration. I think it is too much.

Now, I do believe that properly managed, we can take our cuts and I believe that—I couldn't think of a better person to help us manage through that than you, Mr. Secretary. One of my concerns is when I look at the things that we are doing that are cost drivers, the Energy Policy Act of 2005 says that, in our new facilities, we can have zero percent of fossil fuels in providing the energy for those facilities by 2030. That means no natural gas, it means no coal, it means no petroleum. And I guess one is, is that realistic? And two is, I think this is just one example I would say of a policy that has been put in place with well-meaning intentions, that is going to take energy as a percentage of your operations from approximately 3, 3½ percent as I understand today, up to a much more significant portion of your budget. And I guess my question is, what other cost drivers are there like that that we could make some changes to that would help you in reducing your costs?

Secretary PANETTA. Congressman, you know, as part of the strategy approach to look at, first of all, the overall needs and then determine where we go, I really do have to—I have got to put everything on the table including what you just discussed. I mean, I think we have to look at all of that to make sure that we are implementing the most cost-efficient approach to dealing with these issues. I mean, I understand, you know, at a time when, you know, we we're getting a blank check and things were doing fine, you could do all kinds of things. But now I am in a situation where I frankly have to tighten the belt, and that means I have to look at everything. And I think the areas you have pointed out are something we have to look at to make sure it makes sense.

Mr. SCOTT. I hope you give us a list of the things that you need us to help you with along those lines because I do believe that in order for us to reach our top line goals without affecting national security, that we are going to have to look at the cost drivers like that. And with that said, I know that you all waited 3 hours for me to ask that question. I will just tell you we are ready, willing and able to work with the two of you to solve this challenge. I yield back my time.

Mr. PALAZZO. The gentleman yields back. The chair now recognizes the gentleman, Mr. Young, from Indiana.

Mr. YOUNG. Thank you, Mr. Chairman. Thank you, Mr. Secretary and General Dempsey, so much for visiting us today. I have to say I have been incredibly encouraged, more so than any HASC [House Armed Services Committee] hearing I have attended thus far during my first term here because you discussed, in a very direct way, the need to assess risk, to accept risk, to articulate precisely which risks we are willing to accept, to do the whole probability of risk times anticipated costs of any given threat. That is exactly the sort of analysis that I have been pushing for months here and I know others have as well.

So I thank you for your leadership. Coming out of that analysis, of course, we will be able to, of course, prioritize missions and that, in turn, will inform our spending decisions here in Washington, where do we fund personnel? Where skills sets are needed? What

weapons platforms? That is the way we do business and it is really refreshing.

I am going to pivot a bit having given you those kudos to the war in Afghanistan where I see less clarity and I hope in coming weeks and months, perhaps years, we will be required to get some more clarity as to what our Nation's doctrine is. Mr. Secretary, you indicated that we are in Afghanistan to keep Afghanistan from becoming a safe haven for terrorism. True, it seems. And I hear that from many. It is a bit too vague for me. We did, as Mr. Jones said earlier, we got bin Laden. Al Qaeda has dispersed around the world. If a safe haven for terrorists exists, it is right next door in Pakistan.

So what is this doctrine that justifies a massive ground presence in Afghanistan? How do we measure success in that theater in particular, but also in other theaters, if it is justified, to have an American presence there? What is the exit strategy? It is going to take well past my reserve time here for you to be able to answer that. But as you get halfway into answering the first question of that litany, my time will expire.

So I just want to encourage you to clarify these things. People are losing their legs, people are dying and we owe it to all of them and their families and the United States of America. I am going to focus narrowly on one aspect of our exit strategy, though. And that is our fiscal commitment to the region. It remains open-ended. Right now we are spending $120 billion a year, and as far as the eye can see from my vantage point, we are going to continue to spend money in that region in the form of foreign aid and military assistance to harden the police and military forces there.

What is this Administration, Mr. Secretary, what is this Administration's economic strategy for Afghanistan, which, under the law, it was required to present to this Congress before you were sworn in back in June. We are still waiting on it.

Secretary PANETTA. Congressman, again, I really understand the concerns and all of the issues you raised, and I think we frankly, both of us, can more fully respond to it. But I mean I didn't support going into Iraq. But when you look at Iraq today, Iraq is a more stable country and in a very important region that is exercising self-government, is exercising the kinds of rights and responsibilities that it never enjoyed in the past. And as a result of that, it becomes a more secure area and it becomes an area in which they can govern themselves. And more importantly, they themselves can exercise the responsibility of maintaining stability there. That is an important achievement. That is an important achievement. I hope that we can do the same in Afghanistan.

Mr. YOUNG. And so that is, as you have articulated at least in summary fashion, the economic strategy for Afghanistan? That is narrowly what I am asking for here. And if you wish to follow up, I would certainly understand that.

Secretary PANETTA. Well, I think—obviously in Iraq, the economic strategy is a lot easier because they have an oil resource. In Afghanistan, it is much tougher. Now they do have minerals. They do have resources. None of that has really been fully developed. But I think providing that kind of support and allowing them to

be economically independent is going to be part of the solution here; otherwise, it is not going to work.

Mr. YOUNG. And as you say independent, I think trade. Might trade be part of the answer, not just in Afghanistan but regionally?

Secretary PANETTA. Yes. Very much.

Mr. YOUNG. Well, I am very encouraged to hear that and I look forward to working with the administration, this Department, and others to move that ball forward. Thank you.

Mr. PALAZZO. The chair now recognizes Mr. Platts from Pennsylvania.

Mr. PLATTS. Thank you, Mr. Chairman.

Mr. Secretary, General Dempsey, I am honored to be with you. And I first want to thank both of you for your many, many years of dedicated service to our Nation. We certainly are blessed by both of you, what you have done in the past and what you continue to do now in your new positions.

I want to first express, on policy, gratitude to the frank assessment of where we are; that while we are addressing the fiscal challenges of our Nation that we don't do it on the backs of our courageous men and women in uniform and at the risk of our national security. And you both play very important roles in your assessment of where we are with the $450 billion-plus cuts that are already coming and what that will do to national security and our commitment to our men and women in uniform and their families is so important to this dialogue, this debate that is ongoing. So I thank you.

Mr. Secretary, I want to also commend you and your testimony. I am running back and forth between a markup in Oversight and Government Reform. But I did get to hear on C–SPAN radio your opening statements, although I wasn't here in the room, and your focus on financial management within the Department. In the Oversight and Government Reform Committee, I chair the Subcommittee on Financial Management. Just 3 weeks ago, I had Under Secretary Hale's deputy before us and talking about where DOD is, moving to 2017. I was delighted as I listened to the radio this morning and heard your reference to trying to expedite the process in getting to that clean audit. And just, I guess two words of caution is one that it is so important that we get there because it will allow a better management of your resources, especially in tight fiscal times, but that it be true systemic changes, not ultimately a heroic effort to get a clean audit. And you reference in your testimony financial controls. Internal controls is where it is at. And the second is that we not repeat the errors of the past with the DIMHRS plan, Defense Integrated Military Human Resource System, that over 12 years, we spent over $1 billion on and unfortunately did not get a result from $1 billion of taxpayer funds. We learned from that and not to repeat that. But your leadership on financial management on the civilian side and General Dempsey on the uniformed side is going to be key. And this ultimately is making sure we have the resources to provide the training, the equipment that our men and women need and we do right by them and their families. So your focus on that.

A final one, really maybe beyond the general scope of today's hearing. But just a concern I have regarding our efforts in Afghani-

stan. And that is, when the President announced the surge, which I commended, back in December of 2009, and then the goal of starting to draw down troops this year, an important aspect of his statement was based on the facts on the ground. And I accept the decision. He is Commander in Chief and our military leadership at the Department that we can begin that 10,000-troop drawdown this year. My concern is that we are already committed to 23,000 next year when we don't know what the facts on the ground will be next year. And if we are going to stick by that number, I hope within the Department and with the Joint Chiefs that we will look at at least moving it back to December 31st once the winter sets in and the true fighting season is over because now I think it is currently September 30th, and I think that creates a hardship for our commanders on the ground in how to deal with the full fighting season in Afghanistan next year.

So no questions. I will let you wrap up. You have been very patient with all of us. But again, I will just conclude with thanks for both of your leaderships. We are blessed because of both of you being in the position you are in.

Secretary PANETTA. Congressman, thank you for all of your remarks.

On the last point, I want to assure you, General Allen has just been outstanding in the way he has addressed his command position there. And I am going to rely a great deal on his recommendations as we go through this process.

Mr. PLATTS. Great to hear. Thanks again. And I wish you both great success in your new assignments. And again, as a Nation, to have both of you in those positions is a blessing for our Nation and for our security.

With that, I yield back, Mr. Chairman.

Mr. PALAZZO. All right. The gentleman yields back. And seeing no more questions, I will reserve the last question for myself.

Secretary Panetta, as others advocate for immediate and sharp cuts to defense, the actual implementation of such cuts are rarely discussed. I am concerned that such a rapid decline in funding could result in an increase, not a reduction in short-term costs for things such as termination cost on contracts you have already committed to and increased unit procurement costs as production quantities are reduced. Can you describe to the committee how such unplanned reductions, should they result, be implemented? And what liability could we face because of the termination of many of the planned procurements?

Secretary PANETTA. I think we have got to take those issues into consideration. Otherwise I don't want to cut off my nose to spite my face in this process. And if we try to get savings that we have identified, and it will wind up costing us more because we have done it in a stupid fashion, I think that is a mistake. As I mentioned earlier in my testimony, I went through the BRAC process. And I know that all of the dollars that people looked at for, you know, huge savings in BRAC. And yet they didn't take into consideration the cleanup. They didn't take into consideration all of the work that had to be done. They didn't take into consideration all of the needs that had to be addressed. And in many cases, it wound up costing a lot more. I don't want to repeat that mistake.

Mr. PALAZZO. Very well. Again, seeing no questions, Members may have additional questions. Please respond to them in writing.

I want to thank the witnesses for their service to their country and for their testimony here today. The witnesses are excused. This hearing is adjourned.

[Whereupon, at 1:11 p.m., the committee was adjourned.]

A P P E N D I X

October 13, 2011

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

OCTOBER 13, 2011

Statement of Hon. Howard P. "Buck" McKeon

Chairman, House Committee on Armed Services

Hearing on

The Future of National Defense and the U.S. Military Ten Years After 9/11: Perspectives of Secretary of Defense Leon Panetta and Chairman of the Joint Chiefs of Staff General Martin Dempsey

October 13, 2011

The House Armed Services Committee meets to receive testimony on "The Future of National Defense and the U.S. Military Ten Years After 9/11: Perspectives of Secretary of Defense Leon Panetta and Chairman of the Joint Chiefs of Staff General Martin Dempsey."

This hearing is part of our ongoing series to evaluate lessons learned since 9/11 and to apply those lessons to decisions we will soon be making about the future of our force. As our series draws to a close, we have received perspectives of former military leaders from each of the Services, former chairmen of the Armed Services Committees, as well as outside experts. Today we will change direction as we look to the viewpoints of our sitting Secretary of Defense and Chairman of the Joint Chiefs of Staff. Our witnesses today have spent decades serving our Nation. Thank you for being with us and your public service.

As I continue to emphasize, our successes in the global war on terror, and in Iraq and Afghanistan, appear to be lulling our Nation into the false confidence of a September 10th mindset. Too many appear to believe that we can maintain a solid defense that is driven by budget choices, not strategic ones. While I agree that the military cannot be exempt from fiscal belt-tightening, we have to put this debt crisis into perspective if we're to find our way back into fiscal responsibility. Defense has contributed more than half of the deficit reduction measures taken to date. There are some in government who want to use the military to pay for the rest, to protect the sacred cow that is entitlement spending.

Not only should that be a non-starter from a national security and economic perspective, but it should also be a non-starter from a moral perspective. Consider that word, *entitlements*. Well, *entitlements* imply that you are entitled to a certain benefit, and I can't think of anyone who has earned that right ahead of our troops. By volunteering to put their lives on the line for this country, they are

entitled to the best training, equipment, and leadership our Nation can provide.

But all this talk in Washington lately about dollars doesn't translate well into actual impacts on the force and risk to our Nation. Yesterday, former Chairman Duncan Hunter encouraged us all to answer these questions before we voted to cut any more from defense:

- Isn't our primary Constitutional duty to defend our Nation?
- Is the world suddenly safer today?
- Is the war against terrorism over?

I hope our witnesses today can help us understand the ramifications of these possible cuts in relation to our force structure as well as our ability to meet future needs of our national defense. How can we make sure DOD is a good steward of the taxpayers dollar, without increasing the risk to our Armed Forces?

The U.S. military is the modern era's pillar of American strength and values. In these difficult economic times, we recognize the struggle to bring fiscal discipline to our Nation. But it is imperative that we focus our fiscal restraint on the driver of the debt, instead of the protector of our prosperity.

Statement of Hon. Adam Smith

Ranking Member, House Committee on Armed Services

Hearing on

The Future of National Defense and the U.S. Military Ten Years After 9/11: Perspectives of Secretary of Defense Leon Panetta and Chairman of the Joint Chiefs of Staff General Martin Dempsey

October 13, 2011

I would like to join the Chairman in welcoming Secretary Panetta and General Dempsey in their first appearance before the House Armed Services Committee. In these times of budgetary uncertainty, your testimony is particularly important.

Secretary Panetta, as a former chairman of the House Budget Committee and director of the Office of Management and Budget, you know the realities as well as, if not much better than, any of us sitting on this dais.

Our country faces a budget dilemma—we don't collect enough revenue to cover our expenditures. According to the House Budget Committee, we currently must borrow about 40 cents for every dollar the Federal Government spends. This problem must be addressed in two ways: Spending will have to come down, and we're going to have to generate new revenues.

Like many, if not most, of our members here, I share the view that large, immediate cuts to the defense budget would have substantially negative impacts on the ability of the U.S. military to carry out its missions. I am sure that both our witnesses share this view, and I hope General Dempsey can help us understand the impacts of additional potential cuts. I am also deeply concerned about cuts to all non-entitlement spending, which bore the brunt of the recent deficit deal. If the "super committee" fails to reach a deal, then cuts through sequestration will only impose deeper and more dangerous cuts to our military and non-entitlement spending such as infrastructure, education and homeland security.

I believe that we can rationally evaluate our national security strategy, our defense expenditures, and the current mission sets we ask the military to undertake and come up with a strategy that requires less funding. We on this committee like to say that strategy should not be driven by arbitrary budget numbers, but by the same token not considering the level of available resources when developing a strategy is irresponsible. To that end, I congratulate our witnesses, and their predecessors, for undertaking a comprehensive review of our current strategy. I know we all are looking forward to the results of that ongoing review, and I hope that you can give us some insight into how and where it is going. I for one believe that we can and must spend smarter and not just more.

It is also important that we address the revenue side of our budget problem. We must consider raising additional revenue. In

order to avoid drastic cuts to our military and other important programs, revenue streams must be enhanced.

It is my hope that this hearing will help remind everyone here that we have to make some serious choices. Our budget must be looked at in a comprehensive manner. If we are serious about not cutting large amounts of funding from the defense budget, something else has to give. Large, immediate, across-the-board cuts to the defense budget, which would occur under sequestration, would do serious damage to our national security. In order to avoid large cuts to the defense budget, we're going to have to stop repeating ideological talking points and address our budget problems comprehensively, through smarter spending and increased revenue.

Thank you again, Mr. Chairman, for holding this hearing. And thank you to our witnesses for appearing here today.

SECRETARY OF DEFENSE LEON E. PANETTA
OPENING STATEMENT
HOUSE ARMED SERVICES COMMITTEE
THURSDAY, OCTOBER 13, 2011

Chairman McKeon, Congressman Smith, members of this committee, it is an honor for me to appear before you for the first time as Secretary of Defense. I'd also like to join you in recognizing General Dempsey, a brilliant soldier and leader who I'm delighted to have alongside me in his new capacity as Chairman of the Joint Chiefs of Staff.

On behalf of the men and women of the Department of Defense, I want to thank the members of this committee for your determination to join me in doing everything possible to ensure that they succeed in their mission of protecting America. I really do believe that Congress must be a full partner in our efforts to protect the country. In that spirit, I've had the opportunity to consult with many of you about the challenges that the Department faces, and I will continue to do so.

I'd also like to thank you for convening this series of hearings on "The Future of National Defense and the U.S. Military Ten Years After 9/11," and for giving me the opportunity to be here today to add my perspective to this discussion.

September 11th was a defining moment for our country, and for the military. We have been at war for ten years, putting a heavy burden on our men and women in uniform to defend our nation and our interests. More than 6,200 have given their lives, and more than 46,000 have been wounded, in the wars since 9/11. The conflicts have brought untold stresses and strains on our service members, and on their families. But despite it all, we have built the finest, most-experienced, battle-hardened all-volunteer force in our nation's history.

These ten years of conflict have transformed the military, with our men and women in uniform showing their adaptability and versatility in the face of a new combination of threats and operating environments. Our forces have become more lethal, and more capable of conducting effective counterterrorism and counterinsurgency operations. New or enhanced capabilities, including the growth of special operations forces, unmanned aerial systems, counter-IED technologies, and the extraordinary fusion between military and intelligence, have provided the key tools we need to succeed on these 21st century battlefields. And make no mistake, we are succeeding. Ten years after 9/11, we have significantly rolled back al-Qaeda and are closer than ever to achieving our strategic objectives in Afghanistan and Iraq, although significant challenges remain to ensuring stability and security in these conflict zones.

These conflicts are nearing a turning point – and so too is the military as a whole. As the current mission in Iraq ends, as we continue to transition security responsibility in Afghanistan, and as we near our goal of dismantling al-Qaeda, the Department is also facing a new fiscal reality at home. As part of the debt ceiling agreement reached in August, the Department must find more than $450 billion in savings over the next decade. Our challenge is taking a force that has been involved in a decade of war, and ensuring that we build the military we need to defend our country for the next decade even at a time of fiscal austerity.

We have a strong military, but one that has been stressed by a decade of fighting, squeezed by rising personnel costs, and is in need of modernization given the focus the past decade on capabilities for the current wars. Meanwhile, we face an international security environment that is growing in complexity and uncertainty. We continue to deal with the threat of violent extremism. States like Iran and North Korea continue to pursue nuclear capabilities.

Rising powers are rapidly modernizing their militaries and investing in capabilities to deny our forces freedom of action in vital regions such as the Asia-Pacific. We also face the prospect of cyber attackers who could inflict great damage on our nation's infrastructure while operating with relative anonymity and distance.

We need to build a force that can confront this growing array of threats even as we meet our fiscal responsibilities. We should also recognize, however, that the military has to constantly adapt to meet changing security demands and threats – and that is what we will continue to do even in the face of serious budget constraints. That will require setting clear strategic priorities, and making tough decisions. Working closely with the Service Chiefs, Service Secretaries and Combatant Commanders, I intend to make these decisions based on the following guidelines:

- First, we must maintain the very best military in the world – a force capable of deterring conflict, projecting power, and winning wars. After all, America has a special role in the world – we are looked to for our leadership, values and strength.
- Second, we must avoid a hollow force and maintain a military that, even if smaller, will be ready, agile and deployable.
- Third, we must take a balanced approach and look to all areas of the budget for potential savings – from efficiencies that trim duplication and bureaucratic overhead, to improving competition and management in operating and investment programs, to tightening personnel costs, and re-evaluating modernization efforts.
- Finally, we cannot break faith with our men and women in uniform – the all volunteer force is central to a strong military and central to our nation's future.

If we follow these four principles, I'm confident that we can meet our national security responsibilities and do our part to help this country get its fiscal house in order. This will not be achieved without making difficult choices, but those choices are essential if we are not to hollow out the force and meet the threats we confront.

To achieve the required budget savings, the Department also must work even harder to overhaul the way it does business, and an essential part of this effort will be improving the quality of financial information and moving towards auditable financial statements. Today DoD is one of only two major agencies that has never had a clean audit opinion on its financial statements. While the Department's systems do tell us where we are spending taxpayer funds, we do not yet have the details and controls necessary to pass an audit. This is inexcusable and must change. In order to achieve fiscal discipline, we need to have the strongest possible financial controls in place.

The Department has made significant progress toward meeting the Congressional deadline for audit ready financial statements by 2017, with a focus on first improving the categories of information that are most relevant to managing the budget. But I want us to do better – and we will.

Today I am announcing that I have directed the Department to cut in half the time it will take to achieve audit readiness for the Statement of Budgetary Resources, so that in 2014 we will have the ability to conduct a full budget audit. This focused approach prioritizes the information that we use in managing the Department, and will give our financial managers the key tools they need to track spending, identify waste, and improve the way the Pentagon does business as soon as possible.

I have also directed increased emphasis on accountability and a full review of the Department's financial controls, with improvements put in place where needed. I have directed the DoD Comptroller to revise the current plan within 60 days to meet these new goals, and still

achieve the requirement of overall audit readiness by 2017. We owe it to the taxpayers to be transparent and accountable for how we spend their dollars, and under this plan we will move closer to fulfilling that responsibility.

The Department is changing the way it does business and taking on a significant share of our country's efforts to achieve fiscal discipline. We will do so while building the agile, deployable force we need to confront the wide range of threats we face. But I want to close by cautioning strongly against further cuts to defense, particularly with the mechanism that's been built into the debt ceiling agreement called sequester. This mechanism would force additional cuts to defense of about $500 billion, or roughly $1 trillion in total – cuts that in my view would do catastrophic damage to our military, hollowing out the force and degrading its ability to protect the country. I know you share my concern about both the extent of such cuts and the process of sequester. It is a blind formula that makes cuts across the board, hampers our ability to align resources with strategy, and risks hollowing out the force.

I do not believe we have to make a choice between fiscal security and national security. But in order to succeed in this effort, I am going to need your support – to do everything possible to prevent further damaging cuts, and to help us implement a coherent strategy-driven program and budget that we will identify in the months ahead as critical to preserving the best military in the world. I pledge to continue to work with you closely as we confront these challenges and thank you once again for your tireless efforts to build a stronger military for our country.

# # #

Leon E. Panetta

Secretary of Defense

Leon Edward Panetta was sworn in as the 23rd secretary of defense on July 1, 2011.

Before joining the Department of Defense, Mr. Panetta served as the director of the Central Intelligence Agency from February 2009 to June 2011. Mr. Panetta led the agency and managed human intelligence and open source collection programs on behalf of the intelligence community.

Secretary Panetta has dedicated much of his life to public service. Before joining CIA, he spent 10 years co-directing with his wife, Sylvia, the Leon & Sylvia Panetta Institute for Public Policy, based at California State University, Monterey Bay. The Institute is a nonpartisan, not-for-profit center that seeks to instill in young men and women the virtues and values of public service. In March 2006, he was chosen as a member of the Iraq Study Group, a bipartisan committee established at the urging of Congress to conduct an independent assessment of the war in Iraq.

From July 1994 to January 1997, Mr. Panetta served as chief of staff to President Bill Clinton. Prior to that, he was director of the Office of Management and Budget, a position that built on his years of work on the House Budget Committee. Mr. Panetta represented California's 16th (now 17th) Congressional District from 1977 to 1993, rising to House Budget Committee chairman during his final four years in Congress.

Early in his career, Mr. Panetta served as a legislative assistant to Sen. Thomas H. Kuchel of California; special assistant to the Secretary of Health, Education and Welfare; director of the U.S. Office for Civil Rights; and executive assistant to Mayor John Lindsay of New York. He also spent five years in private law practice.

He served as an Army intelligence officer from 1964 to 1966 and received the Army Commendation Medal.

Mr. Panetta holds a Bachelor of Arts degree in political science and a law degree, both from Santa Clara University. He was born on June 28, 1938 in Monterey, where his Italian immigrant parents operated a restaurant. Later, they purchased a farm in Carmel Valley, a place Secretary and Mrs. Panetta continue to call home. The Panettas have three grown sons and six grandchildren.

STATEMENT OF

GENERAL MARTIN E. DEMPSEY, U.S. ARMY

CHAIRMAN

JOINT CHIEFS OF STAFF

BEFORE THE HOUSE ARMED SERVICES COMMITTEE

ON THE FUTURE OF NATIONAL DEFENSE

AND THE U.S. MILITARY TEN YEARS AFTER 9/11

OCTOBER 13, 2011

Chairman McKeon, Ranking Member Smith, members of the Committee, thank you for the opportunity to testify on the future of national defense and the U.S. military ten years after the attacks of September 11th. As this is my first time testifying before this committee in my new position as Chairman of the Joint Chiefs of Staff, I want to note that I look forward to continued cooperation with you. I take seriously our shared responsibility of maintaining a military that provides our leaders with a wide range of options to counter the threats and crises we face and that preserves the trust placed in us by our citizens. I believe we can sustain this trust while also being good stewards of our nation's resources. In that spirit, I thank the Committee for engaging in this important discussion of the future of our national defense.

Last month marked the tenth anniversary of the September 11th attacks. It is appropriate to reflect on what we have achieved, what we have learned, and where we see ourselves going forward.

In the past decade, over two million men and women have deployed overseas in support of operations in Afghanistan, Iraq, and elsewhere. Our Joint Force, along with our interagency and international partners, has remained resolute and resilient throughout a decade of hard combat in hard places. We have demonstrated initiative, we have demonstrated strength, and we have demonstrated resolve. We have met our sacred obligation to protect our nation and our fellow citizens.

There remains work to be done in achieving our objectives in the conflicts in which we are currently engaged and against the threats we currently face, and we will get it done.

Our military has learned and adapted to a shifting security landscape. Among the many lessons we have learned, a few stand out.

First, we live in an increasingly competitive security environment. Military capabilities proliferate more quickly and are no longer the monopoly of nation states. The distinction between low and high intensity conflict is blurred. This requires us to prevail in the competitive learning environment—we must learn faster, understand more deeply, and adapt more quickly than our adversaries. Our systems and processes must be far more effective, efficient, and agile if we are to keep pace in this environment.

Second, we must continue to value allies and partners. Coalitions and partnerships – with other countries and with other government agencies – add capability, capacity, and credibility to what are shared security responsibilities. As fiscal constraints become more binding, the importance of partnering will only grow. As a consequence, we are committed to expanding the envelope of cooperation at home and abroad.

Third, we must continue to value joint interdependence. Our Army, Navy, Air Force, Marine Corps, and Coast Guard combine to field an unmatched team. We still need our Services to be masters of their core competencies and stewards of their cultures. But, modern conflict is fought across multiple domains. Operating as a single, cohesive team is the imperative. Therefore, we must continue to advance the interoperability of people and equipment.

Fourth, we must value innovation even more than we have in the past. Our forces have expanded many of our previously low-density capabilities and fielded many new technologies. We have found ways to expand our special operations forces, our intelligence systems, and our cyber capabilities. And, our units have combined these capabilities in innovative ways to the great benefit of the mission, our troops, and non-combatants on the battlefield.

Finally, we must always value leadership above all else. Leadership is the core of our military profession. It has been the key to our ability to learn, adapt, and achieve results over the past decade. Modern counter-insurgency and counter-terrorist operations drive us to push combat power and decision making to the edge of the battlefield. Continued development of adaptive leaders will be our nation's decisive advantage in a competitive security environment.

Even as we successfully transition today's conflicts, we are preparing for tomorrow's. The way we recover from combat and reconstitute our capabilities will shape our future military. We are building today the Joint Force we will have in 2020. Joint Force 2020 must be powerful, responsive, resilient, versatile, and admired. It must have the capability and capacity to provide options to our national leadership. It must account for the capabilities we have now to include the relatively new capabilities we have grown. And, it must preserve our human capital. Above all, we must get the "people" right and keep faith with our Military Family.

Developing the Joint Force our nation needs is complicated by known and potential fiscal constraints. Be assured, we understand that our nation needs us to be more affordable. We are fully committed to reducing costs without compromising the capabilities our nation also needs. But, becoming lean and efficient will only get us so far. We will have to make hard choices that balance risk across our global commitments and across time. We will have to consider reforming pay and benefits as well as reducing end strength. If we fail to put everything on the table, we risk hollowing the force by gutting modernization and readiness. Most importantly, we need to be precise. Indiscriminate, across the board cuts would wreak havoc on our plans and programs. Together, we need to avoid self-inflicted wounds to our nation's security.

I look forward to cooperating with the members of this Committee and the rest of Congress. We will need your help in making the tough choices and in supporting the service members we send into harm's way. They deserve the future they sacrificed to secure.

General Martin E. Dempsey
Chairman, Joint Chiefs of Staff

General Martin E. Dempsey serves as the 18th Chairman of the Joint Chiefs of Staff. In this capacity, he serves as the principal military adviser to the President, the Secretary of Defense and the National Security Council. By law, he is the nation's highest-ranking military officer. Prior to becoming Chairman, the general served as the Army's 37th Chief of Staff.

Past assignments have taken him and his family across the globe during both peace and war from Platoon Leader to Combatant Commander. He is a 1974 graduate of the United States Military Academy and a career armor officer.

As a company grade officer, he served with the 2nd Cavalry in United States Army Europe and with the 10th Cavalry at Fort Carson. Following troop command he earned his Masters of Arts in English from Duke University and was assigned to the English Department at West Point. In 1991, GEN Dempsey deployed with the Third Armored Division in support of OPERATION DESERT STORM. Following DESERT STORM, he commanded 4th Battalion 67th Armor (Bandits) in Germany for two years and then departed to become Armor Branch Chief in US Army Personnel Command. From 1996-1998 he served as the 67th Colonel of the Third Armored Cavalry Regiment. Following this assignment as the Army's "senior scout" he served on the Joint Staff as an Assistant Deputy Director in J-5 and as Special Assistant to the Chairman of the Joint Chiefs of Staff. From September 2001 to June 2003, General Dempsey served in the Kingdom of Saudi Arabia training and advising the Saudi Arabian National Guard. In June of 2003, General Dempsey took command of the 1st Armored Division in Baghdad, Iraq. After 14 months in Iraq, General Dempsey redeployed the division to Germany and completed his command tour in July of 2005. He then returned to Iraq for two years in August of 2005 to train and equip the Iraqi Security Forces as Commanding General of MNSTC-I. From August 2007 through October 2008, GEN Dempsey served as the Deputy Commander and then Acting Commander of U.S. Central Command. Before becoming Chief of Staff of the Army, he commanded US Army Training and Doctrine Command from December 2008-March 2011.

General Dempsey's awards and decorations include the Defense Distinguished Service Medal with Oak Leaf Cluster, the Distinguished Service Medal with three Oak Leaf Clusters, the Defense Superior Service Medal, the Legion of Merit with two Oak Leaf Clusters, the Bronze Star with "V" Device and Oak Leaf Cluster, the Combat Action Badge, and the Parachutist Badge. In addition to his Masters' Degree in English, he holds Masters' Degrees in Military Art and in National Security Studies.

General Dempsey and his high school sweetheart Deanie have three children: Chris, Megan, and Caitlin. Each has served in the United States Army. Chris remains on active duty. They have five wonderful grandchildren: Kayla and Mackenna by Chris and daughter-in-law Julie, Luke by Caitlin and son-in-law Shane, and Alexander and Hunter by Megan and son-in-law Kory. Chris and Julie are expecting their third child this fall, while Caitlin and Shane are expecting their second child next spring.

DOCUMENTS SUBMITTED FOR THE RECORD

OCTOBER 13, 2011

FY12 COMPO 1 MIL AUTHS from 13 Dec 2011 FRP

TYPE	ASGMT_DESC	E	O	W	Total
ACOM	USA FORCES CMD	227509	24218	6178	257905
ACOM	USA TRAINING AND DOCTRINE CMD	19414	4502	1126	25042
ACOM	US ARMY MATERIEL CMD *	1235	1172	144	2551
ACOM Total		**248158**	**29892**	**7448**	**285498**
ASCC	THIRD ARMY (ARCENT)	1321	955	153	2429
ASCC	FIFTH ARMY (ARMY NORTH)	256	236	18	510
ASCC	SIXTH ARMY (USARSO, US ARMY SOUTH)	746	311	75	1132
ASCC	USA CYBER COMMAND	40	72	15	127
ASCC	USA EUROPE & 7TH ARMY	24877	3117	850	28844
ASCC	USA PACIFIC CMD **	37191	4728	1373	43292
ASCC	SPACE & MSL DEF CMD	775	215	34	1024
ASCC	USA SPECIAL OPS CMD	21871	2975	1446	26292
ASCC	SOUTHERN EUROPEAN TASK FORCE	181	186	50	417
ASCC	SURFACE DEPLOYMENT AND DIST CMD *	0	0	0	0
ASCC Total		**87258**	**12795**	**4014**	**104067**
DRU	ACQUISTION SUPPORT CMD	22	553	9	584
DRU	CORPS OF ENGINEERS	355	115	18	488
DRU	US ARMY CRIMINAL INVESTIGATION CMD	819	100	480	1399
DRU	USA INSTALLATION MANAGEMENT CMD	1418	617	22	2057
DRU	USA INTELLIGENCE AND SECURITY CMD	8694	1164	849	10707
DRU	USA MEDICAL CMD	14048	10253	98	24399
DRU	USA MILITARY DISTRICT OF WASHINGTON	2357	162	98	2617
DRU	USA NETWORK TECH CMD & 9TH SIGNAL CMD	5563	673	174	6410
DRU	ARMY TEST & EVAL CMD	203	247	30	480
DRU	USA MILTARY ACADEMY	166	609	7	782
DRU Total		**33645**	**14493**	**1785**	**49923**
OTHER	OFC SECARMY, FOA(S)	35	91	3	129
OTHER	DOD AGENCIES	1953	1920	238	4111
OTHER	DIRECTED MIL OVERSTRENGTH	100	85	15	200
OTHER	HQDA FOA AND SSA	915	696	32	1643
OTHER	JOINT ACTIVITIES	1191	1954	76	3221
OTHER	SPECIAL OPS CMD, JOINT	610	669	99	1378
OTHER	NATL GUARD BUREAU (COMPO 1)	0	55	44	99
OTHER	ARMY STAFF	59	779	21	859
OTHER	OFFICE OF THE SECRETARY OF THE ARMY	20	170	2	192
OTHER	OFFICE OF THE ADJUTANT GENERAL	18	43	2	63
OTHER	OFC SECARMY, JOINT ACTIVITIES	130	21	1	152
OTHER	USA ELEMENT SHAPE (NATO)	738	354	30	1122
OTHER	USA MILITARY ENTRANCE PROCESSING CMD ***	130	132	0	262
OTHER	USA ACCESSIONS COMMAND ***	8170	1429	12	9611
OTHER Total		**14069**	**8398**	**575**	**23042**
Grand Total		**383130**	**65578**	**13822**	**462530**

* AMC includes Surface Deployment and Distribution Cmd

** includes 8th Army

*** will disestablish by 30 Sep 2012 (moves under TRADOC)

NOTE: Does not include TTHS or wartime allowance.

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

OCTOBER 13, 2011

QUESTION SUBMITTED BY MR. JONES

Mr. JONES. Yesterday in the hearing, I was not able to stay for the second round of questions. As you recall, you agreed with former Secretary Gates' Afghanistan withdrawal assessment. He made these before the HASC on February 16, 2011. I have enclosed his testimony for your information. Please write back to me as to your assessment on how many American service members will be killed and wounded in action by the time we withdraw our forces in Afghanistan by the end of 2014?

"As we end the U.S. troop presence in Iraq this year, according to the agreement with the Iraqi government, the overall deployment demands on our force are decreasing significantly. Just three years ago, we had some 190,000 troops combined in Iraq and Afghanistan. By the end of this calendar year we expect less than 100,000 troops to be deployed in both of the major post-9/11 combat theaters, virtually all of those forces being in Afghanistan. That is why we believe that, beginning in FY 2015, the U.S. can, with minimal risk, begin reducing Army active duty end strength by 27,000 and the Marine Corps by somewhere between 15,000 and 20,000. These projections assume that the number of troops in Afghanistan would be significantly reduced by the end of 2014, in accordance with the President's strategy. If our assumptions prove incorrect, there's plenty of time to adjust the size and schedule of this change."

Secretary PANETTA. The United States' focus in Afghanistan is to disrupt, dismantle, and defeat al-Qaida and to ensure Afghanistan does not again become a safe haven from which terrorists attack the United States. We are extraordinarily fortunate that so many brave Americans are willing to defend the country from those who wish us ill. Through their service we are all safer. The risks of the battlefield are very real, and casualties are a consequence of war not taken lightly.

The Department of Defense is doing everything it can to give servicemen and women the training, equipment, and support required. I can assure our forces and their families that my commitment, and the commitment of our military leadership, is to ensure they have the resources and training they need to carry out their missions. Our forces are made up of our nation's finest, and they deserve nothing less.

QUESTIONS SUBMITTED BY MR. SMITH

Mr. SMITH. I want to call your attention to a legislative issue that has national security and budgetary implications for our efforts in Afghanistan, Colombia, Mexico, and elsewhere. The current CR does not include an explicit extension of certain counternarcotics (CN) authorities that expired in FY2011. Extensions are included in both the House and Senate versions of the FY12 NDAA and were included in the Department's requests for the CR.

We do not believe it was the intent of Congress for these activities to stop, but due to a decision by the DOD GC, the lack of an extension for these authorities, particularly for section 1004 support for law enforcement, is causing considerable difficulty and jeopardizes a wide range of CN activities, including some key efforts in the Afghanistan theatre. Is there a way you can help us bridge the gap until the NDAA is passed or ask the DOD GC to re-visit his decision?

Secretary PANETTA. As several Combatant Commanders, the Director for National Drug Control Policy, and others have argued, the temporary lapse in DOD's counternarcotics authorities is indeed having significant national security implications for programs in Afghanistan, Colombia, Mexico, and along the Southwest border. While I agree that it does not appear it was Congress's intent for these activities to stop, the fact that these authorities do not exist in law left the Department no other choice but to suspend certain counternarcotics support activities.

For the past six weeks, the Department has been working with the committee and other congressional leaders to resolve this situation. I understand that last week the DOD General Counsel briefed you and Chairman McKeon on the rationale behind his determination, and I am unaware of any legislation or other information that would contradict the Department's position. DOD made every effort to mitigate the impact of this lapse in authority, but many of these efforts are incomplete and/or temporary solutions. Unfortunately, there is simply no way to "bridge the gap" any

further. In fact, many of the mitigation efforts will have run their course over the next several weeks, since alternative authorities and related funding sources will have been exhausted. The Department has therefore asked the committee to provide legislation extending these authorities in the next continuing resolution. I would ask that this issue be given the highest priority consideration as you complete work on the continuing resolution and the FY 2012 Defense Authorization bill.

Mr. SMITH. We focus on GTMO, but I understand there are issues involving detainees charged with serious offenses in Iraq (Daqduq) and the UN report regarding humanitarian concerns in Afghan prisons. How do these affect our ability to detain enemy fighters? What is the Administration planning to do regarding Daqduq? Are we reaching a point in Afghanistan where US prisons will reach capacity? If so, what is our plan?

Secretary PANETTA. The President recently announced that all U.S. military forces will leave Iraq by December 31, 2011. In this context, the Administration continues to look at its options for adequately mitigating the threat posed by Daqduq. Regarding Afghanistan, the United Nations Assistance Mission to Afghanistan (UNAMA) report involved several detention centers run by the National Directorate of Security and the Afghan National Police. The Commander, International Security Assistance Force (COMISAF) has suspended the transfer of detainees captured by ISAF forces, including U.S. forces operating under NATO operational control of COMISAF, to these Afghan detention centers and jails pending further investigations of the allegations, inspections of the Afghan facilities implicated in the report, and other remedial measures. We will continue to support the actions of the Afghan government to investigate allegations of human rights abuses and hold those responsible accountable. This temporary suspension does not affect detainees captured by U.S. forces operating under U.S. Operation ENDURING FREEDOM (OEF) authority and transferred to the U.S.-run Detention Facility in Parwan (DFIP), since such detainees are not sent to the Afghan facilities implicated in the report.

U.S. detention capacity at the DFIP is nearing its current capacity due to the persistently high rate of new captures by U.S. forces conducting combat operations under OEF authority and the limited capacity of the Afghan government to accept detainee transfers for purposes of criminal prosecution or other appropriate disposition. To address these issues, DOD is expanding the DFIP and reassessing how best to transition detention facilities and operations to Afghan control. Building the judicial capacity of the Afghan government remains a top priority.

Mr. SMITH. There is much concern raised about the risk of transferring detainees from GTMO. Is there similar risk if we don't transfer anyone else from GTMO? What would it be?

Secretary PANETTA. The inability to transfer detainees from Guantanamo attracts criticism from non-governmental organizations and the international community. Presidential Executive Order 13492 mandated the closure of detention facilities at Guantanamo Bay and directed a review of each Guantanamo detainee. A Department of Justice-coordinated Guantanamo Review Task Force completed its work in January 2010 and recommended that a number of detainees be transferred from GTMO, subject to appropriate security assurances from the countries to which the detainees would be transferred.

Mr. SMITH. I want to call your attention to a legislative issue that has national security and budgetary implications for our efforts in Afghanistan, Colombia, Mexico, and elsewhere. The current CR does not include an explicit extension of certain counternarcotics (CN) authorities that expired in FY2011. Extensions are included in both the House and Senate versions of the FY12 NDAA and were included in the Department's requests for the CR. We do not believe it was the intent of Congress for these activities to stop, but due to a decision by the DOD GC, the lack of an extension for these authorities, particularly for section 1004 support for law enforcement, is causing considerable difficulty and jeopardizes a wide range of CN activities, including some key efforts in the Afghanistan theatre. Is there a way you can help us bridge the gap until the NDAA is passed or ask the DOD GC to revisit his decision?

General DEMPSEY. We agree that it was not the intent of Congress for these activities to stop. As you mention, both the House and the Senate versions of the FY12 NDAA contain language extending these authorities. It is my understanding that an agreement has been reached between the Department and Congress on resolving the expiration of the CN authorities in the Statement of Managers that will accompany the next continuing resolution (CR). The proposed language directs the Department of Defense to continue to carry out, for the duration of the CR, the CN programs conducted in fiscal year 2011. Once the CR is signed, the Department will begin to restore CN programs impacted by the expiration of the CN authorities. All

geographical combatant commands, Special Operations Command, and the Services implemented temporary fixes to minimize the impacts caused by the expiration of the CN authorities. However, temporary fixes were not necessarily a 'one for one' replacement and in some cases there were no temporary fixes, requiring the subsequent cancellation or postponement of a mission or program.

Mr. SMITH. We focus on GTMO, but I understand there are issues involving detainees charged with serious offenses in Iraq (Daqduq) and the UN report regarding humanitarian concerns in Afghan prisons. How do these affect our ability to detain enemy fighters? What is the Administration planning to do regarding Daqduq? Are we reaching a point in Afghanistan where US prisons will reach capacity? If so, what is our plan?

General DEMPSEY. As you know, the President recently announced that all U.S. military forces will leave Iraq by 31 December 2011. The Administration continues to look at its options for adequately mitigating the threat posed by Daqduq. Regarding Afghanistan, the United Nations Assistance Mission in Afghanistan (UNAMA) report involved several detention centers run by the National Directorate of Security and several jails operated by the Ministry of Justice. The Commander, International Security Assistance Force (COMISAF) has suspended the transfer of detainees captured by ISAF forces, including U.S. forces operating under NATO operational control of COMISAF, to these Afghan detention centers and jails pending further investigations of the allegations, inspections of the Afghan facilities implicated in the report, and other remedial measures. We will continue to support the actions of the Afghan government to investigate allegations of human rights abuses and hold those responsible accountable. This temporary suspension does not affect detainees captured by U.S. forces operating under U.S. Operation ENDURING FREEDOM (OEF) authority and transferred to the U.S.-run Detention Facility in Parwan (DFIP), since such detainees are not sent to the Afghan facilities implicated in the report.

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Mr. SMITH. There is much concern raised about the risk of transferring detainees from GTMO. Is there similar risk if we don't transfer anyone else from GTMO? What would it be?

General DEMPSEY. Presidential Executive Order 13492 ordered the closure of the detention facilities at Guantanamo Bay and directed a review of each Guantanamo detainee. The Department of Justice-led Guantanamo Review Task Force completed its work in January 2010. The task force recommended that a number of detainees be transferred from GTMO, subject to appropriate security assurances. The inability to transfer detainees from Guantanamo attracts criticism from both domestic groups, including non-governmental organizations, and the international community.

QUESTIONS SUBMITTED BY MR. TURNER

Mr. TURNER. Do you agree with Secretary Gates that the modernization project is very important both from a national security standpoint and from a perspective of sustaining political support for the New START Treaty?

Secretary PANETTA. Yes. The nuclear enterprise remains, today and for the foreseeable future, a foundation of the U.S. deterrence strategy and defense posture. The U.S. nuclear weapons infrastructure requires significant investment. In order to remain safe, secure, and effective, the U.S. nuclear stockpile must be supported by a modern physical infrastructure and staffed by the most promising scientists and engineers of the next generation.

Mr. TURNER. What is your assessment of the cuts proposed for NNSA, given that DOD transferred top-line authority specifically to support these important defense programs?

Secretary PANETTA. The Department of Defense (DOD) relies upon the NNSA to provide and sustain the nation's nuclear warheads, and develop and maintain the Navy's nuclear reactors in support of our strategic deterrence mission. As stated in the Nuclear Posture Review, U.S. nuclear weapons have endured well beyond their originally planned lifetimes. The 1251 report submitted to Congress last February outlined DOD and Department of Energy (DOE)/NNSA nuclear enterprise funding

requirements. If authorized and appropriated by Congress, a fully funded NNSA enables weapon Life Extension Program (LEP) execution and investment in a responsive nuclear weapons infrastructure. These investments are necessary for continued confidence in the nuclear deterrent. Reducing or diverting Fiscal Year 2012 appropriations from the U.S. nuclear weapons program, as proposed in the Energy and Water Appropriations Subcommittee, will compromise the ability to carry out the required modernization of the nuclear weapons complex and sustainment of the nation's nuclear weapons. Without the refurbishment and modernization of existing nuclear weapons and associated infrastructure, the military will need larger quantities of hedge warheads to ensure that military capabilities can withstand potential failures of aging nuclear weapons. It also will adversely affect our ability to certify the stockpile's nuclear performance without the need for underground nuclear testing.

Mr. TURNER. It seems unlikely that Secretary Gates was trying to pay for water projects when he gave this DOD money to NNSA, do you agree? How do you propose we solve this problem? What are your concerns about DOD's budget contributions being diverted to parochial water projects instead of their intended national security purpose?

Secretary PANETTA. I am concerned that there is insufficient transparency to determine whether the $8.3 billion DOD transferred will be utilized as agreed upon by the Memorandum of Understanding (MOU) between the Secretaries of Defense and Energy making key Life Extension Programs and other deliverables at risk. However, I also understand the change in economic realities that occurred since the transfer and the development of the MOU. DOD is currently working with NNSA and the Office of Management and Budget (OMB) to develop a plan with which to move forward into the future. This makes even more critical the full support of Congress in authorization and appropriation of both DOD and NNSA nuclear weapon budgets each year.

Mr. TURNER. We're aware that the Administration is claiming that every Administration conducts a targeting review. That is not disputed. What appears unique here, however, is that it sounds like the Administration has already decided to go lower, is that right? In view of robust Russian and Chinese nuclear weapons programs, the illicit nuclear weapons programs of North Korea, Iran and Syria, is this mini-NPR pre-ordained to only recommend reductions to U.S. nuclear forces?

Secretary PANETTA. The Administration is conducting a Nuclear Posture Review implementation study to determine the nuclear force size and structure needed to support U.S. national security requirements and meet international obligations in a dynamic security environment. The President directed the ongoing study as part of the 2010 Nuclear Posture Review. As stated in the NPR, the United States intends to pursue further reductions in nuclear weapons with Russia. When complete, the analysis of deterrence requirements and force postures will inform the development of any future arms control objectives.

The analysis from this study will provide options for the President's guidance to the Departments of Defense and Energy on nuclear planning with respect to the force structure, force posture, and stockpile requirements needed to protect the United States and its Allies and partners and to inform plans for the employment of nuclear weapons in the event that deterrence fails.

Mr. TURNER. Chairman McKeon and I sent you a letter on September 13 asking you to assist this Committee in its oversight of the nuclear weapons guidance by reconstituting an oversight process that existed while you were in the Congress in the early 1990s. Can you tell us when we might expect an answer?

Secretary PANETTA. You should receive a reply in the near future. A formal response is being drafted.

Mr. TURNER. Because of your experience as a former senior member of Congress (and Budget Committee Chairman), former director of the Office of Management and Budget (OMB), and now current Secretary of Defense, you bring a unique perspective to a question I have: What is your assessment of the cuts proposed for NNSA, given that DOD transferred top-line authority specifically to support these important defense programs?

Secretary PANETTA. The Department of Defense (DOD) relies upon the National Nuclear Security Administration (NNSA) to provide and sustain the nation's nuclear warheads, and develop and maintain the Navy's nuclear reactors in support of our strategic deterrence mission. As stated in the Nuclear Posture Review, U.S. nuclear weapons have endured well beyond their originally planned lifetimes. The 1251 report submitted to Congress last February outline DOD and Department of Energy (DOE)/NNSA nuclear enterprise funding requirements. If authorized and appropriated by Congress, a fully funded NNSA enables weapon Life Extension Program

(LEP) execution and investment in a responsive nuclear weapons infrastructure. These investments are necessary for continued confidence in our nuclear deterrent.

Reducing or diverting Fiscal Year 2012 appropriations from the U.S. nuclear weapons program, as proposed in the Energy and Water Appropriations Subcommittee, will compromise the ability to carry out required modernization of the nuclear weapons complex and sustainment of U.S. nuclear weapons. Without the critical refurbishment and modernization of our nuclear weapons and associated infrastructure, the military will need larger quantities of hedge warheads to ensure that military capabilities can withstand potential failures of aging nuclear weapons. It also will adversely affect the ability to certify the U.S. stockpile's nuclear performance without the need for underground nuclear testing.

Mr. TURNER. On October 7, 2011 four members of the Joint Select Committee on Deficit Reduction sent a letter to President Obama urging that he direct the Office of Management and Budget to re-examine and consider "to make more efficient use of federal government spectrum and reallocate some of it for commercial broadband use. In particular, we should put every effort into making available paired, internationally-harmonized spectrum below 3 GHz in sufficient block sizes to support mobile broadband services within the next 10 years." We understand that this involves spectrum (specifically 1755–1850MHz) that is currently allocated to and being used by the Department of Defense and other federal agencies for a variety of critical capabilities. How is the DOD addressing this issue and by what process will the decisions be made? Additionally, what are the technical, cost, and schedule impacts to the DOD of the potential reallocation?

Secretary PANETTA. The Department is addressing this issue through the Department of Commerce (DOC) and the National Telecommunications and Information Administration (NTIA), in cooperation with the Federal Communications Commission (FCC). These efforts are in line with the President's directive to identify an additional 500 MHz of spectrum for broadband. Specifically, as directed by NTIA in January 2011, DOD is involved in a year-long study to determine the feasibility of relocating systems from the 1755–1850 MHz band. The results of the study are documented in an NTIA report that is currently being coordinated through the Office of Management and Budget's (OMB) Inter-Agency Review process.

Decisions are guided by P.L. 106–65 which directs that DOD not surrender the use of a band of which it is a primary user until the Secretaries of Commerce and Defense, and Chairman of the Joint Chiefs, jointly certify to the House and Senate Armed Services and Commerce committees that alternative spectrum with comparable technical characteristics is identified to ensure no loss in essential military capability.

Following report coordination, DOD anticipates that the FCC will solicit industry comments through a Public Notice Process on the results of the report, to be followed by rulemakings that set service rules and auction rules. Industry comments will influence future negotiations regarding the 1755–1850 MHz band and any potential alternative spectrum relocation scenarios/studies, as the Commission considers feedback in order to hold a successful auction.

DOD's 1755–1850 MHz study results indicate that it is feasible to relocate from the 1755–1850 MHz band within 10 years, provided that $12.93B is afforded to accommodate the relocation, comparable spectrum (2025–2110 MHz and 5150–5250 MHz) is made available for DOD systems to relocate, and exclusion zones are established to protect critical capabilities in the transition.

Note: DOD studied the feasibility of relocating from the entire 1755–1850 MHz band (95 MHz) within 10 years. Also, DOD studied the feasibility of an early transition from the 1755–1780 MHz band (lower 25 MHz) within 5 years as an interim step to the full relocation. Deviations from the original study requirements (i.e. alternative scenarios, etc.) will require additional time to study the technical, operational, cost, and schedule impacts.

Mr. TURNER. In what way does the military rely on NNSA's defense activities? What are the military implications of not carrying out this modernization, particularly as the warheads continue to age and as the infrastructure continues to atrophy from its already "decrepit" state—as it was described by the Strategic Posture Commission?

General DEMPSEY. The Department of Defense (DOD) relies upon the National Nuclear Security Administration (NNSA) to provide and sustain the nation's nuclear warheads, and develop and maintain the Navy's reactors in support of our strategic deterrence mission. NNSA's Stockpile Stewardship and Management Plan compliments DOD's force structure plans to ensure sufficient capability to keep our stockpile safe, secure and reliable.

As stated in the Nuclear Posture Review (NPR), our nuclear weapons have endured well beyond their originally planned lifetimes. If authorized and appropriated by Congress, a fully funded NNSA will enable weapon Lifetime Extension Program (LEP) execution and investment in a responsive nuclear weapons infrastructure. These investments are absolutely necessary for continued confidence in our nuclear deterrent.

Mr. TURNER. The 2010 Nuclear Posture Review says that, "by modernizing our aging nuclear facilities and investing in human capital, we can substantially reduce the number of nuclear weapons we retain as a hedge against technical or geopolitical surprise." It goes on to say that these modernization investments "are essential to facilitating reductions while sustaining deterrence under New START and beyond." If we do not carry out the modernization program, what is your military opinion of the risks associated with nuclear stockpile reductions?

General DEMPSEY. As long as nuclear weapons exist, we must have a national commitment to sustaining a safe, secure, and effective nuclear deterrent. I believe the NPR outlined the goals and capabilities required to modernize our nuclear enterprise to ensure lasting confidence in our Nation's nuclear deterrent force. The NPR articulates the importance of a modern nuclear infrastructure for our ability to size our nuclear weapons stockpile appropriately.

While I recognize the nation's fiscal realities will constrain spending on national security programs, our nuclear enterprise investments are critical to ensure long-term viability. The long-term sustainment of the nuclear investments is critical to facilitating a shift away from the recent U.S. strategy of retaining large numbers of non-deployed warheads as a hedge against technical or geopolitical surprise. Our weapons and delivery systems need life extension programs. Our industrial base requires safe and modern facilities with adequate capabilities and capacity. Lastly, we must attract the brightest young minds to scientifically verify the safety, security, and effectiveness of today's weapons without a return to underground testing and to dismantle unneeded weapons.

QUESTIONS SUBMITTED BY MRS. DAVIS

Mrs. DAVIS. Can you tell me more about the group that is currently working on the strategic 2020 assessment? Is this group looking at strategy with regard to budget constraints and the limited resources that you have mentioned (unlike the QDR which is required to not take budget constraints into account)? Can you provide me with a list of names or positions of those who comprise this group? When can we expect to see the final result?

Secretary PANETTA. The strategic choices group is one venue in which the Department is considering the emerging defense strategy and the translation of that strategy to the FY13–17 and future Presidential Budget Submissions. The group is composed of the Secretaries of the Military Departments, the Service Chiefs, and the Under Secretaries of Defense in direct support of the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff. The group will help determine the desired attributes and capabilities of the future joint force, and weigh the capacity of that force to provide needed capabilities against cost and risk.

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QUESTIONS SUBMITTED BY MR. ROGERS

Mr. ROGERS. As the Defense Department considers possible cuts I think there has been an evolution since the early 1990s in new Commands and organizations that should be reviewed. Please provide me a list of all the Army Commands and organi-

zations that have been formed or realigned, outside the BRAC recommendations, and numbers of people that are currently assigned to those commands/organizations. I also ask that you provide me with the increased number of General/Flag Officer and Senior Service positions that have been created to lead or manage the new Commands and organizations.

Secretary PANETTA. In October 1992, the Army organized under fifteen Major Army Commands (MACOMs). In 2005–2006, the Army Command Structure was reviewed and reorganized to better support Combatant Commands and the Army's modular formations. This established three (3) types of command organizations: Army Commands (ACOMs), Army Service Component Commands (ASCCs) and Direct Reporting Units (DRUs).

The Army currently has 23 commands: 3–ACOMs, 10–ASCCs and 10–DRUs. The significant difference in the number of commands from the 1990s is due to the Army's establishment of four ASCCs (U.S. Army Space and Missile Defense Command/Army Strategic Command, U.S. Army North, U.S. Army Africa/Southern European Task Force, and U.S. Army Cyber Command) to support newly formed Combatant Commands, and the re-designation of U.S. Army Central as an ASCC. The Army also activated the U.S. Army Installation Management Command to oversee the Army's facilities and standardize base operations services across the Army. In addition, the Army designated the following existing organizations as DRUs: United States Military Academy, U.S. Army Test and Evaluation Command, and U.S. Army Acquisition Support Center. Throughout the period considered, the documented Army general officer requirements always exceeded the Title 10 general officer authorization limits. Consequently, there was no growth in the number of general officers to meet structure requirements. Rather, changes to the Army's organizational structure require the Army leadership to make recurring assessments about which positions to support/fill with a general officer based on roles/missions/priorities.

The Army reduced more than 30 Senior Executive Service (SES) allocations between the 1990s and today. During that same period, there were changes to organizations that resulted in both additions and deletions in executive positions. However, since agencies are expected to manage their executive resource needs within the levels set during the biennial allocation process, leadership needs for new organizations were met by reprogramming existing resources to meet the agency's highest priority requirements and unanticipated needs. [See the document on page 73 for more information.]

Mr. ROGERS. How do you plan to protect and preserve the organic depot structure and enforce statutory provisions to assure the viability of an organic logistics capability necessary to ensure military readiness?

Secretary PANETTA. The Department agrees that it is essential for national defense that the United States maintains organic depot maintenance capabilities that enable our forces to respond to national defense contingencies and other emergency requirements. DOD policies and actions support the preservation of core capabilities and balance the maintenance workload across the public and private sectors.

The Department applies and enforces the core concept through a biennial capability and workload review, completed by the Military Services and reviewed by the Office of the Secretary of Defense. The purpose of this review process is to ensure a ready and controlled source of technical maintenance capability owned and operated by the Government. The Department's organic depot maintenance capability is subject to title 10, U.S.C., section 2466, which directs that no more than 50 percent of each Military Department's annual depot maintenance funding can be used for work done by private sector contractors. The Department provides this comprehensive information of depot maintenance spending in a report to Congress annually.

In addition to these formal processes and reporting requirements, the Office of the Assistant Secretary of Defense for Logistics and Materiel Readiness oversees programs and initiatives designed to support the effective execution of the Department's maintenance requirements. A key element of these programs is the stewardship of the U.S. organic depot structure.

QUESTIONS SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. As you are aware, Public Law 110–229, the Consolidated Natural Resources Act of 2008, converted the Guam-specific visa waiver program into a joint Guam-CNMI regional visa waiver program. P.L. 110–229 expressly intended to include visitors from countries of "significant economic benefit" to the CNMI in the Guam-CNMI VWP. As Congress intended, and as DHS acknowledged in implementing the rule, these countries were the China and the Russia. However, the interim final rule promulgated by DHS did not include China and Russia. Instead,

in October 2009, Secretary Napolitano exercised her discretionary parole authority to allow Chinese and Russian tourists to travel to the CNMI only. The ability of Chinese and Russian tourists to visit Guam visa-free is crucial to the development of Guam's economy. DHS is currently considering the final rule implementing the Guam-CNMI VWP. DHS indicated that it has requested DOD's opinion on whether either the expansion of the visa waiver program to China and Russia or the extension of the existing parole authority to Guam would present any concerns with respect to security of local DOD bases on Guam. Local military commanders on Guam have stated publicly that they are not opposed to expanding the visa waiver program to Chinese or Russian visitors, and that any security-related concerns can be effectively mitigated. This position comports with DOD's long-standing view, as expressed in the Guam & CNMI Military Relocation EIS, that the military build-up on Guam must be balanced with Guam's economic development. Can you confirm that: (a) DOD is actively working to provide DHS with the requested response regarding any security concerns to DOD from expanding the Guam-CNMI VWP or extending parole authority to Guam; (b) as expressed by the local military commanders on Guam, any potential security concerns to DOD can be sufficiently mitigated, either within the visa waiver mechanism or through conditions imposed pursuant to DHS' parole authority?

Secretary PANETTA. The Department of Defense is currently evaluating the merits of the application of this program to Guam as they relate to Departmental equities and requirements. DOD looks forward to interagency discussion once the Department of Homeland Security provides its formal proposal to all relevant Departments and Agencies.

Ms. BORDALLO. As you know, 10 USC 235 states that "In the budget justification materials submitted to Congress in support of the Department of Defense budget for any fiscal year ... the Secretary of Defense shall include the information described in subsection (b) with respect to the procurement of contract services ... the number of full-time contractor employees (or the equivalent of full-time in the case of part-time contractor employees) projected and justified for each Department of Defense component, installation, or activity based on the inventory of contracts for services required by subsection (c) of section 2330a of this title and the review required by subsection (e) of such section."

How can DOD have the "ability to conduct a full budget audit" if DOD is not able to prepare a compliant budget in accordance with section 235 because DOD doesn't have an inventory that is compliant with section 2330a(c) or conduct the review required by section 2330a(e)?

Secretary PANETTA. The 2010 NDAA requires that DOD financial statements be validated as ready for audit by September 2017. The Department has a plan to accomplish that goal and is making significant progress as described in the latest biannual report to Congress. I have also directed that this effort should be expedited, with a 2014 target to make out statements of budget resources audit ready. The first priority in the plan focuses improvements on the controls and systems associated with budgetary information. The goal is to improve information to better inform decisions—not just to ensure the funds are spent.

The financial statements and the budget justification are prepared from the same data and processes which the DOD is focused on improving. While the audit of DOD financial statements will not validate our budget justification materials directly, I feel that the audit will provide Congress assurance that our underlying financial information is reliable.

Ms. BORDALLO. In response to the GAO report on the inventory of contracts for services released in January 2011, DOD indicated that it "would develop a plan of action, including anticipated timeframes and necessary resources, to facilitate the Department's stated intent of collecting manpower data ... " and "assess ways to improve the Department's approach to estimating contractor full-time equivalents until the department is able to collect manpower data from contractors."

What specifically has the department done since then to meet these objectives?

Secretary PANETTA. Following the GAO's report issuance in January 2011, the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD(P&R)) began formal coordination of a proposed policy issuance, "Development, Review, and Analysis of the Inventory of Contracts for Services" (ICS). This issuance establishes policy, assigns responsibilities, and provides uniform definitions and guidelines to ensure consistency DOD-wide for the development, review, and analysis of the ICS—consistent with the statutory requirements of sections 235 and 2330a of title 10, United States Code.

This proposed issuance requires that as new contracts for services are issued, and as options for existing contracts are exercised, DOD requiring activities ensure that each statement of work (SOW) include specific data elements required to meet the

requirements of Title 10. Specifically, the requirement to collect direct labor hours and associated costs would be included as a deliverable. All services provided in support of, or of benefit to, a DOD organization, regardless of the source of the funding or acquisition agent and the dollar amount of the vehicle, would be reported in the inventory of contracts for services. Additionally, the issuance proposed guidance with regards to completing a thorough review and analysis of the contracted services to ensure they are validated against mission requirements, as well as being justified against current and proposed expenditures during annual program and budget reviews.

Based on feedback from the coordination process and as a result of the passage of Public Law 112–10, OUSD(P&R) determined to reassess the scope and content of this proposed issuance. Section 8108(c) of Public Law 112–10 required each military department, agency, and activity of the Department to develop a plan to collect direct labor hours and associated costs from contractors. Nearly all Components have submitted their plan in accordance with section 8108(c).

On November 22, 2011, the Under Secretary of Defense for Personnel and Readiness, jointly with the Under Secretary of Defense for Acquisition, Technology, & Logistics, delivered a consolidated Department-wide plan to the Congressional defense committees. Based on individual Component submissions, this plan delineates both short- and long-term actions to be taken by the Department to begin collecting data from private sector firms and fully comply with requirements of sections 235 and 2330a of Title 10, United States Code. Among the long-term actions delineated in this plan is the completion of a comprehensive DOD issuance that would formalize Department-wide processes and responsibilities for compliance with these provisions.

Ms. BORDALLO. In a recent prepared statement to the Senate Armed Services Committee, Dr. Clifford Stanley stated OUSD Personnel and Readiness is working with all DOD organizations to move towards collecting data from the private sector firms providing services for the department.

What progress has been made and have DOD organizations begun steps to collect such data?

Secretary PANETTA. The Under Secretary of Defense for Personnel and Readiness' May 2011 statement to the Senate Armed Services Committee was based on his request to each of the Department's organizations to designate representatives to comply with the reporting requirements of section 8108(c) of the Public Law 112–10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011. These representatives comprised a working group including the three Military Departments, 27 Defense Agencies/Field Activities, Joint Staff, 9 Combatant Command organizations, OSD staff, and other DOD organizations. Led by OUSD(P&R), this group discussed (1) how to respond to the specific requirements of section 8108 and (2) how to improve the Departments inventory of contracts for services both in the near and long term.

In coordination with P&R, each Component developed a plan to collect data from the private sector firms providing services for their organization. On November 22, 2011, the Under Secretary of Defense for Personnel and Readiness, jointly with the Under Secretary of Defense for Acquisition, Technology, & Logistics (USD (AT&L)), delivered a consolidated Department-wide plan to the Congressional defense committees. Based on individual Component submissions, this plan delineates both short- and long-term actions to begin collecting data from private sector firms and fully comply with requirements of sections 235 and 2330a of title 10, United States Code. The Department's plan will follow the Army's best practice to modify statements of work/performance work statements to require reporting of contractor manpower data into a web-enabled database. To support these plans, the Army made the source code for its web-enabled data system available to all Components for modification and DOD will support a review of the system to modify it and make it available to their organizations.

Ms. BORDALLO. Additionally, Dr. Stanley stated that OUSD(P&R) "is engaged to assist the Departments of the Navy and Air Force, to enhance their service contracting governance ability by leveraging the Army system as directed in the FY11 appropriations bill; and to also assist the Defense Agencies and Field Activities as they report their plans to collect this information." In July, in a letter to the chairman, Dr. Stanley stated that the Components would be sending their plans.

The Committee has yet to see those plans or any indication from the department that steps are being taken to leverage the Army process. Why?

Secretary PANETTA. With passage of Public Law 112–10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011, the Under Secretary of Defense (Personnel and Readiness) (USD (P&R)) sent a memo to all DOD organizations, dated April 27, 2011, to designate representatives to comply with the report-

ing requirements of section 8108(c). These representatives comprised a working group including the three Military Departments, 27 Defense Agencies/Field Activities, Joint Staff, 9 Combatant Command organizations, OSD staff, and other DOD organizations. Led by OUSD(P&R), this group discussed (1) how to respond to the specific requirements of section 8108 and (2) how to improve the Departments' inventory of contracts for services both in the near and long term.

As a result of these meetings, on July 18th, USD (P&R) signed an interim response to Congress. Following that OUSD(P&R) continued to work with all Components of the Department to develop and coordinate on those plans. On November 22, 2011, the USD (P&R), jointly with the Under Secretary of Defense for Acquisition, Technology, & Logistics (USD (AT&L)), delivered a consolidated Department-wide plan to the Congressional defense committees. Based on individual Component submissions, this plan delineates both short- and long-term actions being taken by the Department to begin collecting data from private sector firms and fully comply with requirements of sections 235 and 2330a of Title 10, United States Code.

Ms. BORDALLO. In June, Dr. Stanley submitted the report on "Public-Private Competitions" in accordance with Section 325 of the FY10 NDAA, recommending lifting the suspension on A–76. That same provision requires the Department to certify compliance with 10 USC sections 235 and 2330a in order for the suspension to be lifted.

Considering the lack of observed progress per the above, could the Department justify certification to lift the suspension on public-private competitions within DOD?

Secretary PANETTA. No, the Department is not currently prepared to certify compliance with 10 USC sections 235 and 2330a, as required by section 325 of the FY10 NDAA, in order to lift the suspension on public-private competitions within DOD. While the recent report to Congress noted the utility in having the public-private competition tool as a process by which to shape the workforce and appropriately align functions between the public and private sectors, there remains a lack of true visibility and fidelity regarding the contracted services element of the Total Force. The Department made progress in the past six months to meet the spirit and intent of 10 USC 2330a, and will improve the reliability of data reported in accordance with 10 USC 235. Once the recommended improvements to the inventory of contracts for services are implemented, the Department will be better able to make the certifications required by section 325 of the FY10 NDAA.

Ms. BORDALLO. With respect to the component plans that were coordinated by OUSD P&R, how many committed to follow the Army's plan to modify SOW/PWSs to require contractors to report direct labor hours and costs annually, and to use the Army system directly, or asks for a DOD-wide Contractor Manpower Reporting Application (CMRA)-like system to report this data?

Secretary PANETTA. Of 44 DOD Components, P&R reviewed and coordinated on 41 plans. Of these, 23 follow the Army's plan to modify SOW/PWSs requiring contractors to report direct labor hours and costs annually. These 23 organizations intend to either use the Army system, or have requested a DOD-wide Contractor Manpower Reporting Application (CMRA)-like system to report data. The other organizations submitting plans proposed implementing contract clauses, modifying existing agreements, or in the case of the intelligence agencies, already have processes in place to capture data. Some of these organizations also have data systems in place to record this information, or would like to use a DOD-wide Contractor Manpower Reporting Application (CMRA)-like system to report data.

QUESTION SUBMITTED BY MR. CONAWAY

Mr. CONAWAY. Secretary Panetta, I want to applaud your initiative to make financial management reform and auditability a priority for the Department of Defense. I am encouraged that you have directed the Department to accelerate key elements of the Financial Improvement and Audit Readiness (FIAR) plan, but also recognize there will be challenges in achieving these goals. I am interested in more information on how you determined the 2014 Statement of Budgetary Resources audit readiness date. In addition, as the Under Secretary of Defense (Comptroller) works to update the FIAR plan, I request to be kept informed on the status.

Secretary PANETTA. Shortly after I took office, I directed the Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)/CFO) Robert Hale to review DOD/Component FIAR plans with appropriate DOD leaders to determine what improvements could be made to speed progress, given my keen interest in audit readiness. Two of the military Services (Navy and Marine Corps) had plans for their Statement of Budgetary Resources to be audit ready by 2013, Army would be ready

in 2015 and the Air Force would be ready by 2017. In consultation with USD(C) Hale, I established reasonable but aggressive stretch goals in order to push the organization to meet the overall 2017 goal for auditability of all financial statements. The resulting goal for the Statement of Budgetary Resources cuts in half the time for the whole Department to achieve auditability of the Statement of Budgetary Resources for general funds. With CEO involvement, this is achievable.

QUESTIONS SUBMITTED BY MR. OWENS

Mr. OWENS. Secretary Panetta, as we draw down forces overseas, training for our UAS operators will need to take place in the United States. There is a pressing need to integrate UAS operations into the National Airspace System (NAS) so pilots and sensor operators can maintain combat effectiveness and flight proficiency. Currently, UAS operations are limited to very small segments of airspace. The process for securing Certificates of Authorization from the FAA to expand access is lengthy and cumbersome.

For example, in my district, Fort Drum is where the 174th Fighter Wing will soon be launching and recovering the MQ–9 (Reaper) aircraft. After two years of working with the FAA, the unit is close to receiving permission to fly in restricted airspace and above 18,000 feet in special use airspace.

In order to conduct more appropriate and realistic training, the MQ–9 will need to fly between restricted airspace, special use airspace (military operating areas—MOAs) and the National Airspace System (NAS) and take advantage of the entire airspace (from 5000 feet to 30,000 feet). This is required to avoid weather and to train with the full capability of the weapons system. This is the ability to train dynamically. Ultimately the Air National Guard needs to be able to fly from joint civil military use airports.

Can you share with us how the Department of Defense is working to solve this problem and expedite the approval process? For example, what kind of research or pilot programs is the Department of Defense conducting to facilitate the integration of UAS into the NAS?

Secretary PANETTA. The Department of Defense (DOD) is addressing the major issues enabling Unmanned Aircraft Systems (UAS) integration into national airspace through a joint, unified effort led by the DOD UAS Task Force. The UAS Task Force serves as the Department's advocate for shaping the regulatory policies, procedures, certification standards, and technology development activities that are critical to the integration of DOD UAS into the NAS. The Task Force developed the DOD Airspace Integration (AI) Plan and the Joint Concept of Operations (CONOPS) for UAS AI, which guides development of DOD policy and Service CONOPS development. The Task Force AI effort is broken down into short-term and long-term activity.

As part of the short-term activity, UAS Task Force leadership, in partnership with the DOD Policy Board on Federal Aviation, serves and supports the multi-agency UAS Executive Committee (ExCom). One of the ExCom's key goals is to coordinate and align efforts among member agencies (Federal Aviation Administration (FAA), DOD, Department of Homeland Security, and NASA) to ultimately achieve routine safe Federal public UAS operations in the National Airspace System. Through the ExCom, the Department recommended specific improvements to FAA policy and guidance that it believes will simplify the Certificate of Waiver or Authority (COA) approval process while greatly reducing the time and effort it takes to process and approve a COA application. These recommendations are under active consideration by the FAA, and the larger ExCom is awaiting formal notification of adoption or other disposition.

The Department's long-term goal is to reduce, and ultimately eliminate, the need for the FAA's COAs for the vast majority of DOD UAS operations. The Department has a number of efforts underway to achieve that goal, including development of Sense and Avoid (SAA) capabilities. Over the past 3 years, the Department made significant investments in SAA technologies enabling broader access to the NAS for DOD UAS. During this time period, DOD engineers and technicians worked closely with designated FAA staff to clarify the requirements and standards that would enable approval and eventual certification of ground-based systems for broad deployment throughout the Department and across the United States.

The Department's laboratories, program offices, and industries have long been involved in technology development and flight testing of airborne SAA (ABSAA) systems to provide even broader, more flexible NAS access for military UAS. The Navy and Air Force are working together to leverage a common ABSAA functional baseline for the RQ–4B Global Hawk (GH) and Broad Area Maritime Surveillance

(BAMS) aircraft. The Navy is leading development of a joint solution, building upon Air Force Research Laboratory and Global Hawk technology efforts to develop a Pilot-In-The-Loop capability, which will then be leveraged to develop an autonomous SAA capability for GH/BAMS. This technology can provide future capability for the Air Force MQ–9 Reaper and the Army MQ–1C Gray Eagle.

Some of the potential technology solutions being evaluated include radar systems and associated algorithms specifically designed for autonomous SAA, commercial-off-the-shelf electro-optical (EO) sensors for sensing non-cooperative aircraft, and short wave infra-red sensors that have greater sensitivity for detecting air traffic under conditions that are difficult for EO cameras. Other longer-term technology options to improved SAA include Automatic Dependent Surveillance-Broadcast implementation that will leverage coming improvements to the NAS under the FAA's NextGen effort.

The Department remains committed to achieving safe and efficient UAS NAS access as quickly as technology and regulatory revisions will allow. DOD is closely engaged with industry and academia to cross-leverage both technology and aviation processes that will accelerate this effort as much as possible.

Mr. OWENS. Secretary Panetta, I have heard from a number of constituents regarding the economic development implications of the F–35 for Upstate New York. I understand that today the F–35 program supports some 127,000 direct and indirect jobs across the country, with potential for greater benefits down the road. Is the Department still fully committed to this platform, and do you believe as others have testified in the past that the F–35 presents a critical capability for which there is no alternative?

Secretary PANETTA. The Department is committed to the F–35 program. The program was reviewed following a Nunn-McCurdy cost breach, and in June 2010 the Under Secretary of Defense for Acquisition, Technology and Logistics certified that there are no alternatives to the program that will provide acceptable capability to meet the joint military requirement at less cost.

QUESTIONS SUBMITTED BY MR. LAMBORN

Mr. LAMBORN. The President's budgets have cut a total of $1.65 billion out of the ground-based midcourse defense (GMD) system, the only missile defense system currently in place to defend the United States. It was this system that Secretary Gates turned to in 2006 when information and warning revealed potential launch activity of long-range ballistic missiles by North Korea. Can you update us on the status of the "hedging strategy" this committee has been waiting on for almost two years? This strategy, as you know, is supposed to provide the answer of how we will respond to developments of the ballistic missile threats to the United States, such as a more rapid development of long-range ballistic missiles by Iran or North Korea?

Secretary PANETTA. Protecting the United States from the threat of ballistic missile attack is a critical national security priority, and missile defense of the homeland remains the first priority of the Department's missile defense efforts.

The United States now possesses a capacity to counter the projected threats from North Korea and Iran for the foreseeable future with the current Ground-based Midcourse Defense (GMD) system. Because of the uncertainty about the future ICBM threat, it is important that the United States maintain this advantageous position. In order to maintain this advantageous position, the Department has committed to implementing additional steps to maintain and enhance protection provided by the GMD system. These improvements to the program of record include:

- Procurement of additional GBIs (which will keep production lines warm through 2016);
- The deployment of additional sensors;
- Upgrades to the Command, Control, Battle Management and Communications system;
- Placement of an additional In-Flight Interceptor Communications System Data Terminal on the East Coast;
- Upgrades to the Early Warning Radars at Clear, Alaska and Cape Cod, Massachusetts; and
- An aggressive GBI reliability improvement program in order to reduce the number of GBIs required per intercept, which will increase the number of ICBMs that can be defeated by the GMD system.

In addition to the improvements to the GMD system, the Administration is also implementing a number of measures to strengthen the U.S. hedge posture, including:

- The construction and activation of Missile Field 2 at Fort Greely, Alaska, which will accommodate a contingency deployment of eight additional GBIs, if needed;
- Placement of six GBI silos at Missile Field 1 at Fort Greely in storage mode instead of decommissioning, allowing their return to service within 18–24 months, if necessary; and
- The continued development and assessment of a two-stage GBI, which will continue to preserve future deployment options.

The Administration is also committed to implementing all phases of the European Phased Adaptive Approach (EPAA), including developing and fielding the SM–3 IIB interceptor. The EPAA will improve our homeland defenses while providing missile defense against the regional threat to our deployed forces, Allies, and partners in Europe. The EPAA augments homeland BMD defense by deploying a forward-based radar in Turkey, which will provide data to augment the missile defense coverage of the United States. Additionally, the SM–3 IIB interceptor will provide an early-intercept capability against potential Iranian ICBMs targeting the United States.

The United States continuously analyzes threat developments and future capabilities to identify additional measures that could be taken should new threats emerge. The analysis conducted for the hedge strategy is informing the budget decisions under consideration as part of the development of the Department's fiscal year 2013 budget request. The Department will ensure that Congress is briefed on the results of the hedge strategy at that time.

Mr. LAMBORN. As you know, at the Shangri-La Dialogue in Singapore in June, outgoing-Secretary of Defense Robert Gates stated that, "With the continued development of long-range missiles and potentially a road-mobile intercontinental ballistic missile and their continued development of nuclear weapons, North Korea is in the process of becoming a direct threat to the United States." And two weeks later he said, "North Korea now constitutes a direct threat to the United States. The president told [China's] President Hu that last year. They are developing a road-mobile ICBM. I never would have dreamed they would go to a road-mobile before testing a static ICBM. It's a huge problem. As we've found out in a lot of places, finding mobile missiles is very tough." Do you concur with Secretary Gates' statements? If North Korea begins fielding an array of road mobile ICBMs, and if they proliferate this technology to Iran and other countries as in the past, what does such activity do to current judgments about the adequacy of the current inventory of Ground Based Interceptors?

Secretary PANETTA. One of the most significant threats to the U.S. homeland is the continued progress of regional actors in developing weapons of mass destruction and the means to deliver them by ballistic missiles. North Korea's demonstrated nuclear ambitions and continued development of long-range missiles remain a primary focus of the development and deployment of the Ballistic Missile Defense System (BMDS).

At present, the capabilities developed and deployed as part of the integrated BMDS protect us from the potential emergence of an ICBM threat from Iran or North Korea. To maintain this advantageous position, the Administration is taking steps to improve the protection of the homeland from the potential ICBM threat posed by Iran and North Korea. These steps include the continued procurement of ground-based interceptors (GBIs); the deployment of additional sensors; and upgrades to the Command, Control, Battle Management, and Communications system. Improvements to the Ground-based Midcourse Defense (GMD) system, in particular, will better protect us against future ICBM threats, whether from Iran, North Korea, or other regional actors. The Department's BMD hedging strategy, to be provided to Congress in the coming months, is addressing how to best posture ourselves to address potentially larger threats.

Mr. LAMBORN. The National Missile Defense Policy Act of 1999 requires the U.S. to develop a missile defense system capable of dealing with threats to the homeland from rogue regimes as well as unauthorized or accidental launches from other states, presumably Russia and China. Would you be surprised to learn that neither NORTHCOM nor MDA have developed training to deal with the unauthorized or accidental launch scenario? Would you please take steps to learn why and to resolve this situation and would you report back to the Committee?

Secretary PANETTA. The Department of Defense developed and deployed an operational missile defense capability to defend the homeland against limited ballistic missile attack. In the event of an accidental or unauthorized ballistic missile attack by any state, the U.S. would employ the GMD system in defense of the U.S. homeland.

U.S. Northern Command is responsible for determining how the system is employed, as well as for oversight of the training for assigned Ground-based Midcourse

Defense (GMD) mission crews. Personnel assigned to GMD crews routinely train on different types of launch scenarios, with the primary focus of training on actions required to defend against a missile threat to the homeland. Training ensures proficiency in the execution of the system for launches against the United States regardless of their origin.

Mr. LAMBORN. Do you believe, as you execute budget drills to implement the $489 billion in cuts that have already been sustained to the Defense Department budgets, that the country can continue to afford a robust national missile defense as well as a regional missile defense architecture like the EPAA, which will not contribute anything to the defense of the United States until, perhaps 2020—though this is now in doubt thanks to the cuts sustained to the SM–3 IIB development by the Senate Appropriations Committee? Is it your understanding that the U.S. is deploying the EPAA to defend Europe as its "national contribution" to NATO? If so, how much will that cost the United States to defend Europe in this way?

Secretary PANETTA. The Administration is committed to sustaining and enhancing the Ground-based Midcourse Defense program for the protection of the homeland, while also implementing phased adaptive approaches to regional missile defense starting with NATO with Phase I of the European Phased Adaptive Approach (EPAA). The administration is committed to all four phases of the EPAA including the SM–3 IIB in Phase 4.

Beginning in 2011, as part of Phase I, the EPAA augments defense of the U.S. homeland, and is the United States national contribution to NATO. Since President Obama's September 2009 announcement of the EPAA, a key U.S. goal has been to implement the EPAA in a NATO context. At the NATO Lisbon Summit in November 2010, Allies agreed to pursue a territorial missile defense capability to protect NATO European populations and territories.

The Department has a budget and acquisition schedule for regional missile defense, including elements associated with the EPAA. The costs specific to EPAA are relatively modest, and associated with the planned forward based AN/TPY–2 radar and fixed Aegis Ashore sites in Romania and Poland. There are regional missile defense costs that cannot be assigned exclusively to the EPAA (or to any other specific region) because the research, development, and operation of these systems is conducted in the context of ballistic missile defense writ large. For example, the development and procurement costs for advanced versions of the SM–3 interceptor and Aegis BMD software upgrades are part of the EPAA, but will also be available for deployment in other regions. The costs of the elements of the BMDS are provided annually to Congress in the BMDS Assessment Report (BAR).

QUESTIONS SUBMITTED BY MR. GARAMENDI

Mr. GARAMENDI. Mr. Secretary, please tell me and the House Armed Services Committee how much the Department of Defense is planning to spend on the Overseas Contingency Operations Account between 2012 and 2025? Please provide a year-by-year breakdown. Based on best estimates, how much will this spending contribute to anticipated budget deficits each year? Do you see the rising deficit as a problem for our national security?

Secretary PANETTA. The Department of Defense (DOD) requested approximately $118 billion in its FY 2012 Overseas Contingency Operations (OCO) President's Budget request for war requirements, a drop of 26 percent from the FY 2011 OCO enacted level. The DOD OCO budget is a bottom-up budget preparation each year, and it is configured to support current military strategy and the Commander's assessment of needs on the ground. Consequently, the Department does not project OCO requirements beyond the budget year. The Office of Management and Budget included a "placeholder" of $50 billion per year for FY 2013 through FY 2021 in the President's FY 2012 Budget request.

Mr. GARAMENDI. Mr. Secretary, I'd like to get your thoughts on the decline of the U.S. manufacturing base and the implications you see for our nation's security interests. We must make it in America. Unfortunately, all too often, we do not. For example, Department of Defense officials have testified that the propellant for Hellfire missiles is no longer going to be produced in the U.S. and that we will have to procure it from foreign sources—reportedly China. We are now dependent on China for supplies of rare earth minerals, which they continue to ration. Those elements are critical to a vast array of products, including the guidance system in our Joint Direct Attack Munitions (JDAMS). Are you concerned with the decline of our manufacturing base? What do you view as critical to our security and therefore, should be produced in the U.S.?

Secretary PANETTA. The Department has a deep interest in the health of the manufacturing base and the larger industrial base supporting defense. Several factors play into actions that are considered to ensure DOD maintains a healthy, robust base. First, certain defense industrial activities rely on specific labor skills—high-skill jobs that depend on experience learning a craft for which future workers cannot readily be hired to replace workers laid off today. Second, the Department has greater responsibility for maintaining defense-unique capabilities, whereas the Department does not need to be as concerned to ensure the long-term health of capabilities that draw readily on the commercial marketplace. Third, the Department is most concerned with industrial capabilities that are the most likely needed in the future; the least likely to be superseded by innovation or changes in the strategic environment; and the most expensive to reconstitute if a capability had to be rebuilt later to replace one lost today for lack of demand. The U.S. defense industrial base is critical to equipping our military with superior capabilities; and a strong, technologically vibrant, and financially successful defense industry is therefore in the national interest.

The Department recognizes that the overall industrial base is increasingly global and DOD must deal with the implications and mitigate risks when warranted. Buying from a more global environment offers many benefits including increasing competition and reducing costs; allowing for the introduction of new technologies and concepts; and supporting coalition warfighting efforts through increased interoperability with allies and partners. On the other hand, while there are many benefits, I am well aware that there are also potential risks.

The Department is committed to ensuring sources of supplies, whether U.S. or foreign, are reliable. The Department complies with the Buy American Act, the Berry Amendment, and other domestic content laws. In general, the Department does not support imposing additional domestic restrictions on its sources of supply. However, the Department has the authority to formally establish restrictions on the use of foreign products, when necessary, to ensure the survival of domestic suppliers required to sustain military readiness. These foreign product restrictions are imposed by administrative action, as opposed to statute, and they have been imposed, where necessary, to ensure national security.

In terms of the two examples raised, the Department is currently procuring one ingredient—butanetriol (BT)—for the Hellfire missile propellant from China. The sole domestic supplier of BT decided to exit the business due to a small market and environmental implications. After an exhaustive global search for a supplier, the only company able to supply the chemical was in China. DOD is actively working with industry to develop a domestic source since it became aware of the BT source issue in 2007 and continued development efforts show promise. Regarding rare earth materials, most of the domestic supply chains are intact in the sense that U.S. producers are typically available to make rare earth products, components, and systems. The major exception is sintered neodymium-iron-boron magnets, for which there is no current U.S. production. In the case of the Joint Direct Attack Munitions (JDAM) Program, while some potential risks to the supply of neodymium-iron-boron magnets for the system do exist, the Department believes that existing JDAM inventories mitigate risk significantly for that particular system at this time, and performance would not be diminished by the substitution of different magnets. Beyond the JDAM inventory, the Department devoted intensive attention to rare earth elements over the past several years and continues to monitor the issue carefully to ensure the critical elements upon which our systems depend continue to be available to system integrators.

Mr. GARAMENDI. Do you believe maintaining anywhere from 100,000 to 68,000 troops in Afghanistan over the next three years is the most efficient and/or effective way to address the threat of international terrorism? If so, why? Are there other strategies that might be more efficient or effective? General Dempsey, you seemed to refer to a network approach; can you please expand on your idea?

Secretary PANETTA. I believe our strategy in Afghanistan is critical to the disruption, dismantlement, and ultimate defeat of al-Qa'ida and to ensuring that Afghanistan does not again become a safe haven from which al-Qa'ida and its network of extremist affiliates can threaten the United States or our allies. It was in Taliban-controlled Afghanistan that al-Qa'ida found the safe haven it needed to conduct the attacks on our country ten years ago, and we have a compelling national security interest in preventing such a situation from arising again.

As the President announced in June 2011, we are now drawing down our 33,000 surge forces, so that by the end of summer 2012 we will have a total of 68,000 forces in Afghanistan. We are working closely with the Afghans and our NATO Allies and other partners to train and develop Afghan forces capable of taking the lead role

for security in Afghanistan so that Afghanistan can never again be used as a safe haven to attack others. We will complete this transition process by the end of 2014.

The end of this transition does not mean the end of our efforts to address the threats that emanate from the region, which remains a nexus for insurgents and terrorist facilitation networks. A network approach links the efforts of US, NATO, and other partners and maximizes the effectiveness of Special Operations Forces, intelligence surveillance and reconnaissance systems, cyber, and other capabilities to collectively attack the insurgent network. Investing in the sustainability of the ANSF and negotiating a strategic partnership with Afghanistan beyond 2014 will assure Afghanistan—and the region—that it will not again be abandoned.

Mr. GARAMENDI. Mr. Secretary, as you know several organizations have proposed recommendations for Department of Defense savings. My staff developed a matrix to compare the various programs which we provided to your office. Across the political spectrum there are numerous similarities. Therefore, as you consider your proposed cuts please tell me and the House Armed Services Committee why those cuts that both the left and right agree on, should or should not be made?

Secretary PANETTA. Many of the proposals listed in your matrix are under consideration for how the Department will achieve cutting over 450 billion dollars out of the budget over the next 10 years. Everything is on the table. DOD is looking at reducing force structure; it is looking at slowing the growth of compensation and benefits; and it is pushing further for efficiencies and tightening areas like procurement. These are all going to be tough decisions, and the Department must pursue savings in areas that were previously considered sacrosanct.

Every decision will entail some form of risk but the Department must make the right cuts in the right places to meet this nation's security strategy and manage risk. DOD is working hard to deliver in the months ahead a coherent, strategy-driven program and budget that preserves the best military in the world.

Mr. GARAMENDI. Do you believe maintaining anywhere from 100,000 to 68,000 troops in Afghanistan over the next three years is the most efficient and/or effective way to address the threat of international terrorism? If so, why? Are there other strategies that might be more efficient or effective? General Dempsey, you seemed to refer to a network approach; can you please expand on your idea?

General DEMPSEY. Following the recovery of surge forces, approximately 68,000 U.S. troops and thousands of international forces will remain in Afghanistan. These forces will continue to work side-by-side with over 300,000 Afghan National Security Forces (ANSF) as they begin their transition to security lead. Moreover, the ANSF continues to demonstrate growth in quantity, quality, and operational effectiveness increasing their capacity and capability to counter the influence of insurgent safe-havens in Pakistan and limiting the ability of those insurgents from re-occupying ungoverned space in Afghanistan.

However, the insurgency is a complex network that is most effectively countered through a network approach. Our approach must cast a comprehensive net that includes threads from our interagency partners, conventional and special operations forces, ISR, and cyber capabilities to find and disrupt the multiple layers of an insurgency. Addressing only one facet of the insurgency allows it to continue to recover and to adjust.

QUESTIONS SUBMITTED BY MR. RIGELL

Mr. RIGELL. In the hearing, you testified that we have cyber-attacks coming at us left and right.

1. To what degree are those attacks planned and executed or in close collaboration with foreign governments compared to an individual actor or actors?

2. Would you please identify the top three countries where those attacks originate?

3. Also, if the attack originated from a foreign government, would the Department of Defense consider that to be an act of war?

Secretary PANETTA. 1 and 2. [The information referred to is classified and retained in the committee files.]

3. The phrase "act of war" is frequently used as shorthand to refer to an act that may permit a state to use force in self-defense, but more appropriately it refers to an act that may lead to a state of ongoing hostilities or armed conflict. Contemporary international law addresses the concept of "act of war" in terms of a "threat or use of force," as that phrase is used in the United Nations (UN) Charter. International legal norms, such as those found in the UN Charter and the law of armed conflict, that apply to the physical domains (i.e., sea, air, land, and space) also apply to the cyberspace domain. As in the physical world, a determination of what is a

"threat or use of force" in cyberspace must be made in the context in which the activity occurs, and it involves an analysis by the affected states of the effect and purpose of the actions in question.

Mr. RIGELL. If the adverse consequences of operating under a series of continuing resolutions, as compared to operating under a properly legislated budget and appropriations, could be quantified and expressed as a percentage (with the percentage representing inefficiencies), what would you estimate the percentage and cost to be?

Secretary PANETTA. There are many different aspects of the continuing resolution (CR) process that create inefficiencies in the Department of Defense. It would be impossible to adequately quantify the impacts of operations under repetitive continuing resolutions.

Each account in the budget is affected by a CR in different ways because of the various legal restrictions on use of funds. For example, Military Construction accounts (totaling over $13.4 billion in the FY 12 request) require both Authorization and Appropriation of each individual construction project. Since each year's budget contains an entirely different set of construction projects, a CR that is an extension of the previous year's budget means that all new military construction stops—these accounts could be said to be more than 90% inefficient during a CR. As another example, in Procurement accounts (totaling over $113.0 billion in the FY 12 request), the Department is unable to start production of a new item or to increase the rate of production of an existing item, despite the fact that DOD planned to do so for years, have carefully budgeted the funds, and negotiated the contracts for these purchases. For the FY 2012 budget request more than 30 major programs were precluded from starting or increasing the rate of production due to operation under the CR. For these aspects of the Department's long range modernization plan, this is virtually complete inefficiency.

The impact on other accounts within the budget is not as easy to quantify. There are untold costs associated with contract delays, work stoppages/restarts, and discounts forgone. These effects often carry into future years, as they impact the long-term costs of projects. Additionally, operations under continuing resolution are complex—beginning with the calculations, and further complicated by the interpretation of what the law allows—determining what we can and cannot execute is often very difficult. Lack of a National Defense Authorization Act (NDAA) also affects the Department's execution during a CR because many of these authorities are not included in the CR legislation, and the Department is required to cease operations until a new NDAA is enacted. I cannot quantify the long-term costs of the CR, either in terms of dollars or inefficiencies, but I can assure you they are great.

QUESTIONS SUBMITTED BY MR. JOHNSON

Mr. JOHNSON. The Army has spent $2.7 billion trying to build an intelligence platform, Distributed Common Ground Systems–Army (DCGS–A). It is years behind schedule, significantly over budget, and under-performing.

A *Politico* article ("Army's faulty computer system hurts operations," 6/29/11) detailed some of its failures. It quoted one former intelligence official: "Almost any commercial solution out there would be better." Another added: "It doesn't work. It's not providing the capabilities that they need."

An article in *Defense News* ("U.S. Army Intel Software Crashes During Exercise, 10/22/11) describes another failure during recent military exercises:

"When American intelligence analysts tried to use the software to track simulated North Korean troop movements, the screens on their DCGS–A workstations sometimes went black, forcing them to reboot the software. . . . ' What happened is the volume of information essentially crashed the software,' the senior intelligence official said. 'We learned to manually do [data retrieval] in chunks of information so DCGS would not crash.'"

I am concerned that DCGS–A is an incompetently developed program that is wasting money and might fail our forces during real conflict, risking American lives.

DCGS–A has been in development for more than a decade, costing taxpayers more than $2.7 billion, with an additional $2 billion slated to be spent in coming years.

Version 4 of DCGS–A was supposed to be delivered in 2007/2008 and we have spent upwards of $355 million on it. Since it is now October 2011 and we still haven't seen Version 4 in the field, can you give this Committee an update on this project?

And can you explain to taxpayers whether continued DCGS–A development is a good use of scarce DOD resources when other services use other tools to accomplish the same objectives at less expense and with greater reliability and effectiveness?

Secretary PANETTA. The DCGS–A program is meeting the requirements outlined in the Joint Urgent Operational Needs statement and continues to improve the intelligence architecture in Afghanistan to increase capabilities and support to disadvantaged users. The accelerated DCGS–A program of record meets all of the requirements of the Joint Urgent Operational Needs (JUON) statement, moreover initial feedback from theater indicates that users are pleased with the DCGS–A program.

As they exist today, stand-alone commercial capabilities do not provide access to all DCGS–A data sources and do not interoperate with Army mission command systems. Additionally, other proprietary capabilities are not interoperable with our Coalition and mission partners' systems and do not deliver the broad range of multi-intelligence, full spectrum capabilities that DCGS–A provides. To date, no other Service or stand-alone commercial intelligence capability is able to address the operational needs and intelligence requirements of our commanders and Warfighters as well as DCGS–A.

The DCGS–A system is an open architecture, government-owned system that allows the Army to integrate the newest capabilities from industry while reducing costs by maintaining a common architecture controlled by the Government. In direct coordination with several agencies in the Intelligence Community, DCGS–A provides a sustainable framework for continued modernization as new capabilities and technologies become available. The Tactical Cloud Integration Lab at Aberdeen Proving Ground, Maryland also provides industry and DOD partners the opportunity to collaborate on cutting edge technologies and advanced analytics, and to test the viability of integrating their capabilities within the DCGS–A enterprise.

Specific to the JUON in question, the Army established one Secret Internet Protocol Router Network (SIPRNet) and one Afghan Mission Network (AMN) Cloud node in Afghanistan, with Initial Operational Capability (IOC) achieved in April and May 2011, respectively. To interoperate with the clouds and to provide enhanced intelligence capabilities, the DCGS–A client software required upgrading to Version 3.1.6. Additionally, the Army added 253 Portable Multi-Function Workstations (P–MFWS) and 12 Intelligence, Surveillance, and Reconnaissance (ISR) Fusion Servers (IFS) to theater provided equipment. With Army units' organic DCGS–A systems, there are 981 P–MFWS and 67 IFS in support of JUON CC 0419, throughout the theater.

Data from the worldwide DCGS–A fusion brain architecture is made available to the cloud data stores. Within the DCGS–A architecture, the IFS provides a subset of data to Brigade Combat Teams, Battalions, and some remote locations in theater. This subset of data provides the ability to conduct limited analysis while disconnected. When reconnected, data feeds begin to update. Additionally, through the units' organic communications, disadvantaged users may leverage some cloud capabilities due to the low bandwidth queries made possible by the "widget" web applications and Ozone framework on the P–MFWS.

In August 2011, PM DCGS–A began the integration of DCGS–A cloud software on a series of "tactical edge node" servers. Tactical edge nodes extend the cloud architecture and provide more robust advanced analytics capabilities and even greater storage capacity compared to the IFS. The tactical edge nodes will interface with the larger SIPR and AMN cloud nodes. This will provide theater users full cloud capabilities without requiring constant direct communications. The ISAF Joint Command in theater has opted to wait until the release of DCGS–A Standard Cloud baseline (V) 1.5.3 in January 2012 for the deployment of the initial tactical edge nodes.

Mr. JOHNSON. In a July 2, 2010 Joint Urgent Operational Need Statement (JUONS), General Michael Flynn, then the top U.S. intelligence officer in Afghanistan, wrote that "intelligence analysts in theater do not have the tools required to fully analyze the tremendous amounts information currently available in theater," that "this shortfall translates into operational opportunities missed and lives lost," and requested a specific "Advanced Analytical Capability in Afghanistan."

DCGS–A was available to U.S. forces in Afghanistan at the time General Flynn issued this Joint Urgent Operational Need Statement, demonstrating that DCGS–A was not meeting the needs of U.S. forces.

General Flynn specified that the capability needed included "the ability to support low-bandwidth or frequently disconnected users with a data sub-set tailored to their area of operations and the applications use it, as well as the capability to report and updated information when re-connected to the network." The JUONS specified that "This data set should update while the user is connected to the network and should also feed user reports/work back to the central database for wider use."

Does DCGS–A currently provide "the ability to support low-bandwidth or frequently disconnected users with a data sub-set tailored to their area of operations

and the applications use it, as well as the capability to report and updated information when re-connected to the network," and can such data set "update while the user is connected to the network and should also feed user reports/work back to the central database for wider use"?

Have DOD efforts to meet the requirements outlined by General Flynn in the 7/2/10 JUONS been in compliance with 10 USC 2377 (proven commercial alternatives, partial or whole). And have other DOD services or government agencies adopted more successful approaches to solve these requirements at a lower cost?

Secretary PANETTA. The DCGS–A program is meeting the requirements outlined in the Joint Urgent Operational Needs statement and continues to improve the intelligence architecture in Afghanistan to increase capabilities and support to disadvantaged users. The accelerated DCGS–A program of record meets all of the requirements of the Joint Urgent Operational Needs (JUON) statement. Moreover, initial feedback from theater indicates that users are pleased with the DCGS–A program.

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Mr. JOHNSON. Colonel Peter A. Newell wrote in a July 28, 2010 letter to Congressman Norm Dicks of the House Appropriations Subcommittee on Defense that the DCGS–A Cloud would be deployed to Afghanistan in November 2010.

According to Army records, by the end of Fiscal Year 2011, the Army will have spent nearly $120 million to develop the DCGS–A Cloud.

Given that Colonel Newell estimated that the DCGS–A Cloud would have been deployed in the field eleven months ago, and we've already spent $120 million on its development, I would expect that this system is currently widely used by our forces in Afghanistan.

Can you please provide me with the exact number of U.S. Army BCT personnel who are currently using the DCGS–A cloud while deployed in Afghanistan?

Secretary PANETTA. The Secret Internet Protocol Router Network (SIPRNet) Cloud equipment shipped to theater in November 2010. The SIPRNet Cloud achieved Initial Operating Capability (IOC) in April 2011. The Afghan Mission Network (AMN) Cloud reached IOC in May 2011. Thus, the clouds have been available for use for five-to-six months. In the DCGS–A architecture in Afghanistan, there are 6,128 unique accounts (users) operational in Afghanistan. As of November 2011, there are over 115 regularly active users of the cloud widgets supported by the cloud capabilities in Afghanistan. These users are supporting the intelligence requirements for the commanders of seven (7) Brigade Combat Teams and 14 Brigade sized combat enablers.

Mr. JOHNSON. Finally, Mr. Secretary, I want to address the possibility of expanding the DCGS program to serve the Department of Justice or the Department of Homeland Security, as some have discussed.

As a member of the House Judiciary Committee, in light of this program's decade-long track record of failure and disappointment, its high cost and poor performance, and its flawed underlying technological architecture, I'd like the record to reflect that I would have grave reservations were the Department of Justice to acquire and use the DCGS system.

Secretary PANETTA. Each Service maintains a Distributed Common Ground System program of record. Joint Forces Command successfully evaluated and exercised multiple Service DCGS programs and their interoperability with Coalition Intelligence, Surveillance, and Reconnaissance (ISR) systems at the Empire Challenge event in July 2011. Empire Challenge 2011 proved that the DCGS Integration Backbone (DIB) provides timely information with access to all Enterprise intelligence dissemination nodes. The DIB filters data to achieve relevant results and supports real-time Cross-Domain data queries and retrieval across Coalition and other security domains. The joint standards that are set and maintained by DIB nodes allow DIB users access to terabytes of data from the Services as well as Coalition and Agency partners. The whole DCGS enterprise is greater than the sum of its parts. Specific to the performance of DCGS–Army, in August 2011, the Army Test and Evaluation Command (ATEC) conducted a forward operational assessment of DCGS–A in Afghanistan. ATEC concluded that DCGS–A supported Warfighter needs by providing access to theater and national intelligence collection, analysis, and early warning and targeting capabilities. DCGS–A provides access to hundreds of tactical, strategic and national data assets on Coalition, Secret and Top Secret networks. One key success of the DCGS–A system (like the larger DIB network) is that the data is available via a DCGS–A web portal, to anyone allowed access to the Secret Internet Protocol Router Network (SIPRNet) or Joint Worldwide Intelligence Communications System (JWICS). If interested, the Department of Justice and Department of Homeland Security could register for accounts and gain access to the same information provided to our Warfighters. The DCGS–A brain web portal provides limited analytical tools compared to the full suite of DCGS–A thick client applications; however, the DCGS–A Cloud widgets on the SIPRnet are intuitive and easy to use. Audit information of DCGS–A usage shows that DCGS–A provides DIA, CIA, NGA, COIC, JSOC, USASOC and other Services with large volumes of data each month. While the ingestion of certain types of data regarding the Justice Department or dealing with US persons would require special restrictions, the simple addition of the DOJ and DHS staff members to our user base would be easily established.

QUESTION SUBMITTED BY MR. PALAZZO

Mr. PALAZZO. Recent news reported "the Pentagon which previous warned that reliable military spending figures could not be produced until 2017, has discovered that financial ledgers are in worse shape than expected and it may need to spend a billion dollars more to make DOD's financial accounting credible, according to defense officials and congressional sources."

Mr. Panetta, this seems opposite of your written statement where you believe that the Department can be audit-ready by 2014.

For months now my colleagues on the Panel on Defense Financial Management and Auditablity Reform have been asking what we can do to streamline this process and this is the first time I have heard anything about additional funds being needed to achieve this goal. Could you respond to these reports?

Secretary PANETTA. The article you reference mischaracterized the extent of resources expected to be required for Financial Improvement and Audit Readiness

(FIAR) efforts. As the Department reported in the November 2011 FIAR Plan Status Report, it is devoting significant resources, approximately $300 million per year, to achieving auditable financial statements. DOD is not spending $1B more than reported in our recent reports to Congress. I directed DOD Components to revise their FIAR plans to achieve auditability in the Statement of Budgetary Resources for general funds by 2014. As part of these efforts, Components are assessing whether additional resources are required to achieve the accelerated goal. Reasonable requests for additional funds will be considered and future reports to Congress will reflect any updated funding approved.

QUESTIONS SUBMITTED BY MRS. ROBY

Mrs. ROBY. One focus has been about making the defense programs more efficient, cost-effective, and with high performance. How do we assess research and development programs that often have with it a high risk in developing cutting-edge research but at the same time has significant and large payoffs?

Secretary PANETTA. The Department's research and development program is a balanced investment between higher risk, high payoff technology and lower risk, and evolutionary technology. Throughout the past several decades, both the Department and the country benefited from high-risk defense research; among the advances, there was the Internet, stealth technologies, the Global Positioning System, and other advanced capabilities. As DOD moves forward to improve efficiency, it is important to place higher risk development under scrutiny. The Department must continue to develop new, high payoff technologies—but it also must be ready to terminate efforts that are not cost-effective. One successful model was the way the Defense Advanced Research Projects Agency assesses high risk projects with interim milestones or development gates. If the research is not progressing, the program is stopped. Using this model, DOD is able to continue high-payoff projects with enhanced efficiencies.

Mrs. ROBY. One focus has been making the defense program more efficient, cost-effective, and with high performance. What impacts, both short-term and long-term, would a reduction in current RDTE accounts, particularly basic research, have on military capability?

Secretary PANETTA. In this fiscal environment, every program, contract and facility will be scrutinized for savings that does not reduce readiness or the ability to perform essential missions. These cuts must be carefully targeted to avoid a hollow force, to ensure a robust industrial base, and to protect the new military capabilities required to sustain military strength. Research, development, test and evaluation (RDT&E) accounts are a large part of the equation. While the Department must be cost conscious, it must also take every possible step to protect emerging military capabilities.

DOD cannot make a linear extrapolation of the impacts of RDT&E cuts to the future force; but I can say that without RDT&E investment, future military capabilities will be greatly reduced.

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