

THE DEPARTMENT OF DEFENSE AND THE FISCAL YEAR 2014 BUDGET

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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THE DEPARTMENT OF DEFENSE AND THE FISCAL YEAR 2014 BUDGET

WEDNESDAY, JUNE 12, 2013

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The Committee met, pursuant to call, at 1:00 p.m., in room 210, Cannon House Office Building, Hon. Paul Ryan, [Chairman of the Committee] presiding.

Present: Representatives Ryan, Price, Calvert, McClintock, Lankford, Ribble, Rokita, Woodall, Blackburn, Nunnelee, Rigell, Hartzler, Walorski, Messer, Williams, Van Hollen, Schwartz, Yarmuth, Pascrell, Ryan of Ohio, Castor, McDermott, Lee, Cicilline, Jeffries, Pocan, Lujan Grisham, Huffman, Blumenauer, Schrader

Chairman RYAN. The Committee will come to order. Welcome, everybody. I want to start on time, or as close to on time as we can because we have a busy day. Number one, we have got votes that are going to hit about 2:30, 2:45. The Secretary and the General have to be down at the White House by 3:00, so I am going to, with consultation from the Ranking Member, knock our question time for each member, including ourselves, down to three minutes each so that everybody gets a chance to ask a question, and we can get this done in time for the pending votes on the floor and in time for their meeting at the White House.

With that, I want to start by thanking our distinguished witnesses: Secretary Hagel, General Dempsey, and Secretary Hale. Each of you served our country, both in military and government, and we thank you for your service. The first duty of government is to keep us safe, and to keep us safe, our strategy ought to drive our budget. But under this Administration, our fear is that the budget is driving the strategies. It is the opposite.

Last year, Secretary Panetta made a budget request, he came here to testify on it, that he said was the minimum necessary to execute the president's strategy. He said that there was, quote, "little room for cuts if we wanted our troops to fulfill our mission." This year's budget request covers the same mission, but over the next 10 years, it is about \$120 billion lower than last year's request. So far, there has been no explanation for this number. Have we changed our strategy?

Now, the Department of Defense is not immune to waste. There is room for improvement, clearly. Every agency must use taxpayer dollars wisely, especially the Department of Defense because it has a very large budget.

Secretary Hagel announced the strategic choices that management reviewed to develop a new strategy for a smaller budget, but a cheaper strategy is not necessarily a better one. The Defense Business Board has suggested a number of ways to improve the Department, and I want to commend their hard work. I think it is excellent work, and I encourage you to act on their recommendations.

That said, national security is our nation's top security, it is our top priority. Defense has borne the burden of deficit reduction, and the president wants to cut even more. This year, the House budget provides the same amount of Defense spending that the president requested last year, yet the president seems to be opposing our proposal. The president is holding Defense hostage for higher taxes and more spending, in our opinion.

These days, every part of government needs to be more efficient, but even as we try to cut the fat, we have to make sure that we do not cut the bone. We must make sure our troops overseas have what they need to complete their mission. We owe a debt of gratitude to our military and their families who continue to make sacrifices for our country for the freedoms that we cherish. They are there fighting for us right now while we speak, so we have to get this right. I look forward to hearing your thoughts on the challenges we face and the resources that we need to meet them.

With that, I would like to yield to the Ranking Member, Mr. Van Hollen.

[The prepared statement of Paul Ryan follows:]

PREPARED STATEMENT OF HON. PAUL RYAN, CHAIRMAN, COMMITTEE ON THE BUDGET

Welcome, everybody. I want to start by thanking our distinguished witnesses: Secretary Hagel, General Dempsey, and Secretary Hale. Each of you has served our country—both in the military and in government. And we thank you for your service.

The first duty of government is to keep us safe. And to keep us safe, our strategy should drive our budget. But under this administration, the budget is driving the strategy.

Last year, Secretary Panetta made a budget request he said was the minimum necessary to execute the President's strategy. He said there was "little room" for cuts if we wanted our troops to fulfill their mission.

This year's budget request covers the same mission. But over the next ten years, it's about \$120 billion lower than last year's request. And so far, there's been no explanation. Have we changed our strategy?

Now, the Defense department isn't immune to waste. There's room for improvement. Every agency must use taxpayer dollars wisely—especially the Defense department.

Secretary Hagel has announced the Strategic Choices and Management Review to develop a new strategy for a smaller budget. But a cheaper strategy isn't necessarily a better one. The Defense Business Board has suggested a number of ways to improve the department. I want to commend their hard work—and encourage you to act on their recommendations.

That said, national security is a priority. Defense has borne half the burden of deficit reduction. And the President wants to cut even more. This year, the House budget provides the same amount of defense funding the President requested last year. Yet the President opposes our proposal. The President is holding the defense budget hostage for higher taxes and more spending.

These days, every part of government needs to be more efficient. But even as we try to cut the fat, we have to be sure not to cut bone. We must make sure our troops overseas have what they need to complete their mission. We all owe a debt of gratitude to our military and their families, who continue to make sacrifices for our country and the freedoms we cherish.

So I look forward to hearing your thoughts on the challenges we face—and the resources we need to meet them.

Mr. VAN HOLLEN. Thank you, Mr. Chairman. I want to join Chairman Ryan in welcoming all our witnesses. Secretary Hagel, General Dempsey, Secretary Hale, thank you for your dedicated service to our nation. I also want to convey our gratitude to the men and women in the Armed Forces for the sacrifices they make every day for our country.

This week, the House of Representatives will be debating and voting on the National Defense Authorization Act. That will provide an opportunity to provide the resources we need for our Armed Forces. It will also be a chance to address some of the other significant challenges that must be confronted, like the mechanisms for confronting cases of sexual abuse in the military.

Here in the Budget Committee, we can help honor the sacrifices of the men and women in the Armed Forces by allocating the top-line resources they need to accomplish their mission, and by making sure we have a budget plan that ensures that America remains economically strong and the land of opportunity for their children and grandchildren. The choices we make in our federal budget should reflect those goals. We should make choices that ensure that our military remains second to none, and make investments in education, scientific research, and the infrastructure necessary to help power our economy, sharpen our competitive edge, and create new opportunities. The very deep and very rapid cuts imposed by the sequester place all of these objectives at risk.

You have both spoken very plainly about the negative impact on military readiness. There are obviously other major negative impacts on the Defense side of the equation. The nonpartisan Congressional Budget Office, which serves as the independent referee here, has said that deep immediate cuts from the sequester will also reduce our economic growth this year by a full one-third, which translates into 750,000 fewer American jobs this year. I have a letter from a major biotech company in my district that talks about the hiring freeze they imposed because of the cuts to NIH grants. These are self-inflicted wounds to our military, to our kids' education, to our economy.

Now, the president and House and Senate Democrats have proposed budgets that would replace that sequester overall. Unfortunately, here in the House, we have not even had an opportunity to vote on that proposal. The good news is the House Republican budget on Defense provides the same level of funding, approximately, as the president's budget and the House and Senate Democrats. The bad news is the way they make up for that is by absolutely gutting the other parts of discretionary spending. So, for example, the part of the budget that funds our education and research at NIH would be cut by approximately 20 percent below 2013 sequester levels. The president has been absolutely right to make it clear that he will not support appropriations bills that have those lopsided priorities.

Finally, Mr. Chairman, I would say, given the large differences between the House and Senate budgets, you would think our Republican colleagues would want to get together now to resolve those differences by going to conference. We heard for three years about the fact the Senate did not have a budget. They have now

had a budget for 81 days. We are now 58 days past the statutory deadline for a conference committee being met.

Speaker Boehner unfortunately continues to block the creation of a budget conference. I do not know what happened to “No Budget, No Pay,” but I hope that this hearing and the testimony that is given will provide motivation for us to get going and doing our job now, go to conference, remove the uncertainty, and deal with these issues in a transparent way where we actually make the compromises necessary to move our country forward. Thank you, Mr. Chairman.

[The prepared statement of Chris Van Hollen follows:]

PREPARED STATEMENT OF HON. CHRIS VAN HOLLEN, RANKING MEMBER,
COMMITTEE ON THE BUDGET

I want to join Chairman Ryan in welcoming our witnesses. Secretary Hagel, General Dempsey, and Under Secretary Hale, thank you for your dedicated service to our nation. I also want to convey our gratitude to the men and women in the Armed Forces for the sacrifices they make for the rest of us and for our country.

This week the House will be debating and voting on the National Defense Authorization Act. That will provide an opportunity to provide the resources we need for our Armed Forces. It will also be a chance to address some of the significant challenges that must be confronted—like the mechanisms for confronting cases of sexual abuse in the military. And it will provide a chance to examine the huge growth in the number of contractors used by the Defense Department and other security related federal agencies—a fact that has been highlighted by the recent leaks by a contractor to the National Security Agency.

Here in the Budget Committee we can help honor the sacrifices of the men and women in the Armed Forces by allocating the top-line resources they need to accomplish their mission, and by making sure we have a budget plan that ensures that America remains economically strong and the land of opportunity for their children and grandchildren.

The choices we make in our federal budget should reflect those goals. We should make budget choices that ensure that our military remains second to none, and make the investments in education, scientific research, and infrastructure necessary to help power our economy, sharpen our competitive edge, and create new opportunities.

The very deep and very rapid cuts imposed by the sequester place these objectives at risk. You have both spoken plainly about the corrosive effects these cuts have on our military readiness. I also find it shameful that, in this great country of ours, the children of our service men and women stationed on military bases like Fort Bragg will lose five days of school this fall while their teachers are furloughed because this Congress cannot get its act together.

The non-partisan Congressional Budget Office (CBO), which serves as the independent referee around here, has said that the deep, immediate cuts from the sequester will also reduce economic growth this year by one-third—which translates into 750,000 fewer jobs in this calendar year alone. I have a letter from a major bio-tech firm that provides one small example of that drag on the economy—they have imposed a hiring freeze because of the cuts in medical research at the National Institutes of Health.

These are self-inflicted wounds to our military, to our kids’ education, to our economy. The President, and the House and Senate Democrats, have all proposed budgets that would replace these deep, immediate cuts with a balanced approach that makes the necessary investments in our military and our economic growth, while reducing our long-term deficit with targeted cuts to spending and tax expenditures over a period of time. Here in the House, on seven occasions I have asked for a vote on a specific plan to replace the sequester through such a balanced approach. Unfortunately, we have not even been allowed a single vote on that plan in the people’s House.

Our Republican colleagues continue to reject that approach because they oppose any plan to replace the sequester, or to reduce the deficit, that includes any new revenue from closing tax breaks for the wealthy. Even though, I would point out, the CBO recently issued a report showing that 17 percent of the biggest tax breaks go to those with the top 1 percent of income.

The good news in the House Republican budget is that—like the Democratic proposals—it would eliminate the very steep and immediate cuts to defense in FY 2014. The bad news is that they do it by cutting even more deeply into vital investments in our kids' education and in the investments in innovation and technology that help grow our economy. In fact, the Republican budgets would cut the part of the budget that funds education and vital medical research by 19 percent below the sequester. And despite claims to want to strengthen our embassy security in the aftermath of tragedies like Benghazi, the Republican budget slashes State Department operations by over 15 percent below sequester. The White House has rightly stated that the President would veto any such lopsided approach.

Given the big differences between the House and Senate budgets, you would think that our Republican colleagues would be eager to go to a budget conference to work out the differences in a transparent manner. After all, for years they displayed charts showing how many days it had been since the Senate had passed a budget. Well, the Senate passed a budget 81 days ago. It has now been 58 days since the statutory deadline for Congress to reach a budget conference. Yet Speaker Boehner refuses to appoint budget conferees, while the Senate Democrats have been blocked 12 times from getting Republicans to go to a budget conference. Whatever happened to 'no budget, no pay'? Even Senator McCain has said that Republican refusal to go to a budget conference is 'insane' and 'incomprehensible.' He is not alone.

Meanwhile, the sequester continues to eat away at our military readiness, at critical investments, and at economic growth. I hope today's hearing will inspire our colleagues to get serious about starting to tackle these big issues now. I don't know what we are waiting for.

Chairman RYAN. Thank you. Thank you. And I expected similar comments like that, and I will say our goal is to get a budget agreement at the end of the day, and the decisions we are making are to try and maximize the likelihood of an outcome that is successful.

Mr. VAN HOLLEN. Well, today, for the 13th time, Senate Democrats asked to go to conference, and they have been blocked by Republican Senators.

Chairman RYAN. Thank you. All right. Remember, 3:00. Secretary Hagel, the microphone is yours, then will be followed by General Dempsey.

**STATEMENT OF HON. CHARLES T. HAGEL, SECRETARY,
U.S. DEPARTMENT OF DEFENSE**

Secretary HAGEL. Mr. Chairman, thank you, and Ranking Member Van Hollen, thank you, and to the distinguished members of this committee, thank you. I note that my friend and predecessor, the former chairman of this body, hangs proudly on your wall and is carefully monitoring my testimony, so I shall do all I can not to embarrass him, and I would say, as you all know, and some served with Leon Panetta, he continues to contribute a remarkable public servant. So thank you for this opportunity.

As you have both noted, we are here today to talk about the president's 2014 budget, and I would begin with first thanking this committee and each of you for your support of our men and women in uniform, their families, and our civilian workforce, all who are associated with the Department of Defense and our national security. Thank you.

The president has requested \$526.6 billion for the Department of Defense's Fiscal Year 2014 base budget, and 79.4 billion for overseas contingency operations. Mr. Chairman, my written statement, as you have probably noted, contains significant details on both budget requests. But this afternoon, allow me to very briefly focus on three general areas before I take your questions. First, the continued budget challenges facing the Department in Fiscal Year

2013 as a result of sequestration; second, the Department's Fiscal Year 2014 budget request; and third, how the Department is preparing for future budget uncertainty and the prospects of further reduced resources.

As you all know, the Department has been forced to implement deep, steep, and abrupt cuts in the current fiscal year because of sequestration. According to the latest guidance from the Office of Management and Budget, the Department must cut \$37 billion in spending through the remainder of this fiscal year. With our internal decision to shift the impact of sequestration away from those serving in harm's way and our force readiness, the cuts now fall heavily on DoD's accounts that train and equip those who will deploy in the future. The Department is also experiencing higher wartime costs than expected. As a result of these factors, the Department is facing a shortfall of more than \$30 billion in our operation and maintenance budget for Fiscal Year 2013.

To deal with this shortfall, the Department has cut back sharply on facilities maintenance, instituted hiring freezes, cut overhead spending, reduced important but lower priority programs, directed furloughs of nearly 700,000 civilian employees, and submitted a \$9.6 billion reprogramming request to Congress. Given the scale of this shortfall, the reprogramming and other steps we have taken to cut nonessential spending are not enough. While we have protected spending to sustain the war effort and defend America's vital strategic interests, the Department's day-to-day activities will be significantly disrupted for the remainder of this fiscal year.

Each of the military services has begun to significantly reduce training and maintenance of non-deployed operating forces. For example, the Army has stopped rotations at its key combat training centers for all but deploying units. More than a dozen combat-coded Air Force squadrons either already have or will soon stop flying, and the Navy has curtailed all deployments.

To avoid even more significant reductions to military readiness, I directed furloughs of up to 11 days for most of the Department's 800,000 civilian personnel. I made this decision very reluctantly. I made it very reluctantly because I recognize the significant hardship this places on our civilian personnel and their families. But the current budget environment is requiring difficult decisions and difficult options to deal with.

The president's Fiscal Year 2014 budget continues to implement the \$487 billion in spending reductions over 10 years, agreed to, as this body knows, in the Budget Control Act of 2011. If the sequester-related provisions of the Budget Control Act are not changed, the Fiscal Year 2014 funding for national defense programs will be subject to an additional \$52 billion reduction in DoD funding, and, if there are no changes, continued sequestration will result in roughly \$500 billion in additional reductions to Defense spending over the next 10 years.

The president's Fiscal Year 2014 budget replaces sequestration, and gives the Department the time and flexibility to plan and to implement spending reductions wisely and responsively. In particular, this budget enables the Department to support troops still at war in Afghanistan as we transition out of Afghanistan, protect readiness, modernize the military's aging weapons inventory in

keeping with the president's Strategic Guidance, and sustain the high quality of the all-volunteer force. This budget also continues the Department's approach over the last couple of years of targeting growing costs in areas of support, overhead acquisition, and pay and benefits.

Over the next five years, DoD has identified \$34 billion in new savings across these categories. This includes weapons programs, restructuring and terminations that achieve \$8.2 billion in savings, slowdowns in military construction, and reductions in other low-priority programs. Our military compensation package preserves DoD's world-class pay and benefits while putting our military on a more sustainable path for the future. It includes changes to the TRICARE program to bring the beneficiaries' cost share closer to the levels envisioned when the program was implemented.

The Department of Defense also must be able to eliminate excess infrastructure. The president's Fiscal Year 2014 budget requests authorization for one round of base realignment closure. BRAC, as we all know, is an imperfect process, and there are upfront costs, but in the long term, there are significant savings. The previous rounds of BRAC are saving \$12 billion annually. We cannot justify funding unnecessary infrastructure when we are reducing our forestructure.

Since 2003, DoD has divested more than 100 foreign bases and operations, and we are on schedule to close or consolidate over 20 more overseas operations. Although there are clearly opportunities to achieve significant savings by improving efficiency, consolidations, and reducing overhead, the scale of the current spending reductions will also require cuts and changes to military operations. The fiscal 2014 budget request seeks to further align budget programs with the president's Defense Strategic Guidance while continuing to reduce the size of the ground forces and retire aging aircraft and ships. This budget invests in key elements of our defense strategy including implementing a rebalance to the Asia Pacific region, maintaining a safe, secure, and effective nuclear stockpile, increasing investment in cyber capabilities, and sustaining the growth of Special Operations forces. Finally, this budget seeks to preserve a combat-ready force, and sustain the high quality all-voluntary force.

Now, let me just very briefly note what the chairman had mentioned in his opening remarks about a strategic choices management review that I directed three months ago. The Fiscal Year 2014 budget reflects DoD's best efforts to match ends, ways, and means, and this is during a period of intense fiscal uncertainty. It is obvious that significant changes to the Department's top-line spending would require changes to this budget plan.

Consequently, I directed a strategic choices management review in order to assess the potential impact of further reductions, and plan for those continued reductions. I have received the initial internal results of the review, and I am now reviewing all the documents. This Defense Department will continue to find new ways to operate more affordably, efficiently, and effectively. However, as I have stated, continued cuts on the scale and the timeline of sequestration will require significant reductions in core military capabilities and the scope of our activities around the world. The presi-

dent's Fiscal Year 2014 budget sustains our military strength in an environment of constrained resources, giving DoD the time and the flexibility to make the necessary reductions and adjustments over a 10-year timeframe.

Hard choices will have to be made over the next few years. In the past, many modest reforms to personnel and benefits, along with efforts to reduce infrastructure and restructure acquisition programs, were met with fierce political resistance, and they were never implemented. As you all know, we are now in a different fiscal environment. New realities are forcing us to more fully confront these tough and painful choices, and to make the reforms necessary to put this Department on a path to sustain our military strength for the 21st century and meet new complicated threats; we must do better.

This will require the continued partnership and assistance of this Committee and the Congress. Before I take questions, I would ask if it is okay, Mr. Chairman, if General Dempsey present his statement as well.

[The prepared statement of Secretary Hagel follows:]

PREPARED STATEMENT OF HON. CHUCK HAGEL, SECRETARY,
U.S. DEPARTMENT OF DEFENSE

Chairman Ryan, Ranking Member Van Hollen, members of the committee, thank you for this opportunity to discuss the President's Fiscal Year 2014 budget request for the Department of Defense.

Allow me to express my appreciation to this committee for its continued support of our men and women in uniform and our civilian workforce. They are doing tremendous work and making great sacrifices, along with their families, as they have for the more than 11 years our nation has been at war. Whether fighting in Afghanistan, patrolling the world's sea lanes, standing vigilant on the Korean peninsula, supplying our troops around the world, or supporting civil authorities when natural disasters strike, they are advancing America's interests at home and abroad. Their dedication and professionalism are the foundation of our military strength.

As we discuss numbers, budgets, and strategic priorities, we will not lose sight of these men and women serving across the globe. As you all know, their well-being depends on the decisions we make here in Washington.

FISCAL AND STRATEGIC CONTEXT

Today, the Department of Defense faces the significant challenge of conducting long-term planning and budgeting at a time of considerable uncertainty both in terms of the security challenges we face around the world and the levels of defense spending we can expect here at home.

Even as the military emerges—and recovers—from more than a decade of sustained conflict in Iraq and Afghanistan, it confronts an array of complex threats of varying vintage and degrees of risk to the United States, to include:

- the persistence of violent extremism throughout weak states and ungoverned spaces in the Middle East and North Africa;
- the proliferation of dangerous weapons and materials;
- the rise of new powers competing for influence;
- the risk of regional conflicts which could draw in the United States;
- faceless, nameless, silent and destructive cyberattacks.

Meanwhile, the frenetic pace of technological change and the spread of advanced military technology to state and non-state actors pose an increasing challenge to America's military.

This is the strategic environment facing the Department of Defense as it enters a third year of flat or declining budgets. The onset of these resource constraints has already led to significant and ongoing belt-tightening in military modernization, force structure, personnel costs, and overhead expenditures. It has also given us an opportunity to reshape the military and reform defense institutions to better reflect 21st century realities, as I outlined in a speech in April at the National Defense University.

The process began under the leadership of Secretary Gates, who canceled or curtailed more than 30 modernization programs and trimmed overhead costs within the military services and across the defense enterprise. These efforts reduced the Department's topline by \$78 billion over a five year period, as detailed in the Department's FY 2012 budget plan.

The realignment continued under Secretary Panetta, who worked closely with the President and the Joint Chiefs of Staff to craft new defense strategic guidance and a FY 2013 defense budget plan which reduced the Department's topline by \$487 billion over the course of a decade. Even while restructuring the force to become smaller and leaner and once again targeting overhead savings, this budget made important investments in the new strategy—including rebalancing to Asia and increasing funding for critical capabilities such as cyber, special operations, global mobility, and unmanned systems.

The President's request of \$526.6 billion for the Department of Defense's base budget for FY 2014 continues to implement the President's Defense Strategic Guidance and enhances the Department's efforts at institutional reform. Most critically, it sustains the quality of the all-volunteer force and the care we provide our service members and their families, which underpins everything we do as an organization. The accompanying OCO request for \$79.4 billion provides the resources to continue the responsible drawdown in Afghanistan and restore equipment damaged or worn out by more than a decade of war.

DoD's base-budget request for FY 2014 does not reflect the effects of sequester cuts that would occur if the Budget Control Act (BCA) is not changed. However, the President's Budget includes balanced deficit reduction proposals that are more than sufficient to allow Congress to meet BCA goals and then repeal sequester-related reductions.

CHALLENGES IN FY 2013

Before discussing the particulars of this budget request, however, allow me to address the profound budget problems facing the Department in FY 2013 and beyond as a result of sequester—because they have significantly disrupted operations for the current fiscal year and greatly complicated efforts to plan for the future. The Congress and the Department of Defense have a responsibility to find answers to these problems together—because we have a shared responsibility to protect our national security. DoD is going to need the help of Congress to manage through this uncertainty.

The FY 2013 DoD Appropriations bill enacted by the Congress in March addressed many urgent problems by allocating DoD funding more closely in line with the President's budget request, giving the Department authorities to start new programs, and allowing us to proceed with important military construction projects. Nonetheless, the bill still left in place the deep and abrupt cuts associated with sequester—some \$37 billion in spending reductions. With military pay and benefits exempt from the sequester, and our internal decision to shift the impact of sequestration away from those serving in harm's way, the cuts fall heavily on DoD's operations, maintenance and modernization accounts that we use to train and equip those who will deploy in the future.

Furthermore, the military is experiencing higher wartime operating tempos, and higher transportation costs than expected when the budget request was formulated more than a year ago. As a result of all these factors, the Department is now facing a shortfall of more than \$30 billion in our operation and maintenance (O&M) budget for FY 2013.

The Department has been doing everything possible to reduce this shortfall while ensuring we can defend the nation, sustain wartime operations, and preserve DoD's most critical asset—our world-class civilian and military personnel. To that end, we have cut back sharply on facilities maintenance, instituted a hiring freeze, cut overhead and all non-essential spending, reduced many other important but lower-priority programs, and worked to shift funds from investment to O&M accounts.

Still, these steps have not been enough to close the shortfall. While we have protected spending to sustain the war effort and defend America's vital strategic interests, the Department's day-to-day activities will be significantly disrupted for the remainder of the fiscal year. Each of the military services has begun to significantly reduce training and maintenance of non-deployed operating forces—steps that are having effects on military readiness.

Specifically:

- The Army has stopped rotations at its key combat training centers for all but deploying units. By the end of the year, this and other training cutbacks will leave most non-deployed Army units at unacceptable readiness levels.

- The Air Force has or will soon stop all flying at more than a dozen combat coded squadrons. These units will soon no longer be ready to fight on short notice.
- The Navy has curtailed deployments, including the decision not to send a second carrier strike group to the Gulf.

We have also recently submitted a \$9.6 billion reprogramming request to Congress. Most of this reprogramming seeks permission to move unneeded military personnel funding, and non-executable or lower priority investment funding, into our O&M accounts that are experiencing the largest budget shortfalls.

To avoid even more significant reductions to military readiness, and after extensive review of all options with the DoD's senior military and civilian leadership on how we address this budget crisis, I have decided to direct furloughs of up to 11 days for nearly 700,000 of the Department's civilian personnel. I have made this decision very reluctantly, because I know that the furloughs will adversely impact DoD operations. I also recognize the significant hardship this places on our civilian personnel across the country and their families. But the current budget is requiring difficult decisions and options.

After required notifications, we will begin the furlough period on July 8 at the rate of one furlough day per week for most personnel. We plan to continue these furloughs through the end of the current fiscal year. If our budgetary situation permits us to end furloughs early, I would strongly prefer to do so. That is a decision I will make later in the year.

FY 2014 BUDGET REQUEST

Let me turn now to FY 2014. If the sequester-related provisions of the Budget Control Act of 2011 are not changed, FY 2014 funding for national defense programs will be subject to a steeply reduced cap, which would cut DoD funding by roughly \$52 billion further. And, if there is no action by the Congress, roughly \$500 billion in reductions to defense spending would be required over the next ten years covered by the BCA.

As an alternative, the President's budget proposes some \$150 billion in additional defense savings (measured in terms of budget authority) over the next decade when compared with the budget plan submitted last year. These cuts are part of a balanced package of deficit reduction. Unlike sequester, these cuts largely occur in the years beyond FY 2018—which gives the Department time to plan and implement the reductions wisely, and responsibly, anchored by the President's defense strategic guidance.

The President's FY 2014 request reflects these changes. It continues to balance the compelling demands of supporting troops still at war in Afghanistan, protecting readiness, modernizing the military's aging weapons inventory in keeping with the president's strategic guidance, and sustaining the quality of the all-volunteer force.

The requested funding of \$79.4 billion for FY 2014 OCO provides funds to continue the responsible drawdown in Afghanistan and is lower than the roughly \$89 billion enacted for FY 2013. The top-line budget request of \$526.6 billion for base-budget funding FY 2014 is essentially flat compared to the President's request for FY 2013, and roughly in line with what both the House and Senate have passed in their FY 2014 budget resolutions.

The following are the major components of the \$526.6 billion base budget request for FY 2014:

- Military pay and benefits (including TRICARE and retirement costs)—\$170.2 billion (32% of the total base budget);
- Operating costs (including \$77.3 billion for civilian pay)—\$180.1 billion (34%);
- Acquisitions and other investments (Procurement, research, development, test and evaluation, and new facilities construction)—\$176.3 billion (33%)

The base budget presented today, at its most basic level, consists of a series of choices that reinforce each of the following complementary goals:

- making more disciplined use of defense resources;
- implementing the President's defense strategic guidance;
- seeking to sustain the readiness and quality of the all-volunteer force;
- supporting troops deployed and fighting in Afghanistan.

As I discuss each of these goals, I must note that, unfortunately, many of the reductions we are being forced to make in FY 2013 as a result of sequester run directly counter to the FY 2014 goals.

1. MAKING MORE DISCIPLINED USE OF DEFENSE RESOURCES

In developing the FY 2014 budget, the Department identified about \$34 billion in savings over the current Future Years Defense Program (FYDP), which covers FY

2014 to FY 2018. These savings were used to help pay the costs of implementing the new defense strategy and to accommodate budget reductions.

These efforts continue the Department's approach of the last several years to first target growing costs in areas of support, overhead, acquisition, and pay and benefits, before cutting military capabilities and force structure.

Reducing Support Costs

In order to maintain balance and readiness, the Department of Defense must be able to eliminate excess infrastructure. Therefore, the President's FY 2014 budget requests authorization for one round of Base Realignment and Closure (BRAC) in 2015. While the commission would meet in 2015, the actual closing of any bases would involve a multiyear process that would not begin until 2016.

BRAC is a comprehensive and fair tool that allows communities a role in re-use decisions for the property and provides redevelopment assistance. BRAC is an imperfect process, and there are up-front costs for BRAC, and this FYDP adds \$2.4 billion to pay them, but in the long-term there are significant savings. The previous five rounds of BRAC are now saving a total of \$12 billion annually.

We cannot justify funding unnecessary infrastructure when we are reducing force structure. Since 2003, DoD has divested more than 100 foreign bases and operations and we are on schedule to close or consolidate over 20 more overseas operations.

We are also taking other important steps to cut back on support costs. We have begun a study of our Military Treatment Facilities, including many hospitals and clinics that are currently underutilized. By the end of this year we will have a plan in place that suggests how to reduce that underutilization while still providing high-quality medical care. This restructuring, coupled with a BRAC round and other changes, would permit us to plan on a cut in our civilian workforce that will comply with Congressional direction.

We are also continuing our successful efforts to hold down military health system costs. Due primarily to changes in payments to health care providers, our projected costs for FY 2014 are about four percent lower than those costs in FY 2012, a significant turnaround compared to health care trends over the past decade. But costs will soon start to grow again. Therefore, we continue efforts to slow the growth of medical care costs through actions such as re-phasing military construction, making full use of past changes in provider costs, taking advantage of the slowing of growth in medical costs in the private sector, and modest changes in user fees and co-pays.

Another important initiative is our effort to improve the Department's financial management and achieve auditable financial statements. We need auditable statements, both to improve the quality of our financial information and to reassure the public, and the Congress, that we are good stewards of public funds. We have a focused plan and are making progress. Our next goal is audit-ready budget statements by September 2014. We are working hard to achieve this goal, though the current budget turmoil is hampering our efforts significantly. I strongly support this initiative and will do everything I can to fulfill this commitment.

These and many other changes led to total savings of about \$34 billion in FY 2014-2018, including \$5.5 billion in FY 2014. However, we are concerned that these savings from more disciplined use of resources could be eroded by sequester, as we are forced to make inefficient choices that drive up costs. Today, for example, we are being forced to engage in shorter and less efficient contracts and cuts in unit buy sizes that will increase the unit costs of weapons.

Restructuring and Terminations of Weapons Programs

In this budget, the Department has shifted priorities within its modernization portfolios and achieved \$8.2 billion in savings from weapons program terminations and restructuring. For example, by revising the acquisition strategy for the Army's Ground Combat Vehicle (GCV) program, the Department will save over \$2 billion in development costs. In other cases the Department proposes evolutionary approaches to develop new capabilities instead of relying on leap-ahead gains in technology.

For example, the Department:

- Realigned investment funding and restructured the SM-3 IIB interceptor—a high-risk, high-cost system—to improve the capabilities of existing missile defense systems, resulting in savings of about \$2.1 billion during the Future Year Defense Program (FYDP);
- Cancelled the Precision Tracking Space Satellite system—another high-risk project—saving \$1.9 billion during the FYDP; the Department invested a portion of these savings in technology upgrades to existing ground-based radars and sensors.

To lessen the potential impact on local communities from the reductions in defense procurement, the Department is requesting an additional \$36 million in support of the Defense Industry Adjustment program.

The Department is continuing to take steps to tighten the contract terms and reduce risk in our largest acquisition program, the F-35 Joint Strike Fighter. The FY 2014 budget request includes \$8.4 billion for the Joint Strike Fighter.

Military Pay and Benefits

The costs of military pay and benefits are another significant driver of spending growth that must be addressed in the current fiscal environment. In this budget, the Department is submitting a new package of military compensation proposals that take into consideration Congressional concerns associated with those from FY 2013. These changes save about \$1.4 billion in FY 2014 and a total of \$12.8 billion in FY 2014-2018.

This package includes a modest slowing of the growth of military pay by implementing a one percent pay raise for service members in 2014. The Department is also seeking additional changes to the TRICARE program in the FY 2014 budget to bring the beneficiary's cost share closer to the levels envisioned when the program was implemented—particularly for working age retirees. Today military retirees contribute less than 11 percent of their total health care costs, compared to an average of 27 percent when TRICARE was first fully implemented in 1996.

The proposed TRICARE changes include:

- For retirees, increases in TRICARE Prime enrollment fees, instituting an enrollment fee for TRICARE Standard/Extra, and increasing Standard/Extra deductibles.
- Implementation of an enrollment fee for new TRICARE-for-Life beneficiaries, while grandfathering in those who are Medicare-eligible at enactment.
- Increases in pharmacy co-pays and, where appropriate, mandatory use of mail order delivery of pharmaceuticals.
- Indexing of fees, deductibles, co-pays and the catastrophic cap to the growth in the annual retiree cost-of-living adjustment.

Survivors of military members who died on active duty or medically retired members would be excluded from all TRICARE increases. Even after the proposed changes in fees, TRICARE will remain a generous benefit—as it should be.

These adjustments to pay and benefits were among the most carefully considered and difficult choices in the budget. They were made with the strong support of the Joint Chiefs of Staff and Senior Enlisted Leadership, in recognition that in order to sustain these benefits over the long term without dramatically reducing the size or readiness of the force, these rising costs need to be brought under control.

2. IMPLEMENTING AND DEEPENING OUR COMMITMENT TO THE PRESIDENT'S DEFENSE STRATEGIC GUIDANCE

Spending reductions on the scale of the current drawdown cannot be implemented through improving efficiency and reducing overhead alone. Cuts and changes to capabilities—force structure and modernization programs—will also be required. The strategic guidance issued in January 2012 set the priorities and parameters that informed those choices, and the FY 2014 budget submission further implements and deepens program alignment to this strategic guidance.

The new strategy calls for a smaller and leaner force. Last year we proposed reductions of about 100,000 in military end strength between FY 2012 and FY 2017. Most of those reductions occur in the ground forces and are consistent with a decision not to size U.S. ground forces to accomplish prolonged stability operations, while maintaining adequate capability should such activities again be required. By the end of FY 2014 we will have completed almost two thirds of the drawdown of our ground forces, and the drawdown should be fully complete by FY 2017.

Last year DoD submitted proposals for changes in Air Force and Navy force structure; some were rejected by Congress. We continue to believe, however, that these reductions are consistent with our defense strategy and the need to hold down costs. Therefore, DoD is resubmitting several proposals from its FY 2013 budget submission that were not supported by Congress, including the retirement of seven Aegis cruisers and two amphibious ships at the end of FY 2014 when funds appropriated for their operation run out. Despite the growing importance of the Asia-Pacific—a mostly maritime theater—the high costs of maintaining these older ships relative to their capabilities argues strongly for their retirement.

The FY 2014 budget continues implementation of the Air Force total force proposal included in the FY 2013 National Defense Authorization Act. In response to state and congressional concerns about proposed reductions to the Air National Guard that DoD made in the original FY 2013 budget, the Department added back

44 aircraft to the Guard, 30 aircraft to the Air Force Reserve, and is taking away 31 aircraft from the active Air Force.

These shifts were forced primarily by political realities, not strategy or analysis. While this active-reserve compromise allows the Air Force to move forward with prior year retirements and transfers, and approved mission changes for many reserve units, it does require the Department to retain excess aircraft capacity. The Department's position continues to be that retaining excess air capacity in the reserve component is an unnecessary expenditure of government funds that detracts from more pressing military priorities outlined in the defense strategic guidance.

Increased emphasis on the Asia-Pacific and Middle East represents another key tenet of the new defense strategic guidance. This budget continues to put a premium on rapidly deployable, self-sustaining forces—such as submarines, long-range bombers, and carrier strike groups—that can project power over great distance and carry out a variety of missions.

This new strategy not only recognizes the changing character of the conflicts in which the U.S. must prevail, but also leverages new concepts of operation enabled by advances in space, cyberspace, special operations, global mobility, precision-strike, missile defense, and other capabilities.

3. SEEKING TO SUSTAIN THE READINESS AND QUALITY OF THE ALL-VOLUNTEER FORCE

The high-quality of our all-volunteer force continues to be the foundation of our military strength. This budget seeks to ensure that our troops receive the training and equipment they need for military readiness, and the world-class support programs they and their families have earned. However, as in other areas of the budget, the steep and abrupt cuts caused by the FY 2013 sequester has harmed these programs. The remainder of this discussion outlines the goals of the FY 2014 budget, but they would be significantly impacted if sequester-level cuts persist.

Readiness Investments

Even in the face of flat and declining defense topline, this budget seeks to press ahead with the transition from a counterinsurgency-focused force to a force ready and capable of operating across a full range of operations across the globe. The service budgets all fund initiatives that seek to return to full-spectrum training and preparation for missions beyond current operations in Afghanistan.

The Department continues its work to understand and quantify readiness activities as we seek to maximize our preparedness for real-world missions. We do not yet know the costs of fixing the readiness of the force following the six months of sequester cuts to training in this fiscal year. Therefore these costs are not included in the FY 2014 budget.

Family Support Programs

The Department's budget submission makes clear that people are central to everything we do. While sequester cuts would unfortunately counter many of these initiatives, especially for our civilian workforce, the initiatives remain important statements of the intent in this budget.

The Department continues to support key programs in FY 2014 that support service members and their families, spending \$8.5 billion on initiatives that include:

- Transition Assistance and Veteran's Employment Assurance—the Department continues to support the Transition Assistance Program (TAP) to ensure every service member receives training, education, and credentials needed to successfully transition to the civilian workforce.

- Family Readiness—the Department continues to ensure that family support is a high priority by redesigning and boosting family support in a number of ways.

The Department is also providing support to our people with a number of other important initiatives, including:

- Behavioral Health—the Department maintains funding for psychological health programs and expands those programs that are most effective, such as Embedded Behavioral Health, to provide improved access to care, improved continuity of care, and enhanced behavioral health provider communication.

- Suicide Prevention—the Department continues to implement recommendations from the Suicide Prevention Task Force and act on other findings from think tanks, the National Action Alliance's National Suicide Prevention Strategy, and DoD and Department of Veteran's Affairs (VA) Integrated Mental Health Strategy (IMHS).

Another area of focus has been Sexual Assault Prevention and Response. I have no tolerance for sexual assault in the military. This is a terrible scourge in our military and it must end. It will end. We will fix it. I have directed a number of initiatives to advance DoD's efforts to prevent and respond to the crime of sexual assault, along five lines of effort:

Accountability

- I directed DoD's Acting General Counsel to propose to the Congress changes to Article 60 of the Uniform Code of Military Justice (UCMJ) that would eliminate the ability of a convening authority to change findings in courts-martial, except for certain minor offenses. These changes would also require the convening authority to explain in writing any changes made to court-martial sentences, as well as any changes to findings involving minor offenses. These changes, if enacted, would help ensure that our military justice system works fairly, ensures due process, and is accountable.

- I have also directed the Service Chiefs to develop methods to evaluate military commanders' performance in establishing command climates of dignity and respect and in incorporating sexual assault prevention and victim care principles in their commands. This includes providing commanders the results of their subordinate's annual command climate surveys in order to enhance accountability and improve insight in command climate at every level of the chain of command.

- I have named a set of highly respected and experienced experts to serve on a panel called for in the National Defense Authorization Act for FY 2013. The panel will conduct an independent review and assessment of DOD's systems used to investigate, prosecute and adjudicate crimes involving adult sexual assault and related offenses. It will convene its first meeting no later than July 1st. I have spoken to the panel and asked it to accelerate its work and provide a final recommendation within 12 months.

Prevention

- I have directed the complete and thorough review of credentials and qualifications for DoD's sexual assault victim advocates, coordinators, and recruiters.

- I have directed DoD to improve the effectiveness of Sexual Assault Prevention and Response (SAPR) programs in recruiting organizations.

- I have directed DoD component heads to direct comprehensive and regular visual inspections of all DoD workplaces to include military academies to ensure that our facilities promote an environment of dignity and respect for all members and are free from materials that create a degrading or offensive work environment.

Investigation

- Consistent with the FY 2012 and FY 2013 National Defense Authorization Acts, DoD has established new policies to retain restricted and unrestricted reports for 50 years, and is developing policy for Special Victim Capability, which includes standards and training for prosecutors and investigators.

Advocacy

- DoD has implemented a sexual assault crisis intervention line, the DoD Safe Helpline, to give victims 24/7 global access to crisis support staff, implemented an expedited transfer policy for victims requesting transfer to a new unit, and expanded emergency care and services to DoD civilians stationed abroad.

- I have directed the Service Secretaries to implement methods to improve victim treatment by their peers, coworkers, and chains of command. Direct victim input will also be incorporated into these methods.

Assessment

- DoD has added sexual assault questions to DoD Command Climate Surveys and implemented policy to conduct assessments within 120 days for new commanders and annually thereafter, consistent with the FY 13 NDAA.

- I have begun holding a weekly review and progress meeting on DoD's various sexual assault directives to ensure that they are bringing about real change.

I receive weekly updates on the Department's prevention efforts in regularly scheduled weekly meetings. I also have an individual on my personal staff that I have tasked to oversee all of these directives and Department-wide efforts.

Everyone in this department at every level of command will continue to work together every day to establish an environment of dignity and respect, where sexual assault is not tolerated, condoned or ignored, where there is clear accountability placed on all leaders at every level. The leadership of this department has no higher priority than the safety and welfare of our men and women in uniform, and that includes ensuring they are free from the threat of sexual harassment and sexual assault. I will continue as Secretary of Defense to prioritize the Department's efforts to turn this problem around.

4. SUPPORTING TROOPS DEPLOYED AND FIGHTING OVERSEAS

The amendment to the FY 2014 President's budget includes \$79.4 billion for Overseas Contingency Operations (OCO). Military operations in Afghanistan comprise a significant portion of the OCO request. Over the course of the year, American forces in Afghanistan are moving into a support role as Afghan forces take the lead. By February 2014, half of our troops there will have returned home, and by December 2014, United States' combat operations in Afghanistan will have ended. Still, the United States will maintain a commitment to Afghanistan's sovereignty and security, and we will continue to equip, train, advise, and assist the Afghan National Forces; support economic development and governance efforts; and pursue al Qaeda and its affiliated groups.

Of the total OCO request, \$78.1 billion is for activities in support of Operation Enduring Freedom (OEF) and \$1.3 billion is for finalizing transition activities in Iraq.

THE WAY AHEAD: STRATEGIC CHOICES AND MANAGEMENT REVIEW

The FY 2014 budget is a reflection of DoD's best efforts to match ends, ways, and means during a period of intense fiscal uncertainty. It is a balanced plan that would address some of the Department's structural costs and internal budget imbalances while implementing the President's defense strategic guidance and keeping faith with our men and women in uniform and their families.

It is obvious that significant changes to the Department's top-line spending would require changes to this budget plan. The Department must be prepared for any additional reductions to the defense budget that might result from Congress and the Administration agreeing on a deficit reduction plan, and it must be prepared in the event that sequester-level cuts persist for another year or over the long-term.

Consequently, earlier this year I directed a Strategic Choices and Management Review (SCMR) in order to assess the potential impact of further reductions up to the level of full sequester. The purpose of the SCMR is to re-assess the basic assumptions that drive the Department's investment and force structure decisions and to search for additional management efficiencies.

It is designed to help understand the challenges, articulate the risks, and look for opportunities for reform and efficiencies presented by resource constraints. Everything is on the table during this review—roles and missions, planning, business practices, force structure, personnel and compensation, acquisition and modernization investments, how we operate, and how we measure and maintain readiness.

I have received the initial internal results of the SCMR and am reviewing them now. The results will inform our planning for FY 2014 as well as our FY 2015 budget request, and will they be the foundation for the Quadrennial Defense Review due to Congress in February 2014.

It is already clear to me that achieving significant additional budget savings without unacceptable risk to national security will require not just tweaking or chipping away at existing structures and practices but, if necessary, fashioning entirely new ones that better reflect 21st century realities. And that will require the partnership of Congress.

The FY 2014 budget and the ones before it have made hard choices. In many cases, modest reforms to personnel and benefits, along with efforts to reduce infrastructure and restructure acquisition programs, met fierce political resistance and were not implemented.

We are now in a different fiscal environment dealing with new realities that will force us to more fully confront these tough and painful choices, and to make the reforms we need to put this Department on a path to sustain our military strength for the 21st century. But in order to do that we will need flexibility, time, and some budget certainty.

We will also need to fund the military capabilities that are necessary for the complex security threats of the 21st century. I believe the President's budget does that. With the partnership of Congress, the Defense Department can continue to find new ways to operate more affordably, efficiently, and effectively. However, multiple reviews and analyses show that additional major cuts—especially those on the scale and timeline of sequestration—would require dramatic reductions in core military capabilities or the scope of our activities around the world.

As the executive and legislative branches of government, we have a shared responsibility to ensure that we protect national security and America's strategic interests. Doing so requires that we make every decision on the basis of enduring national interests and make sure every policy is worthy of the service and sacrifice of our service members and their families.

Chairman RYAN. Absolutely. General Dempsey.
Secretary HAGEL. Thank you.

**STATEMENT OF GEN MARTIN E. DEMPSEY, CHAIRMAN,
JOINT CHIEFS OF STAFF**

General DEMPSEY. Thank you, Chairman Ryan, Ranking Member Van Hollen, distinguished members of the Committee. Thanks for the opportunity to come before you today and discuss the fiscal year 2014 budget. This hearing comes at a time of extraordinary uncertainty, as Secretary of Defense mentioned. Risks to our nation's security are increasing, but the resources for and the readiness of our force is decreasing. The will to win of our service men and women remains undaunted, but the means to prepare to win are more uncertain every day.

This budget was purpose-built to keep our nation immune from coercion. It is a responsible investment in an unrivaled joint force that is ready with options for that dangerous and uncertain future. It supports our forward-deployed operations, upholds funding for emerging capabilities such as cyber, and it resources the conventional and nuclear forces that have proven so essential and effective to our defense.

Most importantly, it protects our real decisive edge, which is our people. It treats being the best-led, best-trained, and best-equipped military as the non-negotiable imperative. It also makes sure our wounded warriors and their families receive world-class care, family and medical services that are worthy of their service to the nation.

Now, there are some things that this budget does not do. It does not reflect full sequestration. Rather, it imposes less reduction and gives us more time to implement new reductions. The consequences of full sequestration and its attendant risks to our national security will gain clarity in the weeks ahead due to the Secretary of Defense's strategic choices management review. As you know, the Senate has actually asked us—tasked us to provide our assessment on the impact to the joint force by 1 July.

Nor does this budget account for the costs of restoring lost readiness. We do not yet know the full cost to recover from the readiness shortfalls that we have imposed this year. As expected, we continue to curtail or cancel training and exercises across all services for units that are not about to deploy, and as a result, we are less everyday for an unforeseen crisis or for an unpredictable contingency operation. In effect, we are foreclosing on options.

It is also more expensive to become ready than it is to stay ready. This means that the cost to recover our lost readiness will inevitably compete with the cost that we anticipate in building the joint force we need in 2020. As our military power potentially becomes less sustainable, it becomes less credible. We risk breaking commitments and losing the confidence of partners and allies of the defense industrial base, and, more importantly, of our men and women in uniform and their families.

Now, that outcome is not inevitable. Working together, we can and must uphold the readiness and the health of the force at an affordable cost. To do that, as we have discussed in the past, we need three things. We need the certainty of a predictable funding

stream, that is to say, a reliable top-line. We also need the time to implement tradeoffs, tradeoffs in forestructure, modernization, compensation, and readiness, and we need the full flexibility to keep the force in balance.

We simply cannot afford to postpone essential reforms to compensation, health care, and to the institution at large. These should be allowed to grow more gradually, and, in some cases, to shrink. We should stop pouring money into excess facilities and unwanted weapons systems, and real institutional reform is the only way to avoid repeating the mistakes of past drawdowns; and we do have experience in past drawdowns, and we do know where the mistakes await us.

We have an opportunity and an obligation with this and any future budget to restore confidence. We have it within ourselves to stay strong as a global leader and a reliable partner. Thank you to members of this Committee for all you have done for our men and women in uniform in the past, and I look forward to taking your questions.

[The prepared statement of General Dempsey follows:]

PREPARED STATEMENT OF GEN MARTIN E. DEMPSEY, USA,
CHAIRMAN, JOINT CHIEFS OF STAFF

I. INTRODUCTION

Chairman Ryan, Ranking Member Van Hollen, and distinguished Committee Members, it is my privilege to update you on the state of the US Armed Forces and to comment on the President's budget proposal for fiscal year (FY) 2014.

This year's posture testimony comes in the context of extraordinary uncertainty. Our Nation is going through an historic fiscal correction to restore the economic foundation of our power. As resources decline, risks to our national security interests rise. A more competitive security environment compounds these risks, increasing the probability and consequences of aggression.

This context calls out for our leadership. We can and must find it within ourselves to stay strong as a global leader and reliable partner. We must restore lost readiness and continue to make responsible investments in our Nation's defense.

II. STRATEGIC DIRECTION TO THE JOINT FORCE

A year ago, I established four priorities to help guide our Joint Force through this period of uncertainty. Our way forward must be rooted in a renewed commitment to the Profession of Arms. This means preserving an uncommon profession that is without equal in both its competence and its character. Along the way, we must keep faith with our Military Family. This means honoring the commitments we have made to our service members and their families. They deserve the future they sacrificed so much to secure.

These two priorities serve as a source of strength for the Joint Force as we achieve our national objectives in current conflicts. This means achieving our campaign objectives in Afghanistan while confronting aggression toward America and its allies in all its forms, wherever and whenever it arises. It also means helping to secure the flow of commerce in the global commons, building the capacity of our partners, providing humanitarian assistance, and maintaining a credible nuclear deterrent.

These three priorities enable us to understand and develop the Joint Force of 2020. Our ability to build the force we will need tomorrow depends on the decisions we make today. This is a defining period in a defining year. Ensuring our future military is unrivaled and sustainable requires the right mix between current capacity and new capabilities. We must recapitalize current equipment where possible and modernize capabilities that preserve our decisive advantages.

III. JOINT FORCE OPERATIONS

One thing has been certain over the last year—the Joint Force stood strong and responded to the Nation's call. After more than a decade of continual deployments

and tough fighting, I remain humbled by the resilience and determination of our warriors.

In the past year, our service men and women have simultaneously fought, transitioned, and redeployed from Afghanistan. Never before have we retrograded so much combat power and equipment while continuing combat operations. Our forces performed superbly, transitioning to Afghan security lead in areas comprising over 85% of the population. In the process, we redeployed over 30,000 US troops, closed over 600 bases, and preserved Coalition cohesion. We were challenged by “insider attacks,” but responded the way professional militaries do. We assessed and adapted. We reaffirmed our partnerships and moved forward jointly with more stringent force protection and vetting procedures.

Transition continues. In the weeks ahead, the Afghanistan National Security Forces will assume operational lead across all of Afghanistan. This milestone represents an important achievement on the Lisbon roadmap, reaffirmed at the Chicago Summit in 2012. At the same time, the International Security Assistance Force will transition primarily to training and advising. We are also working with NATO and the Afghan government on options for an enduring presence beyond 2014 to reinforce Afghan security and maintain pressure on transnational terrorists.

When I testified last year, the effects of the November 2011 border incident with Pakistan were still fresh, and tensions were as high as any time since the Osama bin Laden raid. Measured, but steady civilian-military engagement with Pakistani leadership led to the reopening of the Ground Lines of Communication in July 2012. We are gradually rebuilding our relationship as reflected in the recent signing of a tripartite border document to standardize complementary cross-border operations—and will continue to do so with Pakistan’s new leadership following its historic election last month.

The Joint Force has been vigilant well beyond South Asia and around the world. We continue to help deter aggression and counter the increasingly bold provocations from North Korea and Iran. We are supporting Syria’s neighbors in their efforts to contain spillover violence while providing assistance to help with refugees. And, we are ready with options if military force is called for—and can be used effectively—to secure US national interests in Syria without making the situation worse.

Along with our interagency partners, we are also postured to detect, deter, and defeat cyber-attacks against government and critical infrastructure targets. We are part of interagency and multinational efforts to counter transnational crime. And, we remain relentless in our pursuit of al-Qa’ida and other violent extremist organizations, directly and through our partners. This includes al-Qa’ida-Arabian Peninsula (AQAP) in Yemen and, working with French and African partners, al-Qa’ida in the Islamic Magreb (AQIM).

Finally, in the context of a “new normal”—where the diffusion of power fuels insecurity and unrest—we continue to support reform across the Middle East and North Africa through military-to-military exercises, exchanges, and security assistance. We are also adjusting global force posture to reflect these risks in the context of our rebalance to the Asia-Pacific region.

IV. OUR JOINT FORCE TODAY

We have an experienced, combat-tested force. Never has our nation sustained such a lengthy period of war solely through the service of an All-Volunteer military, which proudly celebrates its 40-year anniversary July 1st, 2013. Our warriors’ will to win is undaunted, but the means to prepare to win are becoming uncertain. Military readiness is at risk due to the convergence of several budget factors. These same factors compound risk to the wellness of the Joint Force and our Military Family. As I testified in April, we need the help of our elected leaders to gain budget certainty, time, and flexibility.

Few have borne more of war’s burden than our Military Family. For twelve relentless years, our service men and women have answered our Nation’s call with unsurpassed courage and skill. Many have fallen or been grievously wounded in the service of our Country. We honor them most by caring for their families and for those who have come home with wounds seen and unseen.

We are unfailing in our praise for the sacrifices of our warriors in battle.

But for so many of our veterans, returning home is a new type of frontline in their struggle. We cannot cut corners on their healthcare. We must continue to invest in world-class treatments for mental health issues, traumatic brain injury, and combat stress. Stigma and barriers to seeking mental health services must be reduced.

Suicide is a tragic consequence for far too many. As a Nation, we have a shared responsibility to address this urgent issue with the same devotion we have shown to protecting the lives of our forces while in combat. The Department is working

closely with our interagency partners and the White House to increase our understanding of the factors leading to suicide and how to best leverage care networks to keep our Veterans alive.

The risks inherent to military service must not include the risk of sexual assault. We cannot allow sexual assault to undermine the cohesion, discipline, and trust that gives us strength. Therefore, working closely with the Secretary of Defense and Congress, we are examining the best ways to leverage additional education, training, and the Uniform Code of Military Justice. We are exploring every option, and we are open to every idea, that will help eliminate this crime from our ranks. As I testified last week, we are acting swiftly and deliberately to accelerate institutional change—to better protect victims, to prevent and respond to predatory and high-risk behaviors, and to ensure a professional work environment while at the same time preserving the right of the accused. We will not shrink from our legal and moral obligations to treat each other with dignity and respect.

Future success relies on opening our ranks to all of America's talent. The Joint Chiefs and I have supported the expansion of service opportunities for women. This decision better aligns our policies with our experience in war, and it serves to strengthen the Joint Force. Consistent with the law, we also extended some benefits to the same-sex domestic partners of service members. We are implementing both initiatives deliberately across all Services to ensure we uphold essential standards, guard against potential risks, and avoid creating new inequities for other members of the Joint Force.

Keeping faith with our Military Family will take a mutual commitment from fellow veterans and a grateful Nation. The next few years will define how we, as a Nation, view the 9/11 generation of veterans. America's future All-Volunteer force is watching.

They are also watching as we inflict risk on ourselves. With \$487 billion in planned reductions already reflected in the Department's FY 2013 budget, sequestration's additional cuts jeopardize readiness not only this year, but also for many years to come. We cannot fail to resource the war we are still fighting. At the same time, we cannot compromise on readiness in the face of an uncertain and dangerous future. Our Joint Force must begin to reconnect with family while resetting and refitting war-torn equipment. It must retrain on the full-spectrum skills that have atrophied while developing new skills required for emerging threats. There are no shortcuts to a strong national defense.

When budget uncertainty is combined with the mechanism and magnitude of sequestration, the consequences lead to a security gap—vulnerability against future threats to our national security interests. And, as our military power becomes less sustainable, it becomes less credible. We risk breaking commitments to our partners and allies, our defense industrial base, and our men and women in uniform and their families.

This outcome is not inevitable. We can maintain the readiness and health of the force at an affordable cost, although this gets increasingly harder to do as uncertainty persists. But, we need help from our elected leaders to keep the force in balance and avert the strategic errors of past drawdowns. To this end, the Joint Chiefs and I continue to request your support for certainty, time, and flexibility.

Most importantly, we need long-term budget certainty—a steady, predictable funding stream. While the passage of the FY 2013 Appropriations Act provided relief from the Continuing Resolution, uncertainty over the FY 2014 topline budget and the full effects of FY 2013 sequestration remains. Last month, we submitted an amendment to the FY 2014 President's budget that includes \$79.4 billion for overseas contingency operations (OCO) to support Operation ENDURING FREEDOM—mostly in Afghanistan—as well as finalizing the transition in Iraq. We also submitted a reprogramming request designed to offset our most critical FY 2013 shortfalls, especially in wartime funding. We appreciate your expedited review and support of both requests, which will bring important near-term budget certainty and help reduce our most urgent OCO shortfalls.

Additionally, we need the time to deliberately evaluate trade-offs in force structure, modernization, compensation, and readiness to keep the Force in balance. We do not yet know the full FY 2013 impact in these areas as we make key decisions about FY 2014 and beyond. Finally, we continue to seek the full flexibility to keep the force in balance. Budget reductions of this magnitude require more than just transfer authority and follow-on reprogramming authority. Everything must be on the table—military and civilian force reductions; basing and facilities; pay and compensation; and the mix among active, Reserve, and National Guard units.

There are no easy solutions, and no way to avoid sacrifices and risks as we work together to make the hard choices. But, the FY 2014 budget proposal helps us rebalance and strengthen readiness through these hard but necessary choices. It enables

us to lower manpower costs, reduce unneeded infrastructure, and shed ineffective acquisition programs while maintaining support for the responsible drawdown of our military presence in Afghanistan. It provides an equitable and practical 2014 military pay raise of one-percent while protecting important education, counseling, and wounded warrior programs. Proposed infrastructure reductions include a request for BRAC authorization in FY 2015, although any closures would take multiple years and not begin until 2016. We simply cannot afford to keep infrastructure and weapons we do not need without getting the reforms we do need.

V. A JOINT FORCE FOR 2020

The budget decisions we are making now will indicate whether we view our future Joint Force as an investment or an expense.

America is unmatched in its ability to employ power in defense of national interests, but we have little margin for error. An unforeseen crisis, or a contingency operation, could generate requirements that exceed the capacity of our immediately available forces. We are able to deter threats, assure partners, and defeat adversaries when we do so from a position of strength.

We remain strong—and our Nation is secure—because we treat being the best led, trained, and equipped force as a non-negotiable imperative.

The secret to sustaining our strength with this or any future budget is simple—preserve investment in readiness, prioritize investment in people, and protect investment in decisive capabilities. Now, several months since the Joint Chiefs expressed deep concern about a readiness crisis, we continue to curtail or cancel training and exercises across all Services for units not about to deploy. The costs of recovering lost readiness are going up by the day. Inevitably, recovery in the years to come will compete with the costs of building Joint Force 2020.

It is our people that make us the most capable military in the world. They are our best hedge against threats to our homeland and interests abroad.

By 2020, we will require even greater technical talent in our ranks. But, developing technological skill must occur in concert with leader and character development. We must resist the temptation to scale back on education, including languages and cultural knowledge. Military service must continue to be our Nation's preeminent leadership experience. It is more important than ever to get the most from the potential and performance of every service member.

Investing in people is not just about their development and readiness. It is also about the commitment we make to their families. Unsustainable costs and smaller budgets mean we must examine every warrior and family support program to make sure we are getting the best return on our investment.

We need to reform pay and compensation to reduce costs while making sure we recruit and retain the best America has to offer. We must also balance our commitment to provide quality, accessible health care with better management and essential reform to get escalating costs under control. The FY 2014 budget would help control rising health care costs by initiating a restructuring of medical facilities to make them more efficient, without sacrificing quality or continuity of care, and by proposing fee adjustments that exempt disabled retirees, survivors of service members who died on active duty, and their family members. The Department of Defense is also working with Veterans Affairs to find efficiencies across health care systems.

As we work to get the people right, we must also sustain our investment in decisive capabilities. The FY 2014 budget continues to fund long-term capabilities that sustain our edge against resourceful and innovative enemies, while maintaining critical investments in science and technology, and research and development programs.

Emerging capabilities, once on the margins, must move to the forefront and be fully integrated with our general purpose forces. Special Operations Forces, for example, have played an increasingly consequential role over the past ten years. We have expanded their ranks considerably during this timeframe, and now we must continue to improve the quality of their personnel and capabilities.

Closely linked are our intelligence, surveillance, and reconnaissance capabilities—from sensors to analysts. We will continue to rely on proven systems designed for the low threat environments of Iraq and Afghanistan. At the same time, we must also develop and field sensors designed to penetrate and survive in high-threat areas. They will expand our ability to access and assess hard-to-reach targets.

This budget also sustains our investment in cyber, in part by expanding the cyber forces led by the U.S. Cyber Command. Despite significant investment and progress in the past year, the threat continues to outpace us, placing the Nation at risk. The FY 2014 budget increases funding for cyber security information sharing, but we need legislation to allow the private sector and U.S. interagency to share real-time

cyber threat information—within a framework of privacy and civil liberty safeguards. In parallel, we must establish and adopt standards for protecting critical infrastructure.

The development and integration of these emerging capabilities will by no means amount to all that is new in Joint Force 2020. They must be integrated with our foundational and impressive conventional force capabilities. The FY 2014 budget protects several areas where reinvestment in existing systems—such as the C-130, F-16, and the Army’s Stryker combat vehicle—sustains our competitive advantage. All are backed by our asymmetric advantages in long-range strike, global mobility, logistics, space, and undersea warfare. And, they must be connected with a secure, mobile, and collaborative command and control network.

This combination of increasingly powerful network capabilities and agile units at the tactical edge is a powerful complement to leadership at every echelon. It provides the basis to project both discrete and overwhelming power across multiple domains. It gives policymakers and commanders alike a greater degree of flexibility in how they pursue objectives.

As we set priorities and implement reductions, we must rely more on—and invest more in—our other instruments of national power to help underwrite global security. Fewer defense dollars only adds to the importance of relationships among defense, diplomacy, and development. When the political and economic foundations of our bilateral relationships are under stress, our military-to-military ties can serve as a model of professionalism and restraint for foreign militaries, and often help provide a channel for continued dialogue. Advancing American interests not only requires integration across all instruments of national power, but it also requires that our international partners accept a greater share of the risk and responsibility. Some are more ready and willing to do that than others.

VI. CONCLUSION

Although I am confident the Joint Force today can marshal resources for any specific contingency, our goal is to be able to offer military options that restore and maintain readiness while putting US national security on a sustainable path to 2020 and beyond. To do this, we must recruit and retain the most talented people. We must invest in their competence and character so they can leverage emerging and existing capabilities in our defense. It is an investment our predecessors made in decades past. We must do the same.

Our consistent first line of defense has been and always will be our people. They are our greatest strength. We will rely on our war-tested leaders to think and innovate as we navigate the challenges and opportunities that lie ahead. We need to seize the moment to think differently and to be different. But, we cannot do it alone. We need the help of our elected officials to give us the certainty, time, and flexibility to make change. Otherwise, the cuts that have already diminished our readiness will only get deeper, and the risks we will have to accept in the years to come will only increase.

We can and must stay strong in the face of declining budgets and rising risk. We must have the courage to make the difficult choices about our investments, about our people, and about our way of war. The Secretary’s Strategic Choices and Management Review (SCMR) is helping to identify options and opportunities as we move forward in partnership with Congress.

We have been down this road before. We can lead through this uncertainty and manage the transition to a more secure and prosperous future. I know your Nation’s military leaders are ready—as is every single Soldier, Sailor, Airman, Marine, and Coastguardsman—to give their last breath to defend America and her allies.

Please accept my thanks to this Committee and Congress for all you have done to support our men and women in uniform. Together, we serve our Nation.

Chairman RYAN. Okay. Since we are keeping all of ourselves at three minutes, I will try and be as quick as I can here. Secretary Hagel, last week, the House passed the MILCON, the Military Construction Appropriations bill, by a vote of 421 to four. The Administration then released a statement of administration policy saying that, quote, “Unless this bill passes the Congress in the context of an overall budget framework, meaning one that supports the president’s plan to increase non-Defense discretionary spending, the president’s senior advisors would recommend a veto,” unquote.

We are meeting the number that was requested by the Administration. Are you among the senior advisors recommending a veto on that bill? And then the second follow-up is, today, the House is marking up the DoD appropriations bill again, basically meeting the Administration's number. Are you going to recommend a veto of that as well?

Secretary HAGEL. First, Mr. Chairman, I have not been asked for my opinion on whether the president should veto the bill or not. My, as you know, responsibility is this department, and that is where I stay focused. If I am asked for my thoughts on the overall budget, then I will give them to him, but I have not been asked for those.

Chairman RYAN. But if Congress passes appropriation bills hitting the numbers you are asking for, it is a good idea that they would be signed into law, would you not agree?

Secretary HAGEL. Well, the numbers that we have been asked for the Congress to give us, as you have noted, are our budget. But the president has to make a decision on the entire framework of the total budget.

Chairman RYAN. One more, or two more, actually. 1:22 left. Okay, in April 2011, I recall the president putting out a speech where he mentioned the number that he was going to hit, 487, for the Pentagon. Then in January 2012, Secretary Panetta announced the strategy review to comport to that number. This year, the budget says we are going to go \$120 billion lower than the number that General Dempsey and Secretary Panetta came here and testified for, and now, you are engaging the strategic choices and management review.

It seems to me that we have got here a budget-driven strategy, not a strategy-driven budget. I do not know how one can conclude other than that. That is point number one.

Point number two, do you have any reactions you can give us with respect to any of the findings that you have had from this review? What are the new things that you can do without jeopardizing this mission to meet that 120 number you have put out there that does not contradict what last year General Dempsey and Secretary Panetta said was the bottom line, bargain basement, lowest number we could get to?

Secretary HAGEL. First, I have just testified, and have been testifying to this fact the last two months, that I support the president's Fiscal Year 2014 budget, as do all the senior uniform military leaders in the Department of Defense. We support that budget because we believe that the national security interests of this country can be fulfilled with that budget.

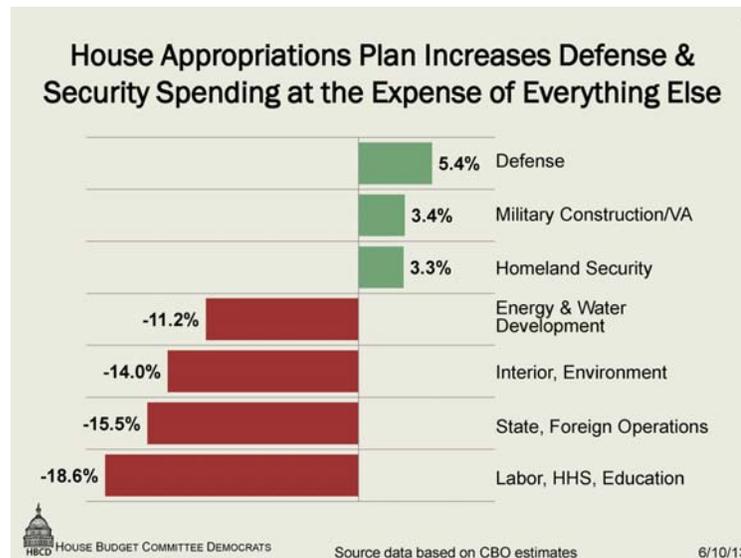
The strategic choices management review was not about the 2014 budget or reviewing that budget. That review was done based on sequestration, the reality of the numbers that we are dealing with as I have just noted and this committee knows; not hope, not possibilities, not budgets, not theory but reality, law, and what is the prospect, the possibility of sequestration continuing. Of course, as I have said, that will affect our strategic interests; that will affect operations. So what that review was about, not questioning the president's budget, but was to prepare, if we must, the Pentagon to deal with this new reality of sequestration and these numbers.

Chairman RYAN. There is no justification of 120. It is a review of what might come to pass if these things occur.

Secretary HAGEL. That is right, because we cannot turn this big ship around in a month or two, as you know.

Chairman RYAN. Well, since I am going to be enforcing the time limits, I better live by them. I will probably follow up, I have got some Afghanistan questions I wanted to ask you in writing about metrics in violence, but, Mr. Van Hollen.

Mr. VAN HOLLEN. Thank you, Mr. Chairman. Thank all of you for your testimonies. As a member of Congress who was one of the 426 who voted for the Military Construction and Veterans Appropriations bill, I fully support the president's or the White House recommendation to veto a legislation if it is in the context of adopting the House Republican budget because this chart shows exactly what the House Republican budget would do.



If you see the green-shaded items, the top one is Defense, the other are other security-related parts of the budget, they would increase those parts of the budget relative to the middle line, which is the 2013 sequester. How did they do that in their budget? By cutting things dramatically in other parts of the budget. So, that last bar, that is the funding for our kids' education, research at National Institutes of Health; they would cut that almost 20 percent below the sequester.

So what the president is saying is, "I want a budget plan and appropriation bills that meet all our needs." Yes, the Defense Appropriations bill and the president's is actually a little higher than the Defense bill coming out of the House. But he also understands we need to meet other important parts of our national requirements. And interestingly, the way to resolve this issue, Mr. Secretary, is for us to go to conference so we can resolve these, come to a negotiated settlement, which is why even Senator McCain has said that the refusal of our Republican colleagues to go to conference is,

quote, “insane,” and, quote, “incomprehensible.” And he is not alone. I know a lot of our colleagues here wonder why, after all these years of complaining the Senate did not have a budget, that they refuse to go conference.

So if we went to conference, we could actually resolve some of these issues, and then we could come together on a common plan for the country that funds our security requirements and funds our kids’ education. And so I would suggest that we get on with that right away. Let us go to conference.

I have a question about OCO because as I look at even the fiscal year 2014 OCO request, I actually see some items in there that I think are more associated with sort of peacetime defense than wartime defense. For example, there is some peacetime flying costs, as was testified to by the Chief of the Air Force, General Welsh. So I understand how the desire, as we reduce our footprint in Afghanistan, to try to provide flexibility, but we should not be doing that by putting in the OCO account things that really should be in the base account.

My question relates to the OCO request from all of you, and from the president of the United States, the commander-in-chief, and he has put forward a request in his budget; the House Republican budget exceeds that president’s request by \$5 billion. And my question to you is, does the Administration’s request reflect what you believe is necessary for our overseas wartime operations and for OCO account operations?

Secretary HAGEL. Well, what I believe, in consultation with our military leaders, that the budget that we presented, the president’s budget, \$526 billion baseline, \$79 billion OCO, is the sufficient budget to carry out our strategic interests, and that is the budget that we have been testifying to, we have been explaining, we have been going into great detail as to why we believe what we believe.

Mr. VAN HOLLEN. General Dempsey, if I could just, on the record, does the OCO request that was made, in your judgment, satisfy our military requirements for OCO?

General DEMPSEY. Yes, it does, but this year’s request proved inadequate to the task. I mean, we have to have some understanding of trying to predict the future two years out. But yes.

Mr. VAN HOLLEN. But just to, your 2014 request, in your best judgment, reflects the needs?

General DEMPSEY. Yes.

Chairman RYAN. And as you know, the president’s budget came three months late, so we had to put our own number up with their guidance. Mr. Price.

Mr. PRICE. Thank you. Before that chart goes down, I would just point out to the members that those bottom four bars, all of them, all of them, are significantly higher domestic discretionary spending than they were ’06/’08 level, so we have got a ways to go.

I got a lot of questions. Mr. Secretary, I want to welcome and the General, and I hope I get to some numbers, but I want to talk very briefly about the issue of Syria. I would suggest to you that our whole strategy of leading from behind is not working there. The Russians continue to support President Assad, and Russia has reiterated its intent to provide an S-300 air defense system to Syria. What would the U.S. do if Russia provides the S-300 to Syria?

Secretary HAGEL. Congressman, the president has asked the Department of Defense, be prepared for all options and contingencies that he may choose.

Mr. PRICE. So what is our plan to mitigate that threat?

Secretary HAGEL. Well, we have contingency plans and options that I do not want to discuss in an open hearing, but the efforts that are ongoing to try to stop the violence and contain it from not allowing it to get into a regional conflict, which it is already spilling over into the borders, as you know, of Israel and Jordan and Iraq, and working with the Russians, working with others, working with our allies. I was in Belgium last week, met with NATO ministers of defense, with the British, with the French, worked with our partners on this.

Mr. PRICE. We just want to encourage you, Mr. Secretary, to make certain that we are mitigating the threat to Israel significantly, and I want to move on because I have got a short amount of time.

Secretary HAGEL. And we are, by the way.

Mr. PRICE. The Senate Democratic budget that has been touted here, and we are interested in going to conference; we need to set some parameters before we get there. Otherwise, it is just a free-for-all that does not accomplish anything. But the Senate Democratic budget provides no funding, no funding, for OCO or GWAT after Fiscal Year 2015. Do you anticipate that there are going to be any U.S. troops in Afghanistan after 2015?

Secretary HAGEL. Well, the president has made it very clear that we are transitioning out of a lead combat role in Afghanistan to a post-2014 role. But we will have presence in Afghanistan. He has said that. That is his policy.

Mr. PRICE. So the fact of the matter is the Senate Democratic budget does not take into account the president's own policy as it relates to Afghanistan.

Secretary HAGEL. I do not speak for the Senate Democrats.

Mr. PRICE. But if they do not have any money, then there is no money to support the troops that the president proposes to be there.

Secretary HAGEL. We have not submitted a budget request for 2015, we will, or any other years, we have not requested funding.

Mr. PRICE. The GAO provided information that states that the assessment by the Department of Defense on the appropriate mix of military and civilian personnel has yet to be done adequately. Are you planning on moving forward with that review and recommendation?

Secretary HAGEL. What review are you referring to?

Mr. PRICE. The GAO, Government Accountability Office.

Secretary HAGEL. But I am not certain what you mean by the adequate mix of civilians and military personnel.

Mr. PRICE. Their contention is that there has not been an accurate assessment of the appropriate mix of military and civilian personnel capabilities in your strategic workforce plan. Is that going to be included?

Secretary HAGEL. Well, we assess that all the time. The review of mix and balance, and it is skills, it is people who understand the

jobs; there is always that factor that plays out in everything we do to carry out all of our strategic interests and our operations.

Mr. PRICE. Thank you. Thank you, Mr. Chairman.

Chairman RYAN. Mr. Yarmuth.

Mr. YARMUTH. Thank you, Mr. Chairman. Mr. Secretary, General Dempsey, welcome. Thank you for your testimony. I think many of us would agree that sequestration is a terrible policy, and that we are all suffering, to a certain extent, the consequences of that.

I would like to talk about briefly one thing that has come to my attention very recently, which I am sure is of interest to you. And I visited, a couple weeks ago, the Neural Science Center at the University of Louisville, where they are doing some incredible research into spinal injuries, and met a young guy named Rob Summers who was paralyzed in a 2006 accident, paralyzed from the neck down, could move one finger. Now, after going through the program, that they have developed at the University, he has full mobility above his waist; he can move his toes, his ankles, his knees, his hips; has sensation throughout his legs; and, actually, has taken steps by himself.

The researchers in charge of that project are very, very concerned because of cuts at NIH due to sequestration; they have already had to lay off some researchers. They have had to cut back in certain areas. And they are very much concerned about the impact on this program, which obviously could have incredible benefits for our wounded warriors who have sacrificed so much. So I am very concerned, also as the Ranking Member, that we need to do more to create a balanced approach, go to conference, and accommodate many of these priorities that we have.

In my area, because of sequestration, more than 8,000 civilian Defense Department employees have received furlough notices, 725 National Guard military technicians as well. Obviously, a great impact on their families and on the regional economy. Our civilian DoD and National Guard employees are going to have to have to sacrifice even more if the sequester is not replaced. Should they be preparing for nine more years of furloughs?

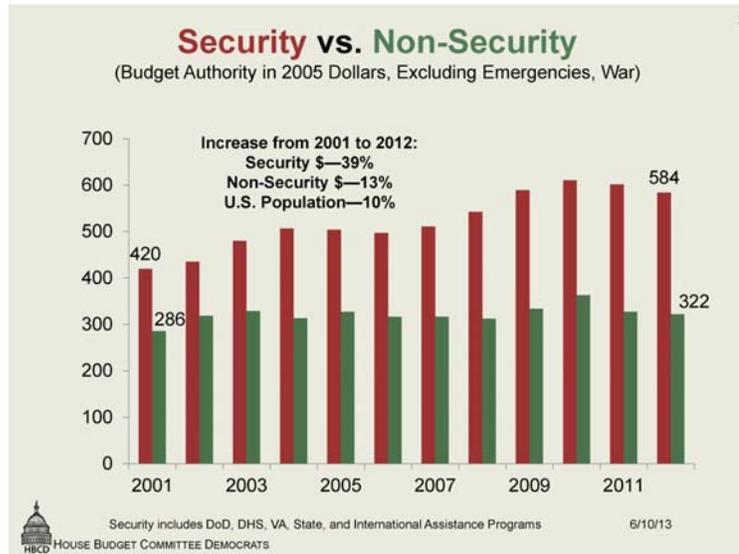
Secretary HAGEL. Two answers to your two questions. First, on the facility, and the reference you made to traumatic brain injuries and the research that is going on in the programs, our budget for 2014 protects all of those programs, Wounded Warriors. In fact, General Dempsey and I, this morning, both spoke at a traumatic brain injury conference that is being hosted at DoD. So we are fully committed to those programs and the funding of those programs. We are committed because it is the right thing to do, and we owe it to these men and women and their families.

Second, we will continue to carry out all the programs and efforts that you have just talked about.

Mr. YARMUTH. Thank you. I will yield the remaining 15 seconds to the Ranking Member.

Mr. VAN HOLLEN. Thank you, my colleague. If I could just show you this chart in response to Mr. Price's statement. What this shows: the green bars are the growth in non-security discretionary spending since 2001. As you can see, much slower than the red bars, which is the growth in security spending, including Defense. And I would emphasize that the red bars do not include the costs

of the war. Those do not include OCO accounts. So this gets back to the earlier conversation we were having about making sure we meet all our priorities in this country. I would also point out that this was the 13th day that the Senate Democrats have tried to go to conference on the budget, so—



Mr. YARMUTH. And it is a real dollar, not a nominal number.

Mr. VAN HOLLEN [continuing]. These are, yeah, these are real dollars. So these are constant dollars, real.

Chairman RYAN. Mr. Lankford.

Mr. LANKFORD. Thank you. And gentlemen, thank you for being here. I know, Secretary Hagel, in your testimony you mentioned that a budgetary situation permits us to end the furloughs early. You would strongly prefer to do so. Obviously, all of us would as well. There are a lot of families that are affected that had nothing to do with this, and I know you all are working hard to be able to resolve some of this. What I want to ask is, what are some of those factors that you are looking for to be able to deal with the maximum of 11 days that are left for civilians, to be able to resolve that? Have you made additional requests? And what are we doing to try to resolve that at this point?

Secretary HAGEL. Well, we continue, and I may ask the comptroller to respond here very briefly to any specific programs, but let me answer your question this way: we continue to look for ways, as I noted in my statement, as we cut nonessential services, overheads, consolidations, continue to try to find savings. These are big numbers, though, that we are talking about.

Mr. LANKFORD. Have you looked at unobligated balances?

Secretary HAGEL. We are looking at everything. That was part of the strategic review, by the way. And we do not know what is going to happen in the next three and a half months. That is part of the uncertainty we are living with. So what the comptroller has got to do is he has got to deal with, the only reality we have right

now is the sequestration is going to continue to be the law of the land, and we are going to have to comply with it. So if we can find ways, if that shifts in some way, then we will obviously put the focus on pulling those furloughs down, if we can.

Mr. LANKFORD. Will there be additional requests back to the Appropriations Committee for reprogramming authority? In the days ahead, would you expect that at this point?

Secretary HAGEL. Well, I will give a general answer, and then I will let comptroller. First, we really need your help on getting this current \$9.6 billion reprogramming accomplished because it gives us some flexibility, and flexibility is key here. Bob, do you want to add anything?

Secretary HALE. Yes, I anticipate that if we lose any sources in this current reprogramming, we will, if we have time, go back and ask for additional reprogramming. And just to add briefly, one of the major items is just how much the war costs in the next three months, and there is still some uncertainty. If we can find a way to minimize those, I think we will have a better chance of ending furloughs early, and I certainly hope to.

Mr. LANKFORD. Terrific. I would also request of you, as much as possible, and I know it is not all possible especially with the speed of what is happening, allow local bases and posts to be able to make decisions about how that is implemented, rather than any top-down model that comes to them. But a lot of those local leadership, and the people and the civilians that are working there to find the efficiencies.

I want to ask one question as well. Last year, Secretary Panetta, when he was here, we talked about the reductions plan. Over the next five years, there is 120,000 uniformed personnel reduction, but there was only a 15,000 reduction over the next five years in the civilian workforce. I asked Secretary Panetta, and actually Secretary Hale is the one who responded to this one at that point, said, "Why the discrepancy in the two numbers?" And the question was, "There was not enough time." And expected, by the time we got to this year, there would be a response of what we are looking at as a recommendation of reductions in civilian workforce over the next five years. Where does that stand at this point?

Secretary HAGEL. Well, obviously, I am going to let Secretary Hale respond to what he said, but go back very quickly to flexibility given to the managers and the people in charge of the bases. We are giving them as much flexibility as we can give them with some guidance from the top for the very reasons you mentioned.

Secretary HALE. We have about a 5 percent reduction of civilian employees built into this five-year plan. It is heavily dependent on BRAC because that is where those civilians work. And if we cannot close any of the bases, we will not be able to make those reductions. But if you give us authority to do it, then we will be able to achieve the reduction.

Mr. PASCRELL. So the assumption would be that bases would be closed within the next five years that would achieve that?

Secretary HALE. By the fifth year, fourth and fifth year out, yes, we would have begun to achieve some of the civilian reduction. The base might not be closed, but we would be drawing down the civil-

ians. And we are depending critically on it in order to achieve those reductions.

Mr. VAN HOLLEN. Thank you. Mr. Pascrell.

Mr. PASCRELL. Mr. Secretary, thank you for your service to your country. Let us get to the crux of the issue that Mr. Yarmuth has touched upon. Having been co-chair of the traumatic brain injury caucus for the last 14 years, I am very, very concerned about how DoD, before you got there, handled the situation with one out of five veterans of Operation Enduring Freedom and Operation Iraqi Freedom estimated to experience a possible traumatic brain injury that Congress has done, I believe, a yeoman's task in educating the DoD. We have continued, on a bipartisan basis, to emphasize the importance of this issue, and we have made funds available for the identification and treatment of brain injuries in our soldiers.

In 2007, the Congress gave the Department of Defense \$900 million to increase access, treatment, and research for traumatic brain injury and post-traumatic stress disorder. In 2008, my colleagues and I put in place protections for the troops in the fiscal year 2008 National Defense Authorization bill requiring cognitive screenings of soldiers pre-deployed and post-deployed. We do that for football players going on the field in high schools, and soccer players, and tennis players, and we did not do it for our troops. We said we were going to do it by an act of Congress.

Evidence seems to point to the fact that this law has yet to be fulfilled, as members of the Armed Forces still have not been consistently given a post-deployment cognitive screening in order to identify any possible brain injury. What are you doing to ensure that service members are receiving consistent pre- and post-deployment cognitive screening as Congress has required by law?

Secretary HAGEL. Congressman, I can tell you I have been at the DoD a little more than three months now, and this is as high a priority as we have. We have a lot of high priorities: getting this sexual assault scourge dealt with, an entire inventory. This one, though, is as high up as we have. And I have instructed all of our leaders, all of our people, all of our programs to make this a priority. We are doing that, we are committed to do it. I know we have not done it all. I know we are behind. I know we need to do more. But you have my assurance and my commitment that this will continue to be done.

General DEMPSEY. If I could add, Congressman, I have deployed three times, and in the units under my command, there has been a full accounting for that legislation, meaning we are screening pre and post. Now I will go back and answer your question more fully for the record, but we have done other things with the money you have given us. We have hired 12,000 health care professionals. We have been directed to go back and rescreen cases that were previously closed, and we are about, on average, about 90 percent complete with that effort. So I think we are doing better than you have just reported, but let me prove it.

Mr. PASCRELL. Thank you, I yield back.

Chairman RYAN. Mr. Ribble.

Mr. RIBBLE. Thank you, Mr. Chairman. Thank you, Secretary Hagel. I am over here. The requirement for the Defense Department to produce auditable financial statements was legislated over

20 years ago. We are now hearing we are not going to get an audited statement until 2017. If you and the Department cannot tell us how you are spending money, how do we accurately budget and appropriate money?

Secretary HAGEL. Your question is an absolutely legitimate question. I am going to ask the comptroller to respond specifically, but let me first say this. For the reasons you just noted and others, the accountability of our spending, and of our programs, and of our management is essential to everything we do. It is essential to any institution. And we are making progress on this. We are fulfilling the mandates of Congress. We are not there yet. I am going to ask Hale to go into more of the specifics on to what will be available in 2014 on statements, and then what is auditable by 2017.

Last point I would make on this, and I do not know if the comptroller will say this, but this is another consequence, and I do not blame sequestration for this, but the comptroller's office and all our financial people inside of DoD, all across the globe where we have facilities, are spending a huge amount of their time on sequestration, on reprogramming, on going back and reviewing everything. Now, this is not an excuse for not having auditable statements.

Mr. RIBBLE. Now they had 19 years prior to that.

Secretary HAGEL. No, I am saying it is not an excuse. But the priority has not always been there. I know Secretary Panetta put a priority on it; obviously he knows something about these kinds of things. He was absolutely committed to it, as I am. Now let me, if I can, Congressman ask the comptroller to get a little more specific.

Secretary HALE. We do know where we are spending the money. We do 150 million accounting transactions a year. If 1 percent of them were wrong, a million and a half would be wrong. We would have massive mispayments that just are not occurring. What we cannot do is document it, and sometimes our business practices are not tight enough to survive audit. We have got to fix that, and we are doing it on an interim basis. We are not waiting for 2017; by 2014, and I think we will make this, we are going to have audit-ready statements for the budget, which is the key part of most concern to you. So we have been pressing hard. I have worked this personally, it is important to me, we owe it to you, and we will do our darndest to get there. But getting rid of sequestration would help a lot, and so, thank you, Mr. Secretary, for that point.

Mr. RIBBLE. Thank you for that. General Dempsey, just one quick question: Will you achieve your campaign objectives in Afghanistan by the end of 2014?

General DEMPSEY. Yes.

Mr. RIBBLE. Thank you, and I yield back.

Chairman RYAN. All right, Ms. Castor.

Ms. CASTOR. Thank you, Mr. Chairman, and welcome, gentleman. Thank you for your outstanding service to the country. Let me start by saying the Defense Department and the services are giving greater attention to the problem of sexual assault in the military, and hopefully taking greater action to address the problem, and I thank you for that. But after decades of many assurances, and after a couple of years where we have seen a 37 percent increase in the number of sexual assaults, now 26,000 cases over

the past two years, it is time to change this status quo, and empower the prosecutors to do some things, some innovative things, that are different than the current change of command.

I will leave it at that because this is a hearing on the impact of having no budget, and the sequester on our national defense. And there has been a national dialogue, I think, on the harm the sequester is causing to jobs and the economy, medical research and innovation, Head Start, our ability to invest in infrastructure in this country, but I do not think we have had that same dialogue on the impact of the sequester on our national security. I certainly hear it at home from the folks at U.S. Central Command, and Special Operations Command, and MacDill Air Force Base, and we do not like the fact that civilians are going to be furloughed because of some arbitrary budget policy. But there are some challenges here.

Now without a budget, our Republican friends who complained for many years that the Senate would not pass the budget now will not go to negotiate a budget. It has been 81 days since a budget was passed, and they will not proceed to conference. And that is going to cause great problem and angst over the coming days, and months, and years.

The other problem is many of my Republican friends want the sequester; they want the cuts across the board, and they have rejected the Democratic replacements for the sequester. So this is going to have serious consequences. I want you to now drill down and be specific, and focus on Special Operations, in particular, because the threats to our national security have evolved over the past decades. We are not as involved in conventional warfare; the threats are unconventional. In the past, the former commander, Admiral Olson, said, "We are focused on quality in special ops." And now commander, Admiral McRaven, said, "We want to grow the force." And you have said, General, "We need to grow special operations, and personnel, and our capabilities." But what is the sequester going to do to our ability to invest in Special Operations forces and confront the unconventional threats facing our country?

General DEMPSEY. Yeah, I think could, first of all, Congressman, thanks for the support you give to MacDill. I spent two great years there myself commanding CENTCOM, and we always felt very much at home in that community. So thanks for that.

The effort we have got to look at the impact of sequestration will present some very stark and uncomfortable choices, some of which can be mitigated by flexibility. Meaning if we can get about a third of what we need, however that much turns out to be, whether it is full sequestration or something less, if we can get about a third or 30 percent of it out of institutional reform and compensation health care changes, then we can have an impact on the force, the combat power of the force; that is probably manageable. If we cannot, then it will not be manageable. You will find that we will have to make some choices that will put us at a disadvantage, and we have not been at a disadvantage in a very long time as the United States Armed Forces.

Special Forces is one of the three areas that in last year's budget and in this year's budget, we have advantaged. Advantaged, meaning we have not taken the reductions that we have in other parts

of the force, the conventional force. But if we got to full sequestrations, if this becomes an annual effort, at some point we will have to slow the growth of Special Forces.

Chairman RYAN. Thank you. Mr. Rokita. Mr. Rokita, will you yield me five seconds?

Mr. ROKITA. I yield to the Chair.

Chairman RYAN. Let me remind the committee that this Committee marked up and passed the Sequester Replacement Act. It passed on the floor two times last year. Cuts in other areas of government to prevent the sequester from taking place this year. Our budget does the same. The sequester was requested by the president in the Budget Control Act negotiations and is now law. Mr. Rokita.

Mr. ROKITA. I thank the Chair, I thank the Secretaries and the General for being here today. A question about military staff sizes to the General: By the end of March 2010, I have that 1.4 million service members on active duty were being led by 950 generals and flags. That is one for about every 1,500 troops. And from 2000 to 2010, the number of general flags, officers, increased 8 percent, while active duty and strength only grew 3 percent. Why the discrepancy? Why are your flags and generals growing so much faster than your men?

General DEMPSEY. Well, two things. First of all, we grew the number of flags in response to requirements. So when you stand up an architecture of command and control interact in Afghanistan, it was stood up external to, or in addition to, the existing structure.

Mr. ROKITA. So we could expect the number to go back down?

General DEMPSEY. Yeah. If you are asking me, do I think we need to reduce the number of generals and flag officers, the answer is yes.

Mr. ROKITA. Okay, thank you. Also, I will go to the Secretary please, Defense News, the magazine, recently said that U.S. military commands grew by 15 percent from 2010 to 2012. And your predecessor said we need to reduce those numbers. And, in fact, OSD and the Joint Staff, for example, grew by 1,300 people in 2010 to 4,200 people in 2012, a 230 percent increase. Can you explain that, when your predecessor said it should be going down?

Secretary HAGEL. Well, I will ask the Chairman to respond, as well. But my response is this: Those numbers are going to come down. In fact, one of the things that we took a very hard look at during the review in the last three months was this issue. And so those numbers will come down in every category, and that will be one of the products of the review that we have just completed and we are looking at now.

Mr. ROKITA. So when would you expect the decrease?

Secretary HAGEL. Well, we will be making those decisions here this year.

Chairman RYAN. General?

General DEMPSEY. Yeah, the Joint Staff grew because of the disestablishment of joint forces command, then the absorption of some of the manpower in Suffolk under the flag of the Joint Staff. But the Secretary has given us some pretty clear marching orders that if we are going to reduce the force, we are going to start at the top.

Mr. ROKITA. Okay. And by when?

General DEMPSEY. I will defer to the Secretary of Defense.

Mr. ROKITA. Okay. And you said they were going to make a decision soon.

General DEMPSEY. What I said was, "We will be making those decisions this year."

Mr. ROKITA. Okay.

Chairman RYAN. Thank you. Mr. McDermott.

Mr. MCDERMOTT. Secretary Hagel, General Dempsey, I was a Vietnam-era serviceman. I was a psychiatrist who dealt with people coming back from the war. And I would ask the unanimous that be entered into the record, an op-ed by General Eikenberry and David Kennedy; they assert that the American public and the military are drifting apart at this time.

Chairman RYAN. Without objection.

Mr. MCDERMOTT. And my concern is, you go down to my office, you will see the faces of all the people who have died from the state of Washington on the wall. You walk around these buildings, there is only about four or five places where that happens, because it is easy to forget who has been over there, who is fighting since we went to the volunteer Army. And we have, at the same time, had increases of suicides, and all kinds of things on military bases and in the veteran community afterward, with TBI and with PTSD. We did not see TBI in Vietnam because nobody survived. If they went through something like that, they died. But now we are able to keep them alive, and we have a whole new cadre of problems.

And I wonder, as you look at the budget that you are looking at now, how you think we could do a better job in not only sending people prepared to go to war, but also to return. I mean, people sent to Iraq did not where they were going. They had no background whatsoever in the population they were going into. They were just thrown in there, just like those recruits were in the Vietnam War. And then when we bring them back into our society, we have been very bad at getting them jobs and housing, all the things that somebody would think if you had served the country, the country would reward you with when you came home. When they came home from the Second World War, we handed them free college education. That is where the greatest generation came from, was that class of 1949 had all been educated because we said, "Our vets are coming home; here is an education." We do not do that anymore.

And what I am looking at is wondering about your own thinking, both of you, in terms of the larger problem of keeping the American public involved in the issue of going to war.

Secretary HAGEL. Congressman, thank you. This obviously, as you have known, and over the years done, could take days and days, and weeks and weeks to respond. But, in the interest of time I will give you this response. So many pieces to what you just noted. I think we have done a far, far better job as a society, as a country, of being able to delineate the war from the warrior as these young men and women come back, assimilate back into society, all the things that are required in order for that successful transition. Imperfect, front page of USA Today is about, you may have seen it, the story of a young man who cannot get a job. The

country has failed him. He went and served. I mean, we know those stories. We are not doing enough, I get that. We will do more.

But compared to when I flew into Travis Air Force Base on December 4, 1968, after a year in Vietnam in '68, 48 hours later, you were out on the street. You had a Class A uniform. You had travel money home and some expense money, and that was it. That was it. So we have come a long way. One of the big differences is, and I will stop here, and I used to give speeches on the Senate floor about this during the peak of the Iraq War and the Afghanistan War. The disconnect, which you just said, 1 percent of our population in this society pays the price. They make all the sacrifices, they bear all the burden, they do all the dying. And I am a supporter of the all-volunteer service, by the way. I do not think we could ever go back, nor do we want to, for a lot of reasons. It is the most professional Armed Forces ever. They are better trained, better led, better equipped.

But here is the point: How do you integrate that in a better way so there is more appreciation, more understanding? I think the people of this country, though, do very much appreciate the service of our men and women. We need to do more.

Chairman RYAN. Thank you. Ms. Walorski.

Mrs. WALORSKI. Thank you, Mr. Chairman. Mr. Secretary, good to see you again. Thank you for your leadership role on this issue with sexual abuse in the military, and for your support. And also to you, General Dempsey, great to see you. So, you know, I sit on the Armed Services Committee, which is where I saw you folks last. And I have worked hard in my role on Armed Services to provide a workable replacement to sequestration. We have talked about it as a committee. We have proposed bills as well. I am concerned that the president's 2014 budget seriously underestimates and underfunds costs in certain areas, and then makes trade-offs in other areas. For example, I do not believe we should be shutting down bases, considering shutting down bases, or paying for spending on the backs of our military members.

But the question I have is, the DoD budget has already sustained significant funding cuts, and faces potential additional cuts in the future. So at what point do these cuts endanger our national security? And it is a question to either of you. And then my second question is, is there a particular funding amount or percentage cut that you believe to be a red line when it comes to this issue of national security? Thank you.

General DEMPSEY. I will start, and then the Secretary will take the bulk of the question. But in terms of, can we identify a point at which we put the security strategy at risk? Yeah, I think we will be. I think we will be able to identify that point through the results of the SecDef's SCMR, Strategic Choices Management Review.

One thing I would point out: when we did the future year defense plan for 2014, when we did it three years ago, four years ago, the top line was going to be \$598 billion. This year, \$526 billion. If we go to full sequestration, it will be \$474 billion. This is not the deepest cut in our history. It is the steepest by a wide margin, and that is what makes it so difficult.

Secretary HAGEL. I would add just a couple of things. One of the points that the Chairman made to answer your question in his

opening statement, he said something to the effect that one of the effects of sequestration and what we are going through, and may well continue to go through for some years, I think he said, "It is going to be more costly to recover lost readiness." Now that is a factor here that often gets lost or never gets any attention. And that is a big part of, I think, your question, the answer to your question, when you say, "Well, at what point do we know?"

Mrs. WALORSKI. Do we, Mr. Secretary, do we have a funding amount? Is there a red line for when we get to that point that we, as congressional members here, and also the American people that are vested in our military, is there a red line to say, "When we get to this point, our national security is in trouble?"

Secretary HAGEL. Well, this is not just a numbers business, as you know. Again, I go back to the review. I have asked, in this review, all the different scenarios: at \$150 billion over the next 10 years, \$250 billion reduction over the next 10 years, or the \$500 billion over the next 10 years, which is now law, as the Chairman reminded us. And sure, it is going to cut into our readiness. Sure, it is going to cut into our operations. I noted that in my testimony, as did the Chairman. There is no question about it. It is doing it right now. When you go through the inventory of things that we are having to do now, the chiefs of all the services, cut training, essentially eliminate training, deployments, stand down squadrons. Now, what we are doing is we are putting everything forward to protect our current readiness requirements, our strategic needs now. But there is going to be a cost that is coming in right behind that.

Chairman RYAN. Thank you. Mr. Cicilline.

Mr. CICILLINE. I thank you, Mr. Chairman. And thank you, General and Mr. Secretary, for being here, and, of course, for your service to our country. I think the uncertainty of us not having a budget adds to the difficulties that we are facing in dealing with the very serious financial challenges in our country. And I think the only way that we can ensure that we meet our solemn obligation to our men and women in uniform, to ensure that they have access to all the things they need, not only to complete the mission, but all the things that they need when they return is to be sure we have a budget. And the priorities warrant a thoughtful and careful budget process, not a budget process fraught with needless uncertainty and partisanship.

And I hope your testimony today will inspire further engagement in the Congress to develop a serious set of solutions for our nation's fiscal challenges, and, most importantly, motivate our Republican leaders to appoint conferees so that we can really get to the work of completing this budget process. For some reason, although there is been a lot of clamor about the importance of a budget and adopting a budget, there seems to be no interest, at least from the Republican House leadership, to actually appoint conferees, which is necessary to complete that process. And I thank you for furnishing us with the kind of uncertainty and examples of the uncertainty that come from not having a budget. And I hope it will inspire them to do that.

I think it is particularly important, when you look at what Mr. Van Hollen identified in the beginning of this, that there is an ef-

fort here by going through appropriations in defense, military construction, and homeland security that will essentially result in very, very substantial additional cuts in non-discretionary spending and non-defense spending above and beyond the cuts of sequestration, which will have, obviously, very serious impacts.

But I just want to ask you to spend a few moments here, if you would, to address the Department's investment in programs that can help realize sustainable budgetary savings while approving efficiencies, accountability, and readiness. For more than a decade, the Department and Congress have collaborated on efforts to implement item-unique identification strategies. This technology, as you know, allow for permanent marking of equipment with unique identifications to ensure the efficient management and a real accounting of the resources the Department possesses. And we have a great company in my district, A2B Tracking in Portsmouth, Rhode Island, has really been a leader in this work. But a Department logistics item-unique identification taskforce in March of 2011 estimated that full implementation of this policy could result in savings between \$3 billion and \$5 billion every year, beginning in 2017.

But there has been some, I think, difficulties with implementation of this. So I would like to know where that stands, whether the sequestration cuts will adversely impact this implementation which has the potential to produce real savings, improve efficiencies, bring greater accountability and transparency to the Department.

Secretary HAGEL. Congressman, I am going to respond generally, and then very quickly ask for the comptroller's specific comment on this. One of the things that we are focused on, have to be focused on, is accomplishing the objective that you just noted. We have to; we do not have any choice. We should be doing it anyway, whether sequestration or not, for the reasons everyone understands. We are doing it. Let me get the comptroller to be more specific about your question.

Secretary HALE. Well, I am afraid the comptroller's going to have to go do some research to be more specific. I am not real familiar, but we will get back to you. Let me just add though, we have done a lot of things, some small, TRANSCOM, shipping on 40-foot containers rather than 20, that has saved us some money; grouping together cellphone contracts in the Navy, to bigger items, terminating more than 30 weapon systems that we felt were of lower priority in past efforts to reduce our costs. And we are going to do it again, as the Secretary has directed. And we are all committed to it.

Mr. CICILLINE. Thank you.

Chairman RYAN. Thank you. Mr. Nunnelee.

Mr. NUNNELEE. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for being here. General. I recently had the privilege to meet with a group of Mississippians that came up for an honor flight, World War II veterans. I met them at the World War II memorial; it was a very emotional experience. And one of the takeaways I had from that, here is a group of men, and there were actually a couple of women World War II veterans in the group, it is a group of men and women that were part of the greatest mobilization to defend

freedom in the history of the world. And while they went to place they had never heard of, their families were back home doing two things: building the tools necessary for the war effort, and also buying bonds necessary to fund the war effort.

One of the things that keeps me awake at night is the fear that if we were to have a repeat of that, that we could not afford to put together that kind of mobilization, because we could not afford it. And I do not think my fears are alone. The former chairman of the Joint Chiefs of Staff said the greatest threat to our national security is our debt. And we are going to be bumping up on a debt ceiling that is statutory, but our real debt ceiling occurs when creditors will no longer be willing to lend us money at interest rates we can afford. Are my concerns justified? And is our ability to defend freedom limited by our ability to fund it?

Secretary HAGEL. I think the quick answer is yes. I think Admiral Mullins' comments, and I recall when he said them, I agree with. A nation's economic strength is the underpinning of all their liberties and preservation of security. And you cannot disconnect the two, as you know.

Mr. NUNNELEE. All right. And then maybe a final question: How do you go about planning for the uncertainty and the difficulty of a reduced budget? We have just passed, out of Appropriations, the defense markup on defense. Previously, you had a request for equipment, helicopters, airplanes, tanks, et cetera, and that has been diminished. What process do you use to make those decisions and plan?

Secretary HAGEL. You mean reducing those efforts?

Mr. NUNNELEE. Yes.

Secretary HAGEL. Well, it is a long process, but the services have their budgets. We have the component overseas, the services on accountability, responsibility for managing the Pentagon. That is the larger office of the Office of Secretary of Defense. It is five undersecretaries; the comptroller is one of them. Another one that is key to this is the undersecretary for acquisitions. And then in consultation with the chairman and the chiefs of the services, with input from the nine combatant commanders, I mean, it works through that. Then the budget, obviously, is an underpinning dynamic of this because if you do not have the money, you are not going to be able to buy the weapons.

Mr. NUNNELEE. Thank you.

General DEMPSEY. Could I, really briefly, sir?

Mr. NUNNELEE. Okay.

General DEMPSEY. We have three responsibilities as a military: deter enemies, assure our allies, and then defeat if deterrence fails. And as we map the force we have to those three responsibilities, it allows us to see how big we think it needs to be.

Chairman RYAN. Thank you. Mr. Jeffries. And again, I ask members not to ask their questions near the end of their three-minute time so that we can try to get the answers to comport within that time as well so everybody else can get a chance. Mr. Jeffries.

Mr. JEFFRIES. Thank you, Mr. Chairman. Thank you to the witnesses for your testimony, your presence here today, as well as, of course, your great service to this country. Am I correct in my understanding that if you look at the United States's military spend-

ing, and then you compare that to the military spending of the next 10 highest spending countries from a defense perspective, that the United States, from a budgetary standpoint, exceeds the spending of those 10 countries that fall behind us?

Secretary HAGEL. The military budgets? Defense budgets?

Mr. JEFFRIES. Yes.

Secretary HAGEL. I think that is right. I think that is correct.

Secretary HALE. I suppose it might be 13, but you are right. The gist of it is correct.

Mr. JEFFRIES. So certainly a national security is of tremendous concern. It is a top priority, I think, for all of us on both sides of the aisle. But it will be useful for me if either the General or you, Secretary Hagel, could provide some context for why that level of spending is necessary in terms of the threats that we need to be prepared to guard against relative to what other countries, including in that list China, and Russia, and others do combined.

Secretary HAGEL. Let me make a general comment, and then I know Chairman Dempsey wants to answer this as well. Well, first, you have to analyze the national security strategic interests of your country. What does it take to assure that those interests are protected, starting with the homeland of your country? I mean, that is, as the General said, that is the first priority of any nation's defense structure, is the security of their country. Then you build out from there. What does it require? I do not need to go much beyond pick up a newspaper today, and you go down through The New York Times, The Washington Post, Wall Street Journal, and the inventory of problems in the world that are threats to us. They come different ways. They come from cyber; they come from nuclear threats; they come from terrorism; they come from conventional forces; they come from economic threats. And so you assess what your requirements are to defend your country. And then, based on that assessment, then you flesh what the requirements are going to be and the resources in order to defend your country. General?

General DEMPSEY. It is a great question. It is the question we are asking ourselves in this choices review, is what do we want to be able to accomplish? And at what level of effort, what capability and how much of it so it can rotate?

Our force is generally present in places like Korea and Europe. It is rotational, and then we keep a capacity for readiness at home as a hedge against future uncertainty. We have global responsibilities, and we want to provide the president, the commander-in-chief, with options. I mean, you could convince yourself, "Well, really all you need is about 25 nukes. And if anybody tries to interfere with your interests, we will just nuke them." But that is not who we are. So we need options along a spectrum of conflict. But this is a much longer question to be answered.

Mr. JEFFRIES. Thank you.

Chairman RYAN. Ms. Hartzler.

Mrs. HARTZLER. Thank you, Mr. Chairman, and thank you, Mr. Secretary, and General, it is great to have this conversation with you. And I certainly am a big supporter of our national defense. Believe me, there is only a few things we should be doing here in Congress, and one of them is to provide for the common defense. And I, like you, have been very concerned with the cuts to the de-

fense over the years, especially with the impact of sequestration. Certainly, in my district, representing Whiteman Air Force Base and Fort Leonard Wood, yeah, that is very concerning to us with the layoffs of civilians, as well as the reduced flying training hours, and the other issues we have been talking about, lack of modernization and reset.

But, having said that, I wanted to visit with you today about a report that Senator Coburn has put out. I just wondered if you had seen this. And this is on wasteful spending in the Department of Defense. And this is very concerning to me because I believe it undermines my efforts and a lot of our colleagues' efforts here to advocate for more defense spending when they have identified \$67.9 billion in what they think is wasteful spending. That could certainly be put better towards helping advance the new long range strike-bomber, or getting, you know, more weapons to our soldiers.

Some of the things they have identified is that the Navy recently funded research concerning the behavior of fish to teach us about democracy, and developed an app for the iPhone on how to pick the best time to take a coffee break. The Air Force Office of Scientific Research funded a study examining how to make it easier to produce silk from wild cocoons in Africa and South America. And there was this study that was done by that same office to try to determine the color of a dinosaur, the first, perhaps, bird that flew.

And I just wondered, what are you doing to address the examples of ways, I believe there was a video produced called, "The Grill Sergeants," where you did barbecue grilling by the drill sergeants. It is very frustrating to me that this is going on at the same time we are trying to advocate for more defense dollars. So have you seen the report, and if so, what are you doing to address the waste?

General DEMPSEY. Well, I have not seen the report. And I have never appeared before any body of Congress and argued that we could not find a way to be good stewards of the nation's resources. We will look for the report. I will be interested to see whether we put it in there or somebody else put it in there when it became part of the bill.

Secretary HALE. I am familiar with the report. Let me say, I am not going to defend some of those. Sometimes you get into the details, and these do not sound quite as bad as Senator Coburn described it, but I think there is room for paring of waste. I will say it was \$69 billion, I think, over 10 years; about two-thirds of it was cuts in civilian personnel, and he did not really identify how to do that. As I have told you before, one way to do it is to let us close bases and get rid of the civilians we do not need. You may notice a theme. And so if we are going to make some of these big changes that were suggested in there, we are going to need your help.

Chairman RYAN. Mr. Pocan.

Mr. POCAN. Thank you. And thank you, gentleman, thank you for being here and for your service. Let me ask two questions, different questions. Let's put them both out there to save a little time. General, one of the comments you made in your presentation that really concerned me, especially when we are talking about the sequester and the effects of sequester, the fact that our House leadership refuses to appoint conferees. So, once again, you know, we may not have a budget for this country, a road map. The words you used

were, "We are less ready every day." And that should concern every single person about preparation, some of the things you are having to scale back. Could you just talk a little more about what that means with the current sequester, and what that could mean down the road if the sequester continues?

And then the second question, Secretary, for you. I am concerned, and perhaps, I could say, skeptical of the drone program. I know the president has now assigned some guidelines that the Department of Defense is going to be more involved. I was just hoping you could address a little bit what role you are playing in the development and implementation of those plans, specifically to ensure that there could be zero civilians who are involved, as well as what oversight Congress might have in that.

General DEMPSEY. Readiness is the most challenging thing to articulate. Most of what we do has some constituency in Congress and Washington D.C., weapons systems, bases, people. Readiness is the hardest one to articulate because there is no huge constituency for it. You only know you need it when you need it.

Let me use a basketball analogy. Right now, about a third of the force is training at the individual level. They are not training as big units. And so if it were a basketball team, we are doing individual drills, but we are not scrimmaging. And when you do not scrimmage before you go into the game, it generally does not have a very good outcome. And so I am uncomfortable that we are cancelling rotations to our training centers, which is where we do our scrimmages. And that is all services.

Secretary HAGEL. Just very briefly on your question regarding drones, I support strongly the president's policy and the speech he gave. And much of that was about more transparency and oversight. We do have oversight now, the Congress does and the intelligence committees. What we do, in every way, is legal. Drones are a very key factor in our security inventory. It is always a responsible use, wise use. Factoring in one of your examples, civilian casualties, collateral damage, is this the right thing to do, laws, relationships with other countries.

So I think what the president did here, and I was co-chairman of the president's Intelligence Advisory Board the last four years, and it is something we recommended to him often, is a little more transparency. But the two titles of authority that are used, he specifically mentioned Title 10, which is the authority that is in our Constitution, in our law, as you know under DoD, and then Title 50, which is covert action, which usually the CIA or intelligence; both are necessary for the security of this country.

Chairman RYAN. Thank you. Mr. Rigell.

Mr. RIGELL. Thank you, Mr. Chairman, and Secretary Hagel, thank you for your service, General Dempsey and Secretary Hale. Secretary Hale, I would like to really direct this question to you. If there is universal agreement on anything, it is that sequestration is unwise. And we, as Americans, can do better than that. And it seems like there are two principal drivers to it. One is the top-line funding, of course. And then the other part of it that creates so much inefficiency is this, you know, the cuts are universally applied. Now the top-line part is a high hurdle; I am not going to try

to get into that right now. But on how they are uniformly applied, I would like to delve into that just a bit.

I know you have got over \$9 billion reprogram in the works, right? As we were marking up the NDAA the other night, actually, the other morning, ended up around 2:00 a.m. in the morning, one of my colleagues introduced an amendment that would give DoD about \$20 billion of running room on that. I would like to hear your views on that. I voted no, to be clear here, because it did not seem like that much discretion without congressional oversight was wise or prudent. But I was intrigued by the idea, and in this time remaining, please if you would expand on that, please.

Secretary HALE. I would like to see you take the limits off entirely, and here is why. You would still have full oversight. Every time we do a reprogram, it has to be submitted to all the committees who can only do it if every committee approves. I have never understood why you need a separate limit on the amount, especially in the environment as uncertain as this one. But if you will not do that, I would certainly prefer, it is around now \$7.5 billion, something significantly higher. I will say again, I think you would have the oversight you need, and full oversight, even without transfer authority limits.

Mr. RIGELL. Well, is the reprogram that is in the works now, does that reflect the full source of consternation within DoD, or is there more that you are looking at right now that you are going to need to come back to us on and work through?

Secretary HALE. We are just about at the legal transfer authority, only \$200 million short of it in that reprogram. So we do not have any more flexibility. But yes, we have some remaining problems, particularly in the Army, of local [spelled phonetically] shortfalls, that we are working actively right now. We are not going to be able to do it through reprogramming, unfortunately.

Mr. RIGELL. Well, I have got just maybe 40 seconds or so left, but Mr. Secretary, I would be open, and I do not speak for my colleagues, of course, but for a wiser path of saying if we are expecting to be under sequestration or sequestration-type levels for the foreseeable future, and I am trying to avert that, I would be open to any type of wise alternative that would give you more running room.

Secretary HAGEL. Thank you, Congressman. Flexibility is, as we have said throughout this hearing, absolutely key. And your point about more running room is part of that flexibility. We are going to most likely need that, depending on what happens here. But if this plays out the way it appears it is going to play out, at least for the remainder of fiscal year 2013, then we are going to have to continue to make these tough choices, and we are going to need more flexibility.

Secretary HALE. Thank you. Mr. Blumenauer.

Mr. BLUMENAUER. Thank you, Mr. Chairman. Secretary Hagel, it is a pleasure to have you here. We are excited that somebody with your background in business, in government, in the military, is in the position you are to make these tough choices. And I really appreciate, General Dempsey and Undersecretary Hale, what you have said. You are coming to Capitol Hill, for instance, urging health care reform and base closures. Congress has never met a

base that it wants to close, which is why we have a Base Closer Commission, because we want to have it both ways, you know. You know, you look at savings with PXs, and people go ballistic, and you get stuffed back where you are dealing with readiness issues. And I appreciate your patience.

I would request, in a written form at some point, a little analysis on nuclear weapons. It is mind-boggling to me that we are looking at upwards of three-quarters of a trillion dollars over the next 10 years that the Administration was forced to deal with some upgrades. And we have far more than we need, and we are spending a miniscule amount, less than 1 percent, decommissioning. And I would really love an explanation for why we have to have this level of expenditure when you are talking about major other initiatives that are before us.

But the question I would put to you, Mr. Secretary, now, for perhaps a reaction, deals with environmental stewardship of the Department of Defense. I have been impressed with the progress that has been made for a sustainable military. I have been impressed with the recent guidance in terms of facilities. That is really terrific, and I hope it can be put into effect. But there is also the element, the Department of Defense is the largest generator of superfund sites in America. There are 10 other members of the Committee who have superfund sites in their district that have yet to be cleaned up. I am dealing with one in the Willamette River in Portland, Oregon that was a staging area for the Navy for three wars, and there is serious pollution that is, in part, the responsibility of the federal government.

And I would like to know what we can look forward to. I know it is tough times and I am willing to go the extra mile with you on things that you have requested, and maybe a few that you have not. But I hope that we are not backing away from the responsibility of the Department of Defense for pollution that is across the country in every state, and many of them in our districts.

Secretary HAGEL. I can assure you the Department of Defense is not going to back away. We have not backed away. We will continue to fulfill the commitments we have made, and those commitments are based on our obligations and responsibilities, you are exactly right. As you know, the superfund sites, I think, is administered out of the EPA. We fund part of that; part of that, a good part of that, is due to us, the DoD, over the years. It goes back pre-World War II. I mean, I do not have to tell you. So we will continue to make those funds available, continue to work with the superfund administrators. Specifically, if you have something, let us know, we will respond.

Chairman RYAN. Thank you. Ms. Blackburn.

Mr. BLUMENAUER. Thank you, Mr. Chairman.

Mrs. BLACKBURN. Thank you, Mr. Chairman. And thank you all for being here with us. I represent Tennessee's Seventh District; Fort Campbell is in that district. And, of course, we have the wonderful 101st, the 160th, and the Fifth Division. And when I am on post and when I am talking with many of our men and women in uniform, a couple of different things come up. They all have to do with readiness, and I appreciate your comments about loss readiness. And I think one of the lessons we learned through the '90s

is when you do these drawdowns, and not carefully, there are consequences to pay.

But looking at Europe, and this is one of the things that people are talking about now in my district, they are looking at the forestructure that we have there in Europe, and they are concerned this may go away. So I want to talk with you about, and just have you, Mr. Secretary, I have told them if I ever got a chance to ask you, I would ask you, so here we go. What purpose does this serve, to have that permanent force there? And what is it there for? Is it there to counter Russia? Is it there to make it better, easier to serve as a launch point to get to other parts of the world? If we had another Benghazi-style crisis somewhere North Africa, or Israel, or the Middle East, how would we handle it if we did not have a place like Europe to go from? How badly would it impair a commander's options, or degrade his ability to respond if we did not have it? And, you know, just talk to me about Europe for about a minute. And I have got one other comment to add once you do, so—

Secretary HAGEL. Well, I will be very brief, and I am going to ask the General to respond, too, because this has been his whole life. Just very briefly, I think you listed a number of reasons why we need forward-deployed forces. It is force projection, of course; that is the whole point of the rebalancing Asian Pacific. It is time, it is schedules, it is options. Benghazi, a good example, the Congress continues to ask a lot of questions about what happened in Benghazi. Why were we not there? Could we have been there? What was the time? It is clearly in our national security interests to have that forward-deployed option because if you do not have it, then the only option you have is you bring them out of the United States. And you cannot respond. The world is too hair-triggered; it is too fast; it is changed. We do not have any options. And so things happen like that. So I think your list of questions actually was a list of answers as well.

General DEMPSEY. I have nothing to add.

Secretary HAGEL. That is the first time the General has ever said he had nothing to add.

Mrs. BLACKBURN. Well, and I will just say the Flying Hours Program, I have worked with the Committee to add in the funds to continue that. I was very concerned about the loss of 500 aviators, and I would just ask you all to work with Army to be certain that that program continues in 2014.

Secretary HAGEL. Thank you.

Mr. VAN HOLLEN. Thank you. Ms. Lee.

Ms. LEE. Thank you very much. Thank you, Secretary Hagel, General Dempsey, and Undersecretary Hale for your leadership and for being here today. I wanted to ask a couple questions, one relating to the end of the war in Afghanistan. We know that the timetable now is 2014, but what do you see or foresee as future involvement after 2014? And as it relates to military personnel and contractors, and what do you see Congress' role in that effort, in terms of our responsibility to authorize or to appropriate?

Secondly, I was glad to hear the answer about audit the Pentagon. For years, I have been working on issues around waste, fraud, and abuse, and what I learned was that the Pentagon has

missed all these deadlines as it relates to the audit. And so I am going to ask, I hope it is not too redundant, but have you projected any savings from this audit that hopefully will be completed pretty soon?

And finally, just a little bit about the Overseas Contingency Operations Fund, that really has exploded beyond any reasonable measure of what a contingency fund should be. I think now you are asking, what, for \$5 billion above the request that the House Armed Services Committee has provided? And so why are we not projecting major savings from ending the war in Afghanistan if, in fact, this contingency fund continues to explode?

Secretary HAGEL. Congresswoman, I will try to be very brief because I know we have all got time issues here. I will start with OCO. That \$5 billion additional, that did not come from our request. That was a congressional addition to what we requested, \$79 billion. That represents \$10 billion less than what the request was last year. I was in the Senate for most of the Iraq-Afghanistan War. And we financed those two wars almost entirely, all the time, to emergency supplementals. That is where, really, it came from. And now, we are going to be bringing that back down for the very reasons you know and others.

In addition to that, however, why do you still need it if you are coming out? Then I will get to your post-2014 question. We have still got over 60,000 troops there; we are bringing out a couple thousand a month to get down to 34,000 troops by, I think, February of next year. A huge amount of equipment that we have got to get out, we have got to do something with that equipment as we consolidate bases. All these are huge costs to us. It is not as easy as getting out as we did in Iraq when you just come right down to the desert, load everything up on the ships. This is a whole different ballgame. So those are additional costs.

What do I see after 2014? The president has laid out that we will have a trained assistant advise mission after that. We will have a presence there.

Chairman RYAN. Thank you. Mr. Williams.

Mr. WILLIAMS. Yes, I want to thank all of you for being here. I appreciate your patriotism. My question is being directed to you, Mr. Secretary. Fort Hood is in my district, and they are doing a fantastic job. A lot of people in my district ask, do you think that America should be the number one superpower in the world?

Secretary HAGEL. I believe, and I always have, that America must maintain its superiority in every way to maintain our national security.

Mr. WILLIAMS. Do you feel that our enemy is fierce today?

Secretary HAGEL. Our enemy is very fierce today.

Mr. WILLIAMS. Do you think our friends trust us?

Secretary HAGEL. I think we have partners, we have allies, we have relationships that are all built around common interests. That is not new; that is the history of the world. And those common interests that forge those relationships, the era of coalitions of common interests came after World War II when we built all those coalitions, NATO, so on and so on. And we will need them even more so in the 21st century.

Mr. WILLIAMS. We have talked a little bit about the president's budget, that you are aware that it came to us very late in this cycle.

Secretary HAGEL. Yes.

Mr. WILLIAMS. And are you also aware that sequestration, which we talk about all the time, was the idea of President Obama?

Secretary HAGEL. Well, I am going not going to get into the politics of whose idea it was.

Mr. WILLIAMS. I just want to make sure you are aware. I want to make sure you are aware of that.

Secretary HAGEL. I have got a responsibility to run the Pentagon, not to get involved in politics.

Mr. WILLIAMS. All right. Okay. I just want to make sure you are aware of that. And I also would ask you, it is been widely reported that some DoD components had identified sufficient spending cuts such that they would not have needed to furlough their civilian workforce during that 11 days. I know you have got reports in the Navy and Air Force that gave you some other options. My question is why did you choose to go to the wide furloughs rather than implement cuts to activities that you had been advised on that you could have gone another way, thus creating pain with the public and creating, really, havoc with some of the communities?

Secretary HAGEL. Well, if you were here for my opening statement, I noted that decision and why, but I will repeat it. We have looked at every possible area we can cut, and I listed some of them, and we can give you an entire list of them. I would be very happy to do that. I got to the point where, we started with the possibility of 22 days of furloughing. The decision I made was finally 11. It was the last thing we wanted to do. This was in coordination with all our commanders, all our senior leaders, because I could not take the readiness issue down any further than where it was. We would have to cut more into our readiness and our force protection of our people, and I could not do that.

Mr. WILLIAMS. Okay. Last question, I have never been able to understand, why do we compare ourselves to other countries as far as amount of missiles, you name it? Why do we compare ourselves to them? Why do we not set the standard? If we are going to be the superpower in the world, why do we want to come to their level? Why do we not just want to be America?

Secretary HAGEL. Well, I am not sure what you mean.

Mr. WILLIAMS. Well, we talk about bringing missiles down to a certain level, doing this, we are worried about a budget of another country; I do not see how that plays into our defense.

Chairman RYAN. We will have to leave it at that just because the votes on the floor, 11-54 left. Mr. Huffman.

Mr. HUFFMAN. Thank you to all the witnesses. I will be quick. Secretary Hagel, I was a big fan of your work in the Senate, your bipartisan work on nonproliferation, and continuing into your time when you were out of office working on sensible ways to right-size our nuclear arsenal to address 21st century needs instead of Cold War and bloated nuclear arsenal. So that is the big-picture question I want to ask you about. In the post-Cold War era, at a time when we are struggling to address our long-term debt and deficits, we still have a huge nuclear arsenal, even with the progress we

have made in the START treaty numbers, 1,550 deployed nuclear weapons. Some estimate as much as \$52 billion a year to maintain that arsenal, and we will be being asked to pay for modernization of it all.

In light of all of that, can we afford this type of a nuclear arsenal in this day and age, and do we need it? Or can we move back towards something more like the great report that you did in May of 2012 with Global Zero where you envisioned a nuclear arsenal closer to 900 total weapons deployed in a very different way?

Secretary HAGEL. Well, I think it is been the goal of every president of the United States since the advent of nuclear weapons. Recognizing every president has realized, as I have, and I think most Americans, that the nuclear deterrence has been as important a part of keeping our freedoms as anyone thinks since World War II. Ronald Reagan, if you remember in, I think it was 1986, turned to Gorbachev, and said, "Let's get rid of all the nuclear weapons." And I recall that vividly. And a lot of people gulped, "Is he crazy?" Every reduction in our nuclear armament has come as a result of a treaty, in a commiserate reciprocal reduction. You ask yourself, well, how many missiles and how many nuclear warheads do you need to defend yourself? How many times do you have to blow up the world?

I mean, I believe strongly in a strong nuclear deterrence, strongly. And I also believe that Ronald Reagan and every president we have had, Democrat or Republican, asked the right questions. This president is asking the right questions. Your numbers that you mentioned was a result of a treaty with the Russians, I think in 2010, that Congress approved, the Senate, with the president. I think that makes sense. If we can find ways to reduce the threat to mankind but still protect ourselves, is that not what we should be doing?

Mr. HUFFMAN. Thank you.

Chairman RYAN. Thank you. Let's leave it at that. Mr. Calvert.

Mr. CALVERT. Thank you for your service. I am going to submit a couple questions for the record, but I just want to get a couple of points in real quickly. When it comes to BRAC, I think you probably know, even though we are discussing BRAC, there is probably not a stomach for voting for it. And I would hope we can work together to maybe closely more define what a BRAC process is. I think, too, we may need to add the National Laboratories and NASA centers to it also. If we are going to do it, let's just do it all.

One thing, to be specific, electronic health records. We asked the Department of Defense some time ago to get that done. It would create efficiencies and save a lot of money. You know, Kaiser in California, has gone to digitized health records a long time ago. And we asked, it is been God knows how many years now, five years ago. What is the hold up?

Secretary HAGEL. Well, first, DoD and VA will be interoperable by the end of this year in the transferring of all of our paper back and forth. This is a long story. As you know, five years' worth and a lot of money's worth, but let me, in the interest of time, just hit a couple of important points. The seamless interoperable of those two systems, they do not have to be the same systems, just interoperable. As long as they are talking to each other, and we can ac-

completing getting paper records out of DoD over to VA, over to their claims, and that is being done, it will be done. That is one part of it.

The backlog at the VA is not a DoD-result problem. About 4 percent of that backlog is our piece. And that is mainly because Secretary Shinseki made a decision, which I think he was right, a couple of years ago to start including all the Vietnam veterans and everybody prior to Iraq and Afghanistan, and the veterans that were produced the most two wars, we had electronic records.

When I was in Vietnam, I mean, you have got maybe your folder. It is all paper records, so they have been flooded with this stuff. We have been working very closely with them. A lot of glitches, a lot of issues, absolutely. But I have got to be responsible for the modernization of our systems for DoD. That is not mutually exclusive from the VA. We work very closely. I just offered more manpower. We have people over in the VA, and we have got them all over. And the VA just accepted seven more of our people, which I am glad they have done. So, yes, a lot of issues, a lot of problems, but we are getting there, and we will get there.

Mr. CALVERT. Thank you.

Chairman RYAN. Thank you. Ms. Lujan Grisham.

Ms. LUJAN GRISHAM. Thank you, Mr. Chairman. Thank you very much for being here today, Mr. Secretary and General. I appreciate that, too. And I was not playing on talking about this, and I will be brief, but I want to echo what my colleague just talked about, and I appreciate your response on veterans' issues, the backlog, and electronic medical records. And with all the different proprietary records in the private sector, it is clear that having a single system is not going to work, that we have to find utility programs that will make them all interoperable. And I just had a veterans' forums, and I will tell you that every single complaint was having access and following their record trail, and making sure that they are getting adequate and quality care, and that that is seamless. So I appreciate that, and appreciate your diligence.

I quickly want to go to contracting, and I want to have you just talk to me a little bit about the impact sequestration is having on defense contractors, and their ability to stay staffed and meet any of these demands. I have got negative job growth in significant defense contracting in my district. I represent Albuquerque in New Mexico, and it is a real challenge.

Secretary HAGEL. Well, again, within the limits of our time here, contractors are going to be and are being severely cut employees. Just as we are having to take a hit with our civilian workforce, there is no way around it. I mean, when you are putting off contracts and forcing them out into the future, and because you have less resources you cannot go forward with making commitments.

Ms. LUJAN GRISHAM. Are you concerned about their ability to have capacity when you do need them as a result of this?

Secretary HAGEL. Absolutely. Of course. The chairman talked about that, and we all know that.

Ms. LUJAN GRISHAM. And to also meet your goals for disadvantaged groups such as veterans and women, and to make sure that you are meeting those goals that you set aside to encourage that entrepreneurship and those kinds of relationships?

Secretary HAGEL. It is all affected.

Ms. LUJAN GRISHAM. Any suggestions that you have in the interim, since the power rests here, about what we do in a district like mine to sure up these relationships and these private businesses?

Secretary HAGEL. My suggestion is, as the chairman, and the ranking, and all the members of Congress know, is if we could get some clarity, some certainty, some flexibility on a budget.

Ms. LUJAN GRISHAM. You have my support to that.

Secretary HAGEL. Thank you.

Ms. LUJAN GRISHAM. And thank you very much.

Chairman RYAN. Last but not least, Mr. McClintock.

Mr. MCCLINTOCK. Thank you, Mr. Chairman. My constituents had one question; they would want me to direct it to you, General Dempsey. And it involves the rules of engagement that have placed our young men and women under the most unprecedented constraints, I think, in the history of a battlefield. The point was brought home to me at a veterans' lunch a couple of years ago in Nevada City where I was talking to a young man who just returned from Iraq, as well as a veteran of Patton's Third Army. And I asked the young man about the rules of engagement, and the look of relief crossed his face, like, "Thank God somebody is asking." He says, "They are terrible; they will not let us fight back. If we are shot at, we have to identify ourselves, and first yell at them to stop shooting at us. If it is at night, we have to shine a light at them. If the fire is coming from anywhere in the vicinity of a village, we are not allowed to return fire. We are not allowed to pursue insurgents into a mosque." He says, "I had a buddy who did that. The insurgents were released; my buddy was demoted for breaking the rules of engagement."

I turned to the veteran and I said, "Well, what were the rules of engagement in Patton's Third Army?" And he says, "Well, we did not really have any rules of engagement. They told us to kill Germans, and that is what we did." And I said, "Well, if a German squad escaped into a church, would you have pursued them into the church?" "Oh, heavens no," he says, "we would have blown up the church." And my question is, can we look any of these young servicemen and women in the eye and tell them that we back them with the full might and fury of our country when we have placed them in harm's way? And that we gave them the battlefield discretion that has been given to every generation of fighting men since the beginning of this republic?

General DEMPSEY. It is never been, despite what the veteran told you from World War II, it is never been the tradition in our country to use force indiscriminately. And the rules of engagement are reviewed by the commanders in the field with great frequency. The particular form of conflict in which we find ourselves now, where what truly hangs in the balance is the support of the population, and less so, killing a particular number of insurgents, requires us to be particularly careful about the use of force. But one thing I can assure you, no man or woman who we sent into previously Iraq and now Afghanistan, ever is hamstrung in their ability to protect themselves. And so some of what you are referring to, I have seen it myself, I have heard it myself, a good bit of it is misinformation.

Mr. McCLINTOCK. Well, I would suggest that if World War II were conducted in the same manner as we have conducted our affairs in Afghanistan, that war would still be going on.

Chairman RYAN. Thank you. This was a fast-moving hearing. I wish we had more time, but I appreciate your indulgence. Thank you, Secretaries, for coming. Thank you, General. This hearing is adjourned.

[Questions submitted for the record and their responses follow:]

QUESTIONS SUBMITTED FOR THE RECORD FROM CHAIRMAN RYAN

SECRETARY HAGEL

Afghanistan

1. Recently we have seen several high-profile Taliban attacks. The Afghanistan NGO Safety Office reported that Taliban attacks are up 47 percent from this time last year. Do you consider this increase in attacks significant? Why has the military stopped publishing data on the volume of enemy attacks? What metrics are you using to determine whether we're making progress? Is there a level of violence that would necessitate revising the current drawdown plans?

2. In FY 2013, the Department of Defense faced a \$12 billion shortfall in funds available for prosecution of the war in Afghanistan. Please quantify the contributing factors to this shortfall. What steps were taken in preparing the FY 2014 war funding request to ensure there would not be another shortfall in FY 2014?

GENERAL DEMPSEY

Defense Efficiencies

3. In response to a question from Mr. Rokita, General Dempsey testified that a significant factor in the increase in the number of civilians employed by the Joint Staff was due to the disestablishment of Joint Forces Command and the absorption of civilian employees from JFCOM into the Joint Staff. One reason cited for closing JFCOM was to reduce costs. Please provide an itemized estimate of the savings achieved by disestablishing JFCOM net of any costs that were assumed by other elements of the Department of Defense.

4. General Dempsey's prepared statement noted that given recent budget reductions "everything must be on the table" and specifically noted that included civilian force reductions. Please specify what additional statutory authorities DOD need to efficiently reduce the size of its civilian workforce.

QUESTIONS SUBMITTED FOR THE RECORD FROM HON. JAMES LANKFORD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

SECRETARY HAGEL AND UNDERSECRETARY HALE

Defense Management

In response to my question, Under Secretary Hale testified that the planned reduction in DOD's civilian workforce "is heavily dependent on BRAC." The DOD civilian workforce has increased 17% since 2001. During that same time period, no new domestic bases were established and DOD executed BRAC 2005 which was arguably more extensive than all four previous BRAC rounds combined as it involved 24 major base closures, 24 major realignments, and 765 minor closures and realignments. The evidence does not suggest that BRAC necessarily leads to a smaller civilian workforce. Given the compressed time available for the hearing, I wanted to provide you an opportunity to explain this seeming discrepancy.

QUESTIONS SUBMITTED FOR THE RECORD FROM HON. BILL FLORES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

SECRETARY HAGEL

I. Recommendations adopted in the Executive Order stated that Coastal and Marine Spatial Planning will require "significant initial investment of both human and

financial resources,”¹ and in early 2012 the National Ocean Council noted that federal agencies had been asked to provide information about how “existing resources [can] be repurposed for greater efficiency and effectiveness” in furtherance of the National Ocean Policy.²

In addition, DOD and Joint Chiefs of Staff representatives are currently serving on newly-formed Regional Planning Bodies created under the Executive Order in regions including the Northeast.³

Q: Please describe how many DOD and Joint Chiefs of Staff resources and personnel have been directed toward activities specifically in support of the National Ocean Policy to date, the specific activities that they have been engaged in, and how many resources and personnel are being requested to support such activities in the FY 2014 budget request.

Please describe the DOD and Joint Chiefs of Staff response to the National Ocean Council inquiry about the repurposing of existing resources, and any actions that DOD and the Joint Chiefs of Staff have taken or plan to take in this regard.

II. Section 6(b) of Executive Order 13547⁴ that established the National Ocean Policy in July 2010 requires “[e]ach executive department, agency, and office that is required to take actions under this order shall prepare and make publicly available an annual report including a concise description of actions taken by the agency in the previous calendar year to implement the order, a description of written comments by persons or organizations regarding the agency’s compliance with this order, and the agency’s response to such comments.”⁵

Q: Pursuant to this requirement, have DOD and the Chairman of the Joint Chiefs of Staff—both members of the National Ocean Council—prepared and made publicly available any such annual report for calendar years 2010, 2011, or 2012? If so, please describe the findings and contents of such reports, and if not, why has this not occurred?

III. The recommendations adopted by the National Ocean Policy Executive Order state that effective implementation will require “clear and easily understood requirements and regulations, where appropriate, that include enforcement as a critical component.”⁶ In addition, the Executive Order requires federal entities including DOD and the Chairman of the Joint Chiefs of Staff to implement the policy to the fullest extent possible.

At the same time, the National Ocean Council has stated that the National Policy “does not establish any new regulations or restrict any ocean uses or activities.”⁷

What if any commitment can you make that DOD and its affiliate branches will not issue any regulations or take any actions having a regulatory impact pursuant to the National Ocean Policy, including Coastal and Marine Spatial Planning?

¹ See Page 43, Final Recommendations of the Interagency Ocean Policy Task Force (“Final Recommendations”), released July 19, 2010, available at http://www.whitehouse.gov/files/documents/OPTF_FinalRecs.pdf.

² See Draft National Ocean Policy Implementation Plan, National Ocean Council, released January 12, 2012, Page 5, available at http://www.whitehouse.gov/sites/default/files/microsites/ceq/national_ocean_policy_draft_implementation_plan_01-12-12.pdf.

³ See <http://northeastoceancouncil.org/wp-content/uploads/2013/04/Membership-Roster-NE-RPB1.pdf>.

⁴ See <http://www.whitehouse.gov/files/documents/2010stewardship-EO.pdf>.

⁵ Federal entities required to take actions pursuant to Executive Order 13547 include members of the National Ocean Council, comprised of the Departments of State, Defense, Interior, Agriculture, Health and Human Services, Commerce, Labor, Transportation, Energy, Homeland Security, and Justice, the Administrators of the Environmental Protection Agency and National Aeronautics and Space Administration, the Chairs of the Council on Environmental Quality, Federal Energy Regulatory Commission, and Joint Chiefs of Staff, the Directors of the Office of Management and Budget, National Intelligence, the Office of Science and Technology Policy, and the National Science Foundation, the Under Secretary of Commerce for Oceans and Atmosphere (NOAA Administrator), the Assistants to the President for National Security Affairs, Homeland Security and Counterterrorism, Domestic Policy, Economic Policy, and Energy and Climate Change, and a federal employee designated by the Vice President.

⁶ See Page 30 at http://www.whitehouse.gov/files/documents/OPTF_FinalRecs.pdf.

⁷ See <http://www.whitehouse.gov/administration/eop/oceans/faq>.

QUESTIONS SUBMITTED FOR THE RECORD FROM HON. LUKE MESSER,
A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

SECRETARY HAGEL

Question Series #1—National Guard Facilities, Muscatatuck Urban Training Center (MUTC) in Butlerville, IN

The Muscatatuck Urban Training Center, which is located in my home district, is a 250-acre campus and 180-acre reservoir with urban infrastructure consisting of 1,560 training structures, including a school, hospital, dormitories, light industrial structures, single-family type dwellings, a dining facility and administrative buildings totaling approximately 850,000 square feet of floor space. Additionally, the training area includes an extensive, 1,866-foot underground utility tunnel system and over 9 miles of road. This installation provides a critical service for preparing National Guard soldiers, Department of Defense civilian personnel, and U.S. State Department personnel for deployments to Afghanistan and other locations through simulations and immersion experiences, as well as other training opportunities for first responders, law enforcement and homeland security personnel.

Question: The Vibrant Response 13-2 Northern Command exercise—held at the Muscatatuck Urban Training Center—is the largest homeland security exercise conducted annually. This exercise brings together over 8,000 people across 22 states to test and evaluate our ability to respond to a nuclear detonation in an urban environment. The exercise will run from July 21 to August 23, 2013, with incidents on July 30 and August 10.

The Vibrant Response exercise is an excellent opportunity to experience the unique capabilities and environment the National Guard has designed to prepare the U.S. military for combat and humanitarian operations in urban environments, and also to witness our whole-of-government response to major humanitarian disasters.

1. On May 7th, the entire Indiana Congressional Delegation sent you a letter inviting you to come to Indiana to observe the Vibrant Response 13-2 Northern Command exercise which runs from July 21 to August 23. If you are unable to attend, would you consider a site visit to personally observe the joint training programs at Muscatatuck Urban Training Center and Camp Atterbury?

Background on Civilian-Military Training at Camp Atterbury (CA) and Muscatatuck Urban Training Center

Camp Atterbury and Muscatatuck Urban Training Center have been supporting integrated civilian—military training since July 2009. The programs were created in response to a need to prepare civilian personnel for overseas deployment in support of U.S. military missions. Prior to these programs, the ability to bring together civilian and military interagency teams for pre-deployment training was stymied because programmatic and systemic obstacles.

In January 2010, the Department of Defense initiated the Civilian Expeditionary Workforce (CEW) program to provide civilian personnel with “real world” training prior to deployment to a conflict area. This joint, pre-deployment training and mobilization program plays a critical role in preparing civilians to work side-by-side with military personnel in support of humanitarian, reconstruction, and combat-support military missions. In June 2009, the State Department initiated its own integrated civilian-military training program for the purpose of providing its personnel with individual mobilization and situational training.

Questions: 1. While the Civilian Expeditionary Workforce (CEW) program initially was stood up to support our military missions in Iraq and Afghanistan, as we draw down in Iraq and Afghanistan won't there still be a need for an integrated civilian-military workforce to support operations globally?

2. The current programs in place which have the needed partnerships established and are fully operational and coordinated provide the Department of Defense and the Department of State a platform to build an enduring, global program upon. Do you think that the Department of Defense/Department of State Integrated Civilian-Military Training program has value and, if so, is it worthy of expansion of its scope to meet global needs?

Question Series #2—DOD Broadband Spectrum, Spectrum Scarcity Background

In 1993, 1997, 2004 and 2012, Congress addressed spectrum scarcity in the commercial mobile industry by requiring spectrum assigned to the federal government to be reallocated to the FCC for private sector use. The enormously successful spectrum management policy approach has been to have the federal entities clear the spectrum, reallocate the spectrum to the FCC, and then to make the spectrum available for exclusive use via competitive bidding (i.e. auctions). Spectrum scarcity has

reemerged and now exists in the wireless industry and the industry is in dire need of additional spectrum to meet the data and video driven uses by consumers, especially those with smart phones and tablets.

Questions: 1. Secretary Hagel, you have actual expertise in these spectrum issues and in the commercial mobile industry having formed Vanguard Cellular Systems, Inc. in 1984. To what extent do you intend to utilize your spectrum experience when it comes to the management of the enormous amount of spectrum that is currently assigned to the Department of Defense?

2. On March, 20, 2013, then FCC Chairman Genachowski advised NTIA that the FCC intended to auction the licenses in the 1695-1710 band and 1755-1780 band as early as September 2014. The Spectrum Act of 2012 requires that the 2155-2180 band be licensed by February 2015. Recent estimates indicate that the auctioning of the 2155-2180 MHz band alone would yield \$ 3.6 billion, but auctioned together with the 1755-1780 MHz, the yield would be \$12 billion. Can we be assured that DOD will take all steps necessary to clear this 1755-1780 band, so that it can be auctioned with the 2155-2180 band?

3. Do you believe that the opportunities for clearing and reallocating to the private sector spectrum currently assigned to the Department of Defense and other federal entities have been totally exhausted, with spectrum sharing between federal agencies and commercial users being the only alternative to spectrum scarcity? Or do you believe that there are still opportunities for spectrum currently assigned to federal agencies to be reallocated to the FCC for private sector use?

[Response to questions submitted for the record follow:]

CONGRESSMAN CICILLINE

Question: What's the Department's status with implementing item-unique identification (IUID) markings? Will sequestration cuts adversely impact IUID implementation?

Answer: The Department continues to make progress in the implementation of IUID markings. It is tracking the marking of both legacy and newly procured items by class of supply. Currently, almost 7 million legacy and over 14 million new contract receipt items are marked. Each Service developed plans of actions and milestones to track progress. In addition, an IUID system indicator field is included in the Department's inventory catalog system. This helps facilitate the identification of assets requiring the IUID mark and trigger the inclusion of the required IUID contract clause. Finally, the Department is revising its policy governing the implementation of the IUID marking to reflect the current approach.

Sequestration and the budget uncertainty in FY14 and beyond may impact progress in the following manner:

1. Reduced "opportunistic IUID marking" on legacy assets based on slower induction rates into the depots, since this is the approach most widely used by the Services to mark assets in inventory.

2. Reduced "dedicated marking teams" for legacy assets because this implementation is being accomplished mainly through contractor-supported efforts and associated funding may be impacted.

3. Potential delays in IUID IT system enhancements due to budget prioritization.

The Department remains committed to the importance of IUID marking, but future efforts will need to be weighed against other mission priorities based on future years' budgets.

CONGRESSMAN MESSER TO SECDEF HAGEL

Question No. 1: Muscatatuck Urban Training Center (MUTC) in Butlerville, Indiana

Question: The Muscatatuck Urban Training Center, which is located in my home district, is a 250-acre campus and 180-acre reservoir with urban infrastructure consisting of 1,560 training structures, including a school, hospital, dormitories, light industrial structures, single-family type dwellings, a dining facility and administrative buildings totaling approximately 850,000 square feet of floor space. Additionally, the training area includes an extensive, 1,866-foot underground utility tunnel system and over 9 miles of road. This installation provides a critical service for preparing National Guard soldiers, Department of Defense civilian personnel, and U.S. State Department personnel for deployments to Afghanistan and other locations through simulations and immersion experiences, as well as other training opportunities for first responders, law enforcement and homeland security personnel.

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ate our ability to respond to a nuclear detonation in an urban environment. The exercise will run from July 21 to August 23, 2013, with incidents on July 30 and August 10. The Vibrant Response exercise is an excellent opportunity to experience the unique capabilities and environment the National Guard has designed to prepare the U.S. military for combat and humanitarian operations in urban environments, and also to witness our whole-of-government response to major humanitarian disasters.

On May 7th, the entire Indiana Congressional Delegation sent you a letter inviting you to come to Indiana to observe the Vibrant Response 13-2 Northern Command exercise which runs from July 21 to August 23. If you are unable to attend, would you consider a site visit to personally observe the joint training programs at Muscatatuck Urban Training Center and Camp Atterbury?

Answer: I appreciate the Indiana Congressional Delegation's thoughtful invitation to visit Muscatatuck Urban Training Center and Camp Atterbury to observe the annual Vibrant Response exercise. However, due to other commitments, I will be unable to observe this year's exercise.

I agree that the Vibrant Response exercise is an excellent opportunity to visit Muscatatuck and observe firsthand the whole-of-government response to a simulated complex weapon of mass destruction catastrophe in the homeland. I look forward to taking advantage of a future opportunity to do so.

CONGRESSMAN MESSER TO SECDEF HAGEL

Question No. 2: Background on Civilian-Military Training at Camp Atterbury (CA) and Muscatatuck Urban Training Center

Question: Camp Atterbury and Muscatatuck Urban Training Center have been supporting integrated civilian—military training since July 2009. The programs were created in response to a need to prepare civilian personnel for overseas deployment in support of U.S. military missions. Prior to these programs, the ability to bring together civilian and military interagency teams for pre-deployment training was stymied because programmatic and systemic obstacles.

In January 2010, the Department of Defense initiated the Civilian Expeditionary Workforce (CEW) program to provide civilian personnel with “real world” training prior to deployment to a conflict area. This joint, pre-deployment training and mobilization program plays a critical role in preparing civilians to work side-by-side with military personnel in support of humanitarian, reconstruction, and combat-support military missions. In June 2009, the State Department initiated its own integrated civilian-military training program for the purpose of providing its personnel with individual mobilization and situational training.

1. While the Civilian Expeditionary Workforce (CEW) program initially was stood up to support our military missions in Iraq and Afghanistan, as we draw down in Iraq and Afghanistan won't there still be a need for an integrated civilian-military workforce to support operations globally?

2. The current programs in place which have the needed partnerships established and are fully operational and coordinated provide the Department of Defense and the Department of State a platform to build an enduring, global program upon. Do you think that the Department of Defense/Department of State Integrated Civilian-Military Training program has value and, if so, is it worthy of expansion of its scope to meet global needs?

Answer

1. The need for an integrated civilian-military workforce is driven by the requirements of the Combatant Commanders and in fact the Civilian Expeditionary Workforce currently supports the world-wide needs of all Combatant Commanders. Further, the portability and transferability of the Iraq and Afghanistan pre-deployment training and mobilization can be adapted to meet global requirements based on identified needs and requirements. This gives Combatant Commanders greater contingency manning flexibility.

2. The Department of Defense sees great value in the Integrated Civilian-Military Field Training Program that it conducts in partnership with the Department of State. The Atterbury-Muscatatuck field training portion of the course is consistently praised by its graduates and has certainly proven its worth in Afghanistan. The potential to expand this training course globally depends on a statement of need from both the State Department and Combatant Commanders. The genesis of the current training course at Atterbury-Muscatatuck was contingency operations in Afghanistan. Future contingencies will in all likelihood require civilian federal agencies and military personnel to serve side-by-side. If so, there is a high potential this need will once again be identified.

CONGRESSMAN MESSER

Question No. 3: Spectrum Scarcity Background

In 1993, 1997, 2004 and 2012, Congress addressed spectrum scarcity in the commercial mobile industry by requiring spectrum assigned to the federal government to be reallocated to the Federal Communications Commission (FCC) for private sector use. The enormously successful spectrum management policy approach has been to have the federal entities clear the spectrum, reallocate the spectrum to the FCC, and then to make the spectrum available for exclusive use via competitive bidding (i.e. auctions). Spectrum scarcity has reemerged and now exists in the wireless industry and the industry is in dire need of additional spectrum to meet the data and video driven uses by consumers, especially those with smart phones and tablets.

1. Question: Secretary Hagel, you have actual expertise in these spectrum issues and in the commercial mobile industry having formed Vanguard Cellular Systems, Inc. in 1984. To what extent do you intend to utilize your spectrum experience when it comes to the management of the enormous amount of spectrum that is currently assigned to the Department of Defense?

Answer: I fully intend to apply my spectrum experience with full commitment to balance national security and economic goals in the implementation of U.S. spectrum management policy. In that regard, I am already actively working with the Department of Commerce's National Telecommunications and Information Administration (NTIA), other Administration partners, the FCC, and industry in support the President's goal to make 500 MHz available for commercial mobile broadband use.

In terms of how much of this scarce resource is available to DOD, the perception of "enormous" amounts of spectrum being available to DOD is relative. Based on the United States Frequency Allocation chart, and using the strict interpretation of the allocations, one will find in spectrum between 225 and 3700 MHz 18% federal exclusive use, 33% non-federal exclusive use, and 49% federal/non-federal shared use. Within spectrum allocated for exclusive federal use, the majority of the spectrum is shared between DOD and all of the other federal agencies, across a wide array of systems, performing a multitude of varied missions, often with very different technologies.

2. Question: On March, 20, 2013, then FCC Chairman Genachowski advised NTIA that the FCC intended to auction the licenses in the 1695-1710 band and 1755-1780 band as early as September 2014. The Spectrum Act of 2012 requires that the 2155-2180 band be licensed by February 2015. Recent estimates indicate that the auctioning of the 2155-2180 MHz band alone would yield \$ 3.6 billion, but auctioned together with the 1755-1780 MHz, the yield would be \$12 billion. Can we be assured that DOD will take all steps necessary to clear this 1755-1780 band, so that it can be auctioned with the 2155-2180 band?

Answer: DOD understands the desire to bring the 1755-1780 MHz to market rapidly, particularly with industry's desire to pair the band with 2155-2180 MHz. To that end, DOD actively supports interagency processes for repurposing spectrum for commercial broadband purposes that entail both sharing and relocation possibilities. The Department has significant concerns with the FCC's proposed auction timeline, since it presents a very risky possibility of being required to "clear" operations from the 1755-1780 MHz or compress operations into the 1780-1850 MHz without the necessary accommodation of comparable spectrum and funding, which are both required by statute.

The Department's concerns are heightened when expectations seem to be that DOD can simply alter assignments or protection requirements, in turn its operations, to clear the 1755-1780 MHz band, in spite of the findings from analysis done thus far. These findings indicate that both complete relocation or total compression of federal operations into the 70 MHz between 1780-1850 MHz have major challenges associated with them, if either one is attempted without proper accommodation.

The Department is prepared to support a balanced solution to address just the 1755-1780 MHz band, as desired by industry, but remains certain that such a short-term solution without assured long-term status of the remaining 70 MHz will put warfighting capabilities at further risk. The analysis findings highlight that a realistic and balanced solution will likely need to include a combination of sharing, relocation, and some compression. An approach that considers such combination of strategies and that takes into account national security and economics could reduce the total relocation costs for federal agencies and lessen demands for comparable spectrum.

3. Question: Do you believe that the opportunities for clearing and reallocating to the private sector spectrum currently assigned to the Department of Defense and

other federal entities have been totally exhausted, with spectrum sharing between federal agencies and commercial users being the only alternative to spectrum scarcity? Or do you believe that there are still opportunities for spectrum currently assigned to federal agencies to be reallocated to the FCC for private sector use?

Answer: This question is best answered by NTIA, the federal spectrum regulator. DOD is a user of spectrum that gets assigned by NTIA based on need, taking into account all other federal agencies' requirements. However, the increasing demand for this invaluable, finite resource for both commercial use and federal missions indicates the importance of evaluating all alternatives, including spectrum sharing. Consistent with the national economic and security goals of the President's 500 MHz initiative, DOD supported and continues to support interagency processes for repurposing spectrum for commercial broadband purposes that entail both sharing and relocation possibilities.

From a DOD perspective, both sharing and relocation decisions pose potential risks. While no decision to repurpose spectrum is "risk free," the risks can and must be managed. To date the interagency efforts the Department has been involved with, have identified 400 MHz of federally allocated spectrum for potential commercial broadband use. The Department is committed to continuing its strong working relationship with government and industry partners to develop equitable spectrum repurposing solutions to make more spectrum available for commercial use without impact to national security and other agencies' missions.

CONGRESSMAN CALVERT TO SECDEF HAGEL

Question No. 4: DOD Civilian Workforce

Question: In our challenging fiscal environment, I am concerned that the Department of Defense is not tracking the size of the civilian workforce as effectively as it can. I have heard official and unofficial testimony while under my Defense Appropriations Subcommittee "Hat" to the effect that DOD has difficulty managing the civilian workforce which has increased in size by 114,000 employees (17 percent) since 2001. Specifically, the very high proportion of retirement eligible employees and the difficulties in terminating employees who are not performing has raised some red flags. A former service secretary has told us that it was easier to shrink the size of the force by tens of thousands of uniformed personnel than to fire a single civilian employee.

In addition, the Government Accountability Office (GAO) reports that the Department of Defense has yet to include an accurate assessment of the appropriate mix of military and civilian personnel capabilities in its strategic workforce plan. Its latest strategic plan from March 2012 cites 22 mission critical, civilian personnel occupations. However, the report had only conducted competency gap analyses for 8 of the 22 occupations identified. The GAO also reports that the DOD has neglected to provide full data on the mix of military, civilian, and contractor workforces. Of the 11 groups reporting, only two provided the proper data while nine provided partial or no data.

1. Do you share these concerns about the constraints on your ability to manage your department effectively?

2. When can we expect an accurate assessment of your military and civilian personnel capabilities as part of your strategic workforce plan?

3. Can you describe the process for terminating employment for a civilian employee who is underperforming?

4. Are there legislative measures that Congress can take to assist the department in managing the civilian workforce in a more cost effective manner?

Answer

1. I do not share the concerns attributed to a former service secretary. The Department's managers and commanders have a wide variety of tools and authorities to incentivize and shape their civilian workforce. The execution of large shifts in any sector of the Department's workforce requires thoughtful planning. The high proportion of retirement eligible employees is very concerning as is the on-going, unjustly negative characterization of public service. Further, it is a mischaracterization that it is hard to terminate a poorly performing civilian. It is no harder and requires no more documentation than to cancel a poorly performing contract, or release a military member for an infraction. The burden of proof is appropriately high for all of these actions to guard against arbitrary, retaliatory, or capricious actions.

2. The Department is committed to a comprehensive Strategic Workforce Plan (SWP) that helps address the demographic (talent, competency, education, skill) make-up of its civilian personnel inventory. As part of a continuous process to improve the accuracy and relevancy of the SWP, the Department is maturing its com-

petency modeling process and skill gap analysis. That said, let me assure you that the Department's programming and planning processes consider the balance of capabilities and the Department's "sourcing" of functions and work between military and civilian personnel, as well as contracted services. The Department's Total Force is sized and structured based on the capabilities necessary to implement the national military and security strategies of the United States as well as delivering the readiness and support to organize, train, and equip a force capable of executing operational plans in support of those strategies. The Department aligns its workforce (both in size and structure) to mission and, as such, justifies the current size or possible reductions/increases to that workforce based on mission workload rather than competency or skills gaps. The FY14 budget request reflects a balanced workforce that decreases spending on military personnel, civilian full-time equivalents, and spending for contract services. It reflects a carefully coordinated approach based on the Department's strategy and policy that balances operational needs and fiscal reality.

3. The Department is subject to Office of Personnel and Management-established rules for removing employees for unacceptable performance. Generally, under the government-wide rules for a performance-based action, an employee must clearly be put on notice of their unacceptable performance as well as the consequences of unacceptable performance, and be provided an opportunity to improve their performance to an acceptable level. If after the opportunity to improve, the employee's performance continues to be unacceptable in a critical job element, the employee is given written notice of proposed removal, which includes an opportunity for the employee to respond to the proposal orally and/or in writing. Upon conclusion of consideration of the employee's response, the employee may be removed and appeal rights charged in the employee's status.

4. Congress could assist the Department with better total force management by repealing the requirements in section 955 of the FY13 National Defense Authorization Act and instead requiring a future year's defense plan that reflects the Defense Strategic Guidance, given on-going fiscal pressures, risk, required readiness, and a rebalancing of the total force—active duty, guard, and reserve military, government civilians, and contracted services.

CONGRESSMAN CALVERT TO SECDEF HAGEL

Question No. 5: Electronic Health Record

Question: In the 2008 NDAA, Congress mandated that DOD to jointly develop and implement electronic health record systems or capabilities to allow for full interoperability of personal health care information, and to accelerate the exchange of health care information between the Department of Defense (DOD) and the Department of Veterans Affairs (VA) by September 2009. DOD and the VA were initially on board with that plan. Now, this past February, it was announced that instead of building a single integrated electronic health record (iEHR), both DOD and VA will concentrate on integrating VA and DOD health data by focusing on interoperability and using existing technological solutions. This is unacceptable. The creation of a single electronic medical health record is not rocket science and private industry, which services many more people than DOD and VA, has been able to implement electronic medical health records.

My questions for you are:

1. Why, after four years of being on board with the concept, are DOD and the VA moving away from the single electronic medical health record?

2. Is DOD partnering with private industry health providers to implement a plan to solve this problem?

3. Do you have any data comparing the long-term cost savings of a single electronic medical health record vs. interoperability? Would you expect that a single electronic medical health record would provide more savings than interoperability?

Answer: Thank you for the opportunity to discuss with you and the committee DOD perspectives on the healthcare record system. The questions that you asked are reasonable and the answers follow:

1. Why, after four years of being on board with the concept, are DOD and the VA moving away from the single electronic medical health record?

DOD and VA are committed to jointly establishing standards-based healthcare data interoperability through a single electronic medical health record since Congress directed the establishment of the Interagency Program Office (IPO) in 2008. Since that time, DOD and VA also initially agreed to modernize their respective healthcare management systems to equip clinicians with state-of-the-art clinical decision support through the joint development of a single healthcare management system. Based on concerns by my predecessor regarding the viability of the joint de-

velopment approach, DOD and VA reconsidered the joint development and VA subsequently declared its commitment to modernizing its legacy VistA system. Following an internal DOD review, I issued a memorandum on May 21, 2013, reasserting DOD's commitment to working with VA to establish healthcare data interoperability and separately directing a competitive acquisition to modernize DOD's healthcare management systems. DOD continues to remain committed to a seamless integration of electronic medical health data based on standards-based healthcare data interoperability with VA, independent of the healthcare management system acquired by each respective Department.

2. Is DOD partnering with private industry health providers to implement a plan to solve this problem?

The DOD/VA IPO is working with the Department of Health and Human Services' Office of the National Coordinator for Health Information Technology (IT) to establish and implement national health IT standards. Through this effort, the Departments seek to establish interoperability of healthcare data with private industry health providers, many of whom provide direct care to Service Members, their dependents, and our Nation's veterans.

3. Do you have any data comparing the long-term cost savings of a single electronic medical health record vs. interoperability?

The Director, Cost Assessment and Program Evaluation (CAPE), performed analyses in 2010 and 2013 to determine the optimal approach for DOD, including lifecycle cost estimate comparisons between candidate solution approaches. My May 21, 2013, memorandum directing a competitive acquisition enables DOD to review and evaluate the costs and benefits of potential electronic healthcare record solutions, including the possibility of acquiring an evolved VistA, based upon responses to a forthcoming request for proposal. DOD remains committed to establishing standards-based healthcare data interoperability with VA, regardless of the outcome of our healthcare management systems modernization effort.

4. Would you expect that a single electronic medical health record would provide more savings than interoperability?

The DOD path of pursuing a competitive acquisition to consider commercial- and Government-developed solutions offers a technical and cost advantage for DOD. Regardless of the outcome of the competition, DOD is required to establish healthcare data interoperability based on national standards to permit healthcare data exchanges with private healthcare providers. Interoperability with the numerous electronic healthcare management systems utilized by private healthcare providers is essential since they provide 65 percent of the healthcare received by Service Members and their dependents. The competitive acquisition approach to modernizing our healthcare management system as an effort separate from, but closely tied to, establishing healthcare data interoperability, will provide DOD with the flexibility to evaluate potential options and acquire the most capable solution to serve our Service Members and their dependents for the best value to the American taxpayer.

CONGRESSMAN CALVERT TO SECDEF HAGEL

Question No. 6: BRAC

Question: Given our fiscal challenges and continually evolving military requirements, the Base Realignment and Closure (BRAC) process can provide us another way to address the Department of Defense's extensive footprint and its associated costs. Knowing that this process can become a political quagmire, is there a way the Department of Defense can come up with a methodology for executing a BRAC system that allows for a simpler and speedier process?

Answer: While the request for BRAC authorization can become mired in politics as you suggest, the BRAC process itself represents a grand political compromise that makes military value the primary consideration and is structured to be free from political influences. BRAC is recognized as the only fair, objective, and proven process for closing and realigning installations because it includes a sound analytical process, an independent Commission review, an "All or None" review by the President and Congress, and a legal obligation and date certain for completion. Therefore, the BRAC process is comprehensive and thorough and, as such, it takes time to do it properly.

CONGRESSMAN FLORES TO SECDEF HAGEL

Question No. 7: National Ocean Policy

Question: Recommendations adopted in the Executive Order stated that Coastal and Marine Spatial Planning will require "significant initial investment of both

human and financial resources,”¹ and in early 2012 the National Ocean Council noted that federal agencies had been asked to provide information about how “existing resources [can] be repurposed for greater efficiency and effectiveness” in furtherance of the National Ocean Policy.² In addition, DOD and Joint Chiefs of Staff representatives are currently serving on newly-formed Regional Planning Bodies created under the Executive Order in regions including the Northeast.³

1. Please describe how many DOD and Joint Chiefs of Staff resources and personnel have been directed toward activities specifically in support of the National Ocean Policy to date, the specific activities that they have been engaged in, and how many resources and personnel are being requested to support such activities in the FY 2014 budget request.

2. Please describe the DOD and Joint Chiefs of Staff response to the National Ocean Council inquiry about the repurposing of existing resources, and any actions that DOD and the Joint Chiefs of Staff have taken or plan to take in this regard.

Answer: Both DOD and the Joint Chiefs of Staff designated representatives to each of the nine proposed or constituted Regional Planning Bodies (RPB). Such personnel were assigned this additional duty based on existing military duties or federal civilian job performance objectives, which include working in various interagency forums as well as engaging in strategy and policy planning activities. DOD personnel are supporting the National Ocean Policy at multiple levels, including:

- Regional Planning Bodies (13 individuals/additional duties),
- multiple interagency working groups (seven individuals/additional duties),
- the Ocean Resources Management Interagency Policy Committee and the Ocean Science and Technology Interagency Policy Committee (two individuals/additional duties),
- senior policy representative (two individuals/additional duties), senior executive representatives (two individuals/additional duties).

The Navy is serving as the federal co-lead for the South Atlantic and Gulf of Mexico regions, even though neither of these regions is a formal RPB yet. A Navy officer has also been detailed to the National Ocean Council staff for the past three years. Moreover, DOD and the Joint Staff established an Executive Steering Group (ESG) comprised of flag/general officers and senior civilian personnel to provide leadership and guidance for ocean policy matters arising from any issues or questions that may arise while the regional planning bodies carry out activities consistent with the National Ocean Policy. The ESG is comprised of 32 flag/general/SES members and supported by 86 staff members. Working in support of ocean policy is within the current assignments and subject matter portfolios for all of these DOD personnel. They meet and engage on issues on an as-needed basis, consistent with the pace and range of issues raised by the National Ocean Council and regional planning bodies.

DOD and the military services do not have accounting lines for National Ocean Policy activities in the FY 2014 budget. Furthermore, DOD is not requesting additional personnel to support National Ocean Policy activities. In response to the National Ocean Council’s request regarding how DOD is furthering the National Ocean Policy, the Department identified existing mission areas that align with and support the goals and objectives of the policy. By leveraging these appropriate mission objectives with those of other agencies, DOD is supporting and contributing to the goals and objectives defined by Executive Order 13547, Stewardship of the Ocean, Our Coasts, and the Great Lakes. For example, DOD informed the National Ocean Council that it is concerned about climate change for multiple reasons, and that sea level rise must be planned for and adapted to at multiple bases that are located in the coastal zone. The Department specifically said that it would leverage the work of the Strategic Environmental Research and Development Program (SERDP), which estimates the potential effects of sea level rise.

CONGRESSMAN FLORES TO SECDEF HAGEL

Question No. 8: National Ocean Policy

Question: Section 6(b) of Executive Order 13547⁴ that established the National Ocean Policy in July 2010 requires “[e]ach executive department, agency, and office

¹ See Page 43, Final Recommendations of the Interagency Ocean Policy Task Force (“Final Recommendations”), released July 19, 2010, available at <http://www.whitehouse.gov/files/documents/OPTF—FinalRecs.pdf>.

² See Draft National Ocean Policy Implementation Plan, National Ocean Council, released January 12, 2012, Page 5, available at <http://www.whitehouse.gov/sites/default/files/microsites/ceq/national—ocean—policy—draft—implementation—plan—01-12-12.pdf>.

³ See <http://northeastoceancouncil.org/wp-content/uploads/2013/04/Membership-Roster-NE-RPB1.pdf>.

⁴ See <http://www.whitehouse.gov/files/documents/2010stewardship-eo.pdf>.

that is required to take actions under this order shall prepare and make publicly available an annual report including a concise description of actions taken by the agency in the previous calendar year to implement the order, a description of written comments by persons or organizations regarding the agency's compliance with this order, and the agency's response to such comments.⁵ Pursuant to this requirement, have DOD and the Chairman of the Joint Chiefs of Staff—both members of the National Ocean Council—prepared and made publicly available any such annual report for calendar years 2010, 2011, or 2012? If so, please describe the findings and contents of such reports, and if not, why has this not occurred?

Answer: DOD and the Chairman of the Joint Chiefs of Staff submitted materials to the White House Council on Environmental Quality (CEQ) and the White House Office of Science and Technology Policy (OSTP) for 2010, 2011, and 2012 for inclusion in the Federal Ocean and Coastal Activities Report (FOCAR). DOD provided CEQ and OSTP with material for the 2012 report in August 2012. DOD reported on the activities of the Office of Naval Research, Naval Ocean Sciences, Applied Ocean Research, National Oceanographic Partnership Programs (NOPP), Marine Mammal, Oceanography, and Geospatial Information and Services programs.

CONGRESSMAN FLORES TO SECDEF HAGEL

Question No. 9: National Ocean Policy

Question: The recommendations adopted by the National Ocean Policy Executive Order state that effective implementation will require “clear and easily understood requirements and regulations, where appropriate, that include enforcement as a critical component.”⁶ In addition, the Executive Order requires federal entities including DOD and the Chairman of the Joint Chiefs of Staff to implement the policy to the fullest extent possible. At the same time, the National Ocean Council has stated that the National Policy “does not establish any new regulations or restrict any ocean uses or activities.”⁷ What if any commitment can you make that DOD and its affiliate branches will not issue any regulations or take any actions having a regulatory impact pursuant to the National Ocean Policy, including Coastal and Marine Spatial Planning?

Answer: In order to comply with environmental laws, such as the National Environmental Policy Act (NEPA), the Marine Mammal Protection Act (MMPA), the Endangered Species Act (ESA), and the Coastal Zone Management Act (CZMA), the Department engages in numerous environmental planning activities while executing its title 10 mission. Relative to its title 10 mission, DOD and its components are regulated entities and do not issue regulations or take actions that have regulatory impact pursuant to the National Ocean Policy. The U.S. Army Corps of Engineers does exercise regulatory responsibilities under title 33 (Corps Civil Works / Regulatory mission) in navigable waters, but does not report to the Secretary of Defense for these activities. The U.S. Army Corps of Engineers will continue to operate under its existing authorities, and any new regulations would be issued on a case-by-case basis independent of the National Ocean Policy.

CONGRESSMAN RICE TO SECDEF HAGEL

Question No. 10: Survivor Benefits

Question: Secretary Hagel, I would like to ask you about Survivor Benefits for members of the Guard and Reserve who die while performing their primary mission on an Inactive Duty Training (IDT) status. My understanding is that there is a long-standing inequity in the calculation for survivor annuities of reserve personnel killed while performing inactive duty training and this concerns me. The families of anyone who perishes while wearing the uniform—whether on an IDT status or active duty

⁵ Federal entities required to take actions pursuant to Executive Order 13547 include members of the National Ocean Council, comprised of the Departments of State, Defense, Interior, Agriculture, Health and Human Services, Commerce, Labor, Transportation, Energy, Homeland Security, and Justice, the Administrators of the Environmental Protection Agency and National Aeronautics and Space Administration, the Chairs of the Council on Environmental Quality, Federal Energy Regulatory Commission, and Joint Chiefs of Staff, the Directors of the Office of Management and Budget, National Intelligence, the Office of Science and Technology Policy (OSTP), and the National Science Foundation, the Under Secretary of Commerce for Oceans and Atmosphere (NOAA Administrator), the Assistants to the President for National Security Affairs, Homeland Security and Counterterrorism, Domestic Policy, Economic Policy, and Energy and Climate Change, and a federal employee designated by the Vice President.

⁶ See page 30 at <http://www.whitehouse.gov/files/documents/OPTF-FinalRecs.pdf>.

⁷ See <http://www.whitehouse.gov/administration/eop/oceans/faq>.

status—deserves to have their survivor benefits calculated with consistency and equity.

A hypothetical based on current law could be the way Survivor Benefits Plan (SBP) would be calculated for two Air Force Majors, both with 18 years of service. Let's assume Major A is on Active Duty orders and Major B is a reservist on IDT status. If both Major A and Major B are piloting a T-38 and that T-38 is involved in an unforeseen incident that results in the deaths of both Major A and Major B—SBP annuity payments for Major A and Major B will be calculated differently, despite being killed in the same incident. The surviving spouse of Major A would receive an annuity of \$2,908 per month, while the surviving spouse of Major B would receive an annuity of just \$969 per month. This type of inequity for the families of a loved one who perished while serving their country is wrong and needs to be corrected and fixed for those who have died and those who may die.

1. What efforts has the Department of Defense made to end this survivor annuity inequity between Active Duty orders and IDT status?

2. Are you aware of a bill I authored with Rep. Jason Chaffetz—H.R. 1770—that would provide the necessary legislative fix for this inequity? This bill would also include retroactive payments for the 98 families who had loved ones die while assigned an IDT status and have been receiving either a reduced or no annuity. According to a Congressional Budget Office (CBO) score in the 112th Congress, this legislation would have a cost of \$12 million over the 10-year budget window—\$1 million in retroactive payments and \$11 million in future annuity payments. This bill is also being heavily supported by the Military Coalition, which as you know, includes 33 uniformed services and veterans associations representing more than 5.5 million current and former servicemembers and their families and survivors.

3. Would the Department of Defense support the efforts of HR 1770, including the retroactive payments for the 98 families?

4. Will the Department of Defense officially request that Congress find a legislative fix to this inequality between IDT and Active Duty—either in future budget submissions or other means? If so, will the Department of Defense assist the Congress to identify an acceptable \$12 million offset in Department of Defense mandatory/direct spending?

Answer: We are aware of the concern you raise and of the bill you co-sponsored, H.R. 1770. The Department does not support H.R. 1770 and believes the retroactive provision in the bill could create significant unintended consequences.

At this time, we are complying with current law regarding the Survivor Benefit Plan (SBP) and acknowledge the differences in the annuity calculation. The Services are currently reviewing the discrepancy between Active Duty and Inactive Duty Training (IDT) survivor annuities and will make a recommendation to me on whether or not to maintain status quo. If we conclude a change is necessary to address this issue, we will submit a request for legislation.

CHAIRMAN RYAN TO SECDEF HAGEL

Question No. 11: Afghanistan

Question: Recently we have seen several high-profile Taliban attacks. The Afghanistan NGO Safety Office reported that Taliban attacks are up 47 percent from this time last year. Do you consider this increase in attacks significant? Why has the military stopped publishing data on the volume of enemy attacks? What metrics are you using to determine whether we're making progress? Is there a level of violence that would necessitate revising the current drawdown plans?

Answer: The Department of Defense (DOD) assesses the level of violence in Afghanistan using data from many data sources, including reports from the International Security Assistance Force (ISAF) and the Intelligence Community. DOD neither uses "Afghanistan NGO Safety Office (ANSO)" data, nor does it have insight into ANSO's methods of collection, level of fidelity, impartiality, or accuracy. The ISAF metric that appears to be most similar to the ANSO "Armed Opposition Group attacks" metric is Enemy Initiated Attacks (EIAs). Between October 1, 2012, and March 31, 2013, ISAF reported no change in EIA levels when compared to October 1, 2011, through March 31, 2012.

The Department no longer uses nationwide EIA totals, and historical comparisons of these totals, as a main metric of success in Afghanistan. In the past, ISAF public reporting and media coverage of the conflict in Afghanistan relied too heavily on EIA reporting as a "scoreboard" for progress. DOD's primary assessment of the conflict in Afghanistan, the semi-annual report to Congress on "Progress Toward Security and Stability in Afghanistan," draws from a wide array of security, governance, and economic metrics that provide a more comprehensive picture of the overall situation than the total number of EIAs. These metrics include: improvised explosive

device events, direct fire attacks, high-profile attacks, complex attacks, indirect-fire attacks, civilian casualties, Afghan National Security Force (ANSF) capability ratings, ANSF operational reporting, ANSF facilities construction and maintenance, ANSF funding, ANSF recruitment, GDP growth rates, population polling, international community donations to Afghanistan, Afghan government budget execution rates, school attendance, economic infrastructure build, cell phone usage, counter-narcotics indicators, health indicators, and many other metrics and indicators. A tally of EIAs is not now, nor was it ever, the most complete measure of the campaign's progress. At a time when more than 80 percent of EIAs are happening in areas where less than 20 percent of Afghans live, this single facet of the campaign is less relevant in evaluating progress against the insurgency.

There is no pre-set level of violence that would necessitate revising the Department's plans to execute President Obama's direction announced in February 2013 that the United States reduce force levels in Afghanistan by 34,000 personnel by February 2014—a level one-half the size of U.S. forces in Afghanistan at the time of the announcement. This timeline provides support to the ANSF through two crucial Afghan-led fighting seasons, as well as assist the ANSF during the 2014 election period, the success of which is critical to the long-term stability of Afghanistan. The pace and size of this drawdown of U.S. forces is consistent with the recommendation of Commander, ISAF to draw down in a manner that protects our forces and maintains the gains of the past two years. These drawdown plans are based upon a comprehensive analysis of the situation in Afghanistan, of which violence levels are only one of many factors considered.

CHAIRMAN RYAN TO SECDEF HAGEL

Question No. 12: Afghanistan

Question: In FY 2013, the Department of Defense faced a \$12 billion shortfall in funds available for prosecution of the war in Afghanistan. Please quantify the contributing factors to this shortfall. What steps were taken in preparing the FY 2014 war funding request to ensure there would not be another shortfall in FY 2014?

Answer: The Department is experiencing higher-than-expected costs in FY 2013 war spending because operating tempo in Afghanistan and transportation costs are higher than anticipated when preparing the war budget 2 years ago. The Department estimates a \$7 to \$10 billion shortfall for FY 2013, and continues to refine this estimate based on operational needs. The contributing factors include greater than expected requirements for:

- In-theater maintenance providing organizational and intermediate level maintenance repairs on various air, ground, and support equipment;
- The Logistics Civil Augmentation Program providing operational support to the warfighter and other support personnel in the form of food preparation, power generation, and other basic life support functions;
- Base communications throughout the U.S. Central Command area of responsibility for network operations, satellite communication bandwidth and transmissions, air traffic control landing system support, and teleconferencing;
- Base and facilities operations, transportation and storage of perishable foods in theater, air operations, and other activities that sustain vital mission capability; and
- Military operations including increases in the number of flying hours being flown, changes in Military Service mix, e.g., less Marine Corps but more Army, and other operating tempo changes;

In preparing the FY 2014 Overseas Contingency Operations (OCO) request, the Department made every effort to ensure all anticipated war costs are included and reflects the most current military assumptions available for FY 2014.

CHAIRMAN RYAN TO GEN DEMPSEY

Question No. 13: Defense Efficiencies

Question: In response to a question from Mr. Rokita, General Dempsey testified that a significant factor in the increase in the number of civilians employed by the Joint Staff was due to the disestablishment of Joint Forces Command and the absorption of civilian employees from JFCOM into the Joint Staff. One reason cited for closing JFCOM was to reduce costs. Please provide an itemized estimate of the savings achieved by disestablishing JFCOM net of any costs that were assumed by other elements of the Department of Defense.

Answer: The disestablishment of JFCOM provided an estimated savings of approximately \$292M for FY12 and \$1.9B for FY12-FY16. See below for details:

[Dollars in thousands]

Program	FY12	FY13	FY14	FY15	FY16	Total
Operating Forces (USA)	\$8	\$18	\$28	\$39	\$39	\$132
Operating Forces (USN)	\$120,626	\$127,887	\$135,144	\$138,066	\$140,363	\$662,086
Admin & Service-Wide Activities (USN)	\$23,265	\$29,477	\$29,978	\$30,488	\$31,006	\$144,214
Operating Forces (USAF)	\$6,546	\$8,639	\$8,836	\$9,059	\$9,213	\$42,293
Operating Forces (SOCOM)	\$1,861	\$3,179	\$2,235	\$2,292	\$2,347	\$11,914
Admin & Service-Wide Activities (DIA)	\$16,313	\$17,926	\$18,300	\$18,872	\$18,628	\$90,039
Admin & Service-Wide Activities (OSD)	\$15,800	\$31,349	\$26,966	\$24,985	\$25,410	\$124,510
Personnel & Command Support Equipment (USN)	\$3,998	\$3,395	\$4,581	\$9,996	\$9,423	\$31,393
Electronics & Telecommunications Equipment (USAF)	\$917	\$931	\$937	\$951	\$967	4,703
Major Equip (DIA)	\$900	0	0	0	0	\$900
Major Equip (OSD)	\$20,604	\$25,123	\$20,432	\$20,151	\$19,282	\$105,592
Operational System Development (USAF)	\$3,319	\$4,011	\$4,068	\$4,124	0	\$15,522
Advanced Technology Development (OSD)	\$54,215	\$61,868	\$62,816	\$63,984	\$66,374	\$309,257
Advanced Component Development & Prototypes (OSD) ...	\$13,177	\$15,886	\$16,090	\$16,281	\$16,971	\$78,405
Management Support (OSD)	\$42,493	\$43,465	\$39,994	\$37,126	\$36,627	\$199,705
Operational System Development (OSD)	\$17,481	\$19,674	\$19,629	\$20,203	\$21,097	\$98,084
Total	*\$341,523	\$392,828	\$390,034	\$396,617	\$397,747	\$1,918,749

*The savings of \$292M for FY12 was calculated by taking the \$341,523 referenced above and subtracting the \$49M the Joint Staff received in FY12 from Resource Management Decision 703A2 (UFCOM Disestablishment Costs).

CHAIRMAN RYAN TO GEN DEMPSEY

Question No. 14: Defense Efficiencies

Question: General Dempsey's prepared statement noted that given recent budget reductions "everything must be on the table" and specifically noted that included civilian force reductions. Please specify what additional statutory authorities DOD need to efficiently reduce the size of its civilian workforce.

Answer: No additional statutory authorities are needed to reduce the size of the DOD Civilian workforce. Civilian reduction in force regulatory guidance is contained in Title 5, Code of Federal Regulations, Part 351. The Secretary of Defense has the authority to decide whether or not a RIF is necessary, and when the RIF will take place.

CHAIRMAN RYAN TO SECDEF HAGEL, USD(C) HALE

Question No. 15: Defense Management

Question: In response to my question, Under Secretary Hale testified that the planned reduction in DOD's civilian workforce "is heavily dependent on BRAC." The DOD civilian workforce has increased 17% since 2001. During that same time period, no new domestic bases were established and DOD executed Base Realignment and Closure (BRAC 2005 which was arguably more extensive than all four previous BRAC rounds combined as it involved 24 major base closures, 24 major realignments, and 765 minor closures and realignments. The evidence does not suggest that BRAC necessarily leads to a smaller civilian workforce. Given the compressed time available for the hearing, I wanted to provide you an opportunity to explain this seeming discrepancy.

Answer: The BRAC 2005 focus was realignment and consolidation of infrastructure, not on closures necessitated by force structure reductions. A more appropriate comparison of the BRAC requested in the FY 2014 President's Budget is to BRAC 93/95. The focus for those BRAC rounds was on shedding excess Cold War infrastructure of which generated approximately 36,000 civilian full-time equivalent reductions.

The BRAC requested in the FY 2014 President's Budget will allow the DOD to rightsize and align its infrastructure to the needs of its evolving force structure, which is critical to ensuring that limited resources are available for the highest priorities of the warfighter and national security. The BRAC authorization is required to meet the fiscal limitation of statutory spending caps, while providing important assistance to affected communities.

[Whereupon, at 2:55 p.m., the committee adjourned subject to the call of the Chair]

