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**RESETTING THE FORCE FOR THE
FUTURE: RISKS OF SEQUESTRATION**

HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

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**RESETTING THE FORCE FOR THE FUTURE:
RISKS OF SEQUESTRATION**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON READINESS,
Washington, DC, Wednesday, October 2, 2013.

The subcommittee met, pursuant to call, at 2:02 p.m., in room 2118, Rayburn House Office Building, Hon. Robert J. Wittman (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT J. WITTMAN, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON READINESS

Mr. WITTMAN. I call to order the House Armed Services Subcommittee on Readiness. I want to welcome all of our members and welcome back our distinguished panel to today's hearing focused on resetting the force for the future and to look at the risks of sequestration as it relates to that reset.

This afternoon, we are privileged to have with us Lieutenant General Raymond V. Mason, Deputy Chief of Staff of the Army for Logistics, and Lieutenant General William M. Faulkner, Deputy Commandant of Installations and Logistics.

Gentlemen, thank you so much for your service to our Nation. Thank you for all of your efforts and leadership during these challenging times. And I thank you for being here with us this morning as we look at—or this afternoon, I should say, as we look at—all this time runs together—as we look at the challenges that we have here before us.

As we know, gentlemen, no one will dispute that we have the most capable and professional military in the world. And our men and women in uniform have exemplified the best America has to offer during the last 13 years of protracted counterinsurgency operations in the Middle East. Thanks to their tireless efforts, we are able to begin shifting our focus from combat operations toward resetting the force for the future.

However, the challenges will not end as combat operations wind down in Afghanistan. Thirteen years of combat have taken their toll on every aspect of our military. Today's hearing focuses on the materiel impacts as the Army and Marine Corps face a staggering \$11.2 million of reductions.

We are concerned that this bill, this \$11.2 million bill, to restore readiness to vital military hardware is going to create a challenge. And I believe this massive effort to retrograde, repair, replace, and upgrade equipment to a level of combat capability commensurate with the unit's future missions is vital to our operational readiness.

Unfortunately, like everywhere else within the Department of Defense, sequestration has left its mark on these efforts, as well. Facing smaller and smaller budgets for the replacement of war-torn equipment, critical reset work has been deferred, and the focus has shifted more to repair than procuring newer, more capable systems. I am particularly concerned about how limited reset funding will impact our Reserve Component, who has and will continue to remain critical as a part of our total force structure.

However, I fear that this desperately needed repair effort may also be in jeopardy if we continue much further down the road with sequestration. During my trip to Afghanistan earlier this year, I witnessed thousands of containers, hundreds of vehicles, and millions of individual items awaiting shipment home to units that desperately need them. All of these items are at risk as transportation costs continue to rise and budgets continue to shrink.

At the same time the Marine Corps and the Army are working through these fiscal challenges, sequestration has caused additional uncertainty by forcing the Army to shed 72,000 soldiers and the Marine Corps 20,000 Marines to make ends meet and an unknown number more the longer sequestration persists.

Undoubtedly, this lack of certainty on the size and composition of the future force raises questions about what capabilities will be deemed enduring, what equipment should be reset to support those enduring requirements, and what resources Congress should provide to meet these requirements.

Make no mistake about it, failure to properly and fully reset the force will invariably lead to placing more and more of our service members at risk in future conflicts. I have said it before and I will say it again: Increased risk means more men and women will die defending this Nation when we ask them to do so.

This afternoon, I look forward to hearing how the Marine Corps and the Army plan to reset the force in this challenging environment and how we are managing the uncertainty and risks we are facing in this critical area of readiness.

We must not let our legacy be one of overseeing the slow dismantlement of the greatest military the world has ever known. We all have a responsibility to ensure our men and women in uniform are given all the tools necessary for the job we have asked them to do.

And I look forward to hearing from our witnesses.

And I would now like to turn to my dear friend and ranking member, Madeleine Bordallo, for any remarks that she may have.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 25.]

STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS

Ms. BORDALLO. Thank you very much, Mr. Chairman. And thank you for holding this hearing in spite of the uncertainty that we are experiencing today on the Hill.

I welcome back to both General Mason and General Faulkner, and I know you are both familiar with our subcommittee. And I thank you for your visits to my office, and it is good to see you

again. I appreciate your testimony today and your leadership during these challenging times.

I appreciate hearing your comments on reset and retrograde during a time of fiscal uncertainty. The only thing that is clear in the budget picture is that sequestration is detrimental to our military readiness and is completely unnecessary.

Unfortunately, we meet today during a government shutdown that was completely avoidable. While the Affordable Care Act has dominated the discussion as the shutdown occurred, the underlying issue is really our budget situation and the impact of sequestration.

Congress has the ability but not the desire to fix sequestration. And I continue to urge leadership to seek a comprehensive solution that ends sequestration once and for all. And I hope that we will come to a compromise in the near term as we discuss how to solve these budget issues.

It is indeed unfortunate that Congress has placed the Department of Defense in the position that you are in today. I fully support having a robust military to defend our great Nation and our interests, but it is the responsibility of Congress to ensure the Defense Department has the necessary resources to succeed when confronted with current and emerging threats.

I support ending sequestration immediately and in its entirety, not just piecemeal. Finding a comprehensive solution to sequestration will allow the Department of Defense and other Federal agencies to properly plan and prepare for potential conflicts of the future.

Clearly, Congress is not allowing the world's greatest fighting force to effectively and efficiently maintain pace. We in Congress are the problem, sorry to say. And I ask that all of my colleagues put aside all of the political positioning and understand what is at stake here. The time for action is now.

The discussion today regarding resetting our force given the real and immediate implications of sequestration is of high interest to this subcommittee. Thousands of U.S. assets have been heavily used, often well beyond their service life, throughout the harsh environment in the Middle East in support of operations in Iraq and Afghanistan.

It is important for our subcommittee members to understand the challenges with returning equipment from Afghanistan to units at home and inducted into military depots. I am interested to hear your views today on how the Army and the Marine Corps prioritize equipment reset among many competing interests and units, from home-stationed units to foreign military sales. How are the assets that were primarily designed to use in Iraq and Afghanistan prioritized during reset, knowing our next conflict may not be fought in the same type of environment? What is the underlying strategy?

Moreover, I hope our witnesses will address what impact sequestration will have on your current plans to reset and retrograde. I am particularly concerned that if we do not find a comprehensive solution to sequestration that it could create complications for retrograde of materials out of Afghanistan and also set back goals for reset of equipment.

Ultimately, I do not want to see a situation where any unit state-side or in the territories, particularly our National Guard, are not equipped and ready to respond to any natural disaster or some other type of contingency. This would simply be unacceptable, given that we can solve sequestration right here in Congress.

I also hope to hear about the Marine Corps process for reset and how you are addressing readiness issues with the III Marine Expeditionary Force. As we pivot to the Asia-Pacific region, it is more important than ever that we make the III Marine Expeditionary Force whole again and ensure they have the proper equipment to meet current and emerging requirements in this theater over the coming years. In terms of whether to repair, rebuild, or replace, how do you assess what equipment now being used in Afghanistan is appropriate for the challenges that exist in the Asia-Pacific region?

So, again, thank you, Mr. Chairman. And I do look forward to our witnesses' testimony and our question and answer period. Thank you.

Mr. WITTMAN. Madeleine, thank you very much.

And we will now go to our witnesses.

And, Lieutenant General Mason, we will begin with you.

STATEMENT OF LTG RAYMOND V. MASON, USA, DEPUTY CHIEF OF STAFF FOR LOGISTICS, U.S. ARMY

General MASON. Well, good afternoon, Chairman Wittman, Ranking Member Bordallo, and distinguished members of the subcommittee. Thank you for the opportunity to testify today.

I submitted a longer statement for the record, but I would like to touch on a few subjects that are critical to Army retrograde and reset, which both of you spoke of in your opening remarks.

After more than a decade of conflict in Iraq and Afghanistan, the Nation and our Army are certainly in a period of transition. The Army is bringing back soldiers and equipment while finishing operations and training Afghan forces. Our goal is to retrograde all nonenduring equipment out of Afghanistan by October 2014.

To meet future requirements and improve readiness, the Army plans to retrograde approximately \$17 billion worth of equipment that is still in Afghanistan.

However, the 2014 retrograde timeline assumes generally stable conditions. For example, surface lines of communications, such as the Pakistan ground line of communication, which we call the PAKGLOC, and, to a lesser extent, the Northern Distribution Network, the NDN, are critical to meeting our timelines. And they are less expensive than the multimodal and direct air transportation. Unfortunately, the PAKGLOC and the NDN are not always viable and open. Additionally, other variables, including increased enemy activity, potential delays in Afghan elections, would most certainly affect our retrograde and drawdown plans.

Once the equipment is retrograded, it must be reset to a required level to support units' missions and the national military strategy. Thanks to the support of Congress and our American citizens, the Army to date has invested \$55 billion in operations and maintenance funds and \$35 billion in procurement funds to recover from both Iraq and Afghanistan to date. That investment has enabled

the Army to maintain operational readiness rates of equipment at about 90 percent for ground and about 75 percent in aviation. That is for the forces in theater, not back at home; they are much lower than that.

To reset the necessary equipment, OCO [overseas contingency operations] funding must continue for 3 years after the last piece of equipment comes back from Afghanistan. In fiscal year 2013, the Army had expected to reset approximately 100,000 items in its organic industrial facilities and more than 600,000 pieces of equipment onsite where units are stationed. However, fiscal year 2013 sequestration impacts caused a \$1.7 billion cut to reset, and we had to defer nearly \$800 million of reset to future years—all immediately impacting equipment readiness today. In fact, as the Chief of Staff of the Army testified 2 weeks ago, the Army only has one brigade combat team that is at C1 [highest readiness rating].

Full and predictable funding is critical to the health of our organic industrial base and Army readiness. We must ensure the organic industrial base remains effective, efficient, and capable of meeting Army contingency requirements.

To help address these issues, we published our first Army Organic Industrial Base Strategic Plan. This plan details the strategy and management framework needed to ensure that our depots and arsenals remain viable, effective, and efficient. The current fiscal uncertainty could drastically impact that strategy.

In conclusion, to protect our Nation's Army logistics capabilities and ensure that our Army's readiness is maintained, I encourage you to reverse sequestration and to ensure that the OCO accounts used for retrograde and reset are fully funded for 3 years after the last piece of equipment has left Afghanistan.

I thank you again for your continued support of our soldiers and their families, and I look forward to your questions.

[The prepared statement of General Mason can be found in the Appendix on page 28.]

Mr. WITTMAN. Thank you, Lieutenant General Mason.

And we will now go to Lieutenant General Faulkner.

STATEMENT OF LTGEN WILLIAM M. FAULKNER, USMC, DEPUTY COMMANDANT, INSTALLATIONS AND LOGISTICS, U.S. MARINE CORPS

General FAULKNER. Chairman Wittman, Ranking Member Bordallo, members of the committee, thank you for this opportunity to update this committee on the Marine Corps' Afghanistan equipment retrograde and reset actions.

Your Marines take seriously our sacred oath to defend our Nation, our Constitution, and the American people. In Afghanistan today, Marines continue to support the transition of security and responsibility to the Afghan Government and people.

As my Commandant testified to this committee about 2 weeks ago, Marine Corps readiness is directly linked to resources, and the enduring impacts of the Budget Control Act of 2011, to include sequestration, will force us to forfeit our long-term priorities to fund near-term readiness.

In my testimony today, I would like to underscore the importance of our ground equipment reset strategy and its linkage to enduring

operational readiness. Completing the full reset of our equipment is in line with our fidelity to the taxpayer, and the continued availability of overseas contingency operations, or OCO funds, is critical to completing our reset strategy.

This strategy was built on the recognition of tightening budgets and the expeditious use of available OCO funds to achieve a properly equipped and ready force capable of conducting the full range of military operations. We are moving with a clear sense of purpose to rapidly restore equipment readiness in a fiscally conscientious manner, and we need to maintain the tempo that we currently have under way. In order to avoid enduring reductions to our overall operational readiness, we need continued OCO funding for 2 to 3 years after the last Marines leave Afghanistan.

When I last appeared before this committee 6 months ago, the Marine Corps had recently completed its post-surge recovery. In the year between December 2011 and December 2012, the Marine Corps redeployed its 2009 surge forces and retrograded over 39,000 associated items of equipment.

If you had a picture of our major forward operating base, Camp Bastion, at the height of our surge and one of the same base today, in today's picture you would see empty lots that were once stacked with shipping containers and equipment, you would see empty warehouses that were once filled with supplies and repair parts, and you would see vacant aircraft parking ramps.

To put the effort into context, since our first Marine Corps units redeployed at the end of 2011, 67 percent of the 72,000 equipment items have already been removed from our Marine Corps portion of the joint coalition operating area in Afghanistan. Additionally, of the over 42,000 total items retrograded to date, 60 percent of those are being inducted at our depot maintenance plants in Albany, Georgia, and Barstow, California. In total, we have completed reset actions on about one-third of the items returned from Afghanistan.

Not to say that there is not hard work ahead of us. Tomorrow's fiscal environment will certainly impact our ability to complete our reset strategy, and we still have much to do.

In fiscal year 2013, the Marine Corps was fully funded for reset, to include an additional \$120 million in depot maintenance graciously provided by the Congress in H.R. 933. However, required maintenance conducted at our depot production plants was deferred as a result of the 6-day furlough of our civilian Marine workforce.

It is important to point out that even seemingly nominal cuts compound increasing workload requirements as maintenance is deferred to another year. This will have a detrimental effect on our readiness if funding limitations extend into fiscal year 2014 and beyond.

As I close, I want to point out that our readiness is preserved through a careful balance of high-quality people, well-trained units, modernized equipment, well-maintained installations, and a force level sufficient to accomplish our missions. The Marine Corps recognizes the realities of the fiscal constraints before us and our responsibility to ensure our reset strategy places the right equipment in the right hands at the right cost of the warfighter.

With the continued support of Congress, the Marine Corps will remain to meet the Nation's next crisis in any clime or place. Thank you again for the opportunity to address this committee, and I look forward to your questions.

[The prepared statement of General Faulkner can be found in the Appendix on page 36.]

Mr. WITTMAN. Very good. Thank you, Lieutenant General Faulkner. We appreciate it.

And, gentlemen, thanks again for your service to our Nation and for joining us today and for giving us that general overview about what the impact of reset will be in the conditions placed on us by the sequester.

I wanted to get you to go a little bit further, though, in characterizing for both of your service branches what would the impact be, based on sequestration, either of curtailing or significantly delaying those efforts to reset?

And then if you could tell us, which areas would be most challenged? Where do you see the biggest immediate impact? And what would be the most difficult for you to overcome? And, remember, that's also an element of time. So even if you were to get the resources but they are spread out over a longer period of time, you know, what does that mean for your service branches?

I just wanted to get a little more of a feeling, a characterization about how we could tell people this would affect the Army and the Marine Corps.

General Mason.

General MASON. Yes, Chairman Wittman, I think I will start off with describing the workforce, because I think that is the place where we are taking an incredible amount of risk.

We certainly are focused on plant equipment and modernization of our industrial base, but it is really the workforce. Based on sequestration in 2013, we can attribute about 2,000 employees that were lost through sequestration. Another 2,000 came down because of workload reduction. But we didn't anticipate that sequestration, so that was a huge loss in workforce.

Inside of that are very technical skills. For example, at Corpus Christi, our aviation depot, we lost 36 master engineers that went off to find jobs someplace else, in the oil industry or wherever, because they saw this furlough in 2013 and they looked out into 2014 and 2015 and perhaps they predicted where we are at today, which is not a good thing.

So I am very concerned about the workforce in our industrial base and its ability to do that.

Secondly is the equipment piece. So we had planned to, as I said, execute about \$4 billion worth of reset. We lost about a \$1.7 billion in that. That equates to about 800 vehicles we weren't able to reset, 2,000 weapons, about 10,000 pieces of communication gear, 32 helicopters that we had to not do this year. All that got pushed into 2014, and now we are in 2014 not able to do that work again because of where we are at.

So I think it is this combination of the people, which are the key thing—and it is difficult to grow those people and bring them back.

And I would say, to conclude, we are eating our seed corn, we are eating our future. Those people that would want to join us, that

would say, this is a great place to serve, I want to work at Anniston Army Depot, I want to work the Corpus Christi, they look at our situation, it is very unpredictable.

So we have this issue of predictability and balance, and we have neither of those right now. And that is dramatically impacting our workforce and our ability to get this equipment back into the hands of our soldiers for whatever is required of the next mission for this Nation.

Mr. WITTMAN. Very good.

General Faulkner.

General FAULKNER. Yes, sir, some similarities, but let me give you some little bit of different numbers.

Primary impact, similar to the Army, was really to our depots and to our civilian workforce, specifically at Albany, Georgia, and Barstow, California. And so, just as a result of 6 days of furlough, which perhaps to the uninformed may seem relatively modest, 1,200 pieces of equipment we were not able to induct in our maintenance system. And that is stuff, again, that is deferred out to the right, and you just can't catch up on it. And so those are items such as radars, communication equipment, vehicles that are already destined for our operating forces.

One of the things that our Commandant put in place early on is we published an Afghanistan equipment reset strategy in a play-book. So every one of these pieces of equipment that is in Afghanistan today, right at 24,000 of them, have a home, and they are part of our future. And the challenge with us now is that, if they don't come home on time, as we planned, our focus being those forward-deployed crisis response forces, they go without or their readiness is not as high. And that is a challenge for us.

The other piece, Chairman, to get to your second piece, are the longer-term impacts. The longer-term impacts, quite frankly, is just that deferred maintenance and that readiness is just going to be like a tsunami over time; it is just going to gain.

One of our concerns, though, is that the conscious decision that our Commandant has made is he is not going to take risk in forward-deployed crisis response forces. They are going to be ready. They are going to be ready to support a combatant commander's requirements. Where he has taken risks and going in with full knowledge is on our bases and stations and our installations. And those are the areas that are going to really be most impacted over a longer period of time.

Mr. WITTMAN. Very good. Thank you, Lieutenant General Faulkner.

I am going to go now to Ms. Bordallo.

Ms. BORDALLO. Thank you again, Mr. Chairman.

My first question is for you, General Mason. Can you further discuss for the subcommittee how the Army is working to ensure that National Guard units back in the United States and territories will receive equipment that is coming back from Afghanistan? That is the first part of the question.

And, further, can you elaborate on how the dual-use and specific homeland defense mission equipment requirements will be met for National Guard units back in the States and the territories?

General MASON. Yes, ma'am. I personally work with the Chief of the Army National Guard, Bill Ingram, and the Director of the Army Reserve, Jeff Talley, Lieutenant General Jeff Talley, and we look at the requirements they have. I build that into our reset plan. So we have a total force policy. And the individual compos [components]—Active, Reserve, and National Guard—each get those equipment that is coming out of Afghanistan through our depots to those compos appropriately.

In fact, right now, the Army, total Army, is about at 88 percent. After we would complete all the retrograde out of Afghanistan, we would be at about 92 percent for equipment on hand, latest equipment that is being reset. That is across all three compos. We continue to focus on the modernization of the National Guard and the Reserves, as well. And that is a primary focus for the Secretary and the Chief of Staff.

The dual-purpose equipment is a key issue for me in the G-4, and I am watching that very closely. As that equipment comes out, we make sure we get those things that the Governors need to use for national emergencies or weather incidents in their States and territories. And so that is a high priority, to make sure that that equipment also—and we have been pretty successful with that. I think the Governors would tell you that. A vast majority of that equipment that was used in Iraq and Afghanistan, a lot of that has been returned—we still have more to come—back to the dual use.

So all of those are critical to—and we have the guidance from the leadership of the Army to make sure that we have a total-force policy.

Ms. BORDALLO. Thank you. Thank you, General.

Now, I realize that the retrograde of equipment from Afghanistan is going to be vastly different than the retrograde equipment from Iraq because of the transportation challenges—this is for both of you—and the lack of a holding area, such as we had for Iraq with Kuwait. Afghanistan is simply a more difficult logistics challenge.

Could either of you expand on the issues surrounding the Northern Distribution Network and unforeseen logistics challenges?

And then another part of the question is, we know that it is far more expensive to transport equipment through the NDN and that the Pakistan ground route is a fragile relationship. Additionally, fuel costs continue to consume DOD [Department of Defense] budgets. And we have a significant amount of equipment still in Afghanistan, with some uncertainty about what must remain in the country in the absence of a bilateral security agreement.

So how confident are you with the current retrograde plan to reduce the equipment in Afghanistan? Either one of you.

General MASON. Yes, ma'am, I will start and then Mark.

Ma'am, I am cautiously optimistic. Right now, we are on our glide slope that we had planned, but that can change overnight. One incident at a border, one thing that occurs could cause us challenges in there, so we watch it. What you just described is the update I get every single morning on retrograde. So let me address a couple of your specific questions.

So the Northern Distribution Network, I would describe that as a capillary, as opposed to the Pakistan GLOC, which I would de-

scribe as an artery. We need them all. And one of our key solution sets in getting out of Afghanistan, the same thing the Marines used as they began to get out, is use all available transportation modes—ground, air, sea, whatever we can work. So we are using all of those multiple routes.

So, through the NDN, we are bringing mostly supplies in. There's not a lot going out through the NDN. One of the challenges with the NDN, it is very long, as you described, four times longer than the PAKGLOC; more expensive in time and distance, obviously; many countries you have to go through, so all those customs issues. And it is also north of a thing called the Salang Tunnel. The Salang Tunnel through most of winter months is closed. Most of our forces are south of the Salang Tunnel.

So we use it, but it is not our main route. We really want the PAKGLOC to be our main route, and we are getting there. We are about 50 percent of what is departing Afghanistan right now is on the Pakistan GLOC.

But a lot of it is flying out. It flies out in two ways. One, it flies out of Afghanistan to a local seaport in the Gulf region in the Middle East, and then we put it on ships because it is much cheaper to go on a ship than a plane. Some things do fly all the way back to the United States, critical items—weapons, things of that nature that we want to get right back—and that's called direct air. It is the most expensive, but we are using that very judiciously.

The fuel issue is a concern, and that is why I have an estimate for retrograde, the rest of the Army equipment that is in Afghanistan, which the value of that right now today is about \$17 billion. Our estimate is, for the transportation cost, is \$2 billion to \$3 billion. The reason I have such a big range in there, fuel is one of those variables. If fuel costs continue to go up, we are going to push into the \$3 billion range. If the PAKGLOC was to close, we could, in fact, go above that \$3 billion range and we would have to fly more out. So that is why I have that variable in there.

The BSA [bilateral security agreement], as you describe, the security agreement, basic security agreement, is key. And that allows us to work on that timeline that the President has established of December 2014. If things happen with that—and I guess I would make this final point. The retrograde is driven by the political environment and the training of the Afghans and the drawdown of our forces and the closure of bases. And then retrograde follows that. So it is in response to whatever the commander on the ground says he is doing for base closures and as he works through the BSA.

Ms. BORDALLO. Thank you. Thank you, General.

And General Faulkner.

General FAULKNER. Yes, ma'am. Thanks. Just a couple things to add to General Mason's comment.

You did a great job of characterizing the fragile nature of both the PAKGLOC and the NDN. The success that we have had to date, the 67 percent reduction that I commented to in my opening statement, was really multimodal. So that was a period of time when the PAKGLOC was closed and we flew that equipment out that General Mason described. And as you described, it is more expensive.

But what I would say is that it is going to be more important over the course of the next 6 to 9 months that, in fact, we maintain every opportunity to use all three of those methods of retrograding equipment just because of the uncertainty associated with a couple of them. And that may be a cost that, as a Nation, we just might have to endure to meet the timelines and based on our larger readiness.

The other thing I will add, ma'am, is that we recognize our numbers pale in comparison to the Army's. Certainly, they are just as important to us. But just to give you a sense, our equipment cost in theater right now is \$1.6 billion. And, again, what I commented earlier, right now in theater somewhere around 21,000 principal end items. And so, of those, somewhere around 2,500 are rolling stock. And those are much smaller than our brothers and sisters in the Army.

But the important last thing I will leave you with is going to be flexibility in getting multiple modes out. And General Dunford is working those in theater to deal with the uncertainty.

Ms. BORDALLO. Thank you. Thank you.

I have just one final question. This is for both of you. Reset and retrograde have relied heavily on OCO funding. Now, as this funding dwindles and the Department faces significant cuts as a result of the Budget Control Act and sequestration, how will the Army and the Marine Corps complete retrograde and reset?

General FAULKNER. Yes, ma'am, thank you. Let me go first.

That overseas—the contingency operations or OCO funding that you refer to is critical to us completing our reset. And if we don't continue to receive those OCO funds well into fiscal year 2017, then, in fact, we are going to have to take from our base budget, which is already insufficient to fix our reset.

So where we will see the impacts is in readiness. And we will see the impacts in not only our forward-deployed forces but our ability to fight in support of a major contingency operation. That is one.

The other thing I will tell you is that our equipment will just basically stack up at our maintenance depots. It will be sitting there. For example, today at Albany we have almost 20,000 pieces of equipment that are waiting to be inducted in the system. So that is a problem for us. And that gets at the criticality of OCO funding 2 to 3 years past December of next year.

Ms. BORDALLO. And General Mason.

General MASON. Yes, ma'am. Very similar to General Faulkner. I think, take it to a little higher level strategically.

So, really, the Army has three places where we can decide to move money around that we are given: readiness, current readiness; we have modernization; and then people. And so the leadership, again, of the Army has decided to go to 490 by 2015. If we do not receive OCO funds, we may have to accelerate that even more than planned now. He already accelerated—the Chief and the Secretary have already accelerated from 2017 to 2015. We had originally planned to go to 490 at 2017. We have pulled that left to 2015 just because of the discussion we are having today with sequestration.

So we would have to go to the base. And we would go again into readiness, because that is the money that is immediately available.

It takes you a while to get savings with people. You have to treat them right, have them come out of the Army appropriately, not give them pink slips and give them 90 days to get out. That is not a good way to treat people.

And then modernization, which is a little deeper and longer dollars, but we would begin to eat away at our modernization, which I would call an insurance policy for the future. It allows us to keep a technical overmatch to any potential enemy. If we don't receive OCO, we will begin to eat modernization even more than it is now.

We are risking the future, we are risking the now, and we are not taking care of our people. So it is a trifecta of a bad situation if we don't receive the OCO dollars. We must go to the base in that kind of a construct.

Ms. BORDALLO. Thank you. Thank you very much.

And I yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Ms. Bordallo.

We will now go to Mrs. Hartzler.

Mrs. HARTZLER. Thank you, Mr. Chairman.

Thank you, gentlemen.

Madam Bordallo asked some of the same questions along those lines that I was wanting to talk about, but I would like to go a little further.

When you said that 2 to 3 years of OCO funding would be needed when you come back, could you kind of explain about that? So it is overseas contingency fund, but yet that would be the pool of money you would use basically for the reset, is what I am hearing, right, to do the maintenance and to—

General MASON. Yes, ma'am, that is exactly right. It is the maintenance dollars, both OMA [Operation and Maintenance, Army] dollars in the depots and at unit level, and it is also procurement dollars that we buy for battle losses. We are losing equipment on the battlefield. For example, to date, between Iraq and Afghanistan, we have lost over 2,500 vehicles, combat-damaged, and almost 3,000 off the books, completely damaged. Helicopters, we repaired about 130 helicopters. We have lost 230 helicopters—gone. They were not repairable. So this OCO dollars goes to that.

We will continue to take battle damage over the next year. So part of the dollars of OCO is to replace those battle damages, helicopters and ground vehicles and other equipment such as that, and then to do the reset dollars both in the depots and at home station. We do some work at home station—weapons, radios, things of that nature.

Mrs. HARTZLER. Yes.

General FAULKNER. The only thing I would add, ma'am, is this is in addition to the maintenance on the rest of our equipment. And so this is above and beyond. So for the Marine Corps, the rest of our equipment set, which is really 95 percent, in general, we are still doing that maintenance. And that is what we are relying on our baseline budget to do. So it is additive.

But the fact of the matter is that, of the equipment that we have in Afghanistan, over 50 percent of it we brought directly from Iraq. We didn't bring it back to the United States and run it through our depots. So, to the chairman's opening comment, some of that equip-

ment has either been in either Iraq or Afghanistan for going on 12 or 13 years. So to say it has been rode hard is an understatement.

Mrs. HARTZLER. Do you have those numbers of how much equipment needs to be replaced, that, you know, battle-damaged—

General FAULKNER. Yes, ma'am.

Mrs. HARTZLER. You shared a little bit, General, that—you said, of the helicopters, 130 need to be repaired, 230 are totally gone. Do you have a breakdown that you could get me—I think that would be very interesting—of how many, you know, are totally destroyed and we have to replace?

General FAULKNER. Absolutely, ma'am. We can get you that down to the individual end item. We can get that.

Mrs. HARTZLER. Okay. Thank you. I would appreciate that.

General MASON. Yes, ma'am, same here.

[The information referred to can be found in the Appendix on page 45.]

General MASON. Let me just clarify a little bit the description I gave to you. Those numbers I gave to you, those were battle losses on the battlefield and pieces of equipment that were completely gone and out of the space.

We continue to pull maintenance just from wear and tear on the—that come out of Afghanistan, as well. So, literally, we have pulled maintenance on hundreds of helicopters. Those are just the ones that took significant battle damage and the 230-plus that are gone now, that were totally gone.

So there is a whole level of maintenance above that that takes care of desert damage, you know, from that kind of thing, normal wear and tear.

Our equipment, as General Faulkner described it, is used at a much higher level, probably five to six times higher, each day in Afghanistan than we would back at home station. And then our aviation fleet, particularly—high altitudes, high temperatures, conducting combat missions, they do a different profile, carrying heavy loads. So our equipment is taking a significant—as General Faulkner says, “rode hard and put up wet” is pretty accurate.

Mrs. HARTZLER. Well, I have the 1-135th over there right now, the Apache helicopters. And I talked to them last week via telephone, and they are doing 24/7 operations out there. And so I know what you mean about that.

General, did you want to add something?

General FAULKNER. Yes, ma'am, just one last comment.

We are very sensitive to not spending one extra dollar of OCO money that we don't have to. And so every piece of equipment that we are bringing back, we have actually done a business case analysis to make sure that it is in our best economical interest.

For example, if a water buffalo, a big container that holds 400 gallons of water, if, in fact we are going to incur more costs associated with the transport of bringing it back, we are not going to bring it home. We are going to try to give it to another nation through foreign military sales or through excess defense articles or something like that. We are just not going to incur the cost, because there is no reason to add to the OCO requirement.

Mrs. HARTZLER. Sure. I appreciate that, looking at that from a business sense.

Just quickly, last question: How much equipment will we be leaving there and transferring to Afghanistan? Is that dependent on the agreement that we come up with them? Or how will that be determined?

General MASON. Yes, ma'am. Let me address that.

Right now, we have about \$24 billion worth of Army equipment on the ground in Afghanistan. We plan to bring back \$17 billion.

And I would add that that is our most modern equipment. It is the latest equipment we have fielded. It is our up-armored fleet, it is our Strykers, it is our helicopters with all the latest modernization in it. So it is the equipment we really need back. It is our best and greatest stuff that we have used. It needs to be reset.

So the \$7 billion we are going to divest, a lot of that is not vehicles and weapons. A lot of it is equipment we use to run base operations. It is buildings, it is shower units, it is mobile dining facilities, it is some commercial equipment. So there is a lot of that that we will donate to the Afghans through a process that we are doing, similar to what we did in Iraq.

Some equipment we will do our best to do what is called excess defense articles, to countries in the region that we are working very closely with CENTCOM [U.S. Central Command] on. So there is an opportunity there for some partnership with local countries. Not an easy thing to do, but we are working our way through it.

So there is a variety of different ways—through donation, through sales—to divest the \$7 billion. We look at it all the time.

And that \$17 billion, ma'am—one last point—is built on the 490 force structure of the Army, the Active Component. If that changes, we will re-look at the numbers again.

And, as General Faulkner said, I would reiterate that, we are not going to bring back one thing that we don't need. This is equipment we need, and we watch it very carefully so we are being judicious with the OCO dollars we are given.

Mrs. HARTZLER. Thank you, gentlemen.

Mr. WITTMAN. Very good. Thank you, Ms. Hartzler.

And now we will go to Mr. Loeb sack.

Mr. LOEBSACK. Thank you, Mr. Chair.

Thanks, both of you, for your service and for being here today. This is an important topic, there is no question.

You probably know I am the co-chair of the House Depot, Arsenal, Ammunition Plant, and Industrial Facilities Caucus, along with Walter Jones, my good friend from North Carolina. And we have had a lot of meetings, multiple meetings, to discuss some of these specific issues over the course of this particular Congress, as well as our overall concern about the health of the organic base going forward.

And I am very proud to represent the Rock Island Arsenal, too. I think you are very aware that we have the Joint Manufacturing Technology Center there, and also we have the Army Sustainment Command and other aspects of logistics located there at the Rock Island Arsenal.

I have been a firm believer all along in the importance of the industrial base, especially maintaining the base, organic industrial base, as much as we can in the event of another contingency. And I know that, you know, we are talking about a lot of reductions in

force and other things going forward, but we have obviously got to keep our eye on the ball, we have to be prepared in the event that we do have another contingency. And I know you two agree with that; all of us on this panel do. We just have to make sure that our warfighter has what he or she needs in the event that we have another contingency.

But I don't think anybody asked you yet today—I mean, we are now in the middle of the second day of a shutdown, and it may be too early for you folks to give us any kind of an assessment of what the shutdown means for the issues that we are talking about today. But do your best, if you can give us some indication of what this shutdown means right now in realtime for what you folks are doing.

General MASON. Yes, sir.

First off, I would say, as you recall, when the Joint Chiefs of Staff were up here several weeks ago, they described where we were at at that time with 2013 going into 2014, 2015, and it was pretty gloomy. And they talked about the readiness of our force and our ability to meet another contingency around the world, that was at serious risk.

So I would say that is where we started 2014 at. And, of course, coming right into 2014, we have a government shutdown. So, certainly, readiness isn't getting better. In fact, I would say it is eroding, and the longer this goes, the more it will erode.

We are focused on the forces that are in combat today. So we are taking risk, just as my brother, General Faulkner, said, in other places to make sure that our forces that are in harm's way this very evening have got what they need. And we will continue to do that. As well as Korea; that is the other place that we focus us on. So those two are where we are putting our resources, and taking risks generally everywhere else.

If you would bear with me for one moment, I think I would just tell you a story that occurred yesterday. So at 1100 yesterday, 1100 hours yesterday, I brought my civilian workforce in, and I looked them in the eye, all 236 of them, and I told them I didn't have good news, I had to send them all home without pay. And, worse than that, I didn't know when I would be able to bring them back.

And I can imagine the scene as they went home and told their husband and wife and their children that they were basically furloughed, laid off, and didn't know when they would go back to work again. And would they be able to make rent and mortgage and buy groceries and pay for the college fund? And to hear their children saying, "But, Dad, didn't"—or Mom—"didn't just last month the same thing happen to you? I didn't think it was going to happen now. You told me we were going to be okay." So this compounding of the furlough from last year and now this issue.

So when I send soldiers into combat, that is a difficult thing to do, but at least I know when I send a soldier into combat I am giving them the fuel and the ammunition and the weapons they need. I feel like I have abandoned my workforce. And that is not a good place to be. And so, in my career, I have really never faced something like this, so this is very difficult. And even though it is only day 2, that is where I am coming emotionally.

One other data point for you on an impact. We had to close all of our commissaries in the continental United States. Soldiers and their families get about a 30 percent savings from the commissaries. They will not get that savings now until the commissaries are back open. So that is 30 percent out of their pay this month when they go buy food and necessities for their family.

Mr. LOEBSACK. Something people don't even think about.

General MASON. That is right, sir.

Mr. LOEBSACK. I appreciate that, General.

General MASON. We were able to keep the commissaries overseas going because they just don't have a lot of options, and so we had to take risks back here in the continental United States.

Mr. LOEBSACK. Thank you.

General MASON. They have other options. But that is a—you know, for our soldiers and their families, it is very difficult.

Mr. LOEBSACK. General Faulkner, I will be talking to my Marine children soon enough about this, but I would like to hear what you have to say about this.

General FAULKNER. Yes, sir. Words like "disruptive" and "unfortunate" don't even begin to address the impact of this shutdown on our Marine civilians. And I think more descriptive words, such as "disrespectful," are more appropriate.

And so the same thing that General Mason talked about, these are—these are loyal patriots. The only difference is they don't wear the cloth. But many of them have been serving the Marine Corps longer than I have. And so, to treat them like this, send them home, sends a pretty—just a poor signal in terms of how much we value what they have given to our country. And so that is really disconcerting.

I did the same thing that General Mason did. And I will tell you that I had some Senior Executive Service members that have enough time to retire, and they may just do that. And so my concern is, especially as this thing becomes even more protracted, we are going to lose that expertise.

And for the Marine Corps, we are a pretty frugal service. We don't have the depth to plug a senior Marine and a general officer to fill that. So we will fill that. We won't see it immediately in readiness, but we will see it over the course of time.

Mr. LOEBSACK. All the more reason why we had damn well better figure out what we are going to do about this shutdown here on Capitol Hill.

Thank you very much. Thanks to both of you.

And thank you, Mr. Chair.

Mr. WITTMAN. Thank you, Mr. Loeb sack.

We will now go to Mr. Enyart.

Mr. ENYART. I yield my time to Ms. Bordallo.

Mr. WITTMAN. Okay.

Any questions, Ms. Bordallo?

Mr. ENYART. I am yielding my time to you.

Ms. BORDALLO. You go ahead. Thank you.

Mr. ENYART. Gentlemen, can you give me an idea—Mr. Loeb sack questioned you regarding the impact of the current furloughs on the morale in your force, in your civilian workforce. But can you

give me an idea of the number of civilian employees as compared to military employees in your respective logistics branches?

General MASON. Well, I will start just with the headquarters, you know, the G-4 of the Army. Three-quarters of my workforce is civilian. Great teammates, as General Faulkner mentioned, many of them with 40 years of service. So that is generally—and most of our headquarters, Army Materiel Command, Forces Command that I have served at, TRADOC [U.S. Army Training and Doctrine Command], they are significantly civilian employees there. They are our teammates.

Now, when you get out into the operational Army, obviously, those are soldiers. But these institutional Army, what we call the generating Army, that really is the base that allows these operational forces to train, deploy, be supported in combat, that pushes them forward, that is significantly civilian workforce.

And so they are a key part of the team. We couldn't survive without them. I certainly couldn't, as the G-4 of the Army. My deputy is Kathy Miller, a magnificent civilian teammate, and I had to send her home, as an SES. I had to send all my SESes [Senior Executive Service] home. I have five of those.

So within the Department of the Army and the other services, I am sure it is very similar. We depend on our civilian teammates. They are many times the continuity. They have this depth of knowledge. And so that skill set they have is critical.

And, right now, what we are doing is the uniformed forces are coming to work every day, which is about, again, about a quarter of my total workforce, and we are focusing on supporting the troops down range. And about everything else we just can't do right now.

Mr. ENYART. General Faulkner.

General FAULKNER. Sir, I would tell you that our number, our furlough number, in the Marine Corps is probably somewhere around 10,000.

We were fortunate in that several of them are excepted. That means there are exemptions for life, security, and other key factors that they—things that they provide at our bases and stations.

But it is a moving target. It is very unfortunate. And as I talked about earlier, I just think that the impacts are really—we are going to have a lot of people that are going to walk, because there are other opportunities out there, if they are disrespected like this.

Mr. ENYART. General Mason, about half of the manpower of the Army is contained in the Army Reserve and in the Army National Guard. And the bulk of the full-time force, the people who make sure the Guard and Reserves get paid, get trained, do all of the administrative work, the bulk of those people are dual-service technicians. That is, they are civil service employees during the week and wear a uniform on the weekend for drill.

Are these furloughs adversely impacting those folks on the logistics end as well as the combat power end?

General MASON. Yes, they are.

Sir, as you described, the Reserve and National Guard makes up about 51 percent of the force and the AAC [Army Active Component] is about 49 percent of the force, that mix. And I will tell you, in the logistics community, which I grew up in, about 85 percent of our capability resides in the Reserve and National Guard. So you

can see how critical they are to an ability to conduct any combat operation, and early on.

So, yes. In fact, both the Chief of the Army and the National Guard and the Chief of the Army Reserve were both describing this morning the impacts. They were having to cancel training, send soldiers home, just tell them to stand by. And so what was going on at the arsenal—at the Reserve training centers and the National Guard armories all had to be put on hold because they are not getting paid. So, yes, it is impacting them immediately.

Mr. ENYART. General Faulkner, is there a similar proportion in the Marine Corps Reserve? I am not as familiar with that as I am the Army Reserve and the National Guard.

General FAULKNER. No, sir, a little different. Certainly, they are part of our total force, so it is impactful. But I wouldn't—a little different than the Army in that regard.

Mr. ENYART. I yield back.

Mr. WITTMAN. Thank you, Mr. Enyart.

We will now go to the gentleman from Connecticut, Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman. And, again, actually, just briefly, and then I want to yield to Mr. Loeb sack.

The military technician issue, which I think all of us who have Guard, you know, units and installations in our districts, is just, you know, a huge outrage in terms of, you know, who is being sent home. I mean, it is all outrageous, but in that particular area it is just completely almost incoherent, you know, that that is the impact, although that is, by law, the impact.

And we are going to be voting soon on another one of these piecemeal measures, which we have actually analyzed with a microscope to see whether or not it really solves that problem, and unfortunately it does not. It only is aimed at funding drilling activities, you know, by the Guard.

And it really shows why we just need a comprehensive CR [continuing resolution], clean, get the government open again. Because you are just going to constantly be squeezing a balloon, in terms of trying to sort of fixing this thing bit by bit. The government is too big to do that in any kind of reasonable scope of time.

So, in any case, I want to now yield the balance of my time to my friend from Iowa, Mr. Loeb sack.

Mr. LOEBSACK. Thank you, Congressman Courtney.

Very quickly, General Mason, as you know, the Army Organic Industrial Base Strategic Plan was released last December, a high-level plan to support our depots and our arsenals. It kind of fits in with some of the other things that we have already been talking about, certainly in terms of the workforce.

Can you provide kind of an update, if you will, on the implementation of that strategy, provide some detail about what efforts are being undertaken to ensure that our arsenals and depots have the workload necessary to provide an effective and timely response to warfighter needs?

I know it fits in somewhat with the furlough issue, but—this is all one big ball of wax, in some ways. But can you comment on that plan and its implementation?

General MASON. Yes, sir.

If there is any good news here, it is that we do have a strategic umbrella plan that can help us deal with some of this uncertainty and unpredictability. It is not going to solve it, but at least we have a roadmap. And that is helping our arsenal commanders and our depot commanders work their way through it.

As you know, it has four pillars to it. And it is really about modernization, it is capacity, it is the workforce, and also the capital investment piece, that fourth piece. So that allows us to plan.

I chair the depot corporate board. General McQuiston, the Deputy AMC [Army Materiel Command], and I co-host that with a host of other people. And we work through the metrics of each one of our arsenals and depots, the health of it, what the workforce looks like, what our investments—all those things that are in the Organic Industrial Base Strategic Plan. It also allows us to focus on comparative advantages at different locations to make sure we are not having redundant capabilities. And so that is important, as well.

And you know the work we are doing at Rock Island, partnering. We have public-private partnerships. And then, just recently, we did some work with the Defense Logistics Agency with some of their back orders.

Mr. LOEBSACK. Right.

General MASON. And so there is a great opportunity there, so partnering with the other services, with Defense Logistics Agency, with firms and corporations in the Quad City areas.

So those are all abilities to spread our work out and reduce down our rates so we can be competitive in the marketplace. And one of my biggest concerns is, if we are not, our rates will continue to go up, and we will become not the choice for our customers, they will want to go somewhere else. And so that is what that strategic plan is really focused on, keeping our rates competitively so we can be in the marketplace and provide a great product. And Rock Island does that.

But the workforce, as I started off with in the beginning of this testimony, is where I think our biggest risk is, and we are really watching that. And I know General Via spends about every waking hour focused on the morale of that team and skill sets.

Mr. LOEBSACK. Because, ultimately, when we have to rely on those folks in the event of another contingency, we have to make it as cost-effective as possible to get that organic base back up and working and providing the troops, you know, with what they need.

Thank you very much.

Thank you, Mr. Courtney, for yielding to me. And I will yield back. Although I see he is leaving, so I will have to yield to the Chair, probably. Thank you.

Mr. WITTMAN. Thank you, Mr. Loeb sack. We appreciate it.

There are no more questions from the committee. Lieutenant General Mason, Lieutenant General Faulkner, thank you so much for joining us today. Thanks for your commitment to find a path through this very challenging time. We have a commitment back to you that we will do the same, working here to make sure that we provide for what we know is the critical aspects of what this Nation's needs are as it relates to readiness, and, as you pointed

out, it is our people. And we want to make sure we are keeping that first and foremost in our mind.

So, with all the deliberations we have, both today and the months to come, whether it is concerning funding the government or concerning the sequestration, we keep in mind your thoughts and comments today as to how it affects our Marines and how it affects our Army, as well as the other service branches.

And we thank you for your service to our Nation. And we will make sure that we keep in the forefront of our minds the great folks that work for you and do a great job for our Nation.

And, with that, our subcommittee is hereby adjourned.

[Whereupon, at 2:58 p.m., the subcommittee was adjourned.]

A P P E N D I X

OCTOBER 2, 2013

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

OCTOBER 2, 2013

**Statement of the Honorable Robert Wittman
Chairman, Readiness Subcommittee
“Resetting the Force for the Future: Risks of Sequestration”**

October 2, 2013

I want to welcome all of our members and welcome back our distinguished panel to today’s hearing focused on “Resetting the Force for the Future: Risks of Sequestration.”

This afternoon we have with us Lieutenant General Raymond V. Mason, Deputy Chief of Staff of the Army for Logistics, and Lieutenant General William M. Faulkner, Deputy Commandant for Installations and Logistics. Thank you, gentlemen, for being here this morning and for your service to our nation.

No one will dispute that we have the most capable and professional military in the world. Our men and women in uniform have exemplified the best America has to offer during the last 13 years of protracted counterinsurgency operations in Middle East. Thanks to their tireless efforts, we are able to begin shifting our focus from combat operations toward resetting the force for the future.

However, the challenges will not end as combat operations wind down in Afghanistan – 13 years of combat have taken their toll in every respect.

Today’s hearing focuses on the materiel impacts as the Army and Marine Corps face a staggering \$11.2 billion bill to restore readiness to vital military hardware. I believe this massive effort to retrograde, repair, replace, and upgrade

equipment to a level of combat capability commensurate with units' future missions is vital for the operational readiness.

Unfortunately, like everywhere else within the Department of Defense, sequestration has left its mark on these efforts as well.

Facing smaller and smaller budgets for the replacement of war-torn equipment, critical reset work has been deferred and the focus has shifted more to repair than procuring newer, more capable systems. I am particularly concerned about how limited reset funding will impact our Reserve Component who has remains critical part of our total force.

However, I fear that this desperately needed repair effort may also be in jeopardy if we continue much further down the road with sequestration.

During my trip to Afghanistan earlier this year, I witnessed thousands of containers, hundreds of vehicles, and millions of individual items awaiting shipment home to units that desperately need them – all items at risk as transportation costs continue to rise and budgets continue to shrink.

At the same time the Marine Corps and the Army are working through these fiscal challenges, sequestration has caused additional uncertainty by forcing the Army to shed 72,000 soldiers, the Marine Corps 20,000 Marines, to make ends meet and an unknown number more the longer sequestration persists.

Undoubtedly, this lack of certainty on the size and composition of the future force raises questions about what capabilities will be deemed enduring, what equipment should be reset to support those enduring requirements, and what resources Congress should provide to meet those requirements.

Make no mistake about it, failure to properly and fully reset the force will invariably lead to placing more and more of our service members at risk in future conflicts.

This afternoon, I look forward to hearing how the Marine Corps and the Army plan to reset the force in this challenging environment and how we are managing the uncertainty and risks we are facing in this critical area of readiness.

We must not let our legacy be one of overseeing the slow dismantlement of the greatest military on earth. We all have a responsibility to ensure our men and women in uniform are given all the tools necessary for the job we have asked them to do. I look forward to hearing from our witnesses.

I would now like to turn to my friend and Ranking Member, Madeleine Bordallo, for any remarks she may have.

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RECORD VERSION

STATEMENT BY

**LTG RAYMOND V. MASON
DEPUTY CHIEF OF STAFF, G-4
UNITED STATES ARMY**

BEFORE THE

**HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS**

FIRST SESSION, 113TH CONGRESS

ON RESETTING THE FORCE FOR THE FUTURE: RISKS OF SEQUESTRATION

SEPTEMBER 20, 2013

**NOT FOR PUBLICATION UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE**

Chairman Wittman, Ranking Member Bordallo, and members of the Subcommittee, thank you for the opportunity to testify today on Retrograde and Reset alongside my joint partners. America's Army serves and deploys as part of joint and combined forces, serving side by side with Marines, Airmen and Sailors and coalition partners, all working to achieve one goal: to fight and win our nation's wars. After more than a decade of conflict in Iraq and Afghanistan, the nation and our Army are in a period of transition. We are at a turning point characterized by a fiscally constrained environment and a global security environment that is more complex and uncertain than at any time since the end of World War II.

Fiscal Uncertainty:

The Army is faced with difficult challenges due to sequestration reductions in FY 2013, reduced discretionary caps and the continued threat of sequestration. Our goal is to maintain a strong and more resilient expeditionary Army that is smaller, capable, cost effective and agile. We must do this as we balance fiscal realities and responsibly draw down our forces, while remaining the Strength of the Nation. I continue to be concerned that if the reduced caps are not reversed, a hollow Army is inevitable.

Retrograde:

We define successful retrograde as the retrograde of equipment, base closures/transfers and materiel reduction not required for the Enduring Presence by December 2014. We have the policies, authorities, and processes in place to support the retrograde of equipment from Afghanistan and maintain operational flexibility. The operational campaign plan drives the pace of retrograde operations. Up to this point, the Army is successfully retrograding equipment from Afghanistan while concurrently conducting operations and training Afghan forces. Our goal remains to have all non-enduring equipment out of Afghanistan by the end of 2014.

Supporting CENTCOM's drawdown and retrograde goals creates challenges in several Army funding accounts. One cost driver is multi-modal transportation. While over the

past several months multi-modal has been the primary means to move retrograde and redeployment cargo out of Afghanistan, projected volumes of cargo along the Pakistan Ground Lines of Communication (PAKGLOC) are increasing and are currently trending at or near 50%. Surface lines of communication, the Northern Distribution Network (NDN) and PAKGLOC are critical to achieving the retrograde velocity necessary to meet timelines and they are less expensive than multi-modal and direct air transportation. The desired scenario for retrograde assumes all routes are viable/open, full use of the PAKGLOC capacity, with a mix of multi-modal, NDN, and direct air shipments, thereby maximizing throughput at the best value.

The Army, with the support of our Joint and commercial partners, retrograded and redistributed equipment from Iraq to satisfy numerous critical requirements; we are doing the same thing for equipment from Afghanistan. We use retrograded equipment to RESET the broader Army team, Active and Reserve Components. Before we issue that equipment to troops that are next to deploy, place it in Army Prepositioned Stocks, or use it to fill an Active, Reserve or National Guard shortage, we use the Depot Reset program to restore it to the appropriate level of readiness.

To meet future requirements and improve Equipment on Hand Readiness across the Total Army, the Army plans to retrograde approximately \$17 Billion worth of Army equipment currently in Afghanistan. The combination of equipment that we will retain and retrograde, plus depot work and new production will improve Total Army equipment on hand (EOH Readiness) to 92%.

Reset:

Reset funding must continue as long as we have forces deployed and for three years after the last piece of equipment returns from Afghanistan. This funding is necessary to ensure readiness for future missions the Nation asks of the Army.

Equipment Reset is defined as a set of actions to restore equipment to a desired level of combat capability commensurate with a unit's future mission; Reset is an essential

element of readiness and entails restoring balance to the Army for known Combatant Command requirements and potential contingencies. It is part of the cost of war, and it prepares our Soldiers and their equipment for an unpredictable future and evolving threats.

Reset is funded entirely through Overseas Contingency Operations (OCO) appropriations. A fully-funded Reset program ensures that equipment destroyed in theater is replaced and equipment worn by extended use in harsh environments is repaired and returned to a fully ready state. Reset funding is used to repair equipment returning from overseas contingency operations by applying maintenance services, including fault location/troubleshooting, removal/installation, disassembly/assembly and maintenance actions to restore serviceability to an item by correcting specific damage, fault, malfunction, or failure in a part, subassembly, module (component or assembly), end item or system.

Reset funding is also used for Recapitalization, a process taking selected equipment to near zero hours/zero miles.

In the forecast for FY13, the Army expects to Reset (repair) approximately 100,000 items at its industrial facilities, and more than 600,000 pieces of equipment on site where units are stationed. However, FY 13 sequestration impacts caused us to defer the Reset of equipment to future years, immediately impacting equipment readiness.

Equipment Reset is a vital means for maintaining Army equipment readiness in order to sustain a force that can meet our National Military Strategy. Since its inception, the Reset Program has improved the condition and readiness levels of Army ground and air systems. A consistently, fully-funded Reset program enabled the Army to maintain operational readiness of equipment at more than 90% and 75% for ground and aviation, respectively, in theater.

Due to sequestration the Army deferred FY13 Reset work to future years. For example, the Army deferred the repair of Tactical Wheeled Vehicles, communications equipment and weapons.

Army Organic Industrial Base:

A reasonable, predictable funding program is critical to the health and readiness of our Organic Industrial Base. The current fiscal uncertainty threatens the Nation's requirement for an Army Organic Industrial Base that is modern, reliable, cost effective, and highly responsive to meet both wartime and peacetime requirements, while maintaining the ability to surge during rapidly developing contingency operations. During times of war, the Army requires the Organic Industrial Base to repair and manufacture equipment as quickly and efficiently as possible to ensure it is available to train and support next deployers, as well as those deployed. During Operations Iraqi Freedom and Enduring Freedom the Army's Organic Industrial Base Depots and Arsenal's surged to double capacity, and in some case, tripled their pre-war output. As the Army's Organic Industrial Base transitions from wartime production to peacetime requirements, we must ensure it remains effective, efficient, and capable of meeting current and future Army contingency requirements.

To help address these issues, we published our first Army Organic Industrial Base Strategic Plan (AOIBSP) to help make better holistic and optimal decisions. The AOIBSP provides the strategy and management framework needed to ensure that our Organic Industrial Base remains viable, effective, and efficient. The current fiscal uncertainty could drastically impact our strategy and threatens the goal of a continued viable Army Organic Industrial Base.

So far in FY13 we have lost more than 4,000 employees from all Army Working Capital Fund Installations, of which nearly 2,600 civilian and contract personnel were due to sequestration. To compound the challenges, the implemented Hiring/Overtime Restrictions and Furlough have and continue to negatively affect productivity and increase Depot Carryover. For example, Corpus Christi Army Depot, the Army's Center

for Industrial and Technical Excellence for rotary wing aircraft experienced a 40% increase (from historical norms) in workforce resignations, many citing financial hardship. In addition, it is often difficult for Depots to quickly and internally grow new skills.

To mitigate these challenges, we believe that a viable and relevant industrial base requires the Army to identify and maintain core competencies and size the Depot workforce to meet and sustain those competencies. Most importantly we must maintain the capacity needed to meet future war-time surge requirements. Core competencies, expressed in terms of industrial skills, ensure a ready, effective, timely, government-owned/government-operated source of materiel repair.

Conclusion:

In conclusion, we continue to support the goal of having all non-enduring equipment out of Afghanistan by the end of 2014. Once that equipment comes home, Reset funding ensures that our equipment will be ready for the next contingency. To protect these logistics capabilities and ensure Army readiness, I encourage you to reverse sequestration and ensure that OCO accounts such as Retrograde and Reset are fully funded for 3 years after the last piece of equipment has been retrograded from Afghanistan.

Chairman Wittman, Ranking Member Bordallo, members of the Subcommittee, I thank you again for your continued support for Soldiers and their Families. I look forward to your questions.

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United States Army

Lieutenant General
RAYMOND V. MASON

Assistant Deputy Chief of Staff, G-4
United States Army
500 Army Pentagon 1E394
Washington, DC 20310-0500
Since: July 2011



SOURCE OF COMMISSIONED SERVICE ROTC

EDUCATIONAL DEGREES

James Madison University – BA – Commercial Marketing and Merchandising
Florida Institute of Technology – MS – Procurement/Contract Management
National Defense University – MS – National Resource Strategy

MILITARY SCHOOLS ATTENDED

Quartermaster Officer Basic and Advanced Courses
United States Army Command and General Staff College
Industrial College of the Armed Forces

FOREIGN LANGUAGE(S) None recorded

<u>PROMOTIONS</u>	<u>DATE OF APPOINTMENT</u>
2LT	16 Dec 78
1LT	16 Dec 80
CPT	1 Oct 82
MAJ	1 Oct 90
LTC	1 Mar 95
COL	1 Jun 00
BG	1 Jan 05
MG	16 May 08
LTG	1 Sep 11

FROM TO ASSIGNMENT

Jun 79	Sep 80	Supply Platoon Leader, later Executive Officer, Headquarters and A Company, 205th Transportation Battalion (AVIM), 3d Corps Support Command, V Corps, United States Army Europe and Seventh Army, Germany
Sep 80	Jun 81	Supply Platoon Leader, 699th Maintenance Company, 85th Maintenance Battalion, 3d Corps Support Command, V Corps, United States Army Europe and Seventh Army, Germany
Jul 81	Oct 82	Aide-de-Camp to the Commanding General, 3d Corps Support Command, V Corps, United States Army Europe and Seventh Army, Germany
Nov82	Jul 83	Student, Quartermaster Officer Advanced Course, United States Army Quartermaster School, Fort Lee, Virginia

Aug83 Jul 86 Assistant S-3 (Plans and Operations), Division Support Command, later Commander, E Company (Rigger), 407th Supply and Services Battalion, later Plans Officer, G-4 (Logistics), 82d Airborne Division, Fort Bragg, North Carolina and OPERATION URGENT FURY, Grenada

Aug86 Dec 86 Student, United States Army Logistics Management College, Fort Lee, Virginia

Dec 86 Jun 87 Student, Florida Institute of Technology, United States Army Logistics Management Center, Fort Lee, Virginia

Jun 87 Jun 89 Exchange Officer, Australian Army, with duty as Commander, Supply Services Company, 21st Supply Battalion (Australian Army), Canberra, Australia

Jul 89 Jun 90 Student, United States Army Command and General Staff College, Fort Leavenworth, Kansas

Jun 90 Jun 91 Chief, Officer Branch, Office of the Quartermaster General, United States Army Quartermaster Center and School, Fort Lee, Virginia

Jun 91 May92 Aide-de-Camp to the Commanding General, United States Army Materiel Command, Alexandria, Virginia

Jun 92 Jun 93 Support Operations Officer, 702d Main Support Battalion, 2d Infantry Division, Eighth United States Army, Korea

Jul 93 Jun 95 Speechwriter, Office of the Deputy Chief of Staff for Logistics, United States Army, Washington, DC

Jul 95 Jun 96 Executive Officer, Division Support Command, 82d Airborne Division, Fort Bragg, North Carolina

Jul 96 Jun 98 Commander, 407th Forward Support Battalion, 82d Airborne Division, Fort Bragg, North Carolina

Aug98 Jun 99 Student, Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, DC

Jun 99 Jun 00 Special Assistant to the Deputy Chief of Staff for Logistics, United States Army, Washington, DC

Jun 00 Jul 02 Commander, Division Support Command, 25th Infantry Division (Light), Schofield Barracks, Hawaii

Jul 02 Sep 03 Deputy Director, J-4, The Joint Staff, Washington, DC

Sep 03 Sep 05 Commander, Defense Supply Center Philadelphia, Defense Logistics Agency, Philadelphia, Pennsylvania

Oct 05 Oct 06 Deputy Commander, United States Army Field Support Command with duty as Commanding General, Army Materiel Command Forward-Southwest Asia/C-4, Coalition Forces Land Component Command, Kuwait

Oct 06 Oct 07 Commanding General, 19th Sustainment Command (Expeditionary), Eighth United States Army, Korea

Oct 07 Aug 09 Commanding General, 8th Theater Sustainment Command, Fort Shafter, Hawaii

Aug 09 Jul 11 Deputy Chief of Staff, G-4, United States Army Forces Command, Fort McPherson, Georgia

Jul 11 Present Assistant Deputy Chief of Staff, G-4, United States Army, Washington, DC

SUMMARY OF JOINT ASSIGNMENTS

	<u>DATE</u>	<u>GRADE</u>
Deputy Director, J-4, The Joint Staff, Washington, DC	Jul 02 - Sep 03	Colonel
Commander, Defense Supply Center Philadelphia, Defense Logistics Agency, Philadelphia, Pennsylvania	Sep 03 - Sep 05	Colonel/Brigadier General

SUMMARY OF OPERATIONS ASSIGNMENTS

	<u>DATE</u>	<u>GRADE</u>
Deputy Commander, United States Army Field Support Command with duty as Commanding General, Army Materiel Command Forward-Southwest Asia/C-4, Coalition Forces Land Component Command, Kuwait	Oct 05 - Oct 06	Brigadier General

Not public until released by the
House Armed Services Committee

**STATEMENT OF
LIEUTENANT GENERAL WILLIAM M. FAULKNER
DEPUTY COMMANDANT, INSTALLATIONS AND LOGISTICS
BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
READINESS SUBCOMMITTEE
OCTOBER 02, 2013**

Not public until released by the
House Armed Services Committee

Chairman Wittman, Ranking Member Bordallo, members of the Committee, thank you for this opportunity to update this committee on the Marine Corps' Afghanistan equipment retrograde and reset actions.

Your Marines take seriously our sacred oath to defend our nation, our Constitution and the American people. In Afghanistan, Marines continue to support the transition of security and responsibility to the Afghan government and people. As a naval force, Marines remain afloat on amphibious warships to provide forward presence, while engaging our allies and partners. These naval expeditionary forces are maneuverable and self-sustaining, operate without reliance on host country basing or over flight permissions, and present our nation with flexible force options. As my Commandant testified to this committee just the other day, Marine Corps readiness is directly linked to resources and the enduring impacts of the Budget Control Act of 2011 to include sequestration will force us to forfeit some of our long-term priorities to fund near-term readiness.

In my testimony today I would like to underscore the importance of our Ground Equipment Reset Strategy and its linkage to enduring operational readiness. Reversing the accelerated degradation of our ground equipment, worn over a decade of protracted combat in the inhospitable climates of Al Anbar and Helmand Provinces, is critical to our ability to execute a post-Afghanistan maintenance strategy and posture for tomorrow's challenging security environment. Completing the full reset of our equipment is in line with our fidelity to the taxpayer, and the continued availability of Overseas Contingency Operations or OCO funds is critical to completing our Reset Strategy. The Ground Equipment Reset Strategy signed by the Commandant in 2012 is one example of the

Marine Corps' institutional commitment to remain ready and relevant. It's built on the recognition of tightening budgets and expeditious use of available OCO funds to achieve a properly equipped and ready force capable of conducting the full range of military operations. The Marine Corps is moving with a clear sense of purpose to rapidly restore ground equipment readiness in a fiscally conscientious manner, and we need to maintain the tempo that we currently have underway. In order to avoid enduring reductions to our overall operational readiness, we need continued funding two to three years after the last Marines leave the Afghanistan theater.

When I last appeared before this Committee six months ago, the Marine Corps had recently completed its post-surge recovery. In the year between December 2011 and December 2012, the Marine Corps redeployed its 2009 surge forces and retrograded over 39,000 associated items of equipment. Since that time, Major General Walter Miller, the commanding general of the Marine Corps Marine Air Ground Task Force that is in Afghanistan today, continues to aggressively reduce the Marine Corps equipment and supply footprint in Afghanistan while conducting combat operations. If you had pictures of our major forward operating base Camp Bastion at the height of our surge, and one of the same areas today, in today's picture you would see empty lots that were once stacked with shipping containers and equipment, empty warehouses once filled with supplies and repair parts, and vacant aircraft parking ramps. To put the effort in context, since our first Marine Corps units redeployed at the end of 2011, 67% of the 72,000 equipment items have already been removed from our Marine Corps portion of the joint and coalition Afghanistan battle space. We have reduced 5.35 million square feet of aviation matting to 150 thousand square feet today. Additionally, of the over 42,000 total items retrograded

to date, 60% of those are being inducted for reset actions at our depot maintenance plants in Albany, Georgia and Barstow, California. This underscores the importance of our ability to self-generate readiness through our organic Marine Corps depot maintenance capacity and the successful execution of our Reset Strategy in support of our Title 10 mission. In total, we've completed reset actions on about one third of the items returned and these items are improving equipment readiness today.

Tomorrow's fiscal environment will certainly impact our ability to complete our Reset strategy and we still have much to do. In FY13, the Marine Corps was fully funded for reset to include an additional \$120 million in depot maintenance provided by the Congress in HR 933. However, required maintenance conducted at our depot maintenance production plants was deferred as a result of the six day civilian furlough. It's important to point out that even seemingly nominal cuts compound increasing workload requirements as maintenance is deferred year to year. This will have a detrimental effect on readiness if funding limitations extend into FY14 and beyond.

Maintaining near-term readiness and operational commitments will continue to come at the expense of investment in our modernization, infrastructure and quality of life accounts. For example, our ground materiel modernization investment accounts comprise a mere 10 percent of our baseline budget. It is the smallest modernization account in the Department of Defense at \$2.67 billion in FY14. Subsequently, the Marine Corps leverages its sister service investment plans to generate opportunities that promise the most operationally effective payoff. Additionally, the Marine Corps, through its investment budget, depends on small businesses to provide critical capabilities to give Marines in combat a qualitative edge over the enemy. These small businesses simply do

not have the flexibility to survive further budget reductions. Even proportional cuts will have disproportionate impacts to already pressurized small investment programs and on operational readiness.

As I close, I want to point out that our readiness is preserved through a careful balance of high quality people, well-trained units, modernized equipment, well-maintained installations and a force level sufficient to accomplish our many missions. The Marine Corps recognizes the realities of the fiscal constraints before us and our responsibility to ensure our reset strategy places the right equipment in the right condition and at the right cost into the hands of the war fighter. With the continued support of Congress, the Marine Corps will remain ready to meet the Nation's next crisis in any clime or place.

Thank you again for the opportunity to address this Committee. I look forward to your questions.



Lieutenant General William M. Faulkner Deputy Commandant for Installations and Logistics

Lieutenant General Faulkner was commissioned in 1982. Following completion of the Basic School and the Infantry Officer's Course in 1983, he was assigned to First Battalion, Sixth Marines where he served as a Rifle and Weapons Platoon Commander, Company Executive Officer, Battalion Adjutant and Assistant S-4 Officer. He was augmented into the regular Marine Corps in 1985 and received a directed lateral move to the logistics occupational field.

From 1986-1989 he served with 1st Marine Expeditionary Brigade as S-4 Officer with Marine Air Base 24 then as Assistant S-4 Officer with Marine Aircraft Group 24.



Lieutenant General Faulkner was a distinguished graduate from the Amphibious Warfare School in Quantico, Virginia in 1990. From 1990-1992, he served with Brigade Service Support Group 4 as Assistant S-3 Operations Officer, participating in Operation DESERT SHIELD/DESERT STORM. Lieutenant General Faulkner later served as the S-3 Operations Officer and was assigned to the United Nations High Commissioner for Refugees in the former Yugoslavia, where he participated in Operation PROVIDE PROMISE, coordinating the delivery of humanitarian relief into Bosnia and throughout Serbia.

From 1993-1995 Lieutenant General Faulkner was assigned to Headquarters Marine Corps, serving as an action officer in the Logistics Plans, Policies and Strategic Mobility Division of the Installations and Logistics Department. Following Headquarters Marine Corps, he attended Air Command and Staff College in Montgomery Alabama, graduating with distinction in 1997.

From 1997-1999 Lieutenant General Faulkner was assigned to United States Central Command where he worked in the J4/Logistics Directorate. During this tour, he participated in Operations SOUTHERN WATCH, DESERT FOX and NOBLE RESPONSE.

From 2000-2002 Lieutenant General Faulkner served with 2d Force Service Support Group as the G-3 Current Operations Officer before assuming command of MEU Service Support Group 26, 26th Marine Expeditionary Unit. With the 26th MEU, he deployed to Afghanistan and participated in Operation ENDURING FREEDOM as part of Task

Force 58. Lieutenant General Faulkner graduated from the Industrial College of the Armed Forces at National Defense University in 2003.

From 2003-2005 he was assigned to the Joint Chiefs of Staff at the Pentagon in the J4 Directorate, where he worked as a Logistics Operations Officer in the National Military Command Center then as Section Head, Logistics Programs and Policy Division.

In 2005 he was assigned to 2d Force Service Support Group as the Assistant Chief of Staff G-3. In May of 2006 he activated and assumed command of Combat Logistics Regiment 27.

In November 2006 he was assigned duty as the Chief of Staff of 2d Marine Logistics Group (Forward) in support of Operation IRAQI FREEDOM 06-08 in Al Anbar Province, Iraq. He returned from Iraq early 2008 and assumed command of 2d Marine Logistics Group in April. He turned over command of 2d Marine Logistics Group in late May 2008 and reported to III MEF where he commanded 3d Marine Logistics Group from May 2008 to June 2010.

From June 2010 until August 2012 Lieutenant General Faulkner served as Vice Director, J-4, Joint Staff. He is currently assigned as the Deputy Commandant for Installations and Logistics

Lieutenant General Faulkner graduated from East Carolina University Class of 1982 receiving a Bachelor of Science degree in Business. He holds a Masters degree in Business from Chaminade University and a Master of Science in National Resource Strategy from the Industrial College of the Armed Forces.

**WITNESS RESPONSES TO QUESTIONS ASKED DURING
THE HEARING**

OCTOBER 2, 2013

RESPONSES TO QUESTIONS SUBMITTED BY MRS. HARTZLER

General MASON. Ma'am that number represents the total aircraft we have lost through attrition due to combat and training losses from 2002 to January of this year. We lost the majority of those attritted aircraft due to combat losses. We have been able to officially classify the loss of 59 AH-64A/D Apache; 47 UH-60 Black Hawk; 44 CH/MH-47 Chinook; and 51 OH-58D Kiowa Warrior due to operations in Iraq and Afghanistan or during pre/post-deployment training. Since Fiscal Year 2005, the Army has received funding to replace 190 of these families of combat loss aircraft. Once the Army makes the formal determination that an aircraft is a combat loss, it can take three to five years to receive a replacement aircraft back in the Army inventory. [See page 13.]

General FAULKNER. Quantifying Marine Corps procurement requirements to replace equipment lost in combat in OEF:

Ground equipment: A significant amount of the Marine Corps OEF equipment set has sustained battle damage or has simply been worn-out through years of hard use in a combat environment to the point that it is no longer possible or cost effective to repair. In support of retrograde and re-deployment, we continue to conduct technical inspections on equipment in Afghanistan to determine if repair is possible and/or economical. Additionally, we still have equipment supporting operations that will likely require replacement due to repair costs nearly equaling or exceeding procurement cost. Actions to identify equipment requiring replacement are continuous. We have more than 1,500 equipment items (procurement cost of \$24M) turned-in by our OEF units to date that require replacement. Based on planning factors in our Reset strategy for battle damage and wear rates, we estimate more than 3,000 additional items (estimated procurement cost of \$65M) will require replacement. Ground equipment the Marine Corps is projected to replace include communications equipment, generators, logistics vehicle systems (heavy trucks), small arms and mortars. Aircraft: All aircraft undergo scheduled depot maintenance in order to retain air worthiness. For the duration of the war, aviation assets in theater have been continuously rotated back to depot maintenance centers in the U.S. for scheduled maintenance. Replacements have been procured for aircraft losses in OEF from 2001 to 2013, with the exception of the following: AV-8B and CH-53D aircraft lost in 2012 have not been replaced do to no replacements being available (the AV-8B production line is closed due to transition to the F-35B, and the CH-53D production line is closed due to transition to CH-53E and MV-22B). The following are USMC aircraft losses in support of OEF:

- UH-1N, Huey 2 (Utility Helicopter)
- CH-46E, Sea Knight 2 (Utility Helicopter)
- CH-53D, Super Stallion 1 (Utility Helicopter)
- CH-53E, Super Stallion 1 (Cargo Helicopter)
- AH-1W, Cobra 5 (Attack Helicopter)
- KC-130R, Hercules 1 (Cargo Transport)
- F-18C, Hornet 1 (Attack Aircraft)
- AV8-B, Harrier 7 (Attack Aircraft)
- RQ-7B, Shadow 1 (Unmanned Aerial Vehicle)
- K-Max 1 (Unmanned Cargo Helicopter)

[See page 13.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

OCTOBER 2, 2013

QUESTIONS SUBMITTED BY MR. WITTMAN

Mr. WITTMAN. There has been a lot of discussion about the impacts to the industrial base, both commercial and organic, caused by sequestration. How would you describe the current state of the industrial base?

General MASON. Both the commercial and organic components of the Army's Industrial Base remain viable elements in the production and repairs of the Army's equipment, while adjusting to a new environment of constrained resources and reduced demand. The decrease in demand has also resulted in excess capacity within the Army Organic Industrial Base (AOIB). The current fiscal environment resulted in a loss of critical skill sets, loss of suppliers at all tiers, and an increase in the number of single points of failure in the supply chain that supports Army logistics and AOIB operations.

The commercial defense industry is reshaping itself to respond to significant changes in military missions and requirements. Major defense firms are responding by reducing excess capacity, streamlining processes, and revamping supplier relationships. These changes may have negative impacts on certain suppliers within the United States. The Army continues to work with the Office of the Secretary of Defense on the Sector by Sector-Tier by Tier analysis to evaluate impacts on all Defense Industrial Base sectors.

The Army is focused on establishing the right balance within the Commercial and Organic Industrial Base to ensure that required skill sets are sustained and sufficient capacity is preserved in times of peace, along with the ability to surge during times of war and other emergency operations. The AOIB is developing business processes and policies to better align future workload to Centers of Industrial and Technical Excellence and effectively leverage Public Private Partnerships, modernize facilities to preserve needed capabilities in the AOIB, maximize support to Joint Agency and Service customers, increase efficiencies to reduce costs, and establish a framework to assess risk across the AOIB.

Mr. WITTMAN. If resources become more limited, how will you prioritize reset funds between the Active and Reserve Components?

General MASON. The Army has established a very deliberate Retrograde, Reset, and Redistribution (R3) process to prioritize Reset funds and restore readiness. The process identifies retrograde priorities to assist Army Central (ARCENT) in retrograde planning, synchronizes retrograde of equipment out of theater with its repair, and subsequent redistribution to support training and equipment readiness Army Force Generation requirements. Equipment is returned to the Force in accordance with the priority established by the Deputy Chief of Staff, G3 Dynamic Army Priority List which supports the next to deploy formation regardless of whether it is active or reserve. The intent is to ensure that those that deploy regardless of component have the most capable and reliable equipment in support of our soldiers and the Army mission success.

Mr. WITTMAN. How have force structure reductions and composition changes impacted your reset plans? What respective end strengths are you using as planning factors? How can you be sure your reset plans meet the needs of the Army/USMC of the future?

General MASON. Force structure reductions and composition changes have not significantly impacted our current Reset plans. Current end strength planning guidance requires the use of a 490K planning factor for the active force. We use end strength guidance as part of the Retrograde, Reset and Redistribution (R3) process to determine the equipment that will be reset to fill shortages. Based on this planning assumption we are adding a 3rd maneuver Battalion to each of the remaining Brigade Combat Teams (BCTs); eliminating only BCT headquarters. Consequently, the density of major end items is not significantly affected by this force structure change.

The Army assesses Reset requirement annually and adjusts those requirements in concert with future force structure needs of the Army.

Mr. WITTMAN. General Mason, how would recent plans to add an additional maneuver battalion to certain brigade combat teams impact your reset plans?

General MASON. The addition of a 3rd maneuver battalion to a Brigade Combat Team (BCT) will not significantly impact our current Reset plans. The proposed active component force structure changes to 490k primarily affect a small number of equipment assigned to a BCT headquarters. The density of critical warfighting

equipment remains essentially unchanged. Consequently, BCT Battalion equipment currently deployed will still require Reset.

Mr. WITTMAN. How important are the HASC-provided increases in the FY14 reset accounts to your service? What are the impacts if that increase is not realized?

General MASON. The Army supports the FY14 President's Budget request. The addition of HASC provided increases help mitigate the deferred maintenance bill caused by sequestration. In FY13 we deferred ~\$716M of depot and field-level equipment Reset, postponing the Reset of nearly 700 vehicles, almost 2,000 weapons, over 10,000 pieces of communications equipment, Army prepositioned stocks, and numerous Soldier equipment and clothing items.

Mr. WITTMAN. There has been a lot of discussion about the impacts to the industrial base, both commercial and organic, caused by sequestration. How would you describe the current state of the industrial base?

General FAULKNER. Sequestration has had, and will continue to have, a deleterious impact on our Marine Corps industrial base. Under Secretary Hale testified in March 2013 that sequestration disrupted as many as 2,500 investment programs—driving up unit costs at the very time the Department is trying to hold them down. The persistence of sequestration will cause additional cost increases, schedule delays and adverse effects on our piece of the larger defense industrial base.

The Marine Corps relies on the non-Department of Defense base for much of the research, development, testing and evaluation (RDT&E) that nets us our advanced technology and systems. Sequestration is placing pressure on commercial industry's ability to maintain expertise in critical technologies and core competencies, as well as its ability to avoid contraction, which could lead to less cost-effective solutions in support of our warfighting capability. The small businesses the Marine Corps relies on, either as prime or sub-prime partners, are hard-pressed to absorb delays in receipt of contract awards. In order to stay in business, they will need timely and predictable contract award actions.

At Marine Corps Logistics Command (MCLC), our artisans perform repairs on the full spectrum of Marine Corps equipment. The MCLC workforce consists of skilled and seasoned artisans not found in commercial industry near our production plants. Many of these artisans require highly specialized, technical skill sets and certifications that are low-density in commercial industry and take years to develop. Examples include specialized metals and coatings workers, electro-optic workers, and engineers capable of design and fabrication of parts for our legacy systems that are no longer manufactured. If the Marine Corps is forced to make precipitous cuts to the MCLC workforce, it would take time to regrow the workforce and requisite skill sets, putting at risk our capability and capacity to surge in response to unforeseen contingencies.

Mr. WITTMAN. If resources become more limited, how will you prioritize reset funds between the Active and Reserve Components?

General FAULKNER. Reset funds are not prioritized between Active and Reserve Components. As a matter of course and based on well-established DOD OCO funding criteria, the Marine Corps annually requests OCO funds for projected war related expenses. The OCO funds provided by Congress support equipment maintenance on OEF equipment or new procurement to replace OEF combat losses. Once repairs are made or new procurement is received in the inventory, equipment is distributed to the Active and Reserve Components in accordance with the Commandant's equipping priorities.

Mr. WITTMAN. How have force structure reductions and composition changes impacted your reset plans? What respective end strengths are you using as planning factors? How can you be sure your reset plans meet the needs of the Army/USMC of the future?

General FAULKNER. The Deputy Commandant for Combat Development and Integration (CD&I) Department, determines the equipment requirements for our future force and registers those requirements as the Approved Acquisition Objective (AAO) within the Total Force Structure Management System (TFSMS). The Marine Corps Strategic Ground Equipment Reset Strategy approved by the Commandant on 1 Jan, 2012 was based on the future force of 186K. As those requirements change, the accompanying FY 17 Strategic Ground Equipment Playbook also changes and provides the operating forces and supporting establishment with detailed overview of revised Marine Corps requirements and disposition plans for equipment returning from Afghanistan. Equipment requirements are reviewed semi-annually by our Systems Command Program Managers and Depot Maintenance planners to ensure our planning efforts are consistent with the future direction of the Marine Corps.

Approved changes to force structure will also generate appropriate changes to associated equipment requirements. Those equipment changes will be reflected in

TFSMS and accounted for in the annual review processes mentioned above. This continuous review and revalidation process ensures our reset plans meet our future equipment requirements.

Mr. WITTMAN. How important are the HASC-provided increases in the FY14 reset accounts to your service? What are the impacts if that increase is not realized?

General FAULKNER. While the Marine Corps is grateful for Congress' continued support to reset Marine Corps ground equipment, additional funds for reset in FY 2014 would be difficult to execute in that our requested FY14 funding was carefully calculated based on anticipated types and amounts of planned equipment returning from Afghanistan. In FY13, the Marine Corps executed more than \$620 million for depot maintenance, including \$455 million for reset. The FY14 President's budget request for depot maintenance is \$811 million, including \$570 million for reset. This request reflects the anticipated reset requirement for FY14.

QUESTION SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. Our lease to utilize the transit center at Manas as part of the Northern Distribution Network is slated to end in 2014. I understand from your testimony that the PAK-GLOC ground route is preferable but any closure of the NDN would slow our retrograde effort. To that end, are we looking at possibilities of using air centers in Azerbaijan? Azerbaijan is an ally and I understand that they have expressed an interest in providing support to our retrograde efforts.

General MASON. Yes, we are currently using Baku, Azerbaijan to support our retrograde efforts. We have used Baku, Azerbaijan, as a multi-modal site for retrograde of non-critical/non-sensitive cargo out of Afghanistan since completion of Proofs of Principle in May 2013. The U.S. Transportation Command route allocation guidance dictates the minimum of 40 pieces of Rolling Stock (RS) transit Baku per month via the commercial multi-modal option and 36 pieces of RS transit Baku per month via the hybrid multi-modal option (military organic airlift and commercial surface lift). In addition, we plan to transition from Manas to a new passenger transit center in Mihail Kogalniceanu, Romania early next year in support Operation Enduring Freedom.

QUESTIONS SUBMITTED BY MR. LOBIONDO

Mr. LOBIONDO. I understand that the Army Aviation Fleet has been used very extensively during the 10 years of operation in theater ... some have said that they've been "rode hard and put away wet" ... but the Aviation RESET program has been very successful in repairing most of the wear on the aircraft once they come back from theater. However, regardless of how well the aircraft get reset we understand that the lifetime of these aircraft is getting used up faster than originally planned. With that as a backdrop, how long will you have to continue to conduct RESET after we've brought back the last of our aviation forces from Afghanistan? And how will sequestration impact this plan? Will we have to fund it for a longer period of time? Will our forces have to fly aircraft that have not been RESET? And will we continue to request Wartime Replacement Aircraft to backfill those that have been irreparably damaged during operations in support of OEF? An expedited response would be very much appreciated.

General MASON. The Army will require OCO Reset funding for three years after the last piece of equipment departs Afghanistan. Depending on the Reset scope of efforts, Aviation Reset timelines range from 6 months for repair of desert damage to 18-24 months for repair of severe combat damage.

Sequestration resulted in the deferment of 28 aircraft from FY13 to future years. We are unable to assess the full impact of sequestration until FY14 funding levels are known. This might result in extending the Reset timeline for aircraft beyond the original plan.

In order to meet Reset and training goals, every aircraft is Reset within 48 months of re-deployment. Thus, the Army will continue to utilize non-Reset aircraft to train crews as aircraft await induction; while at the same time, ensuring that our forces have the most reliable and capable aircraft.

We will continue to request wartime replacements for aircraft that have been damaged beyond economical repair.