

RECORD VERSION

STATEMENT BY

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CHIEF OF STAFF, UNITED STATES ARMY**

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GENERAL RAYMOND T. ODIERNO
38th Chief of Staff
UNITED STATES ARMY



General Raymond T. Odierno, assumed duty as the 38th Chief of Staff of the U.S. Army on 7 September 2011.

A native of Rockaway, New Jersey, General Odierno attended the United States Military Academy at West Point, graduating in 1976 with a commission in Field Artillery. During more than 36 years of service, he has commanded units at every echelon, from platoon to theater, with duty in Germany, Albania, Kuwait, Iraq, and the United States. After his first assignment with U.S. Army Europe, General Odierno was assigned to the XVIII Airborne Corps Artillery at Fort Bragg, N.C., where he commanded two batteries and served as a battalion operations officer.

General Odierno returned to U.S. Army Europe serving as a battalion executive officer and division artillery executive officer including deployment for Operations DESERT SHIELD and DESERT STORM. He later commanded 2nd Battalion, 8th Field Artillery, 7th Infantry Division, and the Division Artillery, 1st Cavalry Division.

From October 2001 to June 2004, General Odierno commanded the 4th Infantry Division, leading the division during Operation IRAQI FREEDOM from April 2003 to March 2004. From December 2006 to February 2008, he served as the Commanding General, Multi-National Corps – Iraq (III Corps) as the operational commander of the surge of forces. Later, he served as the Commanding General, Multi-National Force - Iraq and subsequently United States Forces - Iraq, from September 2008 until September 2010. From October 2010 until August 2011, he was the Commander of United States Joint Forces Command.

Other significant assignments include: Arms Control Officer, Office of the Secretary of Defense; Chief of Staff, V Corps; Assistant Division Commander (Support), 1st Armored Division; Deputy Commanding General, Task Force Hawk, Albania; Director of Force Management, Office of the Deputy Chief of Staff for Operations and Plans; and Assistant to the Chairman of the Joint Chiefs of Staff where he was the primary military advisor to Secretaries of State Colin Powell and Condoleezza Rice.

General Odierno holds a Bachelor of Science degree in Engineering from West Point and a master's degree in Nuclear Effects Engineering from North Carolina State University. He is a graduate of the Army War College and holds a master's degree in National Security and Strategic Studies from the Naval War College.

General Odierno is married to his high school sweetheart, Linda. They have three children: son Tony and his wife Daniela; daughter Katie and her husband Nick Funk; and son Mike. He and Linda also have three grandsons. His oldest son, Army Captain (Retired) Tony Odierno, is a combat veteran.

General Odierno's awards and decorations include four Defense Distinguished Service Medals, two Army Distinguished Service Medals, the Defense Superior Service Medal, six Legions of Merit, the Bronze Star Medal, the Defense Meritorious Service Medal, four Meritorious Service

Medals, the Army Commendation Medal, the Army Achievement Medal, and the Combat Action Badge.

The fiscal outlook which the U.S. Army faces today is dire and, to our knowledge, unprecedented. The Army has been in a state of continuous war for nearly twelve years – the longest in our Nation’s history. Today we have nearly 80,000 Soldiers committed to operations around the world with approximately 60,000 in Afghanistan. Nearly 1.5 million Soldiers have deployed and more than half a million have deployed multiple times, some as many as four, five, and six times. More than 4,800 Soldiers have given their lives on behalf of this Nation.

Due to the lack of predictability in the budget cycle, operations under a continuing resolution in Fiscal Year 2013 (FY13), and continuing uncertainty about the outyear cap reductions associated with sequestration, it is not possible for me to speak with certainty and specificity on the posture of the U.S. Army in FY14. Instead, I will explain the budget challenges the Army faces in FY13 and detail the impact of those budget challenges on military construction; installation sustainment, restoration, and modernization; our workforce; and our family programs. Finally, I will close with an explanation of the long term effects that fiscal uncertainty both today and in the outyears will have on the Army in FY14 and beyond.

Previous U.S. Army Budget Reductions

Before I describe the challenges we face this fiscal year, let me remind the committee of the actions we have taken to reduce spending in the Department of Defense over the past three years. In 2010, the DOD developed a ten-year plan to achieve nearly \$300 billion in efficiencies under Secretary Gates. To comply with the discretionary caps outlined in the Budget Control Act of 2011, the FY 2013 Budget proposed \$487 billion in DOD funding reductions over ten years, of which the Army’s share is estimated to be \$170 billion. Consistent with the drawdown of forces in Afghanistan and Iraq and in support of the 2012 Defense Strategic Guidance, the Army is reducing the authorized endstrength for active duty from a wartime high of about 570,000 to 490,000, the Army National Guard from 358,000 to 350,000, the U.S. Army Reserve from 206,000 to 205,000, and the civilian workforce from 272,000 to 255,000 by the end of fiscal year 2017 (FY17). This is a net loss of 106,000 Soldier and civilian positions.

By FY17, we will downsize our active component force structure from 45 Brigade Combat Teams to potentially as low as 32. On January 18th, we released a Programmatic Environmental Assessment describing the impact of potential force structure reductions across the Army. We began these force reductions in FY12 focused initially on our overseas formations. In 2014, however, we will begin significant force reductions in the United States.

In addition to personnel and force structure reductions, we have had to extend the timelines of our modernization programs and reduce the frequency of our training exercises putting us on the outer edge of acceptable risk for our future force and our ability to meet our National Security Strategy.

The actions we have taken in response to the 2012 Defense Strategic Guidance are independent of the continuing resolution and sequestration. However, the domestic impacts of these actions are only now beginning to be felt and will be magnified over the next several years.

Fiscal Year 2013 Budgetary Challenges

The fiscal crisis we now face is due in part to the fundamental lack of predictability in the budget cycle. The Department of Defense has operated under a continuing resolution for 14 of the last 28 months. Continuing resolutions create inefficiencies by prohibiting new starts and planned production rate increases for needed programs, limiting reprogramming actions, and delayed program execution. This uncertainty creates challenges in projecting future funding requirements that inform our annual budgets over time. The lack of predictability has been exacerbated by the threat of sequestration for the past year and a half. In FY13, we now find ourselves in the midst of a perfect storm created by a continuing resolution that puts funding in the wrong places, a shortfall in funds for overseas contingency operations due to higher than anticipated costs in theater, and sequestration. If not addressed, the current fiscal uncertainty will significantly and rapidly degrade Army readiness for the next five to ten years.

The FY13 continuing resolution has funded the Army's base budget at fiscal year 2012 levels, resulting in a shortfall of approximately \$6 billion in the Operation and Maintenance, Army (OMA) accounts relative to the President's Budget. In the absence of a full-year appropriation that reallocates funds where they are needed, the Army will need to reprogram the necessary funds across appropriations to address this shortfall and protect readiness as much as possible.

Under the continuing resolution, we also face an approximate \$5-6 billion shortfall in OMA Overseas Contingency Operations (OCO) funding for FY13 because of increased costs related to the war in Afghanistan. This impacts the preparation of units about to deploy, current operations in support of Operation Enduring Freedom (OEF), and our ability to reset equipment and personnel. In order to ensure our Soldiers are prepared, we have committed and will continue to commit to funding 100% of our operation and maintenance requirements for OEF. However, this exacerbates the funding shortfalls for the rest of the Army that is not deploying to Afghanistan, creating unacceptable readiness for the future.

In addition to the impacts that the continuing resolution and OCO shortfalls are having on the force, a sequestration order was issued on March 1, and a second sequestration order due to a breach in the FY13 discretionary caps is scheduled to be implemented on March 27. Using DOD planning assumptions for sequester, we estimate that sequestration will impose an additional challenge: a \$12 billion cut on the Army's budget in the remaining months of FY13, to include a more than \$5 billion cut in OMA, and approximately \$1 billion in the Reserve Component operation and maintenance accounts. The remaining \$6 billion will be taken across the board from our procurement; Research, Development, Test, and Evaluation (RDTE); and military construction accounts.

While budgetary uncertainty negatively affects each of the Army's operating and investment accounts, our OMA account is the most heavily burdened. Together, the continuing resolution, increased cost of OCO operations, and sequestration will equate to an \$18 billion shortfall in the OMA account for the final seven months of FY13.

As always, our priority will be to ensure that all Soldiers in Afghanistan and those next to deploy are prepared and ready. We will ensure that the Forces in Korea are properly equipped and ready. We will continue to fund all programs related to Wounded Warrior care. Then we will determine if we have sufficient funds to continue training the Global Response Force at Fort Bragg and other locations. These priority efforts account for 43% of our OMA but apply to

only 20% of the force. The remaining 80% of the force will have to absorb the \$18 billion shortfall out of the OMA funds available during the last seven months of the fiscal year. What that means is that we will curtail training for 80% of the force and dramatically reduce installation sustainment. Even with training and sustainment spending curtailed, we expect our accounts will be exhausted before we reach the end of the fiscal year. The impact will translate into significant readiness issues through FY14 and beyond, and put at risk our ability to deploy forces to meet all contingency operations.

Fiscal Year 2013 Impacts to Military Construction (MILCON) and Army Installations

Military Construction Overview

The FY13 continuing resolution impacts 102 projects that are scheduled for award in 35 states and additional overseas locations. Until the Army receives an appropriations measure with new start authority, we are restricted from initiating any FY13 projects. The FY13 continuing resolution does not allow for the construction of new-start projects including:

- Barracks at Fort Hunter-Liggett, CA; Schofield Barracks and Wheeler Army Air Field, HI; Orchard Mates Readiness Center, ID; Fort Campbell, KY; Fort Leonard Wood, MO; Sea Girt, NJ; Camp Gruber, OK; Fort Jackson, SC; Joint Base San Antonio, TX; Camp Williams, UT; Fort Lee, VA; Joint Base Lewis-McChord, WA; and Camp Ederle, Vicenza, Italy;
- Army training and firing ranges at Fort Wainwright, AK; Joint Base Elmendorf-Richardson, AK; Fort McClellan, AL; Fort Hunter-Liggett, CA; Fort Carson, CO; Camp Blanding, FL; Fort Gordon, GA; Fort Stewart, GA; Wheeler Army Air Field, HI; Camp Dodge, Johnston, IA; Fort Campbell, KY; Fort Devens, MA; Arden Hills Training Site, MN; Fort Bragg, NC; Joint Base McGuire-Dix-Lakehurst, NJ; Fort Sill, OK; Fort Knox, TN; Fort Bliss, TX; Fort Hood, TX; and Joint Base Lewis-McChord, WA.
- The Water Treatment Plant at Joint Base Lewis-McChord, WA; and
- The Satellite Communications (SATCOM) Facility in Japan.

Under sequestration and a full-year continuing resolution, the Army will reduce all MILCON by 7.8% which equates to a \$567 million reduction to FY13 and unobligated prior-year accounts. For FY13, there are no anticipated MILCON project cancellations or radical downsizing of ongoing projects. In the event project cancellations are required due to sequestration, we will prioritize projects to determine which ones to defer or cancel.

Domestic Military Construction: West Point Barracks and Arlington National Cemetery

Two of the Army's top construction priorities are the renovation of the nine existing buildings that constitute the Cadet Barracks complex, and the construction of a new cadet barracks at the United States Military Academy (USMA) at West Point. The existing barracks are in a deteriorating state of repair due outdated mechanical systems, water infiltration, failed electrical and plumbing infrastructure, and antiquated fire protection systems. Barracks also do not meet current life, health, safety codes or gender equity requirements. For this reason, the 2013 National Defense Authorization Act (NDAA) required a comprehensive plan to address all the aging barracks. Renovations under the nine year Cadet Barracks Upgrade

Program (CBUP) were to commence in FY13, however, due to shortfalls in the OMA account, the Army will likely defer the \$50.5 million renovation of Scott Barracks and delay the entire renovation plan. In addition, the 2013 NDAA authorized the construction of a new Cadet Barracks, the first since 1965, to address the admission of women in 1976, the expansion of the U.S. Corps of Cadets in 2006, and the re-purposing of rooms for education and leader development. However, the lack of a FY13 appropriations measure with new start authority puts this project in jeopardy, perpetuating cadet overcrowding and further deterioration of our barracks and facilities.

Unless the Army receives appropriations requested in the FY13 budget for Arlington National Cemetery, the ability to continue burying our Nation's Veterans at the Cemetery will be at risk within 10 years. Without the \$84 million requested for the Millennium project, construction will not begin on this critical expansion of ANC. This fiscal year's budget also included a request of \$19 million for planning and design of the expansion in the former Navy Annex footprint. Delays in funding for the expansion projects could result in a lapse in Arlington's ability to intern Veterans beginning in 2024. Further in the event of a full year CR for FY13, ANC funding will be reduced to \$45.8 million from the requested \$173.8 million, resulting in a complete failure to fund either critical expansion projects.

Overseas Military Construction

We have endorsed and made significant progress over the past seven years in our efforts to reduce our footprint in Europe and return Army units stateside. However, ongoing budget reductions and sequestration put this progress in jeopardy. In 2006, there were 22 garrisons with 235 sites that supported 54,000 Soldiers. From 2006-2013, we have closed six garrisons, 106 sites, and returned over 28,000 acres back to host nations. Today, there are 12 garrisons with 130 sites. To date, we have been on track to achieve our 2016 goal of seven garrisons with approximately 75 sites supporting about 30,000 Soldiers. However, a reduction in FY13 Sustainment, Restoration, and Modernization (SRM) funds will delay the projected closure of 12 sites at a cost of \$22 million.

A failure to close bases in Europe as planned will have profound secondary and tertiary effects. A lack of funding will delay the consolidation of the US Army Europe (USAREUR) headquarters at Wiesbaden which once complete, would yield \$112 million in savings annually. Unit inactivations that are already underway and affect over 5,000 Soldiers will be slowed. For example, we may delay the move of the 42nd Engineer Company from Bamberg, Germany to Fort Knox, KY and the relocation of the 99th Movement Control Team from Aviano Air Base, Italy to Fort Eustis, VA. These delays will increase base sustainment funds by an estimated \$66 million for every year the projects or moves are deferred.

Consolidation and realignment for U.S. Forces Korea (USFK) is proceeding as planned. In 2004, there were four US Army Garrisons, with 91 sites on 26,000 acres, supporting a peak of about 32,000 Soldiers. From 2004 to 2013, we have closed 31 sites and returned nearly 7,300 acres to the Republic of Korea; today, there are 60 sites supporting 19,180 Soldiers. Construction associated with the Land Partnership Plan to relocate 2nd Infantry Division and the Yongsan Relocation Plan, to move the headquarters of USFK and 8th U.S. Army, are on pace for completion in 2016. To date, we are on track to achieve our 2016 goal to consolidate

into two garrisons with 38 sites occupying approximately 13,000 acres – an approximate 50% reduction in the Army footprint since 2004.

Installation Sustainment

We are in the process of reducing our base sustainment funds by \$2 billion in FY13, a 70% drop from what has been historically required to run our installations. This means even bare minimum maintenance cannot be sustained. In the event of water main breaks, clogged sewage, water damage, or power failure, there will not be adequate funding to repair these facilities, which would likely result in closure and personnel relocation. This also translates into an estimated 100,000 facility work orders per month that will not be executed, which places the Army on an accelerated slippery slope where our buildings will fail faster than we can fix them and long term additional repair costs are far beyond those needed for preventative maintenance.

Sequestration will impose a \$44.7 million cut to our family housing program. We will be forced to reallocate funding between subaccounts to ensure payment for utilities and leases are covered. Primary sources for funding would be maintenance and repair, furnishings, and housing services accounts which will result in the continued deterioration of failing housing units and a backlog in repairs and maintenance.

Due to the FY13 shortfalls in OMA I have described, Army energy projects funded through Sustainment, Restoration, and Modernization (SRM) funds, to include upgraded energy efficiencies, utility system modernizations and small renewable projects, will also be deferred. As a result, future Army utility bills will be higher than forecasted and critical energy security investments will be deferred. The Army will continue to support energy efficiency and large scale renewable energy projects utilizing third-party financing to the extent possible. However, our sustainability efforts will be significantly scaled back, further increasing future expenses for waste removal, water conservation and land use.

We are on target to meet DOD goals for cleaning up sites on our installations, and we continue to manage environmental compliance requirements despite operating in a constrained resource environment. However, at BRAC sites, environmental and other caretaker actions could be impacted by sequestration in several ways. For example, civilian furloughs and reductions to the contractor personnel who oversee and execute the BRAC program will delay the staffing of documents, permits, policy approvals, contracts, and other actions to complete base closures. The Army will continue to prioritize available funding first towards program management and caretaker requirements, and then towards legally required environmental clean-up activities. We will ensure that the immediate safety of human health and the environment is a priority.

Restoration and Modernization

Due to the combined shortfalls in OMA, all restoration and modernization (R&M) projects in FY13 will be deferred. Listed below are those projects most significantly impacted.

- The Training Barracks Upgrade Program (TBUP), which consists of twelve projects at eight installations, is closely coordinated for the scheduled training capacity at specific

installations for both Basic and Advanced Individual Training. A delay in the start of these projects is likely to impact future training schedules.

- The deferral of pavement repairs at Pope Army Airfield, Fort Bragg, NC will impede airfield deployment operations and could force deployment from remote airfields at greater cost and significant operational risk.
- The deferral of hangar upgrades associated with the establishment of the 16th Combat Aviation Brigade at Joint Base Lewis-McChord, WA will impede aircraft maintenance and safety for units required to remain in sub-standard hanger space that does not meet operational needs.
- The deferral of the Aberdeen Proving Ground Waste Water Treatment Plant, the last of the Army treatments plants to be repaired, will have significant second and third order effects for local units and communities. The installation is currently not meeting environmental discharge requirements into the Chesapeake Bay. Failing to take corrective action will risk significant fines in addition to impacts to the environment and community relations.
- The deferral of improvements to the unreliable lighting systems at Redstone Arsenal Airfield (RAAF), Huntsville, AL has resulted in the frequent diversion of inbound flights to other surrounding airports, negatively impacting RAAF's ability to support tenant mission requirements.

Deferral of these high visibility R&M projects magnify already-verified infrastructure risks, invite more costly repairs in the future, and cause economic hardship upon the affected communities. Cuts to facilities sustainment, restoration and modernization may provide modest costs savings in the near term. However, the costs to the Army will increase the longer sustainment is deferred and conditions are allowed to degrade. In the extreme, it is possible that facility conditions could degrade to the point where more costly military construction would be required to replace a facility because restoration is no longer possible. This is a great concern with National Guard and Army Reserve facilities.

Contracting

We have initiated an Army-wide service contract review to identify savings and we are taking action to potentially reduce or terminate all non-essential contracts in coordination with our commands. These contracts support a myriad of programs, including facility maintenance, education and training, medical support, and equipment and provide thousands of jobs across our Army installations. Many of these contracts provide direct support to our Soldiers, civilians, and their families; their cancellation will cause backlogs in services rendered at our hospitals, our education centers, our schools, and our child development centers. Once a contract is terminated, it takes at least 150 days to restart a cancelled program, increasing the workload on an already taxed acquisition workforce, and increasing costs of the program in the short term.

Workforce

We have initiated planning to furlough up to 251,000 civilians for one day a week for twenty-two weeks, in full recognition of the risks of decreased productivity, morale, and the loss of 20% of their pay while furloughed. In addition to the hardship this poses to our

dedicated workforce, this furlough will have an immediate trickle-down effect as the majority of these civilians are located throughout the U.S. on our posts and stations, and their spending directly impacts local economies and contributes towards state and local taxes. Although we will endeavor to protect critical services as much as possible, any furlough would have an immediate impact on fire and emergency services, law enforcement, airfield operations, and all of our Army family programs.

We are terminating an estimated 3,100 temporary and term employees and have directed an immediate Army-wide hiring freeze. These employees typically fill gaps in our installation services such as Army substance abuse programs, law enforcement, physical security, public works, and installation education programs. This hiring freeze, in addition to the reductions of approximately 900 service contracts, will prevent us from addressing the effects of natural attrition, potentially causing Soldiers and Civilians to perform duty in fitness centers, personnel service retirement service, housing referral service offices, grounds maintenance, custodial work, dining facilities and logistical support. Using Soldiers for duties outside their Military Occupational Specialty will detract from training and readiness.

Family Programs

One of our greatest concerns is the degree to which Army Family Programs will be affected by workforce reductions, cuts to base sustainment funding, and the elimination of contracts. We will make every effort to protect these programs to the greatest extent feasible. If sequestration takes place, we must prioritize funding for civilian pay, installation utilities, and key life health and safety services first. We will be required to find cost savings through the termination of contracts and other reductions to family programs.

For example, our valued civilian employees represent as much as 60% of the workforce at many Army medical treatment facilities – three times that of our Sister Services. In addition, the Army provides 48% of all DOD civilian and military medical services. The imposition of an across-the-board furlough will disproportionately hurt Army medical services as compared to impacts on other Services' medical services. Wounded Warriors have first priority for health care and are covered by an enhanced access standard under the Army Medical Action Plan. The Army Surgeon General's guidance to our Army treatment facilities is to internally realign staff to cover civilian absences in our most critical programs, to include Warrior Care, behavioral health, and the Integrated Disability Evaluation System. However, it is likely that significant second order impacts will be felt by our Soldiers, their Family members, and the rest of our beneficiary population who will experience degraded access to care and the potential dissatisfaction with our system as non-urgent care is deferred to the network. FY13 budget reductions coupled with the loss employees will require that we prioritize patient care and defer funds for Medical Treatment Facility equipment and facilities maintenance.

The loss of temporary, term, contractor employees and permanent employee workdays due to civilian furloughs will affect the delivery of services at Army Community Service, in programs like Army Family Team Building, spouse employment services, victim advocate support to domestic violence victims, survivor outreach support to our surviving family members, critical family and new parent life skill development programs, and support to Families with special needs children. Child Development Centers (CDCs) will likely lose flex and hourly childcare support, and will likely reduce hours based on the Army wide hiring freeze, looming furlough, and funding reduction.

Long Term Effects of Fiscal Uncertainty and Budgetary Cuts

End Strength

In addition to the immediate impact of sequestration for FY13, the lowering of discretionary caps for FY14-FY21 will have long term impacts that extend beyond the current fiscal year. In order to maintain a balance between end strength, readiness, and modernization, the Army will have to reduce additional 100,000 personnel across the Active Army, Army National Guard and U.S. Army Reserve. This will generate, at a minimum, a total reduction of 189,000 Soldiers in the coming years, but the figure will probably be closer to 200,000.

Installations

The planned reduction of 14% of the Active Army's endstrength to 490,000 by the end of FY17 will create excess US-based installation infrastructure. Since 2005, as we reduced installations overseas, many units relocated back to the United States. For example, Forts Benning, Bliss, Bragg, Carson, Knox, and Riley received approximately seven million square feet of additional infrastructure to host and support these units returning home from overseas. The additional capacity here at home was important because it helped the Army transform from a division-based force into modular Brigade Combat Teams.

With sequestration triggered, we face additional and significant reductions in the annual funding caps limiting defense budgets for the next nine years; these reductions would cause reductions in military and civilian endstrength. A future round of base realignment and closure (BRAC) would be essential to identify excess Army infrastructure and prudently align civilian staffing and infrastructure with reduced force structure and reduced industrial base demand. BRAC would also allow for a systematic review of existing DOD installations to ensure effective Joint and multi-service component utilization. If we do not make the tough decisions necessary to identify efficiencies and eliminate unused facilities, we will divert scarce resources away from training, readiness, and Family programs and the quality of our installation services will suffer.

The Risks of a Hollow Force Tomorrow

If sequestration is not reversed, the Army will begin to grow "hollow" within months. A hollow force is one in which there is prolonged and disproportionate investment across manpower, operations and maintenance, modernization, and procurement without corresponding adjustments to strategy. The Army, without adequate funding, will be forced to make resourcing decisions that would only accelerate and compound inequalities and risk in the force to other operational plans in the future. The out year reductions in budget caps associated with sequestration would extend these problems. Some examples:

- Available personnel would be shifted from non-deployed to deploying forces in order to meet operational demands. This would exacerbate personnel shortfalls more and more each month and place combatant commander operational plans at higher risk.
- Equipment would be migrated from non-deployed to deploying forces in order to fill shortages due to incomplete reset and redistribution, or shortages arising from the lack

of equipment retrograded from theater. Again, this would jeopardize combatant commander operational plans in an ever-increasing manner each succeeding month.

- Shortage of repair parts would drive cannibalization and reduced training events will significantly impact our ability to build readiness. This would have a compounding effect on the capability of our equipment and the effectiveness of Army units.
- Soldier training. Perhaps no other example is as important. We would not be able to fully train our Soldiers, whether through individual professional military education nor collective unit training, in a way that would enable them to operate successfully in a joint, interagency environment across the range of military operations (from stability operations to decisive action). After the current fiscal year, the deficit in trained forces will place us in jeopardy of being unable to meet the requirements of our higher end war plans.

Such a force will grow in “hollowness” each month that the Army is forced to re-distribute resources, funding, and training, most importantly Soldiers from non-deployed forces to support current operations without the necessary resources to prepare for contingency operations.

The Army’s Future Readiness

Ladies and Gentlemen, the fiscal uncertainty caused by repeated continuing resolutions and the implementation of sequestration is not in the best interest of our country, our Soldiers, or our national security. The lack of a fiscal year (FY) 2013 Appropriation bill from Congress and continued funding through a Continuing Resolution at FY12 appropriation levels prevents the Army from prioritizing funding for current readiness and critical sustainment functions. This effect will cascade into FY14, creating readiness problems in that year and beyond. If not given relief through passage of either an appropriation or a CR that realigns funding, the Army will not be appropriately resourced to ensure a balanced trained, equipped and ready force, which will put our ability to meet wartime needs and Combatant Commander requirements’ at significant risk.

Sequestration will affect over 300,000 Army civilian and contracting jobs and have an estimated economic impact of \$15 billion across all Army installations. If all nine years of severe budget reductions that began to go into effect on March 1 are realized, it will take the Army five to ten years to fully recover readiness to the level we and the American people expect it to be. While all of these trends are ultimately reversible, the critical variable is time. Maintaining a capable and ready Army is not like flipping a light switch; it takes years of effort by a large number of dedicated professionals. Sequestration will take that time away from us.

The complexity of the cumulative effects of the sequester and the FY13 budget request as compared to the full year CR requires a comprehensive solution. The Army requests support to move funding within and across Appropriations, including moving funding between Budget Activities (BA), Sub Activity Groups (SAG), Program Elements (PE), Projects, Programs, Accounts, Standard Study Numbers (SSN) and Budget Line Item Numbers (BLIN) for all Army Defense and Military Construction Appropriations. I must stress, however, that fiscal flexibility, while essential, is not sufficient to avert the problems we face. Even if we get relief from current restrictions, the budget reductions in FY14 and beyond that are associated

with sequestration will pose a significant risk to readiness and will force us to reconsider the Army's ability to execute its obligations under the Defense Strategic Guidance.

We have a talented, committed, experienced, well-led, and professional force. Our Army has performed its missions in Iraq and Afghanistan with great proficiency, professionalism, and courage. We cannot take the readiness of our force for granted. We cannot send our Soldiers into combat unprepared. If we don't have the resources to ensure their readiness, our Soldiers will be the ones who pay the price. It is inconceivable to me that we will put this burden on the shoulders of those who have sacrificed so much during nearly twelve years at war.

Mr. Chairman, Members of the Committee: Thank you again for the opportunity to testify before the committee. The Army leadership understands the seriousness of our country's fiscal situation, but we need a legislative solution that averts sequestration and gives our leaders the flexibility to work with the resources you provide to shape our Forces for the future. We will be good stewards of the resources you give us. It is an honor to serve this great Nation and stand beside the dedicated professionals of our Army.

The strength of our Nation is our Army
The strength of our Army is our Soldiers
The strength of our Soldiers is our Families.
This is what makes us Army Strong!

I look forward to your questions.