

**RECORD VERSION**

**STATEMENT BY**

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**BEFORE THE**

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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 58,000 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.

The magnitude of today's fiscal uncertainty will have grave consequences for our Soldiers, our civilians, and our families who have sacrificed so much over the past decade. We cannot put the weight of these cuts on their shoulders. If nothing is done to mitigate the effects of operations under a continuing resolution, shortfalls in our funding of overseas operations due to emerging costs in theater, and the enactment of sequestration, the Army will be forced to make dramatic cuts to its personnel, its readiness, and its modernization programs, putting our national security at risk.

### **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. With the end of the Afghanistan and Iraq wars and the development of DOD's new defense strategy, 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 to adapt 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 the threat of 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 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 is scheduled to be issued on March 1, and a second sequestration order due to the 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 (RTDE); 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.

### **Risk Mitigation in Fiscal Year 2013**

Given these challenges, the Secretary of the Army and I have taken the following steps to reduce our expenditure rate and mitigate, to the extent possible, the risk to current and future fiscal year budget execution:

- We will curtail training for 80% of our force and have already cancelled all but one of the Brigade Maneuver Combat Training Center (CTC) rotations for non-deploying units in FY13. Combat Training Center rotations ensure Army units receive specific training tailored to the operational requirements the unit will execute on deployment. Our inability to train non-deploying units will degrade our units' readiness posture and inhibit the progressive build of unit capability to meet FY14 and beyond missions, emergent requirements, and timelines associated with Combatant Commanders' war plans. Even if funds become available this year, we cannot reschedule units who have missed training until they rotate through the Army Force Generation (ARFORGEN) cycle in two years. Ultimately, sequestration will impact our ability to provide properly trained soldiers to Afghanistan in 2014.
- 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.
- 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.

The Army provides 48% of all DOD civilian and military medical services. 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 – and 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.

- We are making plans to cancel 3<sup>rd</sup> and 4<sup>th</sup> quarter depot maintenance. As a result, we are terminating employment of an estimated 5,000 temporary, term, contractor, and, through Voluntary Early Retirement Authority/Voluntary Separation Incentive Pay, permanent employees due to the reduced Depot Maintenance workload. We will reduce Army purchase orders with 3,000 companies, of which 37%, or approximately 1,100, may consequently face moderate to high risk for bankruptcy. The reduction in maintenance will delay equipment readiness for six Divisions (3<sup>rd</sup> Infantry Division [Georgia], 4<sup>th</sup> Infantry Division [Colorado], 10<sup>th</sup> Mountain Division [Louisiana and New York], 25<sup>th</sup> Infantry Division [Alaska and Hawaii], 101<sup>st</sup> Airborne Division (Air Assault) [Kentucky and Tennessee] and 82d Airborne Division [North Carolina]). These delays will halt the reset of 1,000 Tactical Wheeled vehicles, directly impacting Red River Army Depot [Texas and Arkansas]; 14,000 communication devices, directly impacting Tobyhanna Army Depot [Pennsylvania]; and 17,000 weapons. The delay will also defer post-combat equipment repair in Active and Reserve units for three to four years following redeployment. If sequestration triggers budget reductions over the full 9 years outlined in the Budget Control Act of 2011, we believe over 10,000 employees in Army Materiel Command will be affected, further reducing our life cycle maintenance capability, deferring and reducing readiness throughout the Active Duty, National Guard and US Army Reserve.
- We are reducing institutional training across the Army. This will result in a backlog across our education and individual training courses well into FY14 and shortfalls in critical specialties.

For example, we will curtail seven courses that support our Homeland Defense/Civil Support Mission resulting in a shortfall of over 1,600 trained operators and severely degrading the entire Chemical, Biological, Radiological and Nuclear Response Enterprise. These teams require all unit members to be trained and certified with specific individual certifications tied to both National Fire Protection Agency standards and public law for operations in the Homeland. There are no other courses within the Army or the Joint Forces that provide this level of certification.

We will cut 37,000 flying hours from our aviation training at Fort Rucker, which will create a shortfall of over 500 aviators by the end of FY13 and will create a backlog at flight school that will take over two years to reduce. We are curtailing sixteen military intelligence training courses, resulting in over 4,000 fewer Soldiers with the intelligence skills the Army requires. At Fort Sill, we will have to cancel fifteen Field Artillery Advanced Individual Training courses. Soldier training for recruiting duties will be curtailed in March resulting in over 900 untrained recruiters.

The Army Corps of Engineers will reduce training slots at the Prime Power School, which is a major part of the Army's contributions to the Department of Defense's capabilities for disaster response. Over time, reductions in training to critical specialties will decrease the Active Army, the Army National Guard, and the U.S. Army Reserves' responsiveness to crises and natural disasters in communities across the United States.

We are cancelling attendance at some of our mid-career officer and noncommissioned officer training programs across the Total Army including the Captains Career Common Core Course, Intermediate Level Education, and Noncommissioned Officer Education System (NCOES) common core. This will add to the already tremendous backlog of midgrade officer and NCO education that has built up during the almost twelve years of war.

We have curtailed our civilian professional development training and education. This will cause an interruption in our intern training programs, reducing the pipeline and the functional and technical competency of the next generation of our Army civilians. It will also delay or eliminate civilian education and training opportunities – from entry level to senior management courses – impacting the growth and development of the Army's future civilian leaders at all levels of government service.

- 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.

All restoration and modernization projects in FY 2013 will be eliminated including renovations to the United States Military Academy Cadet Barracks, the Training Barracks Upgrade Program that consists of 12 projects at 8 installations, and the completion of relocation plans and projected closures in Europe. All projects under the Army Energy Program, to include upgraded energy efficiencies, utility system modernizations, and small renewable projects, will also be cancelled. We have postponed all new construction projects including the Arlington National Cemetery expansion. The award of all new construction projects, including the Arlington National Cemetery expansion, is delayed as a result of the continuing resolution.

- 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.
- Army Family Programs are a priority and will be protected to the extent feasible. However, on our installations, civilian furloughs, reductions in base sustainment funding, and the elimination of contracts will strain our ability to protect Army Family Programs. If sequestration takes place, we must take care of civilian pay beyond what is reduced

due to furlough, utilities, and key life health and safety services first which will require us to find cost savings through the termination of contracts and other reductions to Family programs.

For example, 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. The Army-wide hiring freeze will prevent us from addressing the effects of natural attrition, potentially causing Soldiers to perform duty in fitness centers, personnel service retirement service, and housing referral service offices.

Tuition assistance could face significant reductions because it is paid with funds from base-budget Operations and Maintenance (O&M), which will be reduced in order to protect OCO requirements. While existing tuition assistance agreements will be honored (i.e. for those currently enrolled in class or those approved prior to sequestration), future enrollments will likely be curtailed.

- Our National Guard and Reserve will experience cuts of 22% and 50% respectively in their medical readiness accounts. For example, we have cancelled pre-mobilization medical support for nearly 200,000 Army National Guard and U.S. Army Reserve Soldiers, which will degrade reserve unit readiness and increase post-mobilization training costs.
- We will curtail Operational Test and Evaluation operations affecting program of record development and fielding schedules which will add costly delays to critical acquisition programs and the fielding of equipment to Soldiers. Particularly in the areas of networking capability and precision munitions, we will experience delays in key network programs such as the Warfighter Information Network-Tactical (WIN-T) and the Joint Battle Command-Platform (JBC-P).
- We are reducing our Science and Technology (S&T) programs by approximately \$300 million. We anticipate making reductions to our support contractors, and reducing programs with our academic and industry partners across all fifty states and the District of Columbia. The Assistant Secretary of the Army (Acquisition, Logistics, and Technology) [ASA(ALT)] provided an assessment to the Assistant Secretary of Defense (Research and Engineering) on 1 February 2013 detailing the impact to Department of Defense research priorities.
- The impact of the year long continuing resolution and sequestration will have significant near and long term impacts on U.S. Army Special Operations Command (USASOC) and their ability to support special operations throughout the world. It is important to note that the global operational tempo of USASOC and other service components of the U.S. Special Operations Command (USSOCOM) is not projected to decrease in the near-term. USASOC, like many Army commands, will be impacted by reduced funding for the depot repair of Army common equipment (non-aviation) and common stock-funded items that support both unit-level maintenance and unit training. USASOC anticipates that it will be able to manage shortfalls in equipment readiness in the near-

term with moderate risk; but if sequestration cuts and the associated out year cuts persist, USASOC will face increasing levels of risk starting in FY14. Reduced funding for USASOC training will reduce training opportunities at the Combat Training Centers and at home station. This will again impact readiness in the near term and, as these conditions persist, create a greater cumulative effect on readiness that will take significant time and resources to recover from.

## **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.

If we must further reduce the size of our force, we must be allowed to manage it carefully in order to take care of our soldiers and families, meet our contingency requirements, and balance readiness and modernization. Any reduction below 490,000 active duty Soldiers can only be made with the Nation and its leaders fully aware of the risks—to include tradeoffs in modernization and readiness—and how those risks may directly affect our ability to win our Nation's wars. Full enactment of sequestration over the next nine years will draw the Army below the level required to support the current military strategy and could drive personnel actions that could break faith with our Soldiers. In short, if sequestration occurs, future end strength reductions will be driven by budget constraints.

Sequestration will continue to affect our valued civilian workforce, which would likely absorb cuts that would be sized proportionally to the cuts in our uniformed military endstrength. Sequestration threatens the civilian workforce with enormous uncertainty, and may to some extent encourage the most capable to seek more predictability through employment outside the Department, resulting in the loss of critical continuity and stability that our civilian employees provide to the uniformed force that rotates on a routine basis. Our dedicated civilians do not deserve to be furloughed; it is simply not right. However, furloughs, a tool of last resort, will have to be used to achieve the mandated savings.

### *Infrastructure*

Given that total facility square footage at Army installations has either remained constant or slightly increased since 2005, a reduction of 14 percent of the Army's endstrength is likely to create excess US-based installation infrastructure. A future round of base realignment and closure (BRAC) would be essential for the Army to identify excess infrastructure and prudently align supporting civilian personnel 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.



## *Readiness*

The losses in training and readiness we accrue in FY13 mean that we start FY14 already at a marked disadvantage. One of the primary challenges we face over the next five years is to re-orient our force to the broader array of missions we may face in the years ahead, whether it be countering weapons of mass destruction (WMD), cyberspace operations, support to civilian authorities, or deterring and defeating aggression. To get our leaders and their formations to the state of preparedness we need, we must train hard on a wide number of tasks at our home station and at our combat training centers. Many of our leaders and their units will be conducting these tasks for the first time, meaning that we actually need to invest in longer periods of training to achieve proficiency.

It is critical to understand that collective training skills degrade quickly over time and require not only initial certification training but also resources to sustain the required level of training readiness. We will only be able to train to squad and platoon level and will be limited in our ability to train to company, battalion and brigade level. The longer our units are not able to conduct collective training at our Combat Training Centers, the risk to the force will increase exponentially. Sequestration will place in jeopardy our ability to achieve this readiness, so we will have to fundamentally reconsider whether the Army has the ability to support Defense Strategic Guidance. The consequences of only training those units intended for OEF and Korea will be profound. The Resultant creation of a pool of unready units means that should a contingency arise, there may not be enough time to avoid sending forces into harm's way unprepared.

We succeeded in recent years to bring personnel readiness in the Army National Guard and U.S. Army Reserve from 40% up to 70%; that readiness will rapidly drop, and indeed the degradation has already begun. Let me emphasize that these readiness issues are not limited to the Active Component. They will hit the Total Army. In fact, the reduction in overseas deployments which has sustained our reserve readiness over the past twelve years may result in us being unable to maintain our Operational Reserve.

## *Modernization*

The long term nature of sequestration puts every one of the Army's ten major investment priorities in jeopardy including vital network, combat vehicle and aviation modernization programs. The industrial base associated with supporting the Army is also likely to make cost-benefit decisions about where best to be competitive, with the attendant decline in developing and producing the equipment our soldiers need. We will also be finalizing the withdrawal of the bulk of our equipment from Afghanistan, which, along with equipment still being reset from Iraq, will require additional investment to return to full use.

For example, the combined impacts of the sequester and a full year continuing resolution would significantly weaken Army Aviation and would take years to overcome.. Some illustrative examples of the adverse impacts on critical aviation systems are the Chinook, Apache, Kiowa Warrior and Common Infrared Counter Measure (CIRCM) programs. For our special operations community, the deferment of depot maintenance will result in 50 special operations platforms that will not be reset to their pre-deployment condition. The longer these budget conditions persist the greater the risk becomes and the longer it will take to

recover special operations capabilities. Commanders in the field do not have the funds or the capability to reset these aircraft.

### *Leader Development*

Additionally, leader development will continue to be shortchanged. While we can recruit and train soldiers in relatively short order, we cannot build their leaders in a similar time span. The professional non-commissioned and commissioned officers who carry the Army across the years need the benefit of not only- serving in units that train for and conduct wide ranging missions but also the professional education that deepens their knowledge of and commitment to the profession. Without that education, we risk the loss of our intellectual seed corn for the future.

### *A Hollow Force Today and Tomorrow*

If sequestration were allowed to occur, the Army would 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, would 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 outyear reductions in budget caps after FY 2013 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 was 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. Our inability to put our fiscal house in order is resulting in the cancellation of training today and the firing of 3,100 valuable temporary and term civilian employees today. 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 go into effect starting March 1, 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 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.

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, budget reductions in FY14 and beyond from triggering 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.