House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies Holds Hearing on the Proposed Fiscal 2013 Appropriations for Military Construction Programs

March 1, 2012

CULBERSON:

The House Appropriations Subcommittee on Military Construction, the V.A. will -- will come to order.

It's a real privilege to be here this morning with the Chairman of our Joint Chiefs, we're honored to have you here, gentlemen. Thank you for your service to the nation.

We're of course here this morning for an overview hearing on the Department of Defense fiscal year 2013 budget request for military construction, family housing and we look forward to your testimony. I know there's a lot of questions and I will welcome an opportunity for my friend, Mr. Bishop to make any brief statement he'd like to and then we'll just -- we'll move right in to the testimony because I know we all have -- have many questions for you.

Thank you.

BISHOP:

Thank you very much, Mr. Chairman.

I too would like to welcome this distinguished panel. I look forward to discussing the F.Y. '13 MILCON budget in detail this morning.

First I'd like thank all of you for your continued service to our nation. You're truly deserving of our affection and our support.

As you all know, Congress passed a bipartisan basis the Budget Control Act which reduced the defense spending by nearly half a trillion dollars over ten years. The department responded with a new strategy and a new program to meet our nation's security challenges and to preserve our military capabilities.

On our first glance, the -- the budget numbers are low and I have some concerns about the numbers.

Mr. Chairman another item that concerns me is -- is BRAC, as you know the administration has called for two more BRAC rounds and in my view, before we consider another round of BRAC that probably should take a hard look at further reductions and bases that can be made overseas.

For example, in Europe while the department's announced the removal of two of the four combat brigades, even after the brigades are withdrawn, there'll still be over 70,000 U.S. military personnel deployed in Europe. I think that finding further reductions and consolidations in our overseas force should probably be our first priority before another BRAC round on top of the round we just completed in September.

Don't take this as me saying I don't support overseas MILCON because I do support the strategic goals of a U.S. regional military posture that will be able to quickly address threats around the world. For example, I -- I support the realignment of the Marines in Okinawa but I believe this realignment should avoid excessive costs that are associated with a large and elaborate new base.

The announcement last month that the United States and Japan are reconsidering elements of the plan is welcome news but I believe that we should still proceed with caution to make sure that the move is done in an efficient manner and that it doesn't compromise readiness.

There's some other challenges of course. There's a strong bipartisan determination on the subcommittee, though. We have to do all that we can to make sure that our military has everything that it needs.

Mr. Chairman, thank you for indulging my longer than usual statement, but I know that you share my concern when it comes to defense of our nation and I want to make sure we get it right and I look forward to the witnesses explanation of the process that each service went through when developing the budgets.

And I yield back.

CULBERSON:

Thank you, very much. Georgia and Texas are definitely on the same page there and I want to make sure to -- if I could welcome the gentleman from Florida, our distinguished chairman -- the former chairman of the full committee and chairman of the Armed Services Subcommittee, Bill Young, for any opening statement you'd like to make, Mr. Chairman.

YOUNG:

Mr. Chairman, thank you very much the only opening statement I would make is that it's great to have these great military leaders here and we know that actually our country's in good shape with their -- with the leadership that they have already expressed over the years.

We -- we are concerned about the drawdown in the forces. We're concerned about, frankly, the -- the budget request. We're not used to -- on defense, we're not used to having to -- to cut so much. And if you remembers last year, we -- for F.Y. '11 and F.Y. '12 which we did both last year, we actually ended up with about a $39 billion reduction below the president's budget. We -- we did our very best to do that without affecting readiness and I think we did and without affecting the -- the -- the soldiers.

So anyway we're anxious to hear what you have to say and I know you're going to be comparing the force drawdown and the requirement for military construction to accommodate those changes.

So we're looking forward to your testimony.

CULBERSON:

Thank you, Mr. Chairman. It is a privilege to have each and every one of you here with us today. I share the concerns that have been expressed by the other members and I'll delve into that when I get into -- into my questions but of course we welcome your -- your -- I want to -- my button's a little off here.

My -- we want to be sure to recognize our witnesses and introduce them.

The Honorable Robert Hale is Undersecretary for Defense Services Controller for the Pentagon and Chief Financial Officer of the Department of Defense. We're delighted to have you today here with us, sir.

General Raymond Odierno who is Chief of Staff for the United States Army. What a privilege to have you here, sir, and thank you for your service.

We're also privileged to have with us Admiral Jonathan Greenert, Chief of Naval Operations. Glad to have you here, sir, and thank you also for your service.

General Joseph F. Dunford is Assistant Commandant of the Marine Corps. (inaudible) General Amos wanted to know our prayers are with him and his family and hope he recovers quickly from his surgery and we thank you for being here today, sir, and for your service.

I also recognize General Norton Schwartz, Chief of Staff, United States Air Force. Thank you sir for your service and we look forward to your testimony.

We have, if we -- if we could would invite you to summarize your testimony and we may have votes called in a few minutes and we'll go as long as we can then take a brief break to go take care of the votes and -- and come right back.

So we are just delighted to have you here and I think the protocol is I'll ask Mr. Hale to go first.

Thank you very much sir.

HALE:

Now is this one? Now we're on. Good.

All right. Mr. Chairman, members of the -- of the committee, thank you for the opportunity to discuss our military construction and family housing request and let me thank all of you for your continued support of our men and women in uniform and the civilians who support them.

I submitted a statement for the record. I'll summarize it briefly. As was said, the Budget Control Act reduced defense funding for '13 through '17 by a total of $259 billion compared to last year's plan. After these changes we're asking you for $525.4 billion and discretionary budget authority in fiscal '13 to adjust for inflation, that's down 2 1/2 percent the third consecutive year of real decline.

As we accommodated these reductions we were guided by a new defense strategy -- excuse me -- and three related principles. I'll briefly discuss the strategy and principles of the focus on the -- on -- on where they most affected military construction.

We'll accommodate reduced defense spending in part through better discipline or more disciplined use of our resources, trying to stretch our defense dollars.

Among the changes, a substantial rephrasing of military construction, pushing of projects until we know the nature and location of (inaudible). We'll also seek administrative savings in other ways to reduce base support costs.

Our new defense strategy provides additional opportunities for savings, we're planning for a smaller, leaner force with ground forces no longer sized for long -- prolonged civility operations such as we conducted in Iraq. We will reduce the end strength by a little more than 100,000 over the next five years for active duty mostly in our ground forces and that will yield a number or lead to a number of reductions in force structure.

HALE:

Another strategic goal involves rebalancing our forces more toward the Asia Pacific and Middle East regions. This will involve increasing our presence in areas including Singapore and Australia, moves that will eventually have effects on military construction.

We're also planning investments in high priority initiatives and some judicious cutbacks in weapons, not heavily military construction related so I won't talk to about them in detail. And we will continue to support the all volunteer force. But we've proposed to slow the growth in selected components of military pay and benefits. So what does all this mean for the dollars that are before this subcommittee? For 2013, we're asking for $11.2 billion for military construction and family housing.

That includes $9.1 billion for construction, a half billion to pay continued BRAC expenses. That's mainly environmental clean up and the rest for family housing. These are the numbers. But I'd like to draw your attention to some selected issues that I think will be of some interest to the subcommittee. Between 2013 -- '12 and '13 as I said, we will rephase military construction, pushing off projects until we know the better -- more about the nature and location of force structure cuts.

As a result, military construction is down sharply, between 25 and 45 percent depending on the department between Fiscal '12 and '13. The exception to these reductions is the defense wide military construction accounts. They grow (sic) by about 6 percent between 2012 and '13. Among other things, this reflects support for high priority improvements in hospitals and DOD dependent schools. We do request BRAC authority for 2103 and '15. We want that in tandem with our efforts to reduce our overseas infrastructure, which are ongoing and we'll be glad to talk with you about them.

But given the nature of planned force cuts, we know we need to consolidate our domestic infrastructure. We have stood up an internal working group to plan for BRAC '13. And while we recognize the political difficulty of providing BRAC authority, we ask your support. We're also working to formulate a new plan to locate -- or relocate Marines from Okinawa to Guam in a manner consistent with our larger Asia Pacific strategy. The new plan will maintain support for the Futenma Relocation Facility, but it will delink that facility from the moves from Marines off Okinawa.

We now plan to move fewer than 5,000 Marines to Guam. We're currently discussing the details with the government of Japan and will continue to consult with Congress as we work toward a new plan. Other initiatives in the Asia Pacific area include forward deployment of Littoral combat ships in Singapore and the rotational presence of U.S. Marines and Air Force personnel in Australia. We are still working details for Singapore, but placeholder funds for that deployment are included in the FYDP.

There's no MILCON funding in -- is currently planned for the U.S. rotational presence in Australia, but we'll continue environmental studies and facility assessments and at some point there probably will be some MILCON required. Lastly, we recently announced reductions in U.S. troops stationed in Europe and Army headquarters, two heavy brigades, attack air squadron, air control squadron and a number of enablers. Despite these changes, the United States will maintain a strong presence in Europe with greater emphasis on joint exercises and training.

But the changes will lead to reductions in our overseas infrastructure and as I say, we will do them in tandem with the domestic changes. In conclusion, Mr. Chairman, we think this overall budget, including our military construction and family housing request is prudent, balances the needs of our Armed Forces with the nation's economic situation and I request your support for our proposals. That concludes my statement. After the chiefs have completed theirs, we welcome your questions.

CULBERSON:

Thank you very much Mr. Hale and I am privileged to recognize General Odierno. Thank you, Sir.

ODIERNO:

Thank you Mr. Chairman. Thank you Mr. Chairman and Ranking Member Bishop -- Bishop and the rest of the members of the committee. It's an honor to be here in front of you today. The Army today continues to be a truly globally engaged army with currently 95,000 soldiers

deployed and another 96,000 soldiers forward stationed around the world as we sit here today. by the end of Fiscal Year '17 as you know we will have decreased our end strength in the active component from 570,000 to 490,000. We will decrease the National Guard from 358,000 to 353,000 and our -- and our Army Reserve from 206,000 to 205,000.

It is imperative for us that we sustain (inaudible) as we go through this in order to take care of our soldiers, to continue to provide (ph) forces necessary to finish the (ph) mission in Afghanistan and facilitate reversibility based upon (ph) the great uncertainty that we face around the world today. End strength above 490,000 is strictly funded through OCO and must be sustained to help mitigate the risks as I just outlined as we continue our operations in Afghanistan.

In Fiscal Year '13, military construction is 32 percent reduction from fiscal year '12 budget request and includes 103 projects worth about $3.6 billion. Comparatively we have reduced the overseas military construction by 56 percent from the Fiscal Year '12 budget request. These reductions, both domestically and overseas have caused financially prudent project deferrals. But despite these reductions, we continue to fully -- to -- to put a heavy emphasis on funding critical infrastructure, sustainment, restoration and modernization of our failing facilities. And we have budgeted 90 percent of the requirement over the -- over this budget.

We are currently conducting our total Army analysis, which enables us to get into the specifics (ph) of how we will reorganize our army and balance it between combat, combat support, combat service support, as well as balancing structure between the active component and the reserve component. As we bid budget, we did not assume a future BRAC with a budget submission. However, we fully support the need for a future BRAC. Regarding BRAC 2005, 101 out of the 102 obligations were certified and we will continue to monitor all residuals to ensure we attain 100 percent closure.

The BRAC gave us a one time savings of $4.8 billion and a net annual savings of $1 billion. Our domestic military construction funding request includes those with the most critical need. The request contains 47 projects in 16 states. Our largest project is $192 million construction of a new cadet barracks at West Point. The last construction of barracks at West Point was in 1965. The clear need for this is based on the fact that we now have 18 percent of the Corps cadets who is now female and we have not figured that as we built our barracks. And we need to expand our barracks in order to have the appropriate capability to support the females that are now part of the Corps of cadets.

Additionally, the budget includes funding for Arlington National Cemetery expansion. This includes $84 million for the millennium project, capital improvements and expansion and $19 million for the planning and design for additional expansion of Arlington National Cemetery. There will be a gradual increase in overall percentage of military construction funds for the National Guard and Army Reserves. Our current request will fund 37 projects in 26 states. In Europe, we'll reduce the amount of forces as (inaudible) pointed out and implement rotational forces for training combined readiness exercises with our allies.

I believe this will serve as a future model, using a (inaudible) approach with regionally aligned forces and prepositioned stocks in order to meet our requirements with our allies and partners around the world. Since 2006 in Europe, we have closed approximately 100 sites with real property value of more than $9 billion. From now through 2015, the Army identified another 23 sites for disposal and turnover. Further reductions and consolidations will come with the inactivation of the two brigade combat teams and other enablers from Europe in Fiscal Year '13 and '14.

There are significant savings and cost avoidance associated with divesting these facilities. Consolidation efforts alone at Weisbaden alone will yield $112 million in annual savings. Though OSD is the final approval authority, Secretary McHugh and I strongly support the funding for replacement of the Landstuhl Hospital. This is because it supports critical casualty care for injured personnel throughout three combatant commands in the Middle East, Africa and Europe. And has served so for many, many years and it's important that we sustain this incredibly important facility.

In the Asia Pacific, the Korean government will be funding $10.8 billion for the Yongsan relocation plan and land (ph) partnership plan for our consolidation efforts. In comparison, this budget only contains only one battalion headquarters project for Korea at the cost of $45 million. To further save, we must reduce the costs of running our installations. Since 2003, we've reduced our installation energy consumption by 14 percent despite increasing population by over 20 percent. We will continue to evaluate all energy investment opportunities to include all net zero initiatives and renewable power in a vetted cost/benefit analysis to determine long term benefits and cost savings.

For example, we have and continue to expand metering programs on all of our installations. I'd like to leave you with one last thought. Sequestration is not in the best interest of our national security. The impact to the Army could be an additional 100,000 in cuts to our end strength on top of the already 80,000 that we're taking now. This would result in severe reductions in the National Guard, the Army Reserves as well as additional reductions in the active component and will significantly decrease what the Army can do for the joint force.

Mr. Chairman, members of the committee, thank you so much for allowing us to testify today and I look forward to your questions. Thank you.

CULBERSON:

Thank you very much, General. We have about nine minutes remaining in this vote. Perhaps when we get down to about four -- five or four, we're just going to have to adjourn. We'll go vote, catch the beginning of the next vote and come right back. There's two votes scheduled. I'm sorry -- oh, there are three votes scheduled. OK. Very good. Let me if I could recognize briefly if there's -- how much time do we got?

(CROSSTALK)

CULBERSON:

OK. Admiral Greenert, if we could, Sir ask you to summarize (inaudible.) We'll get into the details during the questioning. Thank you, Sir for being with us.

GREENERT:

Thank you Mr. Chairman and Chairman Culberson, Ranking Member Bishop, distinguished members of the committee, it's my honor to appear before you for the first time to discuss the Navy's budget submission. Because of the dedication of over 625,000 active and reserve sailors and civilians and their families, the Navy and our primary joint partner, the Marine Corps, remain a vital part of our national security.

GREENERT:

I'm honored to lead and serve in the Navy in these challenging times and I thank the committee again for your continued support. This morning, I'd like to summarize my enduring tenants and the priorities and how they shaped our budget submission. Today our Navy is the world's preeminent maritime force. Our global fleet operates forward from U.S. bases and partner nation,

I call places, around the world to deter aggression, respond to crises and when needed and when called upon to win a nation's war.

If you refer to the chart that I've provided there in front of you, you can see that on any given day, we have about 50,000 sailors and 145 ships under way with about a hundred of those ships that are under way deployed overseas. These ships and sailors allow us to influence events abroad because they ensure access to what I will refer to as the maritime crossroads.

These are areas in where shipping lanes and our security interests tend to intersect. These crossroads are indicated by sort of orange bowties, if you will, on the chartlet (ph). We can remain forward in these areas because of the facilities abroad and the support from nearby allies and partners.

Now when I assumed the watch about six months ago as CNO, I established three key principles for our decision making. I call the tenets and to me, they are my clear, unambiguous direction for our Navy leadership as they deal with challenges and they are war fighting first, operate forward and be ready.

Now war fighting first means the Navy must be ready to fight and prevail today while building the ability to win tomorrow. This is our primary mission and all of our efforts must be grounded in this fundamental responsibility.

Our 2013 budget submission makes deliberate targeted investments in facilities and programs assure so that so that our sailors and their ships, aircraft and equipment can maintain war fighting capability.

Operate forward; that means we will provide the nation an offshore option to deter, influence and win in an area of -- in a era of uncertainty. Our ability to operate forward depends on U.S. bases and host nation places overseas where we can rest, repair, refuel and resupply as necessary.

Our 2013 budget submission funds these facilities to support forward deployed naval forces, destroyers in Rota Spain and mine sweepers and patrol craft in Bahrain. Additionally, funding supports command and control and logistics in Djibouti and Diego Garcia and in Souda Bay, Greece.

Be ready; that means we will harness the teamwork, the talent and the imagination of a diverse force to be ready to fight and responsibly use our resources. This is more than maintenance, parts an supplies. Being ready also means supporting our Navy families, providing training facilities and ensuring adequate housing.

Following the tenets to meet defense strategic guidance, we built our 2013 budget submission on three main investment priorities. Number one, we will remain ready to meet our current challenges today. I am committed to fund that base operating support and facilities, sustainment and modernization.

Our 2103 budget submission funds port operations, flight line operations, safety programs, public works and facility upkeep.

Priority two; we will build a relevant and capable future force. In addition to supporting my tenant of operating forward, our 2013 budget submission invests in facilities to support new platforms and systems such as the broad area maritime surveillance unmanned air systems, called BAMS, (inaudible), the EA-18G Growler and the MH-60 helicopter.

And priority three; we will enable and support our sailors, civilians and their families. We have a professional and moral obligation to lead, train, equip and motivate them. And our budget submissions supports the family and professional readiness of our sailors and civilians.

We are funding construction, restoration and sustainment of our homes and barracks. We are also funding programs to address operational stress, support our families and eliminate the use of synthetic drugs such as Spice and aggressively prevent suicides and sexual assaults.

In closing, your Navy will continue to be critical to our nation's security and prosperity by assuring access to the global commons and being at the front line of our nation's efforts in war and in peace.

I assure the committee and the Congress that the American people -- and the American people that we will be focused on war fighting first, we'll be operating forward and we will be ready.

I want to thank you, Mr. Chairman and the committee and those that sit behind you, your helpful staff members, they have been great support for us through the years, for your continued support.

Thank you.

CULBERSON:

Admiral, thank you very much.

If we could, General Dunford, we're going to -- and General Schwartz, we're going to have to take a brief break, go take care of these votes and we will be right back and resume the hearing as soon as the votes are concluded.

The hearing will stand in recess. We'll be right back.

(RECESS)

CULBERSON:

The committee will come back to order.

We finished our votes and would welcome your testimony, General Dunford. And again, if you'd summarize your remarks, and we'll of course enter your full statement, as with all your statements, for the record.

Thank you, sir.

DUNFORD:

Chairman Culberson, Ranking Member Bishop, members of the committee, thanks for the opportunity to represent General Amos and report on the quality of life and the military construction priorities in the Marine Corps.

Right now, more than 24,000 Marines are forward-deployed and forward-engaged; 18,000 are in Afghanistan, while others partner with our Navy, are globally deployed, projecting influence, deterring aggression and poised for crisis response.

As we balance and reset for the future we're going remain focused on recruiting and retaining high quality people, maintaining high levels of unit readiness, meeting a combatant commander's requirements for Marines, and ensuring that we maintain appropriate infrastructure investment. While doing that, we'll keep an eye to the future and properly invest in the capabilities we'll need to meet tomorrow's challenges.

Today, I'll specifically address our infrastructure and quality- of-life initiatives. Our military construction and family programs are vital components of your force readiness. This fiscal year we're proposing a $761 million military construction and family housing program. Our priorities are aviation support facilities, training and education facility improvements, and replacement of inadequate and obsolete facilities and stations.

This MILCON request accurately accounts for a reduced end- strength of 182,100 Marines by the end of fiscal year '16, and represents a reduction of 45 percent from previous years'

submissions. Over time, we hope to realize additional savings by reducing large numbers of temporary facilities currently utilized to support our war- time growth to 202,000 Marines.

As we rerank (ph) to the Pacific under the new defense strategic guidance, we'll engage with the committee on evolving MILCON needs. Also, we'll continue to rely on the sound stewardship of existing facilities and infrastructure to support our needs. In FY '13, we again program our facilities sustainment funding at 90 percent of the DOD facilities sustainment model, an amount currently at $653 million.

Our fiscal year '13 budget also provides $164 million in operations and maintenance funding to continue progress in achieving Congressionally mandated energy goals by 2015.

Finally, our budget reflects our commitment to keep faith with our Marines and their families. It includes robust support for our wounded, ill and injured Marines, our suicide prevention efforts, and our revised transition assistance management program to meet the needs of our Marines that are leaving active duty.

In short, our budget submission provides for the infrastructure and quality-of-life programs necessary for us to remain at a high state of readiness and properly take care of our Marines and their families.

I thank you for the chance to appear before you today, and I look forward to your questions.

CULBERSON:

Thank you very much, General Dunford.

At this time I'd like to recognize General Schwartz.

SCHWARTZ:

Mr. Chairman and Ranking Member, subcommittee members, I join Mr. Hale and fellow service chiefs in thanking you for your support of the men and women of the United States Armed Forces.

Appreciating that we must tighten our belts in military construction, military family housing, and facilities funding, as we did in other portions of the budget, the Air Force made correspondingly difficult decisions in the MILCON and related areas. In structuring our force to align with the new defense strategic guidance, we took care to protect our distinctive capabilities and corps enduring contributions to the joint team.

From a MILCON perspective, we continued to mature our use of centralized asset management principles to size our installations and infrastructure properly, building only where required infrastructure capacity was not available, or where our cost-benefit analysis validated the building of new, more efficient and functional facilities.

The results of this effort is our $3.9 billion request for MILCON, military family housing and facilities, including $500 million to sustain and modernize overseas family housing and to support housing privatization in the United States. Our budget request also includes accepting some risk with funding facility restoration and modernization at 90 percent of historic levels, and sustainment funding at slightly more than 80 percent of the OSE-modeled requirement.

As part of our broader strategy, we took a deliberate pause in funding for military construction for systems that have been canceled, such as our divesture of the C-27 fleet, or that are deferred, such as programs delays associated with the F-35.

By requesting $900 million less for MILCON than we did in fiscal year '12, our $442 million request for MILCON in '13 allows to devote limited resources to the most urgent combatant

commander needs in new mission requirements. And as we execute our plan for structured changes, we will examine the corresponding infrastructure in base capacity requirements.

We anticipate that our MILCON program for fiscal '14 and beyond will be programmed at historic funding levels. With our planned force structure reductions in '13, along with significant reductions that have occurred since 2005, we will continue to address the challenge of carefully managing excess infrastructure and suboptimal use of existing facilities.

It is also important to note that locations where planned reductions are to occur are not necessarily at greater risk to realign or close than are any other installation. In this light, the Air Force supports OSE's requests to the Congress to consider future rounds of base realignment and closure actions to evaluate the existing base capacity.

We believe that substantial cost savings from eliminated excess infrastructure can be realized only through formal BRAC deliberations and efforts to close installations fully, not through mission realignments and consolidations.

Mr. Chairman and members of the subcommittee, we continue to scrutinize every taxpayer dollar that we spend as stewards of the nation's trust and her resources. On behalf of the men and women who proudly serve in the United States Air Force in our country, I thank you for your support. I look forward to joining the panel in addressing your questions.

Thank you very much.

CULBERSON:

Thank you very much, General Schwartz.

I know, from our perspective, I heard you say, General Dunford, and it's true I know for each and every one of you, that your top priority is to keep faith with the men and women that you represent who serve this nation in uniform. And that is true of this committee and the Congress.

We are immensely proud of you, devoted to you, and will do everything in our power to help ensure that your - the men and women that you represent have peace of mind as they go forward to defend our nation.

I know that Texans in particular, as a state, we send more young men and women to serve in the military from Texas than I think any other state in the union. We're immensely proud of you, have a great admiration for the work that you do.

And we're deeply concerned - my constituents and I - are deeply concerned about the direction that President Barack Obama is attempting to take the United States military with these dramatic cuts that he's proposing. I know we have an environment in which we've all - we've got to find savings everywhere we can. And I am confident that with Chairman Young's leadership, that - and certainly our committee - is going to do our best to be frugal and wise and careful with our tax dollars.

But I know that my constituents and I, as I say, share a new concern over this new defense strategic guidance that President Obama announced on January 5th of this year that he entitles, "Sustaining U.S. Global Leadership and Priorities for the 21st century of defense. It -- as the congressional research service correctly points at, this new guidance that Secretary Panetta has begun to implement but of course has to come through the Congress and we will have a significant say in whether or not that occurs.

The CRS points out -- and this is a significant concern to me as I know it is to other members of Congress that this new guidance document that's designed to implement this new U.S. national security strategy that President Obama lays out, that the conduct of the review, quoting from CRS's analysis of it, the conduct of the review had no congressional mandate, took place outside

of the usual framework for crafting U.S. and DOD's strategic guidance and -- and including the quadrennial defense review and defense strategy.

And of course laws had been in effect for many, many years have -- require that the president submit to Congress a national security strategy every year, that the Department of Defense submit a quadrennial defense review report that's consistent with that national security strategy and containing a national defense strategy every four years, this is the law, and that the Chairman of the Joint Chiefs of Staff submit a national military strategy every two years.

That's been the law, gives some stability and predictability to the process, allows the decision makers in Congress and in the United States military of the Pentagon, you know, a stable, predictable framework in which to make decisions and it's sort of been true throughout my -- my life.

I -- I remember I -- I -- I got this when I was in -- in college. This was produced by the -- by Casper Weinberger in the -- who was then Secretary of Defense in 1981, we certainly don't face this -- this, you know, the Soviet Union any more at this scale but the -- as Secretary Weinberger pointed out, you know, it's important that we have a clear understanding in this case of Soviet armed forces, their doctrine, their capabilities, their strengths and their weaknesses is essential to the shaping and maintenance of effective U.S. and allied forces.

And from what I can see and I know many of my colleagues here this concerns, certainly my constituents do, this new defense strategic guidance this -- that President Obama has laid out looks like it sort of just pulled out of thin air and has been in -- presented to the Congress and the country and I'm -- I'm deeply concerned that we're not taking for example, account of the threat the Chinese pose to the country; the -- the repositioning of forces around the world; the -- the drawdown of combat brigade teams as -- just -- just a whole variety of concerns that we have about the direction that this new strategic policy attempts to take us.

Let me just ask a general question with that in mind and with the framework that we have in the past always followed with the quadrennial defense review and this careful thoughtful process that we've always followed and the strategy that we could always fight and win two wars in two fronts in two part of the world at all time. President Obama seems to be pulling back from that.

So if I could ask, is the -- since the, you know the president has -- President Obama has asked the Department of Defense to reduce your overall budget by $450 billion over a ten year period, I'd like to ask the service chiefs since we're already seeing a trend to significant MILCON budget reductions from the services, would -- if I could ask each one of you four and then I'll -- I'll -- I'll pass the -- I'll pass it on and save my other questions for later so everybody gets a chance.

Would you each one of you talk to us about would you be able to meet your mission requirements if you have to implement those -- that scale of cut? And then talk about what would then happen if sequestration kicks in, are you going to be able to meet your mission requirements under those circumstances and -- and what area do you see the most risk?

ODIERNO:

Mr. Chairman if I could ...

CULBERSON:

I have a big picture question.

ODIERNO:

Yeah, sure. We -- we with -- with the reduction of the 80,000 in the active component which is the majority of our budget reduction, although there's some other areas as well in modernization readiness. We -- we can meet -- we can meet two war requirements with -- with the 80,000

reduction. The issue becomes is if we have to do sustained operations like we have done in Iraq and Afghanistan. That's where we would have trouble meeting those requirements.

So -- so as we go through this, our combat capability remains credible and will be ready enough to meet, in my mind, two contingencies.

Where -- where you run into a problem is if they have to conduct long-term operations for four, five, six, seven, eight years, that's where we would then have a problem meeting that requirement like we have over the last several years in Iraq and Afghanistan (inaudible).

CULBERSON:

I -- I do note that Secretary Panetta was speaking in April, excuse me, February 1, shortly before a meeting and I'm quoting from a February 4 article in The Economist, on a February 1 missions, this is a response to what you just pointed out, General, that Leon Panetta dropped a bombshell, The Economist says. He says we now hope that American troops in Afghanistan will be able to withdraw from combat to an enabling role soon after the middle of next year about 18 months earlier than planned.

ODIERNO:

I -- I would -- my -- my assessment of that and conversations I've had with Secretary Panetta, I will not speak with Secretary Panetta -- for Secretary Panetta. But our strategy all along in Afghanistan has been to turn more and more responsibility over to the Afghan Army as they become capable. And I think that's the strategy we've been executing now for quite some time.

And I thin Secretary Panetta was pointing out that that -- we could -- we would still be there but we would turn over more responsibility to the Afghan Army by the end of 2013 and I think that's a judgment that will be made in theater in consultation with General Alan and General Mattis as we move forward and we will -- as the Army we will support the decisions that are in order to provide the capabilities in order to support their decisions as they move forward.

CULBERSON:

Thank you General.

Before (inaudible) Afghanistan, if you could, each one of you talk about talk about what risks you see for -- can you accomplish your mission requirements and what areas do you see the most risk?

DUNFORD:

Chairman, we -- we actually inside the Marine Corps began a strategic review in the fall of 2010 and continued it on through the most recent strategic review in the department. And -- and when we took a look at the nation's requirements for Marines, we at that time, came up with a number of 186,000 Marines, enough Marines to meet a single major contingency operation as well as to do crisis response elsewhere in the world simultaneous to that contingency operation.

We're very comfortable that the current budget and the size of the Marine Corps in the budget, 182,100 Marines supports the -- the strategy, supports the needs of the combatant commanders. The places where we assumed some risk is in our response to something in addition to that single major contingency operation -- it's capacity. So we reduced some capacity to get form 186 to 182,000 Marines.

The other thing we did and -- and we're comfortable with this is we originally had planned for 99 -- 99 percent manning level for our units for our enlisted Marines and we -- we adjusted that to 97 percent so we accept the risk in there and we'll have a slighter higher deployment to dwell ratio at 182,000 Marines.

But the commandant's been -- been involved in the discussions with the secretary. He's again, very comfortable with the -- with the match between the current strategy and the budget that we have for the Marine Corps this year and comfortable that at a 182,000 we can meet the combatant commander's requirements.

CULBERSON:

Thank you. I'll save my follow up for my second round in the interest of time.

Admiral?

GREENERT:

Thank you, sir.

The -- the strategy as written in my assessment is, yes, we can meet that strategy with the follow caveat.

As I've display in the -- the chartlet (ph) and I spoke to in my comments, we have to operate forward. There is the ways and means to do that with forward we deploy naval forces in Rota and Japan and -- and forward basing ships in Singapore and in Bahrain.

To the extent we can do that, I am comfortable we can meet the requirement.

My demand signal is called the Global Force Management Allocation Plan and as written, as we approach '13 and as we discussed through the -- the FIDIP (ph), I'm fine with that. To the extent that changes dramatically, I have to go back and look again.

If -- if sequestration were to take place then we need a new strategy and I think we've been pretty clear and consistent on the record with that.

But on the current strategy, current lay-down with the budget is as submitted I'm comfortable.

CULBERSON:

The Navy could handle it, as the Army's testified a two war requirement as long as we're not in a long-term obligation in Afghanistan or Iraq.

GREENERT:

Yes sir, there is a capacity risk associated and that's time for the Navy surging forward and -- and, you know getting enough there on time. And as we discus, as the Chairman discussed in his testimony and is written in our strategy, we are reviewing the -- the lay-down and if you will, that timing to as we speak and we will adapt and adopt this to 2020, which is our benchmark year on this defense strategic guidance and adjust accordingly.

CULBERSON:

Thank you, sir.

General Schwartz?

SCHWARTZ:

Mr. Chairman, I concur with the assessment of the other Chiefs in that -- that Air Force can meet the demand signal that is structured by the new defense strategic guidance and that includes responding to two major contingencies.

Certainly against a major or a peer advisory and then another contingency that might unfold elsewhere that would not require a -- this -- this quite the same level of effort as -- as the first.

For example, I -- the new strategy in my shorthand does not require two regime change. It does require two war fighting capabilities. There is a distinction there and I think that your Air Force is structure to satisfy that.

With respect to sequestration, all bets are off if that occurs.

CULBERSON:

Thank you, sir.

HALE:

Mr. Chairman, I'd like to respond briefly ...

CULBERSON:

Please, yes sir.

HALE:

... to a point you made if I may and -- and that is I want to -- I want to say and I want you to understand this strategy did not arrive out of thin air. It was heavily debated and it was some here with the gentlemen at this table and the civilian leadership of the department and it was carefully debated, I participated in some of those, so I know and it's important that you keep in mind the context that Congress passed the Budget Control Act on a bipartisan basis and it led to the reductions that we are accommodating with this new strategy. So I just wanted to make sure you understand ...

CULBERSON:

Oh certainly.

HALE:

... it was carefully considered.

CULBERSON:

Yes sir, I -- I didn't mean to imply that it wasn't carefully considered but it did not follow the normal procedure that we've always followed ...

HALE:

It wasn't a quadrennial review but then the Budget Control Act was passed last year and we need to respond. But it wasn't out of thin air, I think that's a real important point.

CULBERSON:

Fair -- fair enough. Thank you.

Mr. Bishop?

BISHOP:

Thank you very much and thank you all for -- for your service.

Mr. Hale I want to direct my first round of questions to you.

The -- the '13 budget request calls for two new rounds of BRAC and my question is, is it being budget driven or is it a result of the drawdown, which is -- which was planned? We just finished the '05 round last September, we've invested a lot of money into the infrastructure.

I mean I -- I hear you say that you debated heavily, but was there concern that it was a little too early to do -- do another round right on the heels of that one given the fact that -- that we still don't know the impact and what you're going to do with the -- the units that you're moving from -- from overseas, where are you going to place them?

HALE:

Well our request for BRAC was driven by the four structured cuts that -- that we are proposing and the need to consolidate infrastructure. It was about 10 years between the '95 and 2005 round, it would be eight years between the 2005 and the 2013 round, so in terms of time, I don't think it -- it's that much different than past rounds.

But the main that has happened is we have -- we have a new strategy and we have decided to make four structured cuts. We need to consolidate infrastructure. I know how painful this is that Mr. Panetta or Secretary Panetta was here, he speaks from personal experience and some, you know, care would you tell you how hard it is since he went through the (inaudible) closure while he was a sitting member of Congress.

But it's the only effective way that we have to drawdown on infrastructure, so yes, we need these two rounds.

BISHOP:

Well, don't you think that -- that you ought to look overseas first?

HALE:

I think we ought to do that in tandem and we are and I -- and I'll let the -- the Chief speak to this because they'll know in more detail. But we absolutely need to look overseas. We are making reductions in our overseas presence in some places and that needs to be considered and -- and we'll do that. We'll do it at the same time, but we know there are changes that we need to make in our domestic infrastructure. And again, the only effective way to do that is BRAC.

BISHOP:

Okay. Let me commend you on your budget request for the DOD school construction. I understand that the Secretary was -- was appalled when he found -- found out about the conditions of the schools. Does the defense education and activity budget request of $546 million keep on track to recapitalizing more than half of the schools by 2015?

HALE:

I think because of executability it will be 2016. I mean we need to do this in a measured way and be good stewards of the public's money, but yes we are moving forward. That was Secretary Gates who was really appalled but I think all of us recognize we need to take of kids and we need to fix those schools. So I think we'll -- we'll make half by 2016, that's our current best estimate.

BISHOP:

What's the total cost of recapitalizing more than half by 2015 and is there a plan to bring all of them up to -- up to speed and what standards do you use to determine the adequacy of a school?

HALE:

The -- the total cost, about $4 billion, so it is a very sizable sum of money, it's another reason we need to do it with care.

I think we'll look again as we get through the half, we picked the -- the ones that were in worse condition, either condition or capacity and we'll look again as we -- as we get closer to the end of this round and see -- I -- I would assume there will need to be some ongoing investments.

And we tried to do this systematically, establish criteria based on condition, I mean we have a rating scale of quality one to quality four and also capacity and literally, did a stoplight chart on -- on either of those two and picked the ones that -- that had the worse problems in terms of capacity and condition. So we tried to do this systematically as -- and to be good stewards of the public's money.

BISHOP:

What was the relative of -- of -- of all of the -- the schools and of course, you obviously picked the worst to -- to address first but generally what was the condition? What -- you said there were four -- four grade levels?

HALE:

Oh, I don't remember, I'll have to get you for the record the exact -- which ones were first and second and third or fourth. I don't -- I don't have that in my head.

BISHOP:

I -- I don't necessarily want to know the -- the particular locations. What I'm anxious to know, though, is the percentage that fell into each of those categories.

HALE:

You know, I'm -- I'm -- I'm going to say there's 20 or 30 percent in the -- in the -- in the quality -- may I supply that for the record because I'm not sure of the numbers.

BISHOP:

Yes sir. Yes sir.

HALE:

I can tell you a lot of these schools were built in the '50s and '60s and so it's not surprising that they're -- they're getting old. Your staff may have these numbers for me if I'm lucky.

And -- and it's not surprising it's -- that we need to rehabilitate them, I mean they're 50/60 years old in some cases.

BISHOP:

What -- my final question on this is what -- why did the date slip from 2015 to 2016?

HALE:

Executability and by that I mean this is a lot of money and there needs to be a planning process. We have to go out and -- and do a detailed assessment of the school and then we need to establish a contract or a bidding process to get a contractor to do the work and it takes time. And -- and we want to do it carefully as I've said several times. We want to spend this money wisely, so we felt that the extra year was worth it in terms of ensuring that we were good stewards.

BISHOP:

So you thought 2015 was premature?

HALE:

Well, I'd like to have finished it by then, but I think we couldn't have executed it in a manner that was prudent.

BISHOP:

Thank you, Mr. Chairman.

CULBERSON:

Thank you.

I'd like to recognize Chairman Young of Florida.

YOUNG:

Mr. Chairman, thank you very much.

I may be getting a little bit ahead of the game here but -- and I realize that we don't have a BRAC program yet and we don't know what the -- what the recommendations will be but one concern that will go through Congress, especially the committees that have responsibility is will these decisions be based on budgetary decisions or on mission decisions? And I would hope that we're -- your -- your answer's going to be obviously, yeah mission decisions. But we also know that the budget is a really big player, especially for F.Y. '13.

So if you want to comment on that, it'd be okay if you want to but I have a specific question that is based to be hypothetical because we're -- we're getting ahead of our -- we are getting ahead of you on the issue OF BRAC.

But the hypothetical question, the specific question is an issue that we've been much aware of for quite a long time is, and I think you have all heard conversations about Camp Perry.

Camp Perry has been told to me and members of my subcommittee and members of this subcommittee, is extremely important to our mission in the European area. But there has also been considerable discussion about closing Camp Perry because of budgetary concerns. And I -- I shouldn't expect you to have any specific answers on Camp Perry but as a -- as a hypothetical, as an example, in a case like Camp Perry, would the -- would -- would the need of the military in the European area out -- out -- outweigh the question of the budget that might be dollars that might be save if Camp Perry was closed.

HALE:

Let me start out with the BRAC process in general, Mr. Chairman. We'll look at every base. We'll go out and -- and solicit data from that base in terms of their operating costs. In the past rounds we've had that data audited to try to be sure that it is -- that -- it's accurate and -- and then we will compare that to the -- the mission needs and the mission needs will reflect the four structure changes that -- that we are proposing.

So I think the answer to your question is it -- it will have a heavy (inaudible) but -- but yes, budget comes into play if -- if there are two bases that can handle the missions and one's cheaper, we're going to select the one that is cheaper.

So it -- we will look at every base, every domestic base, we don't need BRAC authority overseas and I think we'll proceed in tandem with that. The Camp Perry one, I need help. Is there ... we may have to take that one for the record.

YOUNG:

OK. Well I mean I -- I use this as an -- an as example because it's probably not really high up on everybody's radar screen.

Well, anyway we are concerned about that and one reason we're concerned is that as you know -- very well know the BRAC process, once it comes to Congress, we have a yes or no vote, we do not have any ability to affect or -- or change anything dealing with BRAC. So as -- as it proceeds we will always have in the back of our mind the question of mission versus budget and believe me, as appropriators, we understand the importance of -- of the budget and I mentioned it for F.Y. '11, F.Y. '12. We have reduced by $39 billion below the president's budget request in order to meet the demands of the -- of the congressional leadership.

Several of the members of our colleagues just returned this week from a visit to Korea and Guam and -- and Okinawa and you all mentioned that issue in your -- in your comments. But their report is that seems like everything's sort of confused right now and not exactly sure where the Japanese are going to be, whether or not there's appropriate room for Marines on Guam.

What -- what can you tell us about -- about this? I -- I understand that this is not BRAC but this is something that you all have been talking about for a while.

HALE:

Let me start out -- let me start out and I mean I can understand the confusion. We've been at this for more than a decade and we're trying to look for a plan that better meets both countries needs and -- and is affordable. I'm not going to be able to tell you a lot about the specifics beyond what I said in my statement. We are in active negotiations. There are discussions with the Japanese

right now, still anticipate moving Marines off Okinawa, probably fewer than 5,000 at Guam. We still support the (inaudible) relocation facility but we'll delink it from the move.

But there are a lot of other questions that haven't been answered. Just how many will come off, costs and -- and those are still being discussed and I -- and I don't really have more to tell you.

Do you want to add to that? OK.

DUNFORD:

Chairman, I've been involved in the issue of the Pacific lay-down off and on since -- since 2007. As you know, much of the discussion is -- is pursuant to the agreed upon implementation plan of 2006.

I would tell you this, for the first time since I've been involved with it, the plan that we have inside the Marine Corps, the plan we have inside the department, the plan we have inside the U.S. interagency and that the Pacific command has are all the same.

In other words, we have a common vision of how to best support our nation's interests in the Pacific commander's priorities in the Pacific right now. We've gone forward with that plan to the Japanese. There was some negotiations early this month and in fact, as we speak, the final negation's going on again at the end of the month.

But we've gone in with a plan and I think very much again supports our nation's interest as well as the Pacific commander's priorities and -- and we're confident the negotiating team went in there and articulated that in such a way that will be successful and -- and -- and coming back with a plan that's sustainable.

YOUNG:

Thank you very much for that. I know that you're going to work it out and I -- and I -- I told our travelers that they'll work it out and I understand the confusion now.

Mr. Chairman, just one more quick question.

And I go back to BRAC for just a minute -- when the BRAC Commission is established and we know who the commissioners are and they begin their work, will you as the chiefs of the services, will you have opportunity to have input into their -- their negotiations or their -- the considerations that they will -- that they'll be considering as far as any changes that they make? Or will you be left out of the picture?

SCHWARTZ:

Sir, it's certainly my expectation, I'm sure shared by the others that -- that the input that the department makes would be one in which we as -- as the service chiefs, have a major role. And that, yes we would have an opportunity perhaps even to testify before the BRAC Commission in order to assure that -- that the interests of the respective services are well understood.

GREENERT:

Mr. Chairman, if I may, we -- we actually are thinking of benchmarking the way we approached the don't ask, don't tell repeal from the perspective of how does the fleet, in our case -- the fleet see it and senior enlisted officer, what's important. And bring all of that together to myself, as shared in the tank with the service chiefs, bring it to the secretary and have a very holistic look with feedback to be sure that we're taking everything into account. To your point earlier, not just money, but military utility and other second or third order effects.

ODIERNO (?):

Congressman, we'll have the opportunity to identify people that will clearly support the commission. We helped to establish criteria -- recommend criteria that they should look at as we

look to conduct BRAC and -- and I think those are very important inputs. And so we do have an opportunity to shape this as -- as we move forward and we'll work very closely with the commission and with Congress as we do this.

YOUNG:

Well thank you all very much for that. And for those of you that have -- that I've had a chance to work with over the years, you know that I have complete confidence in the military, allowed to participate in these major issues. You'll work it out. And you work it out in such a way that it is effective and -- and definitely in the interest of our readiness and -- and our soldiers who provide the readiness. So thank you very much and I apologize for -- for trying to get into your head ahead of the BRAC situation, but we have confidence in -- you -- you'll work it out the way it's right though. Thank you Mr. Chairman.

CULBERSON:

Thank you Chairman Young. I want to reiterate something Chairman Young said. I know that, certainly for my part, I know my -- my colleagues I'm confident feel the same way, we want to be sure that your -- your work, your decisions are -- are driven by the mission and not the budget. That we are -- as we always have been, that's why I thought it's astonishing this is already 30 years old. Because our tradition has always been that your work, your decisions, the work that we do together is driven by the mission and not the budget.

We want to make sure that stays that way. So as -- as you go through your answers in the testimony today, I hope you'll have a chance to address that. Thank you very much. Let me recognize my good friend from -- from California, Mr. Farr?

FARR:

Thank you very much Mr. Chairman. This is a very important hearing and I appreciate the service, the career services of all the gentleman here. And I appreciate Mr. Young's discussion on BRAC. I've probably been more BRACed than any other member of Congress. I have probably more BRAC experience and am knowledgeable about re-use than any other member because as Mr. Hale pointed, out, my predecessor, Secretary Panetta had Fort Ord BRACed under this service in the Congress and left it to me to see the closure and re- use.

And -- and out of that I've really become knowledgeable of the process. But also because of the challenges of BRAC of the Naval Postgraduate School being one time looked at, Defense Language Institute, of being able to figure out how to get the best uses out of these institutions and I just gave everybody a copy of what we've done in -- at -- locally as to figure out, how do we get best use out of collaboration? Because although there's -- there's a collaborative sitting at this table, they're all sitting at the top of huge silos that go all the way down, all over the world on -- on the ground.

And often at the ground level there's no interoperational discussions or knowledge of what others do. So we've been trying to do that to essentially get the best bang for the buck -- out of the defense buck. And we've learned in the process that we still, although we closed the largest military training base in the United States and frankly the first one that was ever integrated -- training base integrated in the -- in the United States was Fort Ord. But we -- and we -- we lost a lot in our local economy. But we've been able to grow the remaining 11 different installations or -- or operations into a $1.4 billion military expense.

So, my questions are going to be about that. And I have four questions for General Odierno and four questions for Admiral Greenert and then I'll, on the second round get into some BRAC questions. My first is that -- all you know is that DODs premier language and cultural training

location is in Monterey, California at the Defense Language Institute in collaboration with the Naval Postgraduate School, which teaches a variety of international military students regional geography and cultural anthropology with common standards for active and reserve component personnel.

The mission essential requirements for -- for the Civil Affairs Officers are the very same programs already being conducted at both schools; foreign language training, regional geographical training and cultural anthropology training. And so having said this, my question to General Odierno is, can you tell me whether the decision has been made about who owns the proponency of Civil Affairs? Is it going -- is it Special Ops or is it TRADOC or who is the owner of that?

ODIERNO:

In fact, Congressman last week we did Army -- we were doing a SOCOM talks and this was one of the topics we discussed. And we have not yet decided proponency. And it's a discussion we have to have because there's two types -- we have special -- we have Civil Affairs supporting Special Operations forces. We have Civil Affairs supporting conventional forces. And we have to bring these together. And so our discussion is, how do we bring these together to be more efficient about training Civil Affairs? So we've had several options that we're currently looking at.

First to establish proponency and then where would we do this training? So, we are still taking a look at this. And this is something that -- that I've asked TRADOC to work with Special Operations Command to provide recommendations back up to the Department of the Army on where we move on this. So this is a -- still in progress. One of the -- one of the course of actions we are considering is in fact could it be located -- co-located with DLI in Monterey? That is one of the course of actions. One of the course of actions is also that it would consolidate at Fort Bragg. And so those are the types of things that we'll continue to discuss as we move forward, Sir.

FARR:

Well, you know I'm a strong proponent for Monterey because you've got the language component there. That's already there. You have the -- the -- the operations with the Naval Postgraduate School. You have Fort Hunter Liggett as an incredible 168,000 acre training base, can do brigade on brigade. It's -- it's -- it's huge. So, I'm keen on trying to leverage whatever is possible to get you to decide that Monterey is the place. And because of the closure of Fort Ord, we still have a lot of defense -- actually Army lands that are available and Army facilities that are available.

So, I mean don't -- there is -- you -- you're aware of all the assets that are already there and how good they are?

ODIERNO:

Congressman, first I would tell you that I was a battalion commander in 1992 at Fort Ord, California when it closed. So I'm very aware of the capabilities. I spent a lot of nights and days at Fort Hunter Liggett and Camp Roberts and I actually just visited, actually about two months ago both the Defense Language Institute and the Naval Postgraduate School because of what it brings to our force. And I'm trying to figure out how we better leverage those for other activities we have ongoing in -- in the Army.

Specifically, we are putting together a Strategic Planners Program that we think will include both the Defense Language Institute and the Naval Postgraduate School to help us to develop this. So

we understand the capabilities out there. And I personally understand the capabilities out there. And we want to utilize them to the best extent we can because it is a -- it is frankly, a national treasure.

FARR:

Thank you. National treasure. Last time we heard that in this committee was, General Abizaid was here as -- as regional commander and he got his training in Arabic at the DLI and -- and we were -- I was asking the question of whether those were great assets in theater. And he said exactly the same thing you did. He said it's a national treasure to this committee and he said something really profound. He said, until Americans learn to cross the cultural divide, we'll never maintain peace.

And I -- and I -- and I argued that if you want to learn to cross the cultural divide, Monterey is the place to do it. So, thank you very much. I have a question for Admiral Greenert. I think you're familiar with the initiative at Naval Postgraduate School to provide regional security education and cultural awareness training to deploying naval carrier and expeditionary strike groups. This program is called RSEP. It was created in the wake of the terrorist bombing of the U.S. S.S. Cole to ensure that commanders and personnel assigned to deploying naval forces are aware of historical context and strategic importance of current issues in and regions in which they will operate.

In a recent addition to the RCEP -- a recent addition to the RCEP Program has been the cultural awareness training to prepare each sailor and Marine for cultural sensitivities encountered as they get off ships or deploy in an area. And so, given our new focus on the Pacific arena, and the richness of the myriad of cultures that reside there, wouldn't the specialized regional security education and cultural awareness provided by RCEP Program be greatly -- of great benefit for forces deploying in PACOM?

GREENERT:

Congressman, absolutely. And I think we've budgeted accordingly. And in fact, as you said, its -- its got a pretty good return on investment. I have to be honest with you, when I first saw it I thought, what are we going to do with this? And then we listened to the strike group commanders come back and say what a great help it was. And how it did anything from reduce the liberty incidents ashore, which can become a strategic problem, to enable to folks who go ashore to do community projects, immediately enter -- you know, integrate and -- and get a big return on investment. So, Sir we're in.

FARR:

Well I heard the program is being cut, so I -- you're assuring me that...

GREENERT:

I am assuring you...

FARR:

All right. Thank you.

GREENERT:

...that we're in.

(CROSSTALK)

GREENERT:

It's not going to get cut if I have anything to do with it, Sir.

FARR:

Let me ask the same question about -- I've been trying for more than a decade to persuade the Navy to build a new academic building for the international studies at the Naval Postgraduate School. It's been in the FYDP for many years, but kept getting pushed to the out-years. Unfortunately, it completely fell off the FIDUP list this year.

The programs that would be housed in this new building are sorely needed by the Navy, particularly with the president's pivot for the Pacific. The Center for Homeland Defense, the Defense Resources Management Institute, the National Security Affairs, the Center for Civil-Military Relations, the Center for Post-Conflict Stabilization and Reconstruction Studies, the International Students Program Office, the Dean's Office, and other academic groups such as the Global Public Policy Group.

So I'm just wondering if we can get that back on and work with us to get the SIGS building back on the FIDUP?

GREENERT:

We'll go back and take a look at it, sir. I'm not familiar with it, but I'll go look at it. I understand your interest and we'll give it a good review in this FIDUP.

FARR:

Yeah, well, we have something in there for Big Sur Navy, and that could be easily - the Navy left there a long time ago, so that might be something you could transfer to this project. I appreciate that.

Let me just read some and that's the end of it. Both to the General and Admiral, I'm - my next comment is about the joint FAO program located in Monterey. Monterey - I want to commend you both for your robust support for the FAOs, and particularly for the Navy, growing their program so quickly.

The Joint FAO Program is housed at the Naval Postgraduate, but DOI provides individual language instruction to the FAOs when they are on campus for refresher courses in their regional skill development. It has particularly popular with the FAOs and critical to our national security strategy and deserves to be POM.

So the whole - I mean, the question there is really for Mr. Hale is that can we work with you in seeing that we can get that program POM'd in the Joint FAO Program?

HALE:

We will look at it in the POM '14. I don't want to make any promises I can't keep, but we'll take a look at it.

FARR:

Thank you very much.

Thank you, Mr. Chairman. I'll save the other questions for round two.

CULBERSON:

Sure, thank you, Mr. Far. And I want to make sure that I note that Admiral Greenert and General Dunford have a hard stop at 12:30 to enable them to go and testify in front of Chairman Young's subcommittee. It's on You Do Too Serve (ph) across - nearby. So with that in mind, and we really you being here, Chairman Young, I want to recognize - and again, we're going to go in the order in which the members arrived at the hearing.

Mr. Austria of Ohio?

Oh, sorry. I can't see him there. I apologize.

All right, Mr. Flake, Arizona?

FLAKE:

Thank you, Mr. Chairman.

Mr. Hale, with regard to OCO budget request for 2013, it includes full funding for the current force levels in Afghanistan and despite discussions that there'll be a drawdown before the end of the year. A CQ article published in January of this year noted that, quote," ... some of the extra room may be needed in the event of automatic spending cuts."

To what degree was your OCO request influenced by the possibility of sequestration?

HALE:

It - we are still working with OMB to fully understand how sequestration would work. But it does appear that OCO would be affected, and I think that's one of the many reasons why we need Congress to do something to get rid of this thing called 'sequestration.'

FLAKE:

Well, my concern is that we just honest budgeting. OCO is, you know, isn't subject to the spending caps. And so, if there is further drawdown, do you see that OCO funds being transferred to use for other items?

HALE:

Well, first off, let me say why we stayed at 68,000 troops for the fiscal '13 level, which is we did not want to tie the hands of the president in terms of decisions he might make. We want him to make - be able to make the decisions based on fiscal '13 troop levels, depending on what his commanders tell him and based on conditions on the ground. And we can't know those now, and so we budgeted at 68,000.

If there are further drawdowns below 68, yes, it may yield some further reductions in OCO. My experience has been that the drawdowns tend to take place right at the end of the year, because the commanders want to keep troops as long as they can. So I think the savings might be quite modest, but it's possible. And in that case, then we'd need to work with OMB and Congress to decide how to accommodate it. There may be other higher bills, often are, but we'd have to work that in execution.

FLAKE:

Right. No, keep in mind, I'm not trying to cast blame on the military for the way we account here in Congress. We do this all the time, plus-up those accounts where there's no budget cap. I just hope that we can - and I've written a letter along with some of my colleagues to the chairman of the Appropriations committee to make sure that we have a more realistic honest accounting on the budget side. If these are OCO accounts, they should be used for what they're designated for, and not just as a way to move money around later.

But anyway, I know time is sensitive, so I'll go on and yield my time back.

Thanks.

CULBERSON:

Thank you, Mr. Flake.

I recognize my friend from Virginia, Mr. Moran

MORAN:

Thank you very much, Chairman Culberson.

I just got some numbers by - provided by my excellent staff. And as you know, our staffs are terrific. They check these numbers. Over the last three years, Mr. Chairman, military personnel

has gone down by 2 percent, operations and maintenance went up by 8 percent, procurement went down by 3 percent, RDT&E - we're very interested in them - went down by 8 percent.

But here's the shocker. Military construction went down by 35 percent over the last three years. So I guess my question to the distinguished panel is, is it something Chairman Culberson did, or - I mean, what's the problem here?

What's up with that? is the appropriate question. That's the question I'll pose. Maybe Mr. Hale has a...

HALE:

Mr. Moran, what years were those, just so I understand?

MORAN:

From FY '11 to FY '13.

HALE:

Okay.

MORAN:

It's assuming that budget request for each year.

HALE:

Right. And I mean, as I said in my statement, you heard from the chiefs, we re-phrased military construction. We don't know for sure yet what projects will be needed in view of the force cuts that we are proposing.

And so, yes, there are cuts in fiscal '13. I would anticipate that you'll see them restored in the out-years, and as we know where we need the military construction. But there definitely was a re-phasing in this budget, and that's driving the numbers that you just mentioned.

MORAN:

So you backed into the budget number by taking it out of MILCON. I can understand that. I don't mean to give you a hard time.

HALE:

No, I really don't think we backed into it.

MORAN:

Well, I won't argue with that, yeah. I just - they - the efficiencies line, which some might suggest is a bit of a fudge line. So let me address this to our undersecretary responsible for budgets. But in FY '12, you proposed more than $150 billion in efficiencies between FY '12 and FY '16. And now your budget identifies an additional $60 billion.

So we're now talking about $210 billion in what are called efficiencies. The Army is going to save $19 billion by streamlining support functions, consolidating I.T. The Navy's going to save $6 billion by implementing strategic sourcing of commodities and services. The Air Force is going to save about $7 billion by reducing service support contractors, re-phasing MILCON projects. And then, there are other efficiencies, $30 billion including reductions in the Office of the Secretary.

The question is, how do you intend to achieve these proposed efficiencies without further cutting the federal civilian workforce, which is not reflected in the budget?

HALE:

Well, we'll do what we did a year ago. There was some of the same skepticism, I think, in fairness. And we have gone through a year when we took those $150 billion and made them

specific. There are now specific targets, there are projects, there are people in charge, there are dates when they have to be done. There's an oversight process in the services and one in OSD.

We'll do the same thing with the $60 billion that we're proposing now. Some of them are already definite, some of them need to be specified. Could they yield changes in civilian personnel? Possibly, but we'll do that only, Mr. Moran, if we think that we can essentially do it through efficiencies. We can still accommodate the mission.

And I wouldn't expect large additional cuts in the civilian workforce coming out of these. Many of them are more oriented toward our contracts, re-phasing MILCON, I.T. consolidation will be more heavily related to contractors. But there could be some.

MORAN:

Well, housing. Let me ask about housing. In 2000, we spent $13.5 billion. By this year that's increased by almost two- thirds. The cost-per-members have gone up by 60 percent. We now spend almost $14,000 per year per service member on housing.

In the mid-1990s, we had a report that 60 percent of the military's family housing was inadequate, and so under the Clinton administration we implemented this policy of privatizing housing on- base, and then meeting 100 percent - the basic housing allowance went up to 100 percent of the private market.

Do you know what the figure is now? I'm not sure it differs among agencies, but what's the figure now for the percentage of inadequate housing in terms of what we're providing on the numbers?

HALE:

I don't know that one, sir.

SCHWARTZ:

I can speak for the Air Force, sir. For us we have 76,000-plus military family housing units. Of that total, there are roughly 10,000 that are considered inadequate, half of which will go away by the end of '15. And we will, by the mandate of 2018, have implemented privatization fully. And we'll have eliminated the inadequate housing stock.

MORAN:

Well, it does seem - thank you, General - if that's the only specific. It's just an interest - it's a very specific interest in military construction appropriations subcommittee. It does seem as though the private housing has worked. I know in Belvoir it's nice housing.

ODIERNO:

Congressman, if I could...

MORAN:

Go ahead.

ODIERNO:

... I can get back to you with specific numbers, but I would tell you that the Army has the largest amount of housing. And I will tell you the privatization of the housing has made a significant difference in the welfare of our families and our soldiers.

MORAN:

Yeah.

ODIERNO:

We've implemented that fully throughout all of our Army and it is -the quality of life increases quite significantly. And so, the percentage of substandard housing is significantly lower than it was and I can get you the specifics.

MORAN:

Yeah. Well, it was a good idea and it worked.

So just the very last thing, since I've got your -- General Odierno. The -- in 2005, the National Defense Authorization Act required a land exchange or 4 1/2 acres between Arlington Country and the Cemetery. I'd be interested to know what the status is of that land exchange and I understand we want a second land exchange with the country. Why is that needed? I don't want you to take up too much time because I've got colleagues here that want to ask questions but can you address it (inaudible).

ODIERNO:

Yes, please. Congressman first I want to thank you for your support on this issue. It's an important one as we continue to look at the expansion of Arlington National Cemetery. This will the section -- second expansion project which moves into what used to the Navy Annex.

It has to really do about Columbia Pike. Right now, we simply can give 4.5 acres, we actually can give you more than that if we go south of Columbia Pike and then it would cause us not to have to have Columbia Pike in the middle of Arlington National Cemetery and we think it's something that we have to continue to work with the local authorities. We think it's the right solution that will allow us to expand Arlington National Cemetery. It will make it easier for us to sustain it. And frankly, we think it's also a better deal for the local governments as well.

And so we're in the process of -- of working with them on that now.

MORAN:

Well I -- I -- I agree with you. It's the right thing to -- to do and I am impressed that the -- the Chief of Staff of the Army is on top of this issue as well as he is. He's obviously gotten good staff briefing on this.

I won't take up any more time.

Mr. Chairman, thank you.

CULBERSON:

Thank you very much, Mr. Moran.

We recognize the gentleman from Mississippi, Mr. Nunnelee.

NUNNELEE:

Thank you, Mr. Chairman.

General Schwartz, I've seen reviews on the personnel impacts on the Air Force's proposed four structure changes. I really have not seen a lot of discussion on the military construction aspect of the four structured changes. Is the Air Force taking in to consideration any new construction costs that would -- would be incurred as aircraft are relocated and if so, how are you doing that?

SCHWARTZ:

We -- we are -- we have to perform the site surveys that are required to -- to determine the exact project scope and requirements of -- of relocation and -- and so on. And so that is not in the 13 program. That would come in -- in subsequent program years, sir.

NUNNELEE:

But would all of that be considered before any final decision is made on -- on changes?

SCHWARTZ:

The -- essentially the -- the transitions that we have already announced will -- will occur with minimum -- have minimum impact in terms of MILCON. That was looked as part of the process of deciding where to reduce the force structure.

Admittedly, however, this was done as I would describe at tabletop level. It still requires on the ground surveillance and that will occur.

NUNNELEE:

All right. Thank you.

Thank you, Mr. Chairman.

I yield back.

CULBERSON:

Thank you, Mr. Nunnelee.

I recognize my friend from Georgia.

BISHOP:

Thank -- thank you very much, Mr. Chairman. I apologize for having to leave. I had simultaneous hearings going on. Fortunately the other one was right across the -- the hall.

You know, I -- I have obviously an affinity and great interest in the Army as well as the Marine Corps. I have both of those bases in my district. But in the -- the February 27 addition of Inside the Army, you were quoted from a February 23 session with reporters during your visit to AUSA stating that the idea of dropping to 32 brigade combat teams was gaining traction of the cost of a plan in the works to add a third maneuver battalion to the services overall BCT structure.

Now as the member who represents Fort Benning, the future brigade combat team structures is real important to me. So can you kind of explain to the committee what it is that makes the change from 37 BCT's to 32 BCT's better overall for the Army and what potential installations would the additional reductions in the BCT forces come from and how would that be implemented?

ODIERNO:

First there's been no final decision made on that. What we have done significant analysis from training and doctrine command both from an operational strategic and tactical across the spectrum of conflict of -- of what is the organization that we need within the Army in order to best meet our future missions and it's clear that we need to have a third maneuver battalion in our brigade.

So we'll -- now looking at that to decide how we would implement that. What it would is it eliminates some overhead, but frankly it would -- it would also -- it would add to the number of battalions that we have to our brigade so the overall numbers, whether it be 37 brigades or 32 brigade of people would not change that much. It would just be a minor adjustment in the number of people. Although you would lose some brigade flags.

We have -- we have not done analysis yet -- yet on where those brigade flags would come out of because we want to look at -- it would be based on facilities. It would be based on other decisions, if we decided to implement this strategy of going to a third maneuver battalion.

And so our -- our -- our assessment would be done on the quality of training, capabilities at an installation, the -- the quality of motor pools, the quality -- and we would do an assessment of all of that and then make a decision.

And we'd also look at it from a perspective of sustaining close -- close to each other our chain of command in our divisions. You know so for example, within Georgia, part of that is making sure we keep Third Infantry Division in Georgia as we continue to reorganize.

So those -- those would be the considerations that we look at as we -- as we ...

BISHOP:

With regard to the Third I.D., there's been some discussion and some speculation that in the consolidation process, you're likely to bring home units that have been separated to their -- their -- their mother unit. For example, Third I.D. I think is based at Fort Stewart with one brigade at Fort Benning and so is that what the -- what the thinking is that has not been ...

ODIERNO:

No that -- that -- that is not, again, it's -- it's -- it's about analyzing the facilities that are available at each and how we can best maximize our training. What we don't want to do is incur any MILCON costs to ourselves as we walk our way through this. So we want to use existing infrastructure. We think we have the existing infrastructure to do this reorganization. But that's one of the consideration that we'll look at before we make any decisions.

BISHOP:

Thank you, sir.

CULBERSON:

Thank you, Mr. Chairman.

I recognize my colleague from Texas, Mr. Carter representing Fort Hood.

CARTER:

Thank you, Mr. Chairman and to all the -- all of you, thank you very much for being here.

I've first like to speak to General Odierno about something that's kind of important to Fort Hood right now. I want to talk to you about the (inaudible) technical support facility. There's a recent suggestion that that should be moved to Aberdeen Training Ground and I want to first, I guess the question is, at the Army level, I know they've done an -- a cost-benefit analysis by this -- the SEACOM (ph) command, but at the Army level have they looked at this support facility?

And specifically, I talked to the Secretary of the Army about it. I'd specifically like to point out that the last move that was made from New Jersey to Aberdeen, there a report that was submitted about the lack of educated workforce to backfill the losses that they made by the -- by that move. I know you're -- you're an old Fort Hood soldier and I can assure you that there's not very many people planning on moving out of Texas, Aberdeen and so you'd have to backfill that. And I think that's an important element and a cost benefit analysis that'd have to be filled is where are you going to get the educated workforce to -- to meet your needs at Aberdeen if this move is made?

So I'd like to suggest that the Army do an Army wide cost benefit analysis and take a hard look at this because it's really important to the people in my -- my part of the world. They're all talking about what are they going to do -- what they're going to when they retire because they're not moving.

You -- you have any comments on that?

ODIERNO:

First, Congressman, I -- I would tell you that we have asked cross the Army to look at where you might be able to gain efficiencies so there's a lot of sub-analysis that is going on that has not yet

been brought up to the department and it might not ever make it up to the Department of the Army.

As we look at different ways to consolidate and -- and save -- save money based on what we think is best for continuing to improve our forces.

So I would just tell you that the -- the CTSF, which as you know I'm very familiar with, has not yet been brought up to our level. If it is, we will certainly make sure that we do a full Army cost benefit analysis on it if it makes it up to our level.

CARTER:

Well, I guess we all know that kind of one the things that's kind of making our economy stutter is that there's so many unanswered questions out there at every level and these people are dealing with unanswered questions right and it's making them very nervous.

Another thing we're going to have to do, we all recognize it. We're going to have reduce -- there's probably going to have to be reductions in the civilian workforce on these posts and the contract workforce -- the contractors. And -- and I've got a couple of questions.

What do you think that's going to do to the operation of the -- of the -- the post? But more importantly, I heard from one of my colleagues that -- one of our female colleagues and she understood that we're pulling out of Afghanistan with our contract security people, 1 March.

The people we have hired to do security in Afghanistan are going to be pulling out either the first of March or the end of March is what was reported to me and I assume that the Army and the Marines are going to have to fill in those security missions over there if that's the case.

Do you have any knowledge about that or what's going on with that? Because we've heard that ...

ODIERNO:

Yeah, I would just -- I would just say I've not heard that specifically. That would be something that would be decided within CENTCOM. We have not been yet asked to backfill any requirements to -- to support that. So I -- I have not -- I've not heard anything specifically about that yet.

BISHOP (?):

Would -- would the gentleman yield on that?

CARTER:

I'll be glad to yield.

BISHOP (?):

Doesn't that funding come from the department of state and not from the Department of Defense for those -- for those functions -- those contractors?

ODIERNO:

No it depends on what they're doing and -- and I -- I would say there could be some that are Department of State but they also could be -- there's some that are Department of Defense as well.

CARTER:

And -- reclaiming my time, it could be the State because it actually came from one of the subcommittee chairmen that deals with issues from State and -- and that concerned me a great deal. And I know we're about to shut down, but I've got to ask a question of General Schwartz if you don't mind. General Schwartz, we've got a -- a C-130 wing at Fort Worth that has been suggested to be moved to Montana from Texas. Now most of us that live on the -- in hurricane

alley down here, we are very proud of that C-130 Guard group that has responded to disaster after disaster after disaster on the Gulf coast from Florida to Texas.

I've had colleagues from other states ask me about this issue because -- especially our friends in Louisiana because I understand that -- that your C-130 Guard unit from Fort Worth was like first on the scene in Louisiana for one of the hurricanes. These folks are being transferred up to Montana. Now I understand you had a -- an F- 16 group, is that what you had up there?

SCHWARTZ:

It's F-15, Sir.

CARTER:

F-15 group? And they moved to San Diego?

SCHWARTZ:

California, that's correct.

CARTER:

And are the -- and -- at least it was suggested to me that they've -- there's already noise pollution issues, a local ordinance that you're going to have to address there. Did you hear anything about that?

SCHWARTZ:

Sure. Sir, a couple of parts to this. First of all, the relocation from Montana to California is driven by North American Aerospace Defense Command, air sovereignty requirements. To the Fresno Air National Guard wing in Fresno, California, it currently is equipped with F-16s, old F-16s. And -- and the proposal is to relocate aircraft from Montana, which do not perform that mission at their current base, to a location where they would do it without having to leave their home base to perform the air sovereignty mission.

That's the logic of using F-15s in the Guard to support the air sovereignty mission. Now, with regard to -- the unit at -- at Fort Worth. We're reducing C-130 lift capability in the Air Force by 65 aircraft, 39 of which we'll retire in '13, for a total of 318 airplanes. Significantly, there are other C-130 assets, admittedly not Air National Guard, but other C-130 assets in the state of Texas. You're well aware, Abilene has 28 airplanes. There are other National Guard assets in -- in Arkansas, in Mississippi and so on for -- for compact -- you know, interstate compact employment and so on.

And we're back-filling the C-130 unit at Fort Worth with the MC- 12s. Which is a important intelligence surveillance and reconnaissance aircraft that certainly would serve the border surveillance in counter drug missions in -- in your part of the world, Sir. And employ all of the skills and -- and some different skills frankly, that -- that the former unit had in -- in a -- in a -- enduring mission. A mission that's going to be with us, Sir for...

CARTER:

How many planes would be in that...

SCHWARTZ:

Nine to 11, probably nine, maybe 11 MC-12s, Sir.

CARTER:

I just -- it -- it was very curious this is considered a very prime asset. Our governor considers it a very prime asset to our state. He's concerned about it. And you're going to have to -- do you have hangars in -- in Montana or you have to build C-130 hangars?

SCHWARTZ:

We would have to modify the existing hangars, Sir.

CARTER:

And -- and retrain the pilots?

SCHWARTZ:

The...

(CROSSTALK)

SCHWARTZ:

And a -- a factor here is that there is no coverage -- lift coverage currently in the Northwest portion of the country and then specifically for FEMA region 10. That was another consideration of, again trying to balance the coverage for potential disasters, as you've outlined. That might occur in -- in the various portions of the country.

CARTER:

So the Arkansas and the -- and the Mississippi Guard has been involved in these rescue issues also?

SCHWARTZ:

There -- there have been routine occurrences of -- of the interstate compact being executed and -- and Katrina was clearly an example of when other states helped Louisiana and Mississippi to a great extent because of the damage that occurred.

CARTER:

All right. Well thank you very much. Thank you Mr. Chairman.

CULBERSON:

Thank you Mr. Chair -- thank you Mr. Carter. We -- we just discussed that. I completely agree with Mr. Carter. We want to make sure those C-130s do not leave Texas. There's no apparent military or strategic necessity to do it. We suspect there's other reasons because Texas doesn't vote right and depending on the White House it seems to be a pattern of behavior which is very regrettable. Because again, we want you to be driven by the mission, not the budget nor any other considerations.

We need to do what is right for the nation regardless of -- obviously we've got to operate within the budget, but we want you to follow the mission and the needs of the United States of America and not political. So it's a little aggravating to us in Texas to see...

(CROSSTALK)

SCHWARTZ:

Mr. Chairman I -- I -- I can tell you forthrightly, I received no political influence on this decision process.

CULBERSON:

Oh I know you didn't, Sir. But -- I certainly don't mean to attribute that to you, Sir. But it is certainly our impression from the White House and we tend to see a pattern of behavior because Texas doesn't vote right in their opinion. Actually we -- we do vote right and exercise good common sense. I think Mr. Yoder...

(CROSSTALK)

BISHOP:

Mr. Chairman. Mr. Chairman let's -- let's -- let's try to...

CULBERSON:

I'm sorry.

BISHOP:

... let's try to stay focused.

CULBERSON:

You're right. You're right. Let me if I could, Mr. Bishop, go to Mr. Yoder, please? Recognize Mr. Yoder.

YODER:

Well thank you Mr. Chairman and gentleman, thank you for your service to our country and we're honored to have you here today. And certainly appreciate your candid comments on the challenges our country is facing. In the appropriations process I'm a new member on the committee and freshman member to Congress and -- and faced with the looming threat of a fiscal crisis that's being created by our national debt and I know that's not understated or not misunderstood by this panel.

And I -- it was -- really stricken by the remarks that Admiral Mullen made last year and has reiterated. I think his quote was, "I've said many times that I believe the single biggest threat to our national security is our debt." And so I also believe we have every responsibility to help eliminate that threat. And so as we're discussing the sequester, and I know one of the gentleman spoke about figuring out a way to remove the sequester. I think that's a very hot topic on The Hill right now.

I'm also challenged by the frustration that many Americans have that -- that Congress doesn't always keep its promises and follow through on the -- on the -- the recommendations that its made. And last August through the debt ceiling increase, legislation was passed that include -- included the sequester as part of that. And essentially hit all portions of the budget pretty hard including the Defense Department. And I'm challenged by how -- and I didn't support that. Incidentally, I didn't vote for that.

But, given that it is in federal law and given that it was part of the recommendation, I -- I'm frankly challenged at how we undo that. And -- and how we go back on a promise that Congress made five or six months ago to cut spending that was a bipartisan majority, signed by the president. And -- and so I guess I'm perplexed, particularly given Admiral Mullen's statements regarding the single biggest threat facing our country being the deficit and I think he went on to say, we must and will do our part.

And so I don't think anybody's suggesting we -- we take a disproportionate share out of the Defense Department, but how do we not take a -- a -- at least the -- as the sequester relates, really across the board from domestic and defense spending. How do we not do that? And you know, how do we go forward with -- with -- which is obviously is one of the larger -- or is the largest defense budget in the world. Significantly larger than other countries.

How do we go forward and what's the -- what's the future of our defense spending in this country given the prognosis? And what would you recommend to this committee and to the Congress to how we deal with both threats? And that's for anybody.

HALE:

Well let me start out, and I'm going to quote my boss here. As Secretary Panetta has said repeatedly that what we need is a large, balanced package of deficit reduction that allows a halt to sequester. And I heard him say this repeatedly, it needs to consider everything. Mandatory spending, revenues, and realizing how hard those things are, I think he'd also say we've seen significant cuts already in the Department of Defense through the Budget Control Act, as well as

in other non-defense discretionary spending. And that you -- you're not going to solve the deficit on -- by cutting discretionary spending, which is about a third of the budget, and not going after some of the tough, mandatory spending and yes, revenues that -- that are important. I know how hard that is. And I'm not the guy to ask the details. But I think that's where he's coming from. And we hope that Congress will move in that direction.

SCHWARTZ:

If -- if -- Mr. Secretary if I can just add an example though, not just of the -- the contribution that defense makes that the secretary addressed, but it's also the manner in which sequestration is executed. Across the board cuts without regard to program content is -- frankly it's lunacy. I'll give you one very good example. We have a firm fixed price contract with Boeing for a new tanker. We're not -- we got a good deal. We ain't changing anything. But if we go to sequestration, that contract is reopened and will have to be renegotiated. And -- and I feel confident that we won't get as good a deal the second time around.

So I would -- in addition to the issues that -- that the secretary mentioned, I think it's the manner in which sequestration is executed that is particularly worrisome.

ODIERNO:

Congressman I would just add, I think it's our responsibility to give military advice and my -- my position is, is if we take above a $500 billion -- half a trillion dollars which we have now and look at the uncertainty in the world and all the things that could challenge us, if we continue to go forward with sequestration, I think it challenges our ability to provide defense and security to this nation in a variety of ways. And I think it's up to us to ensure that that's -- that's what I believe as -- as a military adviser.

And I worry that if we have to reduce the Army another 100,000 people, whether it be in the National -- significant amount in the National Guard and Reserve and some more in the active, it will impact everything from disaster relief to support to civil authorities, to our ability to respond to contingencies around the world. We would have to significantly cut modernization programs. Our readiness would be challenged. And as -- as General Schwartz mentioned, because of the fact we can't choose where the cuts come, that they come evenly, we will have an imbalance within our own readiness And we will be back to having a hollow -- potentially hollow force. Where if -- if necessary we'd have to respond with something that might not be what we needed to be -- respond to with. And -- and ultimately cost us American lives.

And I think it's up to us as military (inaudible) to ensure that doesn't happen. And that's my concern outside of the fact that we have an issue with the debt.

YODER:

Thank you, gentlemen. Thank you, Mr. Chairman.

CULBERSON:

Thank you, Mr. Yoder. I want to postpone some of my questions, cause I know that we're going to lose the Marine Corps and the Navy here in just a minute, because of the hearing across the hall. So I'd like to if I could go to my friend from California, Mr. Farr.

FARR:

Well, thank you very much.

And I want to thank Mr. Hale for mentioning it's also going to include revenues, not just cuts. And I want to ask you, Mr. Hale, if we're going to go into another BRAC round, it seems to me

that sequestration with BRAC is like the perfect storm, or maybe the perfect train wreck. Cause it puts both burdens back on on Congress to -- to take -- make the ultimate decisions.

But you've been using the COBRA model. And I've been through a lot of these BRAC rounds. And I can't understand why you keep using the COBRA model. I think it's very subjective. It's not transparent. For example, community members can never find out the data upon which the cost benefits are figured out. It's not that information isn't available.

Secondly, there's a mathematical formula is -- is so subjective. For example, in Monterrey we have an incredible support community out there of international, you know, personnel that live there that are the former professors and big Korean community. Big Vietnamese community and so on. How do you put a value on -- on that as far as in a brack model to -- to figure out whether the -- the mission of languages ought to be enhanced to the DLI or moved someplace else?

So I -- I -- if -- the question is are you going to reform or re- valuate the manner in which you judge the worth of a base or mission, and will COBRA continue to be used, or will there be some -- or other better instrument developed?

HALE:

You're going to have our installations and environment people here in a week or two. I think it would be a good question. Let me tell you what I know, which is COBRA focuses The Cost of Base Realignment and Closure -- that's what it stands for. It -- it does look at the costs. We get them. We usually audit them. There are many other judgments go -- that go into the BRAC process. And some of them are definitely subjective.

We try to do them in a systematic manner. But I -- I'd ask you to pose that again to our INE (ph) experts who are more familiar. I think you've got a hearing with them in a week or two, and -- and I think they might be able to do a better job...

FARR:

Yes. I -- I think you're going to get a lot of questions about BRAC. And that's obviously the basis for your decision-making. And...

HALE:

Well, it's the cost basis. But there are many other factors that get assessed. The mission needs are critical. And I think some of those are made outside of the Cobra model.

FARR:

But bean counters -- I mean, I -- I know you have to go. Bean counters just look at what is the cost. There's the -- the value you -- they don't -- I think the value added is never included in. It -- we -- we have this problem in Congress. CBO...

HALE:

Well, I am one of those bean counters here seriously.

FARR:

And the point is that...

(CROSSTALK)

HALE:

You know, it's not just the...

(CROSSTALK)

HALE:

It's not just costs that get considered in the BRAC process.

FARR:
General Odierno...
(CROSSTALK)
FARR:
... about how do you put that value added of the -- of the whole Monterrey culture...
HALE:
Right.
FARR:
... into those decisions that he has to make? Those aren't in there in dollars and cents.
HALE:
You're right. And -- and they need to get in there through other ways, and they do. And their assessments are made of -- of what the base can do to meet mission needs. And -- and some of those are subjective, and they involve the -- the military, as well as our civilian leaders.
But let me ask you to pose that again to Dorothy Robin (ph) and others that will be here in a couple of weeks.
FARR:
Don't worry. Thank you.
(OFF-MIKE)
CULBERSON:
Sure. Thank you.
Before we lose Admiral Greenert and General Dunford, any -- anybody -- I want to make sure I recognize anybody else who wants to ask a direct question to either one of those gentlemen before they have to leave.
BISHOP:
General -- General Dunford, if -- if you will?
(OFF-MIKE)
BISHOP:
Let me just ask you to talk about the logistics command and the recent reorganization and consolidation of logistics headquarters with Barstow and -- and Albany, and how the consolidation is going to -- to work to -- to ultimately make you more -- more effective and efficient within the context of your budget constraints?
DUNFORD:
Congressman, first I would say that one of the keys to our success over the past 10 years of war has been Marine Corps Logistics Command down in Albany. They have completely transformed themselves, and pushed the capabilities that they have forward into the theater to support our forces previously in Iraq and currently in Afghanistan.
What we -- what we had in the past as you know is two separate facilities at Barstow and -- and Albany. And -- and although we did our best to try to make sure we had a distribution of effort across those two faculties, and -- and were as most -- and were as efficient as possible, we decided that a single command that would have responsibilities for both the depot at Barstow and the depot at Albany was a more efficient way to do business.
And that really I think is what you're alluding to now is the single commander responsible for those two positions that has a holistic view of all of our institutional reset requirements.

Particularly now as we come out of Afghanistan. And we'll certainly need some significant support and reset coming out of Afghanistan. And critical to that support is what goes on in the Marine Corps Logistics command.

BISHOP:

So we retired both of those subordinate commands, than they are -- they -- they are being replaced by the overall...

(CROSSTALK)

DUNFORD:

We actually have now a single...

(CROSSTALK)

DUNFORD:

... colonel that's in command of both the facility at Barstow, and -- and Albany. That colonel reports to the commanding general of Marine Corps Logistics Command, General Hudson, who I know you know well.

BISHOP:

Right. Right. OK. And how does that -- that work with Jacksonville and Blood Island (ph)?

DUNFORD:

General Hudson has responsibility right now for Blood Island (ph), so our logistics enterprise has a singular command and control structure, which is General Hudson down in Albany, Georgia.

BISHOP:

Thank you, sir.

CULBERSON:

Mr. Carter?

CARTER:

Before I...

CULBERSON:

Very brief...

(CROSSTALK)

CARTER:

Oh. Before we have to lose somebody, this -- I find this very fascinating actually. FY-11 unemployment compensation for all services combined for $936,379 -- well $936 million, OK? The Army has the largest portion which is $514 million of unemployment compensation.

I don't think anybody ever thinks about you paying unemployment compensation. At least I didn't. This is a lot of cost. And it looks like it would be prudent to maintain and come up with programs that maybe help us reduce the cost. And I know we're trying to transition as we -- as we move people out of the services into an employed situation. And this kind of ties into that.

But all of the services are paying millions of dollars in unemployment compensation. Nobody can really guess what the cost is going to be from the draw down, because the -- the sequester is still out there which could be more people you're going to have to do.

Have you looked at that that and tried -- and is that one of the things that you examine as you try to figure out how to transition people out of their -- their needed position in the service, because we -- we have to under sequester? I'm concerned about the fact that we're gutting our military. I'm very seriously concerned about it.

But are we looking at these kind of costs when you do this, because I'm curious about that?

ODIERNO:

(Inaudible) we -- we are considering it. And you're right -- $515 million the Army spent last year. And we budgeted about the same for FY-13. However, I would say its gone up every year.

CARTER:

Yes.

ODIERNO:

Our -- our portion since 2001 its gone up every year what we've paid for compensation for unemployment in the Army. But we have programs in place that look at -- we -- we are in the process right now of revamping our transition programs.

We have several private organizations -- companies who are coming up with hundreds of thousands of jobs that they want to make available to veterans. So we're working very hard in how we connect the veterans to these companies. How we help the right resumes. How we continue to help them to prepare themselves to apply the lessons and things they've learned as part of the military in getting them a job.

So it's first about defining and helping them to articulate what they've done in the Army and how it equates to a civilian job. We're -- we're putting training programs in place to do that. Second piece is how do we then link them up in an easy one -- one site that will allow them to see all the jobs that are specifically available for veterans and to help them to see where they are, and how they're qualified and start applying for these. So that's all part of this.

And -- and actually the president has talked about a transition assistance program that we are -- we -- it's a cooperative effort between the Department of Labor, and the Department of Defense, and the Department of Veteran's Affairs that we are now linking and putting together in order to help us with this problem. Because it is something we are concerned about.

We -- we are concerned about our soldiers not only when they are in the service, but when they leave the service. And we want to make sure that they have the ability to continue to contribute and able to continue to take care of their families as they leave the Army. So it's something that we're very concerned about, and we are looking it.

And -- and it's something that on every installation we are putting programs in place to implement this.

CULBERSON:

Go ahead, sir. I know you and the Admiral need to leave. So -- but...

DUNFORD:

Congressman, General Amos talks a lot about keeping faith with -- with our Marines and their families, and -- and a critical aspect of that from his perspective is transition assistance. So we have over the past year in fact completely revamped our transition assistance program.

You know, at one time it was kind of mass training. We now have a program that allows a Marine to walk really through one of four doors. If the individual wants to go to college, we assist in going to college. If that individual wants to be trained in a trade, we support that. If they want to get employment, we have a network to support that. If the individual wants to be an entrepreneur, we have a program for them to be an entrepreneur.

So we conducted a pilot over the last six to seven months to do that complete transition. The pilot is complete. And -- and I'm proud to tell you that in March of this year, the new transition

assistance program we implemented across the Marine Corps. And I think we will significantly assist our Marines in making a transition.

We're going to have a holistic view, and help Marines begin a transition actually from day one when they join the Marine Corps. But right now our focus is on 180 days before and after they get out of the Marine Corps to make sure we -- we facilitate this transition during a very difficult time.

And of course the other thing we're doing is -- is ask for some assistance in controlling the off ramp of Marine forces over the next several years between now and 16. And we think that number of 5,000 plus or minus each year will actually be manageable and help us to assist in a smooth transition of Marines so we don't lose them all at one time and create more difficulty in -- in a very difficult job market.

CULBERSON:

Thank you, General Dunford. I know that you and Admiral Greenert need to step out to go to Chairman Young's hearing. Do you want to add anything to that briefly, Admiral, before you go?

DUNFORD:

The only thing I would add, our -- our programs are all very similar. We have a thing called Shipmates to Workmates. We talked a little bit about the -- the lament we have for civilian personnel management. A lot of our sailors can transition. They have the same skills, welding, pipe fitting, electronics, right over to working for our Naval Sea Systems Command, Naval Air Command, Space and Warfare Electronics Command.

And -- and so that's a very viable program and we actually recruit for that matter. We have hired job placement people. And you've got to give the sailors and kids the time off to do it. Or what they do is, they get out of the Navy because they work all the way to the end. And then go on unemployment to go find a job. So if you give them that time beforehand, then they can get that job. And that's what they want.

CULBERSON:

General Dunford, Admiral Greenert, I understand you all need to go, but we do have some other questions on -- I certainly wanted to -- if I could, get into with you, General Schwartz, Mr. Hale and General Odierno. But if -- we could allow you to go get a little lunch and visit...

(CROSSTALK)

CULBERSON:

We won't be much longer, I don't believe. We just have a couple more questions. But I understand you do need to leave. And thank you very much service and for being here. To the both of you, thank you.

GREENERT (?):

Thank you Chairman and members of the committee.

BISHOP (?):

Thank you Sir. Sirs. Gentleman.

CULBERSON:

If I could, a couple other areas I wanted to ask about, probably Mr. -- Mr. Hale and certainly with the Air Force and the -- and the Army in particular. I was -- you know, we know that the department has designated two bases in Afghanistan, Bagram and Kandahar as enduring and they're -- other indications that the department and CENTCOM have, you know, longer term expectations for these two locations that go beyond the immediate operations in Afghanistan.

But, you know, the MILCON associated with those two bases was programmed in, in Fiscal Year '11 and '12.

But in this years submission when the committee looks at the request for the Fiscal Year Defense Plan, particularly for the Army and the Air Force, there is no Afghanistan military construction program beyond Fiscal Year '12. And, you know, we see that and then in conjunction with this -- I -- and I really do think the economist has characterized it correctly. It's very distressing to see the Obama administration essentially head for the exits attempting to pull out abruptly out of Afghanistan all the -- the sacrifice and effort that we've made there.

Why is there no Afghan MILCON program beyond Fiscal Year '12? Perhaps start with you, Mr. Hale?

HALE:

You know, I'm going to -- I'm going to need some help here.

(CROSSTALK)

HALE:

What I'm being told is -- is that CENTCOM has not identified needs at the moment. We do program some MILCON money in the base budget for enduring locations. There is none in '13. And the answer is, at the moment we don't think we need it.

CULBERSON:

Why?

HALE:

I think they've met their needs.

(CROSSTALK)

HALE:

...necessarily need MILCON every year. We are planning an enduring presence, but at least my understanding is our commanders don't think they need MILCON at this point.

CULBERSON:

You are -- we are planning an enduring presence in Afghanistan. What does that mean? For how long?

HALE:

That I can't tell you. I mean we will transition military -- the military role to the Afghans, but we do anticipate some support roles there. And I can't tell you how long. Perhaps you can step in here?

ODIERNO:

I -- I would just say that we have not made any decisions on how long they would be there after '14. But we do believe there's a potential that training and advising and other support functions that remain.

But, Congressman, what I would say is, you know, the infrastructure that we've built in Afghanistan is quite robust. And we're -- we're going to reduce our presence there. And I think the thought process is that the infrastructure we have there will be good enough to support a much smaller footprint that would be there after 2014.

Now, my guess is that -- that Central Command will continue to take a look at this and submit requirements to us. But they have not submitted any requirements to us that we have not put in

our budget. And so we have -- we just don't right now have any requirements to the best of my knowledge to have any MILCON necessary.

CULBERSON:

So the absence of a request on behalf of the Army is that the facilities you have are adequate?

ODIERNO:

I think, I think what's going to happen is the -- it's an assessment from -- by CENTCOM that we get and then -- and then we -- we help them to fund that if -- if they determine the facilities are inadequate. I think as they are working through the reduction of forces this year, down to 68,000 by the end of September. And as they do further reductions, I think they will have to do some further reviews on, is the infrastructure appropriate for what we'll leave behind after 2014?

I would say that it will be a significantly smaller footprint than it is now. So my guess is, you know, they will have to see what's left and then make a determination if they need any more infrastructure. And whether we put that in the base, or that is funded by OCO, that will be a decision that will be made later on.

CULBERSON:

All right now I hear you say in 2014, and I know that the 2014 date was apparently agreed upon at the NATO summit in 2010, but circling back to what I mentioned earlier, I mean we're -- we're still trying to get our arms around -- what -- what then is Secretary Panetta talking about when he announced on February 1, that he wants a -- he thinks that we're going to withdrawal from a combat to an enabling role in about 18 months, in 2013. What's up?

ODIERNO:

Again, I would say it's similar...

(CROSSTALK)

ODIERNO:

...it's similar to what we did in Iraq, Congressman. Over time, we slowly turned more and more responsibility over to Afghan Security Forces like we did Iraqi Security Forces. And so I think what he was talking about is he believes by the end of '13, the Afghan capability will have -- they will have more capability to allow them to take over responsibility for security. It might be the end of '13. It might be a little bit later than that. That will be a determination made on the ground.

CULBERSON:

Based on their capability?

ODIERNO:

Based on their capability. And then what we would be there to do is to continue to provide training, advising and support to that. And -- and our own force protection.

(CROSSTALK)

CULBERSON:

Well obviously we're all distressed and upset to, you know, read and -- and heartbroken at the loss of American lives. We're very concerned on -- I know all of us on the floor talk a great deal about, it appears that there's increasing instability and unreliability among those Afghan forces that are turning their weapons on Americans. So could you comment on that? And -- and of course the president's apology I find very distressing and very bad policy for...

(CROSSTALK)

CULBERSON:

... a president of the United States should never apologize for anything the United States does, ever. I personally don't think it helped in this situation. What's going on with the Afghan Security forces...

(CROSSTALK)

ODIERNO:

Well -- well, Congressman I can't speak specifically...

(CROSSTALK)

CULBERSON:

...rioting over the....

ODIERNO:

...to -- to -- to the incidents. What -- what I would say is, you have -- that there is significant vetting that goes on with these individuals. We continue to work with the Afghan government on the vetting processes of these individuals. You have certain people who intentionally have infiltrated the -- the Afghan Army and -- and Afghan Police Force. And it's very small numbers. But all it takes is one or two people with a -- with a weapon that can turn on U.S. and coalition forces. I would also add that we have some of our coalition partners suffer the same fate.

So we have to be very vigilant in working with the Afghan Security Forces and the Afghan government in vetting and ensuring that we learn and continue to protect our -- our -- our soldiers, sailors and Marines that are over there. And we will continue to do that to the best of our ability.

CULBERSON:

You feel like it's very small numbers then?

ODIERNO:

I do -- and -- and what I -- what we need to be careful about, and I know it's very difficult and -- and -- and it's difficult for us. When we have somebody who's working hard, dedicating themselves to the mission in Afghanistan and somebody who they're helping comes behind and -- and kills them in some way, it's a very difficult situation.

And first, I'd like to compliment the discipline of our soldiers, sailors and Marines on the ground in how they handle this.

CULBERSON:

Yes, sir.

ODIERNO:

They handle it in an incredibly disciplined way, which makes me very proud every day to watch them and how they handle this.

But, what we ought to be careful of is, you know, we have a very large Afghan Security Force and -- and 99.9 percent of them are dedicated to providing security to the Afghan people. And what we don't -- we have to be careful that we -- that we don't overreact to this, although it's a very serious...

CULBERSON:

Yes, Sir.

ODIERNO:

...situation.

CULBERSON:

Well, and that's encouraging to hear. Is the -- there was a follow up I -- I wanted to ask you on that. The -- so the absence of a request for -- for funding is no -- no reflection on -- on pulling out any time soon, or it's just you really do feel that the facilities there are adequate. Oh, I know what I wanted to ask you, Sir. Is the NATO forces. I'd heard a report, we had some discussion, I'd heard reports that the NATO Security Forces were attempting to pull out earlier than planned. Is that correct?

ODIERNO:

I -- I -- I would leave that to CENTCOM to answer. I believe everything I've read is that NATO continues to be a very strong partner. That's reconfirmed -- I think that will be reconfirmed in May when they have the summit in Chicago. And so I -- I think NATO partners who continue to move forward with us, hand-in- hand. I can't speak for individual countries and some decisions they make, but I -- I would leave that both to the SACEUR or General -- Admiral Stavridis and General Mattis.

CULBERSON:

But at this point we can tell our colleagues and our constituents, there's no foundation to the report Judge Carter mentioned that the private security forces are pulling out and there's no foundation yet to the report that NATO Security Forces are attempting...

ODIERNO:

Yeah, I -- I have not -- I have not seen a report that says we're pulling out civilian security contractors that are assisting us. I would defer the question to General Mattis and Admiral Stavridis on -- on NATO forces, but I -- I see the NATO Alliance strongly supporting and working with us as they promised back -- through 2014. I think that will be reaffirmed when they come here in May.

CULBERSON:

All right, sir.

(CROSSTALK)

CULBERSON:

... the absence of an Air Force MILCON request for Afghanistan. Yes, Sir?

SCHWARTZ:

The reality is, is that the infrastructure that -- that is currently in place is adequate for now. And -- and as -- as we get better definition of what a follow on mission might entail, we certainly would revisit what that footprint looks like. I would like to mention one thing about -- about the private security contractors. This -- this might be something, Sir, to interact with Foreign Affairs on. Because part of what's happening is a requirement to certify with the Afghan government the private security entities.

And some are achieving certification and some are not. And I'm certain that that's what is involved in what -- what you are hearing.

CULBERSON:

Yeah. Thank you. Thank you very much. What -- one or two others, I want to make sure to recognize my friend, Mr. Bishop from Georgia?

BISHOP:

Thank you very much Mr. Chairman. I -- I just want to express a little caution here. I don't think that we probably should use this -- this as a platform to -- to decide whether the president should

or should not apologize. Apparently that was a serious mistake that was made, that in diplomatic circles was felt was inappropriate and I don't think that our country should ever be so arrogant that if a mistake is made, that we can't appropriately address that by -- by expressing an apology.

But I -- I don't know that this is necessarily the -- the platform for that. I was going to ask the -- General Schwartz about the Air Force's reduction in its military construction budget.

Obviously, the budget shows a great reduction of aircraft, either by retiring or relocation. And of course, in the last couple of years, you asked -- had a lot of requests for aircraft hangar assets. Are there construction projects now, since you have a reduction in aircraft requests, that you're not necessarily in need of now? And does that speak to why your requests are lower?

SCHWARTZ:

That is -- that is certainly one of the reasons. And that is reflected in particular with those projects that were associated with the C-27 aircraft bed-down and also F-35 having slipped to the right. Also, we have indicated that it's early to need for some of those projects.

And so without a doubt, the -- the $442 million that's in the '13 proposal on the MILCON side is associated with -- with that reality.

BISHOP:

Thank you, sir.

General Odierno, I'd like to kind of explore with you the drawdown impact of the readiness of our units and our reserve components. I'm aware that the Army implemented the Army force generation model to rotate units in an efficient and predictable manner to meet the needs of the combatant commanders.

But as we draw down our presence in the Middle East, can you kind of tell us how the Army is going to continue to utilize the Army force generation model as an enduring strategy to maintain the proper readiness of the Army as a whole?

I know that the reserve component units were utilized within the force generation model to support the war fight over the last decade. And the Department of Defense, I think, in 2008 directed the services to manage the reserve components as an operational force.

What resourcing decisions has the Army made to comply with the directive? And presumably, the fact that you added a budget item to fund the additional reserve component training, based on that force generation model, rather than relying on the supplemental, is I guess partially the answer.

But we are hearing that the Army just reallocated a substantial amount of the funding from the procurement account to the training account within the reserve component, which makes it sound like the reserve component units will be able to improve their training and their readiness, but it will come at the expense of equipment. And this will exacerbate the equipment shortfalls, the equipment modernization and the capability gaps of the reserve component in comparison to the active component.

What are you thoughts on this methodology to pay for the -- the training of the reserve component at the expense of equipping the reserve component because there were some -- some concerns that the reserve components have always been a stepchild, although they're being utilized fully. But in terms of training and equipment, they're always a step -- stepchild.

ODIERNO:

Thank -- thank you, Congressman.

First -- first off, we've looked at this very carefully. And -- and by the way, I want to make sure fully transparent and with the input of both the National Guard Bureau and the U.S. Army Reserves. But as we looked at what we wanted to try to achieve, the most important thing for us as we looked across the spectrum of how we have funded ourselves, we believe that the best thing was to fund the readiness issue so we could continue to ensure that the reserve component stays a part of the Army force generation process and maintains its training levels.

Today, the Army Reserve is at about 87 percent equipping; the active component is about 86 percent equipping. At the end of F.Y. '11, the reserve component will be at 92 percent -- 91 percent; the active component will be about 92 percent of full equipment on-hand.

As we continue to come out and re-set the equipment that came out of Iraq, and as we continue to re-set the equipment coming out of Afghanistan, we believe that fully makes up for the procurement decrements that we've taken to ensure that the reserve component sustains at a very high level equivalent to the active component in its equipment...

(CROSSTALK)

BISHOP:

Are you going to bring that equipment back? Are you going to bring -- bring that equipment back and give it to the reserves for training purposes?

ODIERNO:

Both the active and reserves. So as we come out of Iraq, we put equipment through re-set, which has been funded, and we appreciate that very much. They go through re-set and then it's redistributed across the Army in both the active and reserve component. And as we come out of Afghanistan, we are currently bringing some, as we reduce our size of our force in Afghanistan, we are bringing equipment back out of Afghanistan and that will be redistributed to our units in both the active and reserve components.

BISHOP:

So you actually did a pretty thorough analysis...

ODIERNO:

We did.

BISHOP:

... of the cost-benefit analysis of -- of bringing that equipment back and re-setting it or using the transfer to the Afghan -- I mean to the Iraqi forces.

ODIERNO:

Right.

BISHOP:

So you -- some of it you'll leave; some of it, you'll bring back.

ODIERNO:

Some -- some was left. The only part that was left was equipment that was excess or...

(CROSSTALK)

BISHOP:

Excess is whatever you designate is excess.

ODIERNO:

... or obsolete -- or obsolete. And so everything else has been brought back and will be re-set. And the same thing will happen in Afghanistan as we go through this.

BISHOP:

Well, that was a pretty expensive undertaking.

ODIERNO:

Very -- very much so, and we appreciate that it's been funded through the OCO process, and we appreciate that. And we need that funding to continue to re-set our equipment that has been there, and that's important for us.

BISHOP:

Are you able to do any of the cost cutting in terms of dealing with your budget by having the re-set opportunities done across the services? For example, the Marine Corps has capabilities for...

ODIERNO:

We -- we do. With the Marine Corps, and when we have equivalent equipment, we absolutely work together to re-set that equipment, using a lot of our infrastructure that we have in our arsenals and depots, in the -- when we have common equipment. We absolutely do that.

SCHWARTZ:

A case in point, Congressman, on the helicopter side, we use Tooele Point and Corpus Christi, these are Army and Marine Corps depots, to help us with our helicopter re-set.

BISHOP:

Very good.

Thank you, Mr. Chairman, and thank you, gentlemen. I think that concludes my questions.

CULBERSON:

Thank you.

Let me have, if I could, one more following up on Mr. Bishop's questions to the Army, General Odierno, about the -- about your combat brigade teams. I am -- the -- in the February 27th edition of Inside the Army...

(CROSSTALK)

CULBERSON:

Let me ask you, if I could, about your military and family housing budget for fiscal year '13, which totals $2.5 billion with additional funding for projects related to BRAC of $106 million. The fiscal year '13 submission does not include a request for overseas contingency operations.

If you would, talk to us, General, about your biggest challenges and whether or not the fiscal year '13 request addresses all those and what's not addressed that we should be aware of to try to help you with, sir.

ODIERNO:

In terms of -- what we've done in terms of contingency is, again, as I stated earlier, I think that we have met the requirements for right now in terms of our contingency requirements in Afghanistan. What -- what we have done is we've deferred some of our MILCON projects in CONUS. Specifically, most of them are barracks projects and some other projects, because of the reduction of forces of the 80,000.

Until we do an assessment of exactly where those are coming out, we wanted to defer barracks projects because we believe we'll be able to utilize the investments that we've already made in many of our projects.

So what we've done is we've looked very closely at our MILCON budget. Those that we deferred we think would be projects that could be affected by the reduction of 80,000 over the next five

years. And as we go through that and get more fidelity, we will decide whether we have to add back in some of these MILCON projects to specific installations or not.

CULBERSON:

Also, in conclusion, I want to reinforce what I know Mr. Bishop asked you about earlier, and to compliment you on the work that you've done to re-equip Department of Defense schools. It's so important for families to be able to have that option if they're based in an area of the country that just doesn't have a good public school system there. And to encourage you please to -- through your leadership as the chairman of the Air Force and the Army.

Really, if you instigate -- if you pushed a little bit, I think you can also encourage the creation of charter schools, if it's authorized under state law. It really just needs a little push from your part -- on your part to ensure that men and women who have kids and are -- and are based at one of your facilities not only have the option to go to a DOD school, but I hope you'll also encourage the creation of more charter schools where state law permits it.

SCHWARTZ:

You're absolutely right, Chairman, and we have three -- one in Phoenix. We have one in Little Rock, Arkansas, and we have one here right in town over at Andrews Air Force Base. And they are fully subscribed.

And as you're aware, that includes youngsters from both on-base and off-base. It's a typical requirement. But our goal was to create thriving communities on our installations, and the key thing to creating a thriving community is -- is the right kind of school, whether it's on- or off-base.

But charter has a place and we've got three of them.

ODIERNO:

I would just say, you know, we have eight installations that have DOD schools in CONUS. We have 160 installations that are projects that work with the community -- the local community to provide our education. And so it's important that we sustain our DOD schools at the appropriate levels where we still have those.

But just as important -- in fact, more important is the relationship that we establish with our local communities in building new schools and making sure we have the right facilities on-post. And it does vary from community to community, but we watch this very carefully and it's one of our highest priorities. And we've worked with several organizations to ensure that between states, we have the same standards in the communities that support our Army installations and we will continue to do this.

We currently do not have any charter schools and we are working towards this. We -- we want to move forward with that if we can.

CULBERSON:

That was my impression, General, is that there were no charter schools...

(CROSSTALK)

ODIERNO:

We don't -- we do not have them.

CULBERSON:

Do you -- do you know why?

ODIERNO:

I don't. I -- I think -- I think it's -- it's really working with the state. It's -- you know, it's a state-local responsibility. So it's about us working with the state to get us some charter schools where we need them. And I think we have to be more aggressive in doing that. And we will -- we will work that.

CULBERSON:

I think there's a understand and agreement that has to be signed into by states in order for credits to transfer, because obviously military families are mobile.

ODIERNO:

Right.

CULBERSON:

But many states -- I think a majority of them have already signed on...

SCHWARTZ:

Yes. Thirty-nine if I'm not mistaken...

ODIERNO:

Yes. That's right.

CULBERSON:

I think it's 39...

SCHWARTZ:

Have -- have signed on. And Wyoming is about to do so. And -- and congressman, if I may, I've talked to your governor personally on this issue in Georgia. Georgia is one of the states that -- that hasn't signed on yet. And I know he has some reservations.

It -- it is something that's worth doing, because of the mobile population the chairman addressed.

BISHOP:

We -- we -- in fact I -- I had a conversation with the governor last week about that in connection with -- I work with the Congressional Military Family Caucus. We're trying to get the reciprocal agreements in place so that it will -- there will be an easy transfer for military dependents when they go from one state to -- to another.

That's one of the components that we're working on. And of course the -- we -- we had that discussion with the governor just last week.

SCHWARTZ:

Well, he's heard from both of us then.

CULBERSON:

Good. And I'll -- I'll help in any way I can on that, Sanford. But where the -- it -- the -- I just want to make sure just to -- cause this is really important to all of us on the committee to make sure that families have got that option both to the DOD school, or a charter school. I mean, I've talked to families based at Andrews. And it would be a desperate situation for them.

I mean, they would really be in -- in trouble if they didn't have the...

(CROSSTALK)

SCHWARTZ:

Well, the interesting thing this -- not to drag this out. But the...

(CROSTALK)

BISHOP:

That's important.

SCHWARTZ:

The interesting thing is is that what -- what really sort of brought this together was privatized housing in that the -- the people who run the privatized housing projects recognize the -- the wisdom of having good schools that serve the communities that they are trying to populate at 100 percent. It's a business issue for them.

And so it is the privatized firms in Little Rock, and -- and here at -- at Andrews that have donated substantial resources to get the charter school started. And I -- this -- this is a win-win.

CULBERSON:

Sure.

SCHWARTZ:

Where -- where they -- a good school means their -- their occupancy is 100 percent, and it means that our parents are confident their kids are getting the...

CULBERSON:

Sure.

SCHWARTZ:

... education they should.

CULBERSON:

Free markets work. The invisible hand of Adam Smith is certainly true. And if the -- I just want to make certain also, and for the wrap -- conclude on this that the -- your base commanders, it's -- I -- my understanding, and I just want to confirm this, your base commanders have the -- the freedom, the flexibility, and the full authority to ask for the creation of a charter school on their base? They can do that on their own initiative, correct?

ODIERNO:

They -- they can. And I'll verify, but -- that they can. I mean, as the -- you know, when I was -- I'll use Fort Hood as an example. When I was the Corps commander down at Fort Hood, the (inaudible) commander -- I -- we met on a quarterly basis with -- with every superintendent that affected our school children.

So we were very involved with the local community. And we can work -- bring any issue to them that we thought was necessary to help our young children in order to get the best education possible. So that they have authorities to do -- coordinate across the broad spectrum of issues...

CULBERSON:

OK.

ODIERNO:

... regarding taking care of...

(CROSSTALK)

CULBERSON:

Well, it is a concern there is no charter schools near the Army base. So I want to bring it to your attention.

ODIERNO:

We'll take a look at that.

CULBERSON:

Zero in on it. And of course we -- that's our responsibility here. I know Mr. Bishop and I -- the entire subcommittee is -- as all -- as all of us are in Congress but particularly the subcommittee committed to make sure that the men and women, the families and in particular, don't have a worry in the world. We're going to make sure you all have everything that you need to ensure their peace of mind, your peace of mind so you can focus on your vital mission of protecting the United States, which you do so well.

It's a real privilege to help you and we thank you deeply for your service to the nation.

And Mr. Bishop if there are no further questions?

BISHOP:

No further questions, just a -- just a comment.

I -- I am fully committed to the best possible education of our military dependents, not necessarily committed to charter schools but whatever the best vehicle for delivery that education is, whether it's a charter school or not. But we have a great defense education activity. I want to make sure that they have everything that they need so that our youngsters will get the education they need so that their parents will not have to worry about that while they are serving our country.

CULBERSON:

Thank you very much for your service to the nation and your appearance today.

The hearing is adjourned.

Thank you.