

HOUSE BUDGET COMMITTEE

STATEMENT OF
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BEFORE THE HOUSE BUDGET COMMITTEE
FY14 DEPARTMENT OF DEFENSE BUDGET
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I. Introduction

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

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

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

II. Strategic Direction to the Joint Force

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

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

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

III. Joint Force Operations

One thing has been certain over the last year – the Joint Force stood strong and responded to the Nation’s call. After more than a decade of continual deployments and tough fighting, I remain humbled by the resilience and determination of our warriors.

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

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

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

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

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

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

IV. Our Joint Force Today

We have an experienced, combat-tested force. Never has our nation sustained such a lengthy period of war solely through the service of an All-

Volunteer military, which proudly celebrates its 40-year anniversary July 1st, 2013. Our warriors' will to win is undaunted, but the means to prepare to win are becoming uncertain. Military readiness is at risk due to the convergence of several budget factors. These same factors compound risk to the wellness of the Joint Force and our Military Family. As I testified in April, we need the help of our elected leaders to gain budget certainty, time, and flexibility.

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

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

Suicide is a tragic consequence for far too many. As a Nation, we have a shared responsibility to address this urgent issue with the same devotion we have shown to protecting the lives of our forces while in combat. The Department is working closely with our interagency partners and the White House to increase our understanding of the factors leading to suicide and how to best leverage care networks to keep our Veterans alive.

The risks inherent to military service must not include the risk of sexual assault. We cannot allow sexual assault to undermine the cohesion, discipline, and trust that gives us strength. Therefore, working closely with the Secretary of Defense and Congress, we are examining the best ways to leverage additional education, training, and the Uniform Code of Military Justice. We are exploring every option, and we are open to every idea, that will help eliminate this crime from our ranks. As I testified last week, we are acting swiftly and

deliberately to accelerate institutional change – to better protect victims, to prevent and respond to predatory and high-risk behaviors, and to ensure a professional work environment while at the same time preserving the right of the accused. We will not shrink from our legal and moral obligations to treat each other with dignity and respect.

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

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

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

When budget uncertainty is combined with the mechanism and magnitude of sequestration, the consequences lead to a security gap – vulnerability against future threats to our national security interests. And, as our military power becomes less sustainable, it becomes less credible. We risk

breaking commitments to our partners and allies, our defense industrial base, and our men and women in uniform and their families.

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

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

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

There are no easy solutions, and no way to avoid sacrifices and risks as we work together to make the hard choices. But, the FY 2014 budget proposal

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

V. A Joint Force for 2020

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

America is unmatched in its ability to employ power in defense of national interests, but we have little margin for error. An unforeseen crisis, or a contingency operation, could generate requirements that exceed the capacity of our immediately available forces. We are able to deter threats, assure partners, and defeat adversaries when we do so from a position of strength. We remain strong – and our Nation is secure – because we treat being the best led, trained, and equipped force as a non-negotiable imperative.

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

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

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

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

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

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

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

timeframe, and now we must continue to improve the quality of their personnel and capabilities.

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

This budget also sustains our investment in cyber, in part by expanding the cyber forces led by the U.S. Cyber Command. Despite significant investment and progress in the past year, the threat continues to outpace us, placing the Nation at risk. The FY 2014 budget increases funding for cyber security information sharing, but we need legislation to allow the private sector and U.S. interagency to share real-time cyber threat information – within a framework of privacy and civil liberty safeguards. In parallel, we must establish and adopt standards for protecting critical infrastructure.

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

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

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

VI. Conclusion

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

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

We can and must stay strong in the face of declining budgets and rising risk. We must have the courage to make the difficult choices about our investments, about our people, and about our way of war. The Secretary's

Strategic Choices and Management Review (SCMR) is helping to identify options and opportunities as we move forward in partnership with Congress.

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

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