

DEPARTMENT OF THE AIR FORCE  
PRESENTATION TO THE SUBCOMMITTEE ON MILITARY PERSONNEL  
COMMITTEE ON ARMED SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: IMPACTS OF SEQUESTRATION AND FULL YEAR CONTINUING  
RESOLUTION ON MILITARY MANPOWER

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## **SEQUESTRATION AND THE UNITED STATES AIR FORCE**

The Airmen of our great Air Force serve the Nation with distinction. Today there are more than 690 thousand Total Force Airmen serving across the globe, and although we have been involved in combat operations for over two continuous decades, our Airmen remain strong. On any given day, 31 thousand members of our Air Force are forward deployed, directly engaged in, or directly supporting combat operations. At the same time, over 218 thousand Airmen, support combatant command operations. Our Air Force Chief of Staff has recognized the strength of our force resides in our Airmen. He believes our Airmen power the world's greatest Air Force, and continue to fuel the innovative spirit our service has valued from our inception. We realized long ago that without the determination, innovation, courage, and hard work of our Airmen, we as an institution fail. However, the reality is sequestration perils our ability to properly recruit, train, support and retain a world-class, all-volunteer Air Force, and would significantly undermine the readiness, responsiveness and performance our Nation expects of our fighting forces.

Introduced as an enforcement mechanism to drive an agreement on balanced deficit reduction, sequestration was designed as an extreme measure so unpalatable it would encourage fiscal compromise, yet to-date has yielded no alternative solution and now threatens the Department of Defense and the Air Force's current and future ability to support our National Defense Strategy. For the United States Air Force, the effects of sequestration equates to a potential \$12.4 billion topline budget reduction, affecting every non-exempt account and program. Coupled with a potential year-long continuing resolution and an estimated \$1.8 billion shortfall in overseas contingency operations funding due to higher than anticipated costs in theater, reductions of this magnitude have already driven disruptive actions in the near-term, and promise devastating impacts over the long-term.

We face three separate, but interrelated budget mechanisms next month that taken together jeopardize the Air Force's ability to fulfill its role in the Nation's current defense strategy. The sequestration order that may be issued on March 1, 2013, along with a second sequestration due to a breach in the fiscal year 2013 discretionary caps scheduled for March 27, together with the budget shortfall in operating accounts to support overseas contingency operations and a protracted continuing resolution, all combine to render us unable to continue our current and expected level of operations. If these budgetary limitations occur, they will significantly disrupt the Air Force civilian workforce, undermine the Air Force's readiness and responsiveness, and delay necessary infrastructure improvements today, while also-by hobbling modernization efforts-mortgage the Air Force's future health for years to come.

## **NEAR TERM ACTIONS**

Based on direction from the Deputy Secretary of Defense in an effort to provide as much fiscal flexibility in the coming months, we have implemented a host of near-term measures in an effort to reduce spending and mitigate budget execution risk. In addition, given the potential for sequestration in March 2013, we have begun to intensify our planning for longer-term budget uncertainty.

The Air Force has implemented a force-wide civilian hiring freeze, which will drive capability gaps across the force, restricting our ability to bring in new talent, particularly to fill gaps in highly-valued technical positions. The Air Force had approximately five thousand vacant positions when we implemented the hiring freeze, and those positions will largely remain unfilled. The number of vacant positions will continue to grow as long as the hiring freeze remains in place. Additionally, the Air Force is considering releasing 990 temporary employees, 2,160 term employees, and approximately 260 re-employed annuitants. These combined near-term actions will drive gaps in such areas as our nuclear enterprise, our intelligence community, and in base and facility support operations. It will also impede our progress toward the Defense Department's 2017 goal to become financially auditable. Uniformed Airmen will fill some of these gaps such as manning installation access gates, further burdening our military personnel and adversely impacting their military readiness.

The Air Force is reviewing all temporary duty (TDY) requirements to determine which are immediately mission critical, and cancelling all others. Eliminating TDYs will impact Air Force attendance or hosting of conferences and symposia, training seminars, staff assistance visits and some operations and compliance inspections. Some of these eliminated TDYs will translate immediately to increased risk to unit readiness, becoming more significant over time. This includes a \$53M reduction in training TDYs for professional development and mission readiness training. This loss in development opportunity for thousands of Airmen could lead to certification lapses for Airmen in technical Air Force specialties. Our intent is to guard funding for combat mission critical training TDYs such as crew deployments to RED FLAG; however, we are already seeing indicators of strain to support even these activities.

We have also reduced Major Command (MAJCOM) and Combatant Command (COCOM) Operation and Maintenance allocations by approximately 10% on an annual basis, or approximately 22% of their remaining funds for fiscal year 2013. To implement these reductions, the MAJCOMs and COCOMs have implemented a host of measures. These include: cancelling all flying not directly related to readiness; reviewing and cancelling most studies not Congressionally-directed or mission critical; and limiting supply purchases to essential fiscal year 2013 consumption, stopping purchases of

unit equipment not deemed mission-critical. Furthermore, we are reviewing information technology refresh and network support contracts, and de-scoping many contracts and incrementally funding support contracts to only FY13 requirements where practical.

Additionally, the Air Force has deferred all non-emergency Facility Sustainment, Restoration and Modernization (FSRM) projects, cutting roughly 50% in annual spending, or 90% of remaining funds. This will include interrupting 93 projects at 52 installations, including mission significant and sustainment critical restoration and modernization projects, which will magnify current problems in our already underfunded infrastructure. Collectively, these near-term actions would generate \$2.9 billion towards the \$12.4 billion reduction sequestration requires in fiscal year 2013.

### **LONG TERM ACTIONS**

Should sequestration occur, the remaining \$9.5 billion must come from three critical areas whose contraction will inflict near-and long-term damage to our force – the civilian element of our Total Force, today's readiness (O&M accounts), and modernization accounts.

To help meet this shortfall, the Air Force will furlough up to 180,000 civilian Airmen for up to 22 workdays from April through September 2013. This equates to one furlough day per week and a 20 percent reduction in pay for the rest of the fiscal year for each furloughed employee, which will have a greater individual impact to our lower grade-level civilians, many of whom live paycheck-to-paycheck, and have had their pay frozen the past two years. The 20 percent cut in civilian availability equals 31.5 million man-hours of productivity lost. This loss will be felt across our force, but will hit particularly hard at installations where civilian Airmen are a majority, supporting critical missions such as initial pilot training and depot maintenance. The associated loss of confidence felt by these dedicated civilian Airmen will be more difficult to measure.

The Air Force would reduce base-funded flying hours by as much as 18% on an annual basis, or 30% of remaining funds. This will allow support for only ongoing named operations, and will require prioritizing these missions with preference extended to protecting Operation Enduring Freedom, nuclear deterrence preparedness, Presidential support missions, and initial qualification training pipelines. This reduction in hours will be far reaching across the Air Force, leading combat units not supporting such missions to stand-down as early as mid-May, which will have a devastating effect on unit readiness levels. The Air Reserve Components anticipate reducing flying hours at the same level as the active force, with similar effects. Additionally, beginning 1 April, Air Education and Training Command will curtail advanced training courses such as Transition Pilot, Instructor Pilot and Aircraft Commander

upgrades in order to protect initial flying training. We expect even initial flying training will have to stand-down by late August or early September.

Weapons System Sustainment will also be reduced by as much as 18 percent, pushing aircraft availability and mission capability rates significantly below standards, affecting over 30 types of aircraft and other systems across the force. These actions will limit warfighter capability across the fleet. This could have irreversible impact to the depot workforce, affecting as much as 24,000 civilian depot employees. These employees may seek employment outside of government service with their highly-valued skill sets, and it could take the depots two to three years to regain the same level of pre-disruption production expertise. This will lead to a bow wave in requirements backlog to the depot maintenance pipeline causing a disruption in aircraft availability, lasting as long as six to ten years.

### **IMMEDIATE IMPACT TO READINESS**

Airmen are the backbone of your Air Force. We are morally obligated to provide them the best training, support and tools they need to complete the mission. The actions required for your Air Force to operate under sequestration, combined with a potential year-long continuing resolution, threaten to eviscerate our ability to fulfill this obligation and create severe risk in terms of the Air Force's ability to meet the Nation's defense strategy.

Since 1991, the high operations tempo combined with a reduction in force structure have limited units' ability to train to standards established to meet full-spectrum mission requirements. Air Force readiness trends show a steady decline since 2003. Sequestration will have an immediate, devastating and long-term impact on the Air Force's readiness levels.

Units affected by the reduction in flight hours and eventual stand-down are particularly troubling. Within 60 days from when a unit stands down it experiences severe unit combat readiness degradation, rendering units not currently committed to support priority missions unable to meet emergent contingencies or fulfill Operational Plan requirements. We estimate by the end of summer 2013, two-thirds of active duty combat units will not be mission ready, and it would take 6 months to regain their current readiness level once additional funding is provided for flying hours.

Further, curtailing advanced and initial flying training courses further threaten to clog and extend the flight-training pipeline, leading to a particularly harmful shortfall in combat ready personnel needed to fill combat units already experiencing shortages in trained personnel. This could create a bathtub shortage in mission-qualified pilots for the year groups affected by the training delay. This lag would be particularly hard hitting to fighter units, who are already experiencing a shortage in trained, mission-ready pilots.

A compounding threat sequestration presents to readiness is the reduction in available aircraft maintenance and sustainment funding which would reduce the number of aircraft available and ready to fly. Further, it will limit the growth in proficient Airmen who maintain our aircraft and flight equipment. Failure to maintain the highest level of combat proficiency our Airmen require as members of the world's greatest Air Force puts them at greater personal risk, and could lead to downward trends in our ability to recruit new Airmen and retain those we have. Simply put, long-term sequestration does not allow the Air Force to recover readiness – it severely degrades capability and responsiveness and it limits national strategic options.

### **IMPACT ON RESERVE COMPONENT**

The Air Force Reserve and Air National Guard have indicated a reduction in flying hours will result in suboptimal readiness levels in most mission areas including strategic/tactical airlift, precision strike, combat rescue, special forces, and command and control core function areas by the end of the fiscal year. It will take about six months for the Air Force components to regain acceptable readiness levels. A strategy to meet planned deployments at the expense of other units' readiness will make it difficult for the reserve components to respond to natural disasters or new combatant command contingencies.

For the Air Force Reserve, Military Personnel appropriations were also exempted from sequestration; therefore, the Reserve Personnel appropriation is able to continue funding Reserve training without negative impact.

On the other hand, the furlough of Air Force Reserve civilian personnel and reductions of equipment, maintenance, and flying hours created by sequestration cuts to the Air Force Reserve O&M appropriation will affect both support of training activities and readiness currency activities. Air Reserve Military Technicians (ARTs), who are civilian employees, manage day-to-day operations and train traditional reservists. If, due to sequestration, ARTs are furloughed, Reserve training, maintenance of equipment and facilities, as well as Reserve Airman and Family Readiness Centers operations may be adversely impacted.

The Air National Guard also relies heavily on its civilian workforce, which also faces potential furlough under sequestration. These civilians, most of whom are dual status military technicians funded out of the Air National Guard O&M appropriation and serve as traditional members of the Air National Guard, provide maintenance and training of fellow Airmen. On a day-to-day basis, military technicians and civilian employees support activities essential to the readiness and functioning of the largely part-time citizen Airmen of the Air National Guard. This unique service provides the level of support and

continuity necessary for the Air National Guard to support mobilizations, deployments, domestic operations, and maintain continuity of services for the Air National Guard service members remaining in states during mobilizations and deployments. Furloughs of these essential personnel will further exacerbate the readiness threats to the aforementioned programs.

## **SEQUESTRATION IMPACT TO END STRENGTH AND FORCE MANAGEMENT**

The Air Force active component authorized end strength in the Fiscal Year 2013 National Defense Authorization Act is 329,460, requiring us to reduce 3,340 Airmen from our fiscal year 2012 authorized end strength of 332,800. Should discretionary cap reductions continue beyond 2013, the Air Force corporate process would evaluate and prioritize our resources to maintain a balance between people, equipment and available funding. With sequestration's current exemption of Military Personnel Appropriations, sequestration has no direct effect on fiscal year 2013 end strength. However, current law also reduces the discretionary caps for defense spending by about \$55 billion in each year from FY 2014 through FY 2021. These reductions might drive internal Air Force decisions to decrease force structure, which would undoubtedly lead to further end strength reductions.

The reduction in end strength in fiscal year 2013 alone will require us to take continuing force management actions to reduce the number of Airmen serving the Nation while ensuring we maintain a high quality force. To do so, we will continue our multi-year force management strategy of leveraging voluntary programs first, offering incentive programs where needed, and executing involuntary actions only if required. We currently have the full range of legislative authorities necessary to execute a force management program to meet our congressionally mandated end strength.

In fiscal year 2013, enlisted Airmen in non-critical overage Air Force Specialty Codes will be offered time-in-grade, active duty service commitment, and enlistment contract waivers (500). We will continue the expanded PALACE CHASE program. We will also implement the Temporary Early Retirement Authority (340) for a second year, Date of Separation Rollbacks (1.6K), reduced accessions (700), initial skills training separations (1.1K), and Career Job Reservation constraints (600).

For officers, there will be no involuntary separations for fiscal year 2013 other than a limited number of initial skills training separations for officers (60). Voluntary programs will include time-in-grade, active duty service commitment, and 10 versus 8 years of commissioned service waivers for certain year groups and overage career fields (120 total voluntary program separations). We will also continue the PALACE CHASE program for eligible lieutenant colonels and below. Additionally, we will be offering the Temporary Early Retirement Authority program (173) and the Voluntary Retirement Incentive program to our officer force in FY13.

For fiscal year 2014, we expect similar force management programs, but may include involuntary Selective Early Retirement Boards. However, given the current set of fiscal challenges and the potential for continued top line reductions in future years, we will continue to assess the need to pursue additional voluntary and involuntary force management authority actions to meet reassessed authorized end strength levels in fiscal year 2014 and beyond as approved by Congress and the Secretary of the Air Force.

### **SEQUESTRATION IMPACT TO ACCESSIONS AND RECRUITING**

Accessions are the lifeblood to a healthy future force and must be guarded in order to avoid significant inventory shortfalls and experience gaps that can last up to 20 years. Recruiting efforts are intricately linked to meeting accessions goals, and therefore, must also be guarded, requiring constant investment. We are concerned reduced operating budgets and furloughs could lead to curtailed operations of Military Entrance Processing centers to support the Air Force's accession requirements.

The weak economy has masked many of the funding issues currently challenging recruiting—we have enjoyed a robust recruiting environment in recent years despite reduced investment in recruiting. However, we are already seeing indications of slowed interest in potential recruits as the economy shows signs of life. Further, future indicators show a greatly reduced propensity for young people to serve in the military, and an alarming reduction in young people reaching military service age who are deciding early on against a career in the armed forces. Effective investment in recruiting marketing can help overcome these trends. However, the inevitable reduction in recruiting investment due to sequestration could further threaten the future readiness and ability of the Air Force to attract needed recruits to fill our ranks in future years.

### **MILITARY PERSONNEL APPROPRIATIONS EXEMPTION**

The Air Force appreciates the actions of the President to exempt Military Personnel Appropriations and safeguard the resources necessary to compensate the men and women of the Armed Forces without the threat of additional sacrifices beyond what they already make every day to defend our Nation. We anticipate military pay and allowances to remain unaffected in accordance with this exemption. However, we are concerned that our civilian Airmen, who play such a critical role in our mission, are faced with threats of furlough as a response to sequestration. While the Air Force has not taken action to inappropriately slow down military personnel expenditures as a solution to covering sequestration shortfalls, the Air Force along with OSD will monitor execution of our military personnel appropriation and will identify any available funds as a possible reprogramming source to cover shortfalls driven by sequestration. The Air Force will continue to review the capabilities required for



our defense strategy and resource them within fiscal constraints as we build our fiscal year 2015 budget submission.

## **AIRMAN DEVELOPMENT AND SUPPORT IMPACTS**

While the Military Personnel Appropriations exemption does protect Airmen from a direct loss in compensation, sequestration could pose a threat to our ability to continue to optimally fund programs that support military members and their families. Of particular concern are Airman developmental education programs, and family and quality of life programs.

The intent of developmental education is to further our Airmen's critical thinking skills and enhance their leadership and management expertise. The Air Force develops this intellectual framework via several developmental education (DE) opportunities: Professional Military Education (PME), Advanced Academic Degrees (AAD), Professional Continuing Education courses, Fellowships, Advanced Study Groups, research, and doctrinal studies. Our Secretary and Chief of Staff have made developing Airmen at the tactical, operational and strategic levels a top priority because education and training are the foundation of our airpower advantage. Sequestration certainly threatens our ability to continue development efforts at the levels needed to maintain this advantage. Should sequestration occur, we must immediately reduce training quotas for Airmen attending PME in a TDY status, specifically junior officers attending Squadron Officer School, enlisted Airmen attending their Airman Leadership School training, as well as junior and senior enlisted Airmen attending our two non-commissioned officer academies. A reduction in the scheduled production capacity of our enlisted schools translates to fewer Airmen armed with the competencies we have deemed necessary for the execution of their duties and responsibilities. These are lost development opportunities for our Airmen, which are irreversible. For our officer and senior enlisted corps, this lost opportunity for developmental education reduces our ability to develop a larger pool of strategic leaders, who are proficient in analysis techniques, systems level problem-solving strategies, and communication analysis skills.

Sequestration would also negatively impact civilian personnel development. We would cancel all senior leader development and prioritize functional training to only those required by Federal law, executive order or Department of Defense directive. This will reduce funding of occupational/functional training related to specific areas of expertise. Lack of training would erode productivity and result in the expenditure of more resources than necessary to correct deficiencies. Significant influences on civilian training requirements can be found in two major workforce dynamics. First, the actual loss of skills from the inventory creates "skill gaps." These gaps are either filled by recruiting new hires or by

promoting/reassigning the current workforce, both of which create a requirement for initial skills training, retraining or skills and proficiency training. Second, new workloads, technology, modernization initiatives and other activities require training to keep the force up-to-date in addition to preparing them for future mission needs.

Anticipated cuts in family support programs under sequestration make it challenging to provide programs to maintain ready, resilient Airmen and may impact readiness and unit cohesion. Recognizing these challenges, the evolving demographics and lifestyles of today's Airmen and families, and as a proactive measure to the threat of further reduced budgets under sequestration, we are reviewing all Family and Morale, Welfare and Recreation (MWR) programs through customer satisfaction surveys and business analysis. Our goal is to determine how best to provide family and MWR programs and base-level support services in today's budget-constrained environment. For instance, we are focusing our resources on those core programs (ex: Food, Fitness, Child Care) which best support ready, resilient Airman and may be forced to make hard decisions to not support other programs (ex: Libraries, Youth Programs, Outdoor Recreation). This strategy provides an avenue to focus funding towards support programs having the greatest influence in promoting retention, readiness, unit cohesion and morale of our Airmen and their families. In addition, Commissaries and Exchanges have conducted top to bottom operational reviews in efforts to reduce costs and become more efficient while continuing to provide quality services to our Airmen and their families. We will continue to leverage our resources to better meet the needs of Airmen and their families we serve.

Our Airmen and Family Readiness Centers (A&FRC), which provide a wide variety of programs and referral services such as financial planning, budgeting, resume writing, etc., could be particularly impacted by sequestration. Should the A&FRC's challenges continue to be exacerbated with decreased operating budgets and furloughs while concurrent intensified force reductions drive increased requirements for mandatory Transition Assistance Program (TAP) classes to support service members, wait times for other services may be increased or other services may be curtailed.

Child care support will be affected by sequestration should Child and Youth Program staff be furloughed and operating budgets continue to be constrained. The impact will vary by installation based on available staffing but could result in reduced hours of operation, or reduced class sizes, leading to longer wait lists. If we curtail Child Development Programs (Child Development Centers, Family Child Care and School-Age Programs), single and dual working parents will be required to adjust their work hours or find alternative care at a higher cost.

Another potential impact of sequestration and a furlough of child care workers could be the inability to open approximately 750 child care spaces that are currently in different phases of construction, due to reduced funding for military construction. With limited off-base options, particularly for infants and toddlers at many locations, child care waiting lists may continue to grow without this additional space. Further, military spouses comprise an estimated 25 percent of our Child and Youth Program workforce. Therefore, sequestration (through the furloughing of civilian employees), will create a direct financial hardship to some of our military families.

Regardless of the result of sequestration, we are committed to supporting our Airmen and their families and will make adjustments based on available funding in an effort to focus our resources where they are needed most. Sequestration will most certainly frustrate these efforts, and we realize if we do not allocate the proper resources to develop and care for our Airman and families, it could ultimately affect readiness and retention.

## **CONCLUSION**

Your Air Force and the Airmen who proudly serve in it remain committed to its foundational purpose, to “Fly, Fight and Win” in air, space and cyberspace for our joint team. Sequestration will present a major challenge to this purpose. Should it become a reality, Airmen will lack in the equipment, training, development and support resources necessary to guarantee future dominance, and will be unable to fully support our current National Defense Strategy.

We recognize the significant fiscal challenges our Nation faces. It will require the Department of Defense along with the United States Air Force to make adjustments to contribute towards a positive fiscal outcome. However, sequestration is an imprudent course to reach fiscal balance, as it comes at an imbalanced detriment to National Defense. We urge Congress to do all that is necessary to avert these arbitrary cuts and reach a more balanced conciliatory solution.