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House Armed Services Committee

**STATEMENT**  
**OF**  
**LIEUTENANT GENERAL ROBERT E. MILSTEAD, JR.**  
**DEPUTY COMMANDANT FOR MANPOWER & RESERVE AFFAIRS**  
**UNITED STATES MARINE CORPS**  
**BEFORE THE**  
**SUBCOMMITTEE ON PERSONNEL**  
**OF THE**  
**HOUSE ARMED SERVICES COMMITTEE**  
**CONCERNING**  
**IMPACT OF A YEAR-LONG CONTINUING RESOLUTION AND SEQUESTRATION**  
**ON MILITARY MANPOWER**  
**ON**  
**FEBRUARY 27, 2013**

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## **I. Introduction**

Chairman Wilson, Ranking Member Davis, and distinguished Members of the Subcommittee, it is my privilege to appear before you today to discuss the potential impacts of a full-year Continuing Resolution (CR) and sequestration on Marine Corps personnel.

As our Commandant recently testified to you, sequestration - both the immediate cuts in FY13 and the associated reductions in discretionary caps in future years - will have a devastating impact on our Nation's readiness both short- and long-term. Sequestration creates unacceptable risk to our National Strategy, our forces, our people, and our country—risk that would be further exacerbated by the effects of the existing CR.

No matter what the implications, there are some things that must endure. Your Marine Corps is, and will continue to be, our Nation's expeditionary force in readiness. We will be ready to rapidly respond to crises around the globe to ensure the continued security of the American people and to protect the interests that underpin our prosperity. Marines will be *always faithful* to the trust which the American people have vested in them. Already a lean organization, your Marines will continue to give you the best capability that can be squeezed from the resources you allocate for our Nation's defense. Our individual Marines are the Corps' most sacred resource, and always will be.

## **II. Impacts of CR/Sequestration**

The impacts on military personnel and civilians, the programs that support them, and the appropriations that fund them, must be discussed holistically because they are interrelated. It would be inaccurate to assume that, just because the military personnel account (MPMC) and overall end strength are exempted from sequestration in FY13 – your Marines – are not impacted. For example, the impact of a civilian furlough on the joint Military Entrance Processing

Stations will reduce our ability to bring in Marine recruits into the training pipeline which will impact our readiness. Similarly, Marine training relies on civilian Marines and will be impacted. Our All-Volunteer Force depends on a consistent pipeline of recruits for sustainment; disruptions to that pipeline have lasting impacts across the force.

Overall, the readiness of your Corps stands to take a huge hit and, when readiness is hit, personnel are hurt. Training suffers; family programs are put at risk; teachers, therapists, and even the guards at the gate are stretched thin; stress and anxiety rise and, ultimately, Marine survivability is jeopardized. In essence, those whom have given the most to the security of this Nation are asked to accept the bulk of the risk sequestration poses to this Nation.

#### **a. Military Personnel**

- 1) *Each of the services is reducing end strength to some extent. Will your service rely primarily on voluntary or involuntary separation measures, or a mixture and why? Please list the authorities your service is planning on using for FY13 and for FY14 and how many individuals (broken out by officer and enlisted) you seek to separate for each authority.*

Pursuant to guidance issued by the President and the Secretary of Defense last year, the Marine Corps has initiated a reduction in our Active Component end strength from 202,100 to 182,100 by the end of FY16. We are conducting our drawdown in a measured way. Our plan is to reduce our end strength by not more than 5,000 Marines per year and will be accomplished primarily by natural attrition, voluntary separation, and retirement authorities. Involuntary separations will be minimized as much as possible, and we have no plans to conduct a reduction-in-force. Such an approach would no doubt do significant long-term damage to our ability to recruit and maintain a quality force. Our overarching goal must be to keep faith with our Marines and their families.

The authorities we are using, or plan to use, include:

Authority	FY13 Officer (Plan/To Date)	FY13 Enlisted (Plan/To Date)	FY14 Officer	FY14 Enlisted
Temp. Early Retirement Authority	80/59	450/264	40	300
Voluntary Separation Pay	65/20	300/219	25	250
Early Discharge Authority	150/129	5,000/3,824	140	5,000
Time-in-Grade Waiver	20/14	n/a	12	n/a
Selective Early Retirement Board	84/66	n/a	30	n/a

- 2) *The Air Force and Navy have been reducing end strength over the past seven years. What is each of your service's end strength goals for each year, FY 13 through FY18? How have those annual targets changed since the FY 12 budget submission? If there is a year-long CR in FY 13, how will that impact the end strength goals of each service's end strength plan through FY 18?*

A year-long CR will not impact our current end strength goals. End strength targets are currently in the process of being finalized. Once those decisions are made, that information will be furnished to the committee.

- 3) *The Army and Marine Corps are limited by law thru FY17 on the end strength that can be reduced each year. This limitation was based on the glide slope each of the service stated was required to responsibly drawdown between FY14 and FY17. What impact will a year-long CR have on each of your plans for FY14?*

A year-long CR will not impact our end strength plans for FY14. We continue to believe that a glide slope of not more than 5,000 Marines per year is appropriate to properly execute our drawdown and to keep faith with our Marines.

- 4) *Military Personnel accounts have been exempted by the President if sequestration were to happen. Describe what this exemption means in concrete terms. Does it mean that end strength in FY 13 will not be reduced or that military personnel spending will remain at FY 12 levels; that bonuses will be unaffected? Does it mean that military personnel accounts could become reprogramming sources to pay for shortfalls in Operation and Maintenance or other accounts?*

While there are no current plans to deviate from this end strength goal in FY13, sequestration and associated future year cap reductions may require that we evaluate our force structure and reassess our warfighting capabilities to do what our Nation expects. In the longer

term, we believe 182,100 is the best answer to the current fiscal environment while meeting the Defense Strategic Guidance.

It is important to note that we have already reduced recruiting budgets and retention bonuses and special pays in accordance with the drawdown plan. Further cuts could threaten enduring new accession quality and our ability to sustain critical MOSs such as Counterintelligence, Cyber, and MARSOC Special Operators.

- 5) *One effect of sequestration that has been described to us is that the readiness of later deploying units will be degraded - hollowed out -- because the Operation and Maintenance funding for their training and maintenance will be reduced in favor of supporting the deployed force. Will the combined effect of sequestration and a continuing resolution in FY 13 have a similar impact on the manning levels of the later deploying forces?*

As our Commandant testified, the combined effect of sequestration and an extended continuing resolution in FY13 will have devastating impacts on training, equipment, and overall readiness of our Marines and these impacts will only worsen over time. Because military pay and allowances are exempt from sequestration in FY 2013, manning levels will not be significantly impacted initially. However, inadequate training and degraded equipment will make that “manning” less effective and reduce survivability.

- 6) *What will be the most significant impacts of a continuing resolution and sequestration on the military personnel and military personnel accounts of the National Guard and Reserve?*

Like MPMC, our Reserve personnel account is currently exempt from sequestration for FY13, and there are no plans to conduct a drawdown of our 39,600 end strength. However, future reductions in the discretionary caps, as required under current law, will impact our ability to augment, reinforce and sustain support to the Active Component in meeting this Nation’s operational requirements. The Reserve Component may be unable to meet minimum staffing requirements of critical leadership. As the Commandant has testified, individual and unit training readiness towards contingency operations would suffer. Similarly, a year-long CR will

impair our ability to fund professional development training and MOS retraining. It too will decrease the Reserve Component's capacity to provide operational support for exercises and operations directly impacting total force readiness.

Our Reservists rely on many of the same family programs and facilities as our Active Component. As these programs are cut or stressed due to sequestration, Reservists will be similarly impacted. In addition, because the Reserve force is distributed across the nation at 180 separate sites, small budget cuts have a disproportionate impact as units have no depth in staff or resources. If a civilian furlough occurs, family readiness programs, which often times are manned with only one civilian depending on the subordinate command, may require reduced hours or a complete shutdown during the furlough.

- 7) *Please explain the rationale for the President's proposal for a FY 14 military basic pay raise of 1 per cent instead of the 1.8 per cent that current law requires? Is a reduced pay raise fair to military personnel and their families? Provide examples by grade of what the reduced pay raise will mean to the take-home pay of service members.*

Military compensation represents roughly one-third of the defense budget, and costs have grown by more than 80 percent over the last decade. Basic pay alone has increased more than 60 percent from 2000 to 2013. Military pay is highly competitive with the private sector now compared to a decade ago. Both a one percent and 1.8 percent pay raise would provide all service members with an increase in the monthly basic pay compared to 2013 rates for the same pay grade and years of service.

Some specific pay raise examples are:

b. c.	Pay Raise % and Dollar Increase of monthly pay/ Rank and Years of Service	2012 (1.6%)	2013 (1.7%)	2014 (if 1% )	2014 (if 1.8%)
	Corporal with 4 YoS	\$36	\$38	\$23	\$41
	Captain with 6 YoS	\$83	\$89	\$53	\$96

## **b. Civilian Marines**

Even though MPMC funding is exempt from sequestration, our Marines will still most certainly be negatively impacted by a furlough of up to 19,600 Civilian Marines. With a ratio 1 civilian for every 10 Marines, furloughs of any length to our Civilian Marines compromises the readiness of the Marine Corps.

The impact on Marine Corps readiness to our depots and our bases and stations, to readiness of our Force, and base security responsiveness is significant. Over 90 percent of our Civilian Marines do not work in Headquarters' elements in the Pentagon; they are at our bases, stations, depots, and installations. Sequestration could compromise security on our installations if base firefighters and police are unable to provide timely emergency response. Housing maintenance and base utility work will be limited to emergency levels of support. Reduced IT support compromises our cyber security capabilities.

Sixty-eight percent of our Civilian Marines are veterans that have chosen to continue to serve our Nation. Of those, a full 13 percent have a certified disability. If sequestration is put in effect, opportunities for employment will be drastically reduced or, in the event of a forced hiring freeze, eliminated. Marine Corps bases and commands in Virginia, California, North Carolina and Georgia will feel a dramatic impact as hiring pools stagnate and the essential talent needed to conduct missions there begins migrating in order to take care of their family or personal welfare.

The potential human impact associated with furloughing our Civilian Marines is significant. They could lose up to a fifth of their pay during the furlough period, which could last up to 22 weeks. While we would like to believe that a discontinuous furlough will reduce the impact on our employees, most will not be able to easily absorb this sudden loss of income. Employee stress will increase; morale will decline; productivity will suffer; commitment to

federal service may decrease; and military missions will suffer.

### **c. Family Programs**

Simply put, sequestration will impact our family programs. The Marine Corps' approach to potential sequestration cuts will be focused on preserving programs that support the health, welfare and morale of our Marines and their families. These programs collectively promote the physical and mental well-being of Marines and families and are considered most essential in meeting the operational objectives of the Marine Corps. We will have to prioritize our resources to ensure we maintain these programs while taking risk in lower priority programs in the near term, such as our leisure and recreation programs. A long term solution will need to be developed to sustain these programs or the these services may be impacted by fewer support staff, shorter hours of operation, imposition of user fees, or termination of the program. We will protect, to the greatest extent possible, what we hold sacred – caring for wounded warriors. Furthermore, any actions that impact our civilian workforce will directly impact our capability to provide essential support services to Marines and their families.

### **III. Conclusion**

Like our Commandant, I am committed to building the most ready Marine Corps that our Nation can afford. However, the current fiscal uncertainty jeopardizes this goal. Your Marine Corps will continue to uphold our reputation as the “frugal force”- we will ask only for what we truly need. But we must always remember that our individual Marines are our most precious asset, and we must continue to attract and retain the best and brightest into our ranks, and we must always keep faith with them.

I thank you for your continued support to your Marines.