

STATEMENT OF

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ON THE IMPACT OF CONTINUING RESOLUTIONS  
ON THE MARINE CORPS

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE  
SUBCOMMITTEE ON DEFENSE

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UNCLASSIFIED

## **Introduction**

Chairwoman McCollum, Ranking Member Calvert, and distinguished members of the subcommittee, thank you for the opportunity to explain the adverse impacts of Continuing Resolutions (CRs) on the Marine Corps. As I discussed during the Fiscal Year 2022 (FY22) Posture Hearing, your Marine Corps is now two years into a major undertaking to adjust our force structure and operational concepts – all based on renewed strategic competition and the rise of peer adversaries. A CR delays and degrades the Marine Corps' Force Design effort and increases our risk in strategic competition. It cedes the initiative to our challengers and adversaries, and prohibits those of us with Title 10 responsibilities from generating the ready forces our Combatant Commanders need to maintain tactical and operational advantage. I remain committed to overcoming each these obstacles so that we can close the gap with the pacing threat, but I simply cannot do so with a Continuing Resolution.

## **Return to Budget Uncertainty**

Continuing Resolutions are backward looking, destabilizing and decelerating. For the past 30 months, I have attempted to accelerate change in support of our approach to the Nation's pacing challenges, while concurrently generating the ready forces that create advantage. I have asked Marines to continue to look forward and modernize, resisting the temptation to look backward. A CR is the last thing a force seeking to accelerate modernization needs. It represents a return to the budget uncertainty that has plagued the Department for more than a decade. It is a return to the "normalization of deviance." Over the past ten budget cycles, the Marine Corps began the fiscal year with an enacted defense appropriation bill only once (in FY19). As you are well aware, we are currently operating under the second FY22 CR through February 18<sup>th</sup>. Today, as we open this Hearing, no one knows if appropriations will be passed or if we might be forced to operate under a full-year CR. CRs prevent program new starts, production increases, or increased rates of operations beyond last year's levels – which will negatively impact efforts to accelerate fielding of the Amphibious Combat Vehicle (ACV) and Navy/Marine Corps Ship Interdiction System (NMESIS). It might also slow the production increase of the CH53K, negating HAC-D's earlier efforts to bring down the cost. Furthermore, delays in the commencement of military or family housing construction would directly impact the lives of Marines, sailors, and families we work so hard to retain in our ranks. Their confidence in our military and in our government to maintain a budget is eroding, which makes retention even more challenging.

## **Impacting Marine Corps Modernization and Readiness**

Unfortunately, we have become all too accustomed to operating under CRs each year. In fact, we have normalized fiscal behavior that is both inefficient and wasteful. Every year, leaders now typically plan to delay Program execution and contracts until later in the fiscal year in order to minimize the impacts of an anticipated CR. A simple example: a contract that should be managed on a yearlong timeline is now shoe-horned into 2<sup>nd</sup> quarter or even later in the FY. We have burned time, and we have introduced a compromised decision-making process, upping the risk ante in pursuit of forward-looking priorities.

**Because we have been conditioned to operate without an enacted budget, we have become good at behaving badly.** What is perhaps more insidious is that we don't even recognize this deviation—it just “is.” Longer duration CRs dramatically increase this risk in an already strained fiscal environment, disrupting our ability to anticipate, properly plan, and execute an annual budget. A five-year plan is out of the question; it's simply not practical.

CRs require me to execute at FY21 funding levels while attempting to execute FY22 priorities. This is a mismatch I cannot reconcile. Our FY22 budget request reflects significant changes in priorities of our investments in future capabilities and increased readiness in support of Force Design. As CRs persist through the fiscal year, they severely constrain my ability to balance operational readiness with building a more ready, lethal force to compete with and prevail over the pacing threat. For the Marine Corps, the misalignment of funding is nearly \$4.2 billion, or 9% of our \$47.9 billion FY22 request included in the President's Budget. This will negatively impact the readiness of the force as well as our ability to execute multi-lateral exercise and partnership requirements in support of Combatant Commanders. Specifically, the persistence of a CR will force the reduction or risk elimination of Exercises COBRA GOLD 22, BALIKATAN 22, FREEDOM BANNER 22, VALIANT SHIELD 22, and IRON FIST 22 within INDOPACOM. This will negatively affect relationships and interoperability with Japan, Thailand, South Korea, and the Philippines. So, then what is at stake? A deleterious, cumulative impact on our strategy and deterrence. The negative impacts of the CR are not confined only to INDOPACOM; they also extend to CENTCOM and will inhibit our support to Exercise Native Fury. A lack of participation in crucial exercises not only degrades our unit readiness, but we also lose an opportunity to counter efforts by the PRC to influence the Kingdom of Saudi Arabia.

The CR will also result in a less capable Marine Expeditionary Unit (MEU). Over the previous year, I made a decision to terminate use and operations with the legacy AAV fleet. I did so with the assumption that funding for the ACVs was both stable and predictable. This made the AAV decision a no-risk

decision. Under the CR, that no-risk decision has become a high-risk decision, and will result in MEUs of the future deploying with no organic self-deploying amphibious ground connector. This is not what I want, and not what the Combatant Commanders need.

### **Stretching the Force**

Unstable fiscal environments prevent the deliberately planned, sustained effort needed to increase readiness in the current force and modernize the future force. Decisions pending in the FY22 President's Budget request will affect the FY23 budget and our Future Years Defense Program. While previous CRs have always resulted in appropriations at some point during the fiscal year, this process has done little to provide the fiscal certainty needed to plan for the future. Previous Commandants have testified over the last several years to the risk and damaging impact of constraints imposed by CRs on military readiness, modernization, and the welfare of our Marines and their families, yet **a CR now would be more destructive than in prior years**. I agree with the Chief of Staff of the Air Force who said we must "accelerate change or lose." Having completed a year-long process to align our Marine Corps budget request to strategic change and our new strategy, I am now forced to adapt to a process where the CR drives the strategy and strategic choices. If the budget is not a strategy-driven budget, the range of options we have to address current and future threats erodes and we will be unable to compete successfully or potentially prevail against the pacing threat.

As the committee knows, CRs artificially slow acquisition programs and do not allow for new starts in research and development efforts or procurement programs or production increases. CRs impact our strategic industry partners who need steady, predictable funding for those platforms and capabilities so critical to Force Design 2030. With budget uncertainty, production lines and workforces may be reduced, endangering key development and manufacturing capabilities; disproportionately so in Arkansas, Arizona, California, Connecticut, Florida, Pennsylvania, and Texas. Additionally, fluctuations in funding will likely force us to reduce purchase quantities, driving up unit and overall program costs while delaying fielding.

### **Personnel**

If forced to operate under a full year CR, the biggest impacts will be at two different levels: the Service Headquarters and the individual. At the Headquarters level, our military personnel accounts would likely be insufficient to meet our projected recruiting costs, retention incentives, and Permanent Change of

Station (PCS) movements. Living within constrained funding levels would entail slowing both accessions and PCS moves - to include those associated with 3<sup>rd</sup> Marine Littoral Regiment in Hawaii. Disruptions in PCS moves would affect our ability to meet staffing goals for unit readiness worldwide, creating billet gaps and misalignment across the Marine Corps. Bonuses and reenlistment incentive pays would also be curtailed, at a time when competition in the job market makes retention hard enough in a “normal” year. The downstream effects of disruption to our recruiting and retention will have immediate and lasting impacts on our Talent Management reform efforts.

The Marine Corps is somewhat unique in how we operationalize our reserves, as part of our total force. Under a full year CR, insufficient funding would constrain my ability to mobilize Reserve Component forces, thereby causing unscheduled employment of Active Component forces in their place.

An extended CR would hurt the most – and be the hardest to recover from – at the individual Marine and family level. A Marine sergeant or captain who is married with kids has to decide whether to renew a lease on the house they rent, but the family isn’t sure if the Marine Corps can afford to relocate them next summer, as planned. If they don’t move as planned – will that impact promotion opportunities? The Marine’s spouse doesn’t know whether to accept a new job offer or try and hold onto the one they have today. Will there be a bonus if they reenlist? Marines in critically short specialties typically receive incentive pays – will that be cut off? Marines need predictability, some assurance that the government will take care of them and their family. Fearless warriors in combat, they take far fewer chances with their family. The viability of an all-volunteer force depends in part upon the ability of government to meet the basic requirements – to provide for the common defense. Failure to pass a budget results in a loss of trust, a belief that government let them down. We cannot go down that path.

### Procurement

New Start and Production Rate Increase prohibitions under a full year CR will delay a host of programs impacting both modernization and readiness, including a delay to critical USMC warfighting capabilities such as the Amphibious Combat Vehicle (limited to 72 vs. 92); MQ-9A (limited to 0 vs. 6); KC-130J (limited to 5 vs. 6); F-35B (limited to 10 vs. 17); Advanced Anti-Radiation Guided Missile (limited to 16 vs. 54); Joint Air Ground Missile (limited to 150 vs. 164); and Hellfire (limited to 95 vs. 120). The CR will prevent planned funding increases to multiple programs supporting critical Force Design investments, including Ground/Aviation Task Oriented Radar (G/ATOR), Organic Precision Fires (OPF), MAGTF Electronic Warfare Ground Family of Systems (MEGFoS), Networking on the Move (NOTM),

Next Generation Enterprise Network (NGEN), and Wargaming Capability. These delays will clearly have a direct negative downstream effect on our industry partners and their production facilities in Arkansas, California, Connecticut, Florida, Kansas, Maryland, Missouri, Pennsylvania, Texas, and Wisconsin; as well as, an adverse indirect effect on their chains of smaller suppliers across the country. These delays directly impact the Marine Corps' ability to divest of aging, expensive to maintain legacy systems and invest in the capabilities provided by these critical programs. Additionally, it negatively impacts our munitions accounts by preventing the 46% increase in funding from FY21 to FY22 to artillery and direct support munitions, infantry weapons ammunition, and mortars, critically needed to meet training and operational total munitions requirements (TMR). Due to misalignment of funding, a year-long CR would present an effective shortfall to our Ground and Aviation Procurement Accounts of over \$1.7 billion or 14% of the FY22 request.

#### Operation and Maintenance

The \$1.1 billion shortfall in Operations and Maintenance (O&M) funding, nearly 8% of the FY22 budget request, has immediate impact across all Marine Corps commands. CR impacts exacerbate and collide with annual execution timelines as we are forced to manage contracts inefficiently using incremental financial management and contracting practices to piecemeal funds due to limited resources. Contract award dates slip later into the year, reducing efficacy, delaying capability, and increasing cost. To account for the O&M shortfall, the Marine Corps would have to make significant reductions to its installation and equipment readiness and maintenance accounts, aviation flying hours, and unit training exercise plans in support of Combatant Commander requirements. The concessions made to account for a full-year CR will cause a downward trend of aviation readiness metrics, thus erasing the gains realized over the past three years as a result of billions in appropriations. A lack of regular appropriations will also impact aviation readiness by not allowing your Marine Corps to invest in long-term maintenance and repair parts, which is the number one degrader to our MV-22s, F/A-18s, and F-35s. Without timely appropriations, our primary suppliers will most certainly increase costs as we are unable to put planned contracts in place.

#### Research and Development

A full year CR will slow down R&D programs slated for increased investment to support critical Force Design capabilities, including Ground Based Anti-Ship Missile (GBASM), Long Range Fires (LRF), Organic Precision Fires (OPF), F-35B Continuous Capability Development and Delivery (C2D2), Marine Air Ground Task Force (MAGTF) Electronic Warfare Ground Family of Systems (MEGFoS), and

Amphibious Combat Vehicle (ACV). These decreased investments will most negatively impact the workforce of our industry partners in Arizona, Arkansas, California, Florida, Pennsylvania, and Texas. It would also jeopardize our R&D workforce. Due to funding shortfalls, the scientific and technological communities that conduct the research, development, test, and evaluation for our capability improvements may go unused and will look for work elsewhere. A year-long CR would present an effective shortfall to the Marine Corps of over \$0.2 billion or 8% of the FY22 request.

### Infrastructure

Infrastructure sustainment is a key enabler to our current and future readiness. Investment in real property and base infrastructure to support the missions and readiness of the Fleet Marine Force and other tenant commands is critical to providing the capacity and capability needed to build, train, and launch combat ready forces. A full year CR would prevent 11 new military construction projects in North Carolina, Michigan, Virginia and Guam. Only the four projects authorized and incrementally funded in FY21 will be able to utilize CR funding, thus delaying new starts in Hawaii, North Carolina, Michigan, Virginia, and Okinawa. **Delays in the awarding of contracts for the new F-35 hangar at Cherry Point will further delay the arrival of F-35 aircraft in FY24/25.** Half of all FY22 major construction projects for the Marine Corps supports funding on Guam. Delays in Guam construction investment will delay the movement of Marines from Okinawa and slow the rebalancing effort in the Pacific. We would also not be able to start any projects needed to support new platform investment and recapitalization and replacement of inadequate facilities. If no new major construction is permitted, a full year CR would significantly impact the vast majority of the FY2022 Marine Corps military construction.

### **Conclusion**

As the Marine Corps invests in new warfighting capabilities in support of Force Design efforts and in support of Combatant Commander requirements, continued budget uncertainty negatively impacts my ability to modernize and build a force that is manned, trained and equipped for either the current of the future operating environment. An extended CR would effectively erase the gains in readiness made over the previous three years. A CR will prevent the Marine Corps from implementing Commandant Commander plans to counter the pacing threat, and could further create uncertainty with critical partners and allies such as Japan, the Philippines, Thailand, Australia, and South Korea. As we seek to counter coercive acts of maritime gray zone operations across the Indo-Pacific, a CR prevents us from doing so. Future budget certainty – adequate, stable and predictable funding – is the single most effective way to maintain critical strategic momentum as we compete with the pacing threat and enables investment in

the force design and modernization required to prevent or prevail in future conflicts.