

STATEMENT BY
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Biography of Gordon R. Sullivan, General (Retired) U.S. Army
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General Sullivan is the President and Chief Executive Officer of the Association of the United States Army, headquartered in Arlington, Virginia. Since assuming his position in 1998, General Sullivan has overseen the transformation of the Association into a dynamic individual and sustaining member organization that represents Soldiers, families, and the defense industry.

His responsibilities as President and Chief Executive Officer encompass both daily business operating and strategy planning for the largest Army-oriented non-profit association. The Association promotes and advocates programs for Soldiers and their families, creates opportunities for Army-Industry and professional dialog; advocates public awareness of Army and national security issues through its educational mission and maintains an outreach program to national leadership on critical issues pertinent to Army readiness.

Born in Boston, Massachusetts and raised in Quincy, he was commissioned a second lieutenant of Armor and awarded a Bachelor of Arts degree in history from Norwich University in 1959. He holds a Master of Arts degree in political science from the University of New Hampshire. His professional military education includes the U.S. Army Armor School Basic and Advanced Courses, the Command and General Staff College, and the Army War College. In addition to his many awards on active duty, he is also the recipient of the West Point Association of Graduates' Sylvanus Thayer Award and a member of the Sergeants Major Academy's Hall of Honor.

General Sullivan retired from the Army on 31 July 1995 after more than 36 years of active service. He culminated his service in uniform as the 32nd Chief of Staff—the senior general officer in the Army—and a member of the Joint Chiefs of Staff. He is the co-author of *Hope Is Not a Method* (Random House, 1996), which chronicles the enormous challenges encountered in transforming the post-Cold War Army through the lens of proven leadership principles and a commitment to shared values. He is the Chairman of the Board of Trustees of Norwich University and the Marshall

Legacy Institute as well as a member of the MITRE Army Advisory Board and a Corporate Member of the Woods Hole Oceanographic Institute.

General Sullivan is married to the former Gay Loftus of Quincy, Massachusetts; they currently reside in Alexandria, VA. He has three children and three grandchildren. He is an avid reader, amateur historian, and active sailor and sport fishing enthusiast.

Neither General Sullivan nor the Association of the United States Army has received any federal grants or contracts relative to the subject matter of this testimony during the current or previous two fiscal years.

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present my views as president of the Association of the United States Army (AUSA) and as a former Chief of Staff of the Army concerning the provision in the Bipartisan Budget Act of 2013 that will require a one percent annual reduction to the uniformed service retired pay Cost of Living Adjustment (COLA) until the retiree reaches age 62.

The Association of the United States Army is a non- profit educational association with a diverse membership – active duty, Army National Guard, Army Reserve, Department of the Army civilians, retirees and family members in 121 chapters worldwide. This is not a faceless group. They are PEOPLE and that's where our focus should be. PEOPLE.

Our members and I are very aware that much of the good done for Soldiers in the past would have been impossible without the commitment of those who serve on this committee and the tireless efforts of their professional and

personal staff. Thank you. We also understand that these are fiscally challenging times for our nation.

Before I continue I want to note that AUSA has been fighting for two years to get the yolk of sequestration off of the Defense Department and, specifically, the Army's, back. The new budget deal finally removes much of the burden of sequestration from the military for the next two years and I thank you and all those who worked together to make that happen. The agreement means there will be more money for training Soldiers who will go into harm's way, more money for maintenance and for procurement and modernization. It also ends funding by continuing resolution for two years. That is hugely important for the Army because it allows the Army to move money among accounts, it allows new contract starts and it provides a way for appropriators to give the Army a real funding number to plan around for the next two years. We are hopeful that sequestration will end permanently.

In many ways the budget deal was very good news. Unfortunately, included in that good news was a broken promise. The President, several secretaries of defense, the chiefs of the military services, and Congress have stated repeatedly that any changes to the military compensation and benefits

package would be grandfathered for the currently-serving force and for current retirees. The under-62 retiree COLA cap embedded in the budget legislation flies in the face of that pledge and breaks faith with those who have served their nation for 20 years and with those who will retire in the future, who until now had the expectation that their retirement would keep pace with current economic conditions.

This one line in the Budget Act has created doubt in the minds of the people. They are worried about things I never worried about in my 36 years on active duty. There was a trust that if I worked hard and did my job, at the end of the day, I knew what my compensation would be.

The congressionally-created Military Compensation and Retirement Modernization Commission (MCRMC) that was tasked with reviewing potential changes to the military retirement system was directed to follow guidelines set by this committee and the president that include grandfathering the currently-serving force and current retirees. In my view, the commission should be allowed to do its job and not be preempted by legislation that affects the current force and current retirees. Since the commission results will be reviewed by appropriate congressional

committees such as this one, there are fail-safe mechanisms in place that will assess the impact of any recommendations on retention and readiness.

As the economy rights itself, this blow to an earned deferred compensation benefit will be an enormous disincentive for qualified, battle-tested military personnel to remain on active duty. Recruitment will also suffer because any decision to serve could be influenced by how the current force is treated. Today's Soldiers are tomorrow's retirees, and they are watching.

This cut in pay and benefits **MUST** be balanced against the long-term viability of the All-Volunteer Force. Recent history from the 1980s and 1990s shows that precipitous cuts in pay and benefits can have unintended, detrimental, and lasting effects on the force. The prime example is the ill-fated REDUX retirement pension plan in which made no structural changes, but merely imposed a straight line reduction to retirees' pay. In just a few years the military faced a recruitment and retention crisis, so Congress wisely reinstated the previous system.

The current COLA-cut provision, which some say will help "tame" the "wildly out of line" military pensions, will hit hardest on retired enlisted

Soldiers who in most cases are not fully employed in lucrative post-retirement jobs. For many, their now-to-be deflated retirement check is their main source of income after decades of service and I hasten to add, that the average Army retiree is an enlisted Soldier at the grade of Staff Sergeant or E-6 whose retired pay (which is based only on pay grade, and does not include allowance and special pays) is about \$1800 per month before taxes. This does not include dollars taken out for health care or for survivor benefit plans.

Finally, the COLA-cut provision affects the less than one percent of the nation's population that is currently serving, and I note for the record, many of this cohort could have served multiple tours of duty in combat from the late 90s and into the early years of this century. The retirement compensation that comes from this service has been EARNED by 20 years or more of arduous service.

The fact of the matter is that the compensation package in place today was designed to encourage a career of service in the All-Volunteer Force – the force that has performed so magnificently over the past several decades. In addition to patriotism, what has kept professional Soldiers in the Army

during a period of repeated combat deployments, family separation, and frequent relocation has been the stability of a reassuring compensation package that, until now, Soldiers knew would not be changed. The grandfathering principle equals stability – a certainty that, like the Army’s pledge to leave no one behind on the battlefield, what was agreed to upon enlistment will not be changed mid-career.

Finally, I am troubled when I hear arguments that "we are paying the troops too much" and that this is the reason we have to cut back on the training, readiness, and modernization of the force. At the end of the day "the force" IS people - high quality, dedicated, and smart people. They are not the problem, but the message they hear is that they are somehow contributing to unreadiness just by their mere presence. We must change this narrative.

America can afford the defense it needs; it is simply a question of priorities. Shifting the burden of the nation’s fiscal troubles onto the backs those sworn to defend all of us - and their families - is unnecessary and, in my opinion, wrong. The instability caused by this cut will reverberate for years to come and will, in my view, cause unintended consequences.

I understand very clearly the concept of shared responsibility. But, the federal government and all Americans must remain true to the promises made to her military personnel. We understand that military programs are not above review, but always remember that the nation must be there for the country's military personnel who answered the nation's call.

This committee safeguards the welfare of America's military personnel on behalf of the nation. Although your tenure is temporary, the impact of your actions lasts as long as this country survives and affects directly the lives of a precious American resource - her military. As you make your decisions, please do not forget the commitment made to America's military personnel when they accepted the challenges and answered the nation's call to serve.

I urge you to find a bipartisan solution that will remove the under-62 military retiree COLA cut provision from the Bipartisan Budget Act of 2013. Thank you for the opportunity to submit testimony on behalf of the members of the Association of the United States Army, their families, and today's Soldiers and retirees.