

# **EXHIBIT 12**

## **House Armed Services Committee Holds Hearing on Fiscal 2020 Defense Authorization**

SMITH:

A couple of process issues to start. The secretary has said that he can be here until three which calls into question just how big of a masochist, he is but we do appreciate the--the ability to--to be here that long. We are going to take a break at 12:15, from 12:15 until 12:30 and then we will resume. We don't have to go until 3 o'clock but we are going to try to give members as much time as possible understanding the importance of this hearing.

With that call the hearing to order. I want to thank the Honorable Patrick Shanahan, Acting Secretary of Defense; General Joseph Dunford, Chairman of the Joint Chiefs of Staff and the Honorable David Norquist who is performing the duties of the Deputy Secretary of Defense. First note I believe this will be the last, probably the last time that General Dunford testifies before our committee. He has held--held many roles within the military and I just want to say on a personal note it has been a great pleasure working with you. You have served your country incredibly well, do an outstanding job and we've always had a very open dialogue. We all know that there are tensions between the Pentagon in Congress but you have done an outstanding job of truly you know letting us know you care what we think, you want to work with us, you want to make this process work. I really appreciate your leadership.

And Mr. Shanahan, Mr. Norquist, this is both your first hearings in your current acting roles. As I discussed with the Secretary yesterday there's getting to be sort of a Bud Selig joke here for those of you who follow baseball. He was made the baseball Chairman and then he was the

acting Chairman for life because he kept in that spot but they never made him permanent. So we are hoping that doesn't happen in your case as well but we appreciate your service and look forward to your testimony.

These are as always very challenging times as we've sat on this committee for quite a few years now. It's hard to imagine a time in American history when we've had such a complex threat environment and certainly there have been times in our history where we've been at greater peril but here the dangers come from a multitude of different sources and it really takes an incredible amount of work and understanding to figure out how do we meet all of those threats in a comprehensive way. We cannot do everything we would like to do, how do we make sure that we do what we have to do so we have to meet that threat environment and the basic task as I see it of the department of defense and our committee is number one, clearly meet our national security objectives, figure out what they are and make sure we are meeting them. And one of the biggest there is to deter our adversaries and that can come in many forms. At the moment it's primarily Russia, China, transnational terrorist groups, North Korea and Iran. What are we doing to deter them from their actions? And lastly and most importantly is to make sure that the men and women who serve in our military are trained and equipped and 100 percent prepared to carry out whatever mission we ask them to do. Those missions will change as the threat environment changes, as our resources change but the one thing we never want to do is create a situation where we are asking them to go into a fight that they are not prepared for and we are incredibly well served by the men and women of our military. Without question the best, strongest, most capable military in the history of the world and it wouldn't happen but for the people serving. We need to make sure that we give them the tools they need to do their job.

As I go forward, the greatest challenge to all of this is somewhat you know surprising in that it's the budget and the uncertainty that comes with it. Ever since the budget control act of 2011 the entire discretionary budget has gone through a number of shutdowns. At this point I forget if it

was three or four. Countless other threatened shutdowns, countless continuing resolutions and the level of budget uncertainty that had made it impossible to plan from one month to the next you do not know how much money you are going to have and you don't know where you are going to be able to spend it and that created an enormous number of problems.

Now we have made progress. We also because of the wars in Iraq and Afghanistan had a readiness shortfall which I know you have worked very hard on and is getting better. We look forward to hearing the specifics about how we have improved on that. And then also when we got the budget deal for 2018 and 2019, we finally put it in 18 months of well, certainty is too strong a word but predictive ability. Now 2018 wasn't perfect because you didn't get it until six months into the fiscal year and then had to figure out how to--to spend that money in a very short timeframe but for 2019 on October 1, the department of defense knew what its budget was going to be for the full year and I believe that was the first time in seven years that that was the case.

That is enormously helpful.

Now unfortunately as we head toward 2020, we are now at risk of falling back into the old ways which is really too bad. We have two years left on the budget control act and I know there is bipartisan consensus in the house and the Senate to get a deal for those last two years.

Unfortunately the budget that was submitted by the president and the Department of Defense dramatically undercuts our ability to get that deal.

First of all, it sticks--well, it--it--it claims to stick to the Budget Control Act numbers but it does two things that are incredibly problematic. One, it cuts all non-defense discretionary money by 5 percent and that's by 5 percent below the Budget Control Act number for 2020. It's an even greater cut from what we put into those programs last year. And then it uses the overseas contingency operations fund as a slush fund. It takes that money and says because it's off budget

we can pump I think it's well over \$90 billion in two base budgeting out of the OCO and claim that we have stuck to the Budget Control Act numbers.

That is breathtakingly irresponsible and no greater authority on that subject than current chief of staff Mick Mulvaney said exactly that. Now he said it three years ago when he was a member of the Congress and not trying to weasel his way around the budget problem as a Chief of Staff but he made it clear that OCO should not be a way to sneak around the budget caps and that is the heart and soul of the budget going forward and there are a couple of problems with this.

The biggest one of which, that budget is not going to pass. There is bipartisan opposition to it and I can assure you the Democratic-controlled House is not going to pass a budget that creates \$174 billion OCO and guts every other aspect of funding. So how do we get back from there? How do we get to the point where we were, I believe in November and December when we were just this close to a budget deal for 2020 and 2021 that could give us a degree of certainty, that could give us that predictability and get us to the end of the Budget Control Act?

There is no good reason to do this. Artificially sticking to those budget caps has almost nothing to do with fiscal responsibility. I know that's the thought. Well, gosh, if we can say we stuck to the budget caps we can claim that we are being fiscally responsible. The discretionary budget is 25 percent of the overall budget and has nothing to do with revenue. It is only a tiny portion of our overall debt and deficit picture and to jeopardize all of that, to get no particular gain on fiscal responsibility is to my mind incredibly irresponsible.

And the last problem with all of this is we constantly talk in this committee about a whole of government approach. We have had many people from the Pentagon most notably and most articulately as is often the case was secretary Mattis who said if you're going to cut the State Department, you'd better give me more ammunition. State Department gets cut by 25 percent in this budget. Development gets cut by just about the same. Homeland security, every other piece

of this whole of government approach gets gutted in this budget except to make sure that we can have a 10 percent or and 8 percent or whatever it is increase in military spending.

And I just can't--I can't have people from the Pentagon come here and--and wax nostalgic about how much they love the State Department while we gut their budget. A whole of government approach requires that and we get into a self-fulfilling prophecy. If we don't fund these other tools and by the way the military is not the only way to deter our adversaries. We can work with partners. We can use diplomacy. There are a ton of things we can do so that we don't have to rely on the blunt instrument of the U.S. military but it will not work if we got that budget.

Just two final points I have to make. The comment that funding a border wall out of the Department of Defense is also unbelievably irresponsible and I won't even get into the debate here about the wisdom of that border wall. We can do that at another time but what everyone feels about the border wall to look at the Pentagon is sort of a piggy bank slush fund where you can simply go when and simply grab money for something when you need it really undermines the credibility of the entire DOD budget because if you've got \$5 billion to \$10 billion to \$20 billion just lying around the Pentagon for any particular purpose what does that say about whether or not you really need the money that you come up are telling us that you need?

SMITH:

Telling us that you need so this committee, and I think it has been bipartisan expression of this is unalterably opposed to taking money out of DOD to fund the border wall and in particular--well, I'll get into--I'll get into the reprogramming issue in my questions.

But the last point that we want to emphasize, the audit. We need the Pentagon to start spending the money more wisely than it has been spending and I really want to thank my partner on this committee Ranking Member Thornberry for his work even before he was Chairman of the

committee. His understanding of acquisition and procurement is second to none in this committee and he has worked very, very hard to try to put legislation in to improve the efficiency to make sure that we are spending the money wisely. Too much money has been wasted at the Pentagon. We need the audit. At a minimum we need to know where you are spending your money. If we don't know that there's really no way to get to efficiency. So we are going to keep pushing on that.

Then we need to get better about these systems that we fund. The F - 35 is unbelievably overbudget. We have the--the--the aircraft carrier even now as it's delivered it's having problems with--with elevators and launch systems. The tanker. You know, they are finding to bury inside of the tanker firm when it was made. There is just a lack of the efficiency and there are programs throughout the nine days, the future combats program that spend billions of dollars towards no particular and. The expeditionary fighting vehicle where we spent \$8 billion before deciding that we weren't actually going to build it.

I believe that the Pentagon can get by with a lot less money if we had a full audit and we spent that money better. And we want to make sure that we are moving in that direction. With that I think you for being here and I look forward to your testimony and I yield to the Ranking Member.

THORNBERRY:

Thank you, Mr. Chairman. Secretary Shanahan, welcome to the House Armed Services Committee. You have met with the committee and other places and other capacities but this is the first time you have testified in--in this way so welcome. General Dunford and Mr. Norquist welcome back. General Dunford, I am not quite ready to let you go yet so just be warned that--that you may be back in some way or another given what the Chairman said the complex nature of the threats and the security environment in which we all operate.

Mr. Secretary, you may find yourself the target of a lot of criticism for decisions that you had nothing to do with today. I hope that's not the case. I for example share the Chairman's view that we should not take the Department of Defense resources and use it for other purposes. I know that that was not a decision you made but I hope that most of what we can talk about today are of those things within the purview of the department of defense because I agree with much of the Chairman's comments that budget uncertainty largely because of Congress and the previous administration has caused enormous problems for the Department of Defense and the men and women who serve and yet we have started to make some real progress. We have started, had a good start in improving readiness of our forces and all of us who have been on the committee previously have been concerned about the number of casualties and other things because of accidents which were unfortunately increasing at an alarming rate. It wasn't just because of--of the pace of operations. That certainly contributed but it was also because of about a 20 percent cut in--in--in defense funding starting in 2010.

We have started to make progress on improving our position versus peer competitors. Now we hadn't caught up where we need to be yet but--but in key areas they are still ahead of us but we have started to make progress and we've even started to make progress in treating our people right. I think you are going to--for example, this committee is going to focus on housing issue. There is some spouse employment issues. There are still a lot of things we need to do but--but when you look back the last few years on pay, healthcare, retirement, etc. we have started to make progress.

My bottom line is we need to keep making progress. We can't slide backwards and I am very conscious of the fact that repeatedly Secretary Mattis and you General Dunford have testified that a minimum of 3 percent to 5 percent real growth in the defense budget is necessary to continue to make progress, both on readiness and holding our own at least with peer competitors. I also know that the national strategy commission which was composed of an equal number of



Republicans and Democrats looked at this for some time and they endorsed that 3 percent to 5 percent real growth.

That's exactly what they President's budget or just about where the President's budget comes in that. I share the concerns about other parts of the budget and I completely agree we are not ever going to pass a \$174 billion OCO but that goes back to decisions that were made somewhere else other than the Department of Defense.

I appreciate all three of you and they work that you put it in. We need to be your partners to continue to make progress on readiness, on treating our people right, on the peer competitor issues that concern us all. So we won't get into a lot of those today. Thank you all again for being here. I yield back.

SMITH:

Mr. Secretary?

SHANAHAN:

Chairman Smith, Ranking Member Thornberry, distinguished members of the committee thank you for this opportunity to testify in support of the president's budget request for fiscal year 2020. I am joined by Chairman of the Joint Chiefs of Staff General Joseph Dunford and the Department's controller and Chief Financial Officer, Mr. David Norquist.

It has been a great privilege and honor to serve alongside the men and women of the Department of Defense and it was a pleasure to work with Secretary Mattis to craft the 2018 National Defense Strategy. Released in January 2018 that strategy laid the foundation for restoring military readiness and modernizing our joint force for an era of great power competition.

I now oversee the continuous execution of that strategy, which is the undisputed driver of today's budget request. It was extremely helpful for the department to receive authorization and appropriation bills on time at the requested top line last year. With 87 percent of Congress in bipartisan support, last year marked the earliest signing of an authorization bill in four decades. The strategy you supported last year is the same strategy we are asking you to fund this year.

The \$750 billion topline for national defense enables DOD to maintain irregular warfare as a core competency, yet prioritizes modernization and readiness to compete, deter, and win in any possible high in the fight of the future. This budget is critical for the continued execution of our strategy and it reflects difficult but necessary decisions that align finite resources with our strategic priorities.

To highlight some of those decisions, this is the largest research development testing and evaluation budget in 70 years. The budget includes double-digit increases to our investments in both space and cyber, modernization of our nuclear triad and missile defense capabilities, and the largest shipbuilding request in 20 years, when adjusted for inflation. It also increases our total end strength by roughly 77--7700 service members and provides a 3.1 percent pay increase to our military, the largest in a decade.

Now to the specifics. The top line slate \$718 billion for the Department of Defense. Of that total, the budget includes 545 for base funding and \$164 billion for overseas contingency operations. Of the overseas contingency operation funds, \$66 billion will go to direct war and enduring requirements and \$98 billion will fund base requirements. To round out the numbers, \$9.2 billion will fund emergency construction. That includes an estimated \$2 billion to rebuild facilities and damaged by hurricanes Florence and Michael, up to \$3.6 billion to support military construction projects that will be awarded in fiscal year 2020 instead of fiscal year 2019 so we can resource border barrier projects under emergency declaration this year, and \$3.6 billion in case emergency additional emergency funding is needed for the border.

Military construction on the border will not come at the expense of our people, our readiness, or our modernization. To identify the potential pool of sources of military construction funds, DOD will apply the following criteria. No military construction projects that have already been awarded and no military construction projects with fiscal year 2019 award dates will be impacted. We are solely looking at projects with award dates after September 30, 2019.

No military housing, barracks, or dormitory projects will be impacted. Decisions have not been made concerning which border barrier projects will be funded through section 2808 authority. If the department's FY 2020 budget is enacted on time as requested, no military construction project used to source section 2808 projects would be delayed or canceled.

I appreciate the inherent intra-government complexities of the Southwest border situation. I also want to emphasize the funds requested for the border barrier amount to less than 1 percent of the national defense top line. As this committee fully understands, no enemy in the field has done more damage to our military's combat readiness in years past than sequestration and budget instability, and there is no question today our adversaries are not relenting.

The instability of a continuing resolution would cost us in three important ways. First, we would be unable to implement new initiatives like standing up the space command or accelerating our development of hypersonic capabilities and artificial intelligence. Second, our funding will be in the wrong accounts. We are requesting significant investments in RDT&D for cyber, space, and disruptive technologies and in O&M for core readiness. Third, the incremental funding under SER means we lose buying power. This translates to higher costs and uncertainty for industry in the communities where we operate.

We built this budget to implement our national defense strategy, and I look forward to working with you to ensure predictable funding so our military can remain the most lethal adaptable and resilient fighting force in the world. I appreciate the critical role Congress plays to ensure our

war fighters can exceed on the battlefield in both today and tomorrow, and I think our service members, their families, and all those in the Department of Defense for maintaining constant vigilance as they stand, always ready to protect our freedoms. Thank you.

SMITH:

Thank you. Chairman Dunford.

DUNFORD:

Chairman Smith, ranking member Thornberry, distinguished members of the committee, thank you for the opportunity to join Secretary Shanahan and Undersecretary Norquist today. It remains my privilege to represent your soldiers, sailors, airmen, and Marines. While much of our discussion this morning is going to focus on the challenges we face, it's important I begin by assuring you that your Armed Forces can deter a nuclear attack, defend the homeland, meet our alliance commitments, and effectively respond, should deterrents fail.

I believe today we have a competitive advantage over any potential adversary defined as the ability to project power and fight and win at the time and place of our choosing. But as members of this committee well know, 17 years of continuous combat and fiscal instability have affected our readiness and eroded the competitive advantage we enjoyed a decade or more ago. As the secretary highlighted, China and Russia have capitalized on our distraction and restraints by investing in capabilities specifically designed to challenge our traditional sources of strength. After careful study, the developed capabilities intended to contest our movement across all domains, sea, air, space, cyberspace, and land and disrupt our ability to project power.

With the help of Congress, starting in 2017 we began to restore that competitive advantage. Recent budgets have allowed us to build readiness and invest in new capabilities while meeting current operational commitments. But we cannot reverse decades of erosion in just a few years.

This year's budget submission would allow us to continue restoring our competitive advantage by approving readiness and up and developing capabilities to enhance our lethality. It proposes investments in advanced capabilities across all domains, the air, land, space and cyberspace.

This year's budget also sustains investments in our nuclear enterprise to ensure a safe, secure, and effective strategic deterrent, the highest priority of the Department of Defense. We've also taken steps to more effectively employ the force we have today and build a force we need for tomorrow. We've implemented fundamental changes in our global force management process to prioritize and allocate resources in accordance with the national defense strategy while building readiness and the flexibility to respond to unforeseen contingencies.

We've also refined our process for developing and designing a future force. A joint concept threat--threat informed approach supported by a wide body of analytic work allows us to more deliberately evaluate and prioritize war fighting requirements. This also enables us to pair emerging technologies with innovative operational concepts.

In closing, I'd like to thank the committee for all we've done to support the men and women in uniform and their families. Together, we've honored their solemn obligation to never send our sons and daughters into a fair fight. And with your continued support, we never will.

SMITH:

Thank you both. I appreciate that. Keeping in mind and acknowledging ranking member Thornberry's point that you don't make the policy, necessarily, that you are--you're sent up here to defend, regrettably neither President Trump nor Chief of Staff Mulvaney are going to testify before our committee, so we have to ask you about it and get your defense/explanation. And one of the biggest areas in the wall funding that's problematic for this committee and for the relationship between the Pentagon and Congress is the reprogramming requests.

And it is, you know, a bit of sort of arcane policy even I didn't fully understand. But by and large, the Pentagon is not allowed to simply move money from one account to another without coming back through the full legislative process. But given the amount of money that the at the Pentagon and given how much things change, we have given, through the congressional process, the ability to reprogram I think it was \$4 billion last year.

But one of the sort of gentlemen's agreements about that was if you reprogram money, you will not do it without first getting the approval of all for relevant committees, Defense approps in the House and Senate, and armed services in the House and the Senate. For the first time since we've done that, on the reprogramming request help fund the wall, basically you're--you're shifting money from the MILPERS account into the, I forget what the drug--drug safety account, whatever it is, drug enforcement account so that you can then take it out of the account and put it to the wall. And you are not asking for our permission. Now, you understand that the result of that, likely, is that the Appropriations Committee in particular would no longer give--

SMITH:

-- the Pentagon reprogramming authority. I think that's unfortunate because they need it. And I guess my--my question is what was the discussion like about in deciding to break that rule and what is your view of the implications for it going forward, in terms of the relationship between the Pentagon and Congress in general, and specifically how much is it going to hamper you to not have reprogramming authority after this year?

SHANAHAN:

Chairman, what was the second part of that? There was the disclosures the discussion--

SMITH:

--How is it--how is it going to hamper the relationship--

SHANAHAN:

--That was the--

SMITH:

--The--I'm sorry, how was it going to hamper your ability to do your job if you don't have any reprogramming authority going forward?

SHANAHAN:

Right, yeah. Well, the discussion, I think you and I have also been party to--to this discussion is that by unilaterally reprogramming, it was going to affect our ability long-term to be able to do discretionary reprogramming that we had traditionally done in coordination. It was a very difficult discussion and we understand the significant downsides of the losing what amounts to a privilege.

The conversation took place prior to the declaration of a national emergency. It was part of the consulting that went on. We said here are the risks longer-term to the department, and those risks--risks were weighed. And then given a legal order from the commander-in-chief, we are executing on that order. And as--as we discussed, the first reprogramming was \$1 billion. And I wanted to do it before we had this committee hearing because we've been talking about this for some time and I've been deliberately working to be transparent in this process, fully knowing that there is downside, which will hamper us.

SMITH:

And ultimately you ask for it--you asked for \$1 billion yesterday and it's still the plan to ask for \$2.4 billion out of the drug enforcement account?

SHANAHAN:

We have--we haven't made the assessment of what--so consider these increments or tranches, however you want to phrase them. Potentially, we could draw \$2.5 billion when we look at the--the total general transfer authority. We think beyond that would be too painful to--being able to continue to maintain readiness and operations. But we don't know what that next increment of--of funding would look like.

SMITH:

Right. And one final question on this piece. You're getting the money because I believe it's the Army, or was it the Army and the Marine Corps--

SHANAHAN:

--Yeah--

SMITH:

--That did not meet their end strength goals for--

SHANAHAN:

--Let me ask David Norquist.

SMITH:

Okay, sure.



NORQUIST:

So the--the source of the money, as you pointed out at the beginning, is the military personnel account. The Army was falling short of its recruiting targets by about 9000, 9500. So funds that would have gone to pay the soldiers, had they been on board, is no longer needed for that purpose. That military personnel account is more like a mandatory in the sense that if there is no purpose, there's not a lot of--of other uses, and so it's available for reprogramming under those circumstances.

SMITH:

I understand. So for the FY 20 budget, does your personnel request reflect that inability to recruit? Do sort of factor in, okay, we'd like to have this many, but are not? Does it make sense to give you the same amount of money from MILPER if it's just going to wind up in the drug enforcement account and then go to building a wall?

SHANAHAN:

(OFF-MIC)

NORQUIST:

(OFF-MIC) Yes, so we went ahead and plan to the '20 budget off of the--the Army revised its expectations for next year accordingly, and that's the number that's in the '20 budget, sir.

SMITH:

Okay. Final question. So when it comes to the budget overall budget number, and I do have a slight quibble with the--with the idea that somehow this is all a problem because the Obama administration cut defense. I think in the extent that we rely on that political talking point, it

undercuts the fact that this all happened because of the battle over the budget. I mean, the budget control act was in the past because the Obama administration decided they wanted to do it, it was passed because we were literally two days away from not paying our debts. There was a refusal by the then Republican controlled Congress to raise the debt ceiling and the only deal to be able to raise the debt ceiling was to agree to sequestration in the budget control act.

It was a bipartisan act of, well, self-flagellation, if you will, in terms of messing up our budget for 10 years to come just because we didn't have the political courage to live with the consequences of the money we had already spent. And that led to no end of problems, but it was a bipartisan problem. And really, it's a bipartisan unwillingness to address the reality that you can't balance the budget while cutting taxes and increasing spending, a choice has to be made.

But we decided not to make that choice, we decided to punt it into the artificial budget control act sequestration act. So a little greater honesty about the budget choices we faced is the best way out of this, not, you know, any fault of the Trump administration or the Obama administration.

But the question I have, General Dunford, take a stab at this. The president at one point, I don't know, several months ago said that he felt a \$700 billion defense budget made sense. Several days after that, you know, they had settled on well, before that there was the \$733 billion number, which people I talked about as, I think, what it was reflected in the, you know, plus inflation in the 5 percent number that a bipartisan group had come up with. So you know, it had been 733, the president said you know, I think we can do 700, then there was back-and-forth, a bunch of people talk to them, and that it became 750. Okay.

And you know, one of the things in the credibility here is we always hear from you guys we absolutely have to have this money. I think the way one general testifying said anything below 733 creates an unacceptable amount of risk. I kind of find that hard to believe but it is now the statement anything below 750 becomes an unacceptable--unacceptable amount of risk? Where is

the rigor in terms of what that number is to make sure that it is truly funding what our national security needs are if that number can move \$50 billion in the space of a few tweets?

DUNFORD:

Chairman, I can--I can address the specific part of the budget that--that talks to joint war fighting capabilities, and that represents, as ranking member Thornberry pointed out, about a 2--2.9 percent real growth increase over last year. In the terms of analysis, back--going back to 2015, we did a detailed analysis at the top-secret level of all of what we call competitive areas, space, cyberspace, electronic warfare, maritime capability in land and so forth. So we looked at ourselves, and then we looked at what we had in the plan going out the 2025.

And then we worked with the intelligence community and we did a similar study of China and Russia, the benchmark if you will, for our path of capability development. And we looked at the trajectory of capability element that Russia and China were on. We looked at what should our force look like in 2025 to make sure that we had a competitive advantage. Again, that competitive advantage defined as the ability to project power.

SMITH:

And just--as a result of that process, you came up with the 733 billion-dollar number, correct?

DUNFORD:

That number is completely informed by the analysis we did for the path of capability development, yes, chairman.

SMITH:

Okay. This is worth noting that the president's request was for 750, despite all of that analysis that said 733. So that's the type of rigorous analysis I think--I think we need to get to a number, not just deciding we want to spend more money for the sake of spending more money. So I--I appreciate that. I want to get to some other people here, so I'm going to yield to Mr. Thornberry.

THORNBERRY:

Let me just mention that I completely agree with the Chairman, both parties are responsible for the irresponsible approach we took for--to funding defense and I also agree with the Chairman that changing decades of--of--of--of reprogramming practice is going to have difficult consequences for the whole government, but especially for the Department of Defense.

Mr. Secretary, you heard me reference testimony that we and the Senator have repeatedly received from Secretary Mattis and also from General Dunford about the need for at least 3 to 5 percent real growth through 2023. And, that that figure was endorsed by the bipartisan National Strategy Commission. I don't recall that you have ever weighed in on what sort of topline growth--and there's lots of discussion underneath the topline. I am just talking about a top number. What sort of topline level is necessary for us to continue readiness and also deal with the complex threats posed by Russia, China and others?

SHANAHAN:

Thank you, sir. The--you know, quite often, people pick a number they'll look over time and say an aggregate what would a number be or what should a trend be. But, going back to Chairman Dunford's comments on the rigor and analytics behind the way we have put together the National Defense Strategy there are three trends that are very important that factor into the rate of growth. This is a real growth rate, so adjusted for inflation. First, the world continues to get more dangerous so that really manifests itself in troop strength. The second component is we are still

recovering readiness. Those are real accounts that we have to restore and sustain. And probably the biggest driver for our growth is modernization. With great power competition and a focus on Russia and China we haven't modernized in three decades in the investment required to do that in parallel with those three other activities drive 3 to 5 percent real growth if we want to do it in a timely manner. This is all about how much risk and how much time we want to you know, assume. I don't think we have enough time to address these--these issues that's why you need the--the greater growth.

THORNBERRY:

And--and so I guess the flipside is without 3 to 5 percent real growth we are taking increased risk. We cannot accomplish the three things that you talked about.

SHANAHAN:

Yeah, I think you know, it's--sometimes risk gets too broadly categorized. I look at the risk in kind of two elements. You can take operational risk or risk on modernization. The risk between the \$700 billion number and the 733 billion was deciding where you want to take risk. So do we want to invest in modernization? Or do--and--and have a smaller force or do we want to have a larger force to deal with the threats of the world and forego some of the great power competition? I believe we have to do both. And when I think of the risks those are the two we have to manage.

THORNBERRY:

General Dunford, I'm not sure that you and the Chairman were exactly communicating. When you talked about the analysis that y'all performed did that result in a defense request actually its National Security request of \$733 billion? If so, where did the 3 to 5 percent real growth come from? Because \$733 billion is not 3 percent real growth.

DUNFORD:

Thank you, Ranking Member Thornberry for allowing me to clarify. What I was speaking about is inside the budget the piece that I provided recommendations on were the military capabilities inside the budget. Those things that will directly contribute to joint war fighting. In that area I am confident of the analysis that we did and I'm confident that the budget reflects a 2.9 percent real growth in joint war fighting capabilities.

THORNBERRY:

OK, so do you have any amendments or change to the testimony that you have given us before that 3 percent real growth is necessary to stay even, 5 percent real growth is necessary to catch up on China, Russia and readiness problems.

DUNFORD:

I don't have any--any change to that at all. That's exactly what our analysis highlights.

THORNBERRY:

OK. Thank you. I yield back.

SMITH:

(OFF-MIC)

DAVIS:

Thank you, Mr. Chairman and thank you to all of you for joining us today. Especially to General Dunford, it's been a really an honor to work with you over the years. I had a visit to the border

and to our troops a few days ago and in light of that I wanted to just address some of the issues that the chairman just mentioned because I think there has been some confusion and as you're talking about the need to really focus more on National Security needs of course, readiness, that raises the question of why we are not trying to really answer the issue that's in front of us when it comes to the personnel at the border. Because the situation that we're in right now is just not sustainable. I think we--we all acknowledge that. So, having been on the border we're about 3,000 short in terms of personnel there and that makes the situation difficult as you can--as you can well imagine. And part of what we are trying to deal with. Can you speak a little more specifically to what--what's happening--what just happened in terms of the transfer of money and when is that going to be done? Is that done? Is it still--still in process?

SHANAHAN:

David, do you want to give the status of the reprogramming?

NORQUIST:

So the re--the reprogramming went to the committee yesterday and that's the notification of the intent to move the money from--from one account to another. It wouldn't be used until it was obligated onto a contract. Those, of course, take some amount of time. We want to make sure the committee has awareness so we are not trying to--to rush things we just want to do it in deliberation. But, that will move at the point when it is necessary to award another contract. We just wanted to make sure the committee had the notification that we are moving it from one to the other. And that will cause--

DAVIS:

Could you speak to the nature of those contracts as well?

NORQUIST:

Oh, those are construction contracts for border barriers.

DAVIS:

OK. As you said, you haven't started that process yet?

NORQUIST:

In terms of?

DAVIS:

The?

NORQUIST:

Do you want to talk to the overall process or do you want me to? OK. So just to go back through the overall process for 284. With the--the authority under 284 we received a request for assistance from the Department of Homeland Security. It was received by the secretary. He then passed out to the department to do our analysis--joint staff, general counsel, comptroller and others and to come back with identifying which of those construction projects are appropriate. One of the requirements is interdicting drug corridors. That analysis has been done. He's identified a set of projects to use those findings for and one of the steps before we can move the money is to send a notification to the committee.

The date when the money literally changes colors inside the financial system depends. But, it needs to be moved prior to any contract being awarded.



DAVIS:

OK. And you said that the money is coming from the unallocated (INAUDIBLE) strength for the Army?

NORQUIST:

It's coming out of the military personnel account. It was provided for N strength recruitment that didn't happen and that's why it's available.

DAVIS:

And does that--is that something that goes--goes forward are--are you not worried that that's going to make a--make a difference down the line?

NORQUIST:

Well the--that money is only available for 30 September so it does--it's not one of those accounts that would carry over from one year to the next. So the amount of funding the Army needs in FY20 is a number that is requested in the FY20 budget and this committee would need to assess desperately.

DAVIS:

You spoke of making adjustments so down the line since you see that that's you're not able to meet those--those--those targets.

NORQUIST:

The Army made adjustments as the Chairman asked earlier in the '20 budget reflecting the fact that it was not meeting its original 19 targets. So we're not asking for more money in '20 that we would not be able to use again. We made sure we accounted for those concerns.

DAVIS:

OK. But we also know that basically, Congress had denied President Trump's request for the dollars to build the border wall. And here we are. And--and I know you--you said it was a difficult decision because it sets precedent.

NORQUIST:

Did you want to field this or you want me to keep going? OK. So yeah, so--

DAVIS:

How are we going to address these issues?

NORQUIST:

So when we received the--in this case, the request from DHS, we go through the valuation process. We understand that there is other issues going on with the Congress, but this is the direction received from the administration regarding the--the RFA and this is how we evaluated and responded to that request for assistance.

DAVIS:

Thank you. I mean I--I have to say that I'm very concerned that we're not able to meet our needs on the border in terms of our border patrol agents. But, there are reasons for that and we can deal

with them in our budget and we can deal with them in the way that we respond to this issue. And so--

SMITH:

The gentlewoman's time has expired.

DAVIS:

I'm afraid we're not going to get to the real--the real answer. Thank you.

SMITH:

Mr. Turner.

TURNER:

Thank you, Mr. Chairman. We're asking the Department of Defense to do three major things that we don't usually ask them to do all at once, and the first is, is rebuild the military as a result of our readiness crisis. The second is to completely the modernization that's currently on our books. And the third is to look to the future, to already say that our near (INAUDIBLE) areas are beginning to--to threaten our superiority and to plan for modernization. Now we've--we've given you in fiscal year '18 and '19 the beginnings of rebuilding the military. We're planning, of course, for 3 to 5 percent real growth.

But, we have a number of things to do. I want to associate my comments with the Chairman on a number of areas in which we have bipartisan support. We have bipartisan support for the fact that our military budget should not be cannibalized for our border security needs. However, we

have bipartisan disagreement on how to accomplish that, because I believe that Congress needs to fund closing the border. And certainly, the House voted last year to--to do so.

I agree with the Chairman with respect to we have bipartisan support that OCOs should not be used, and I appreciate his comments that w--hopefully we will have a bipartisan budget agreement for two years to--to-to cease that because I know it has effects on--on your operations. And then thirdly is the statement that bipartisan support for an audit and making certain that--that the Department of Defense can--can effectively tell us how the funds are being used.

But all those things, managing them, we're in this bipartisan support on constraints on use still translate to, we need you to be able to effectuate modernization, rebuilding, and at the same time ending our--our crisis on--on our operations. So, I, Ranking Member, on the Strategic Forces Subcommittee, I'm going to ask both General Dunford and yourself issues concerning nukes. We have had on the books nuclear modernization that's needed not just because our adversaries are beginning to bypass us in their own modernization, but because of the aging inventory, our aging capabilities.

Mr. Secretary, even if Russia and China were not modernizing, could you please articulate why we have a need to modernize our nuclear weapons stockpile and it' curr-current threat for our nuclear stockpile to remain an active deterrent, Mr. Secretary?

SHANAHAN:

Sure. The--the first, most fundamental issue is obsolescence. And we look at the Minute Man III program at the end of the dec--decade simply times out. The--the bomber program capacity and capability to deliver nuclear weapons. So, you know, first and foremost, this is really about a nuclear enterprise that's run its course in time.

There's another very critical element to this, and that's the nuclear--the MC3 capability and command, control and communication, which is even, you know, more complicated than just replacing the--the ballistic missiles. Chairman?

TURNER:

Chairman Dunford, I would like you to add, as you're beginning to answer, could you please also add to your answer, the issue of the triad and the issue that we have with the vulnerability as an effective deterrent? Because you currently obviously--our subs have--have some ability to--to avoid detection. Tomorrow, that could not be the case, and we would be in a very tough situation if we did not have the triad. General, could you explain that to us.

DUNFORD:

Congressman, thanks. First, just to reinforce what the Secretary said, we--we use three adjectives to describe the nuclear enterprise: safe, reliable, and effective. And so, your question was, even if Russia and China weren't modernizing, which they are, we would still have to modernize to make sure that we had a safe, reliable, and effective nuclear deterrent. And a particular area of concern, again, notwithstanding what the Chinese and Russians are doing right now, is the aging Nuclear Command, Control, and Communications System.

So, we absolutely would have had to get after that. Your question of triad is somewhat related. We have done two nuclear posture reviews since I've been the chairman: one during the President Obama's administration, one during President Trump's administration. In both cases, we looked--people went into that with an open mind to see, do we need to continue to maintain a triad to have an effective deterrent.

And it was concluded that we needed to do that. Each leg of the triad has a unique capability, and it also complicates the adversary's ability to have a technological breakthrough that would

undermine the credibility and--and the ability of our--of our nuclear triad. So, that's a big piece of it. You talked about the submarine specifically, so I'll address that. That gives us the most secure, the most safe leg of the triad, a reliable second strike. If you look at the Bomber, it's a-- it's an option that can be recalled. And if you look at the ground-based element of the nuclear deterrent, it's--it's an element that complicates the adversary's targeting.

So, again, each one of those has an operational role, but it also in aggregate prevents a technological breakthrough that would undermine the credibility of our deterrent.

TURNER:

Thank you, gentlemen. Mr. Secretary, do we want Turkey in the F35 program? Your microphone.

SHANAHAN:

We absolutely do. We need Turkey to buy the Patriot.

TURNER:

Thank you.

SMITH:

Mr. Langevin?

LANGEVIN:

Thank you. Mr. Chairman, Mr. Secretary, welcome before the committee to give your current capacity, and, gentlemen, thank you all for your service and the work you are doing. Is--is the mic on?

OK. Hopefully it is. Secretary, I'm going to start with you if I could. The--the National Defense Strategy focuses on great power competition and places less emphasis on countering violent extremist organizations. The U.S. SOCOM--SOCOM has been primarily focused on a counter-violent extremist organization mission since 9/11 and--and geographic commanders continue to have an insatiable appetite for--for SOF and CT security cooperation in on the missions.

So, I would be concerned about the demands placed on U.S. SOF, and I believe that we need to rethink our reliance on this force for every mission to ensure that it--it doesn't break from over--over reliance.

So, Mr. Secretary, has the Department considered a major force restructure review of U.S. SOCOM and to underscore in order to determine what it means to look like, to fulfill Title X core mission sets, maintain a sustainable counterterrorism campaign and--and to also ensure readiness for the--for--for future conflicts.

SHANAHAN:

Thank you, Congressman. The focus of the Department has not been a separate Title X capability, but in capacity. Do we have sufficient capacity? As you described, there is constant tension to address a variety of--of global missions, given the violent extremist organizations that continue to propagate around the world. The Chairman's role as the global integrator is to determine what is the risk balance that we need to maintain? And what is the appropriate capacity?

So, our budget is really focused on, do we have the right capacity, not necessarily the right structure, which is what I was--I think you were alluding to. And I just ask the chairman maybe to comment on how he prepares his global campaigns plans in sizing the counterterrorism effort.

DUNFORD:

Congressman--

LANGEVIN:

--And I'm primarily concerned about get over planned--

DUNFORD:

--If--yeah, I think we--we share your perspective about multi-overuse of special operations capability and the need for special operations capability to be relevant across the range of military operations. And so, with that in mind, two years ago, it really is a force management issue. We adjusted the employment of special operations to be at a more sustainable rate. That does two things. One is, it addresses the human factors associated with overemployment, but the other is it allowed them then sufficient time to train for some of the high-end tasks associated with operations in the--in the context of great power competition.

LANGEVIN:

And how is the Department looking across the--the conventional forces to determine what missions and requirements could be filled by forces such as the Army Security Force Assistance Brigade versus SOF.

DUNFORD:



Yeah. No, Congressmen, and that--that's part of our--what we call the Global Force Management Allocation Process. So, we look at all the requirements that are identified by the combatant commander, and we try to come up with the right sourcing solution for the--for the combatant commander stash.

But--but, completely informing specific allocation decisions is the need for us to get to a sustainable level of--of operational deployment. And--and again, over the last two years, we have--we have pulled back the throttle, so to speak, to make sure there are forces being deployed at a more sustainable deploy rate.

LANGEVIN:

OK. I continue to be--remain concerned about overreliance on SOF. And--and we want to make sure we get that balance right. Let me turn to another topic, Mr. Secretary, climate change. The FY '18 NDAA contained a provision that I authored that was supported by bipartisan majorities in this committee and in the full House and instructed each service to assess the top ten military installations likely to be effected by climate change over the next 20 years. Unfortunately, the report that was delivered in January ignored the clear instruction provided by law. It failed to provide the ranking of installations and not just looking at CONIS, but worldwide, and--and lack the methodology called rigorously required to evaluate risk.

In response to the concerns I raised, the--the Department came back yesterday with what I consider to be a half-baked--baked rejoinder using the same methodology and a list of CONIS installations as the initial report. Secretary Shanahan, I--I have repeatedly made myself available to clarify the intent behind the language and the statute. No one from the Department has taken me up on the offer. Do you agree that--that--that climate change poses a threat to our readiness, to our ability to--to achieve military objectives?

SMITH:

And I'm sorry. This is going to have to be a really quick answer because we're about out of time, but go ahead.

LANGEVIN:

Microphone.

SHANAHAN:

Yeah, I'm sorry. Yeah. I believe we need to address resilience in our operations and our design and how we build out our facilities.

SMITH:

Thank you. And I did--should have said this at the beginning for the purposes of the witnesses. We try to keep it within five minutes, questions and answers. So, I'll try not to cut you off in midsentence if we can avoid it, but we want to make sure we get to as many people as possible. Mr. Rogers?

ROGERS:

Thank you, Mr. Chairman and thank you all of you all for being here and for your service to our country. Secretary Shanahan, I appreciate you taking the lead and the effort you put into the development of the space force and the Department of Defense. Does the administration space force proposal is very, the one that you sent over is very comprehensive. How would you prioritize the reform efforts within the DOD? Given the choice between the space force, U.S.

space command or space development agency which one do you think is the most important to be pushed through today?

SHANAHAN:

I would push forth standing up of the U.S. space command because it's the easiest and most impactful followed then by the space development agency.

ROGERS:

Excellent. We've heard it argued that creating a space centric force is anti-joint, that it flies in the face of the effort to make things more joint within the department over the last 30 years. I would argue that the fragmented leadership in space has equally existed for the past 30 years. So my question is how do you reconcile these two trains of thought? Does creating a space force go against the basic principles of joint miss or how do you believe that such a move could contribute to a more joint effective lethal war fighting future con--in future conflicts?

SHANAHAN:

Yeah, no, I think it is enormously powerful to be able to create joint miss. Two areas and the Chairman brought this up particularly around procurement and delivering capability. We have 10 different architectures going on in the department in a variety of capabilities, command and control is--is--is one of them. This is an opportunity to have commonality across the whole of the department, something we've never been able to achieve. Force is that uniting construct. And then we also have a chance with a singular focus to drive much great--greater integration into the combatant commands.

ROGERS:

Great. And can you elaborate on why you chose to put space force in the Department of the Air Force as opposed to SOCOM-type structure?

SHANAHAN:

Yeah, the--the Air Force is where the skill is for space. So I mean most--most fundamentally is we reshape and reconstruct do you want to be where the people are that have the background. This is really more about a structural change. The--the SOCOM model very different. The types of equipment and capabilities they develop are less--I will say much less complex than what we put on orbit. Air Force inherently has the skill set to manage and lead the space force.

ROGERS:

Great. Thank you. General Dunford, there's been a lot of debate within over the value of the air, land, and sea legs of our nuclear triad. What is your best military advice as to how to balance these priorities?

DUNFORD:

Congressman, just for clarification balance the priorities across the triad or across the--the department's portfolio as a whole?

ROGERS:

Across the triad.

DUNFORD:

Across the triad Congressman we've done as you know to nuclear posture reviews in the past eight years, in fact to since--since I've been the Chairman and both of those have indicated they

need to modernize the triad. So we have in the program right now we plan to modernize all three legs of the triad and to do that in a way that allows us and that will represent at the peak 7% of the department's budget which means 93 percent of the department's budget will be spent on other things other than the most important element of our departments mission which is nuclear deterrence.

ROGERS:

Great. And can you tell the committee in your best military advice would you advise the adoption of a no first use policy?

DUNFORD:

I would not recommend that. I think anything that simplifies an enemy's decision-making calculus would be a mistake. I'm very comfortable with the policy that we have right now that creates a degree of ambiguity and I thought the way that was articulated in our nuclear posture review was exactly right for the security environment that we find ourselves in right now.

ROGERS:

Excellent. Thank you. I yield back.

SMITH:

(OFF MIC)

LARSEN:

Thank you, Mr. Chairman. Chairman Dunford, you mentioned, perhaps in response to Chairman Smith's comments that a series of assessments you developed in your words is baseline to

determine the state of what the competitive advantage is of the joint force. I was curious though, how we can--how we can articulate what a competitive advantage is by way of the joint military net assessment process if we haven't determined what competition is by way of investments and resourcing.

And we have an idea of who we are competing against, but we don't seem to be necessarily choosing between all the tools that we can use versus the one that we won't be as successful, in--in this competition. Can you talk a little bit more about the science versus the art of this competitive advantage and these choices you make in investment resourcing?

DUNFORD:

Oh, absolutely can, Congressman. First, in terms of the what we are trying to do, we went into this to say that Russia and China, the benchmark against which we measure our capabilities and against Russia and China, we want to be able to do two fundamental things. One, we want to move forces into the theater to meet our alliance commitments and advance our national interests, whether it's in Eurasia or it's in the Pacific. And--and then we say we want to be able to operate freely across all domains, sea, air, land, space, and cyber--cyberspace.

And so I think we actually have a fair degree of--of analytic rigor in looking at the challenges currently posed by China and Russia to our ability to project power and then achieve superiority in any of these those domains at the time and place of our choosing to accomplish our mission. And so this is very much based--benchmarked against campaign outcomes against those two pure competitors across all domains in the context of meeting our alliance commitments in advancing our--our national security.

So I--I'd be happy to come up and--and spend more time talking to you about it, but--but actually I think we have a very clear target that we are shooting on. I think we have a very, very clear

assessment of where we are today relative to where we need to be. And although we'll refine the path along which we will maintain our competitive advantage in the future, I think we've got a pretty clear sight picture of where we think we need to go over the next five to seven years. Again, it will be refined by wargaming and exercise and so forth, but--but I think we had a pretty clear vision now of the cardinal direction that we need to go on to be able to do the kinds of things we anticipate needing to do.

LARSEN:

I think I'd like to take you up on that offer to come up and--and brief a little bit more on that. If--I want to poke a little bit at this as well though because we get testimony from the department on the advancements in supercomputing and AI so we've set up the Jake (SP) and--and moving forward, the RD--RDT&DE budget I understand is 9 billion more than last year, is that right? But most of that increase is actually not in the base budget, it's in the base OCO budget. Is that true as well? Mr. Norquist, do you know that?

NORQUIST:

No I don't--I don't believe that--that it's predominantly the OCO budget. The things that generally moved to like weapon systems, sustainment, I think the R&D, well it's a spread account--

LARSEN:

--Well, I think you're going to have to take a look at that. The increase I think - well, go back and take a look at that that it's in the base OCO as opposed to the base. So I'm wondering if these things are priorities how you make a choice between putting them in the actual base budget versus the this fake base that's in the OCO?

NORQUIST:

I would not assign any higher or lower priority to something versus--in the base versus the OCO for base. We did it in a way

LARSEN:

Well, I would because I've been here since the early 2000's and it's--it's--this is exactly the problem with OCO. It started out that's not really based on shoving things in an open as the global war on terrorism and we could actually define some things that were specific to G-Watt (SP), and now we are in--what's happening now is exactly what we thought would happen using the OCO budget for something that isn't--it's not supposed to be used for. Things are supposed to be in the base.

So I--I guess I would disagree with you, although we sit in different spots in making--making these decisions. And now we're having--now we're stuck with a budget that's, it's not really based on a base, it's shoving things in an OCO budget because it's available, not because you're supposed to be doing it.

NORQUIST:

So we--we built it as according, as was mentioned earlier, to the direction we were given. What we did to try and make it easier for the--the staff that we work with is to separate in the way the budget is submitted those things that are--we'd think of as traditional OCO, direct war cost, enduring cost, and those are in the budgets listed separately from the OCO--

LARSEN:

--That is in OCO budget. That's what it's for.



NORQUIST:

Understood.

LARSEN:

It doesn't seem like it.

SMITH:

Thank you. Mr. Larsen. Mr. Conaway.

CONAWAY:

Thank you, Mr. Chairman. Gentleman, thank you for your continued emphasis on auditing the books and records at the Department of Defense. It's a stunningly difficult task and I know that the men and women who are actually trying to do that day in and day out must feel like (INAUDIBLE) each day, but it really is important. Good progress being made this past year. Please express to all of them my thanks, officially. I know I have spoken to several of you about it--continue to do that, but this is really important work for the men and women in uniform and civilians who are trying to get this work done. Thank you for continuing to budget the requisite resources necessary in a period where budgeting is really difficult, so thank you for that. Mr. Norquist, thank you for your attention to notices of findings and recommendations actually, I am signing specific to--people to those tasks and then holding them accountable for getting that done. That will pay dividends moving forward, so no real comment from you necessary other than thank you for keeping up the good work and we'll finally get that done.

The Army n strength was dropped 480,000, was down from 487.5 is that a reflection of the needs of the Army or is that a reflection of the Army's inability to recruit to that hired number? And if

that's the case can you talk to us about the drivers for why the Army can't meet its n strength from fiscal 19?

SHANAHAN:

I'll--I'll speak to the--to the--to the total number, the recruiting challenge and what the Army is doing to address that. So, it really is a shortfall in recruiting. The Army has now gone forth and what David described earlier was we did reset the top line to adjust for lowering the total n strength because we failed to recruit what we projected. The Army has doubled down on changing how they've--where they're recruiting, how they're recruiting, so that they can start to recover growth in the--in the n strength. It's several thousand in this budget. Chairman, I don't know if you have any budgets on the specific recruiting and retention, but--

CONAWAY:

Are there drivers in the population that are trying to recruit from? If any? What's causing the shortfall?

SHANAHAN:

Yeah I--the--the fundamental shortfall is a very competitive economy. I mean we're all in this worldwide competition for talent, so fundamentally it's a very competitive market. It's the good side of a strong economy.

DUNFORD:

Congressman, I would add just one point--only about 29 percent of the demographic from which we draw are physically, mentally and psychologically capable of service. To put a finer point on it just slightly over a quarter of the population from which we typically recruit are actually

eligible for military service. That combined with the current environment we find ourselves in now a pretty competitive economic environment--it's always tough recruiting. It's particularly tough right now and I think the Army's challenges are kind of a belt weather for the future without some adjustments. And I know all the service chiefs are looking very carefully at recruiting and retaining high quality people as being a core--a core mission for us.

SHANAHAN:

Of--of the 7700 increase in n strength in this year's budget 2000 of those are Army?

CONAWAY:

Well what they round up yeah, I understand, but it's down from where the fiscal 19 number was. General Dunford, I know that it's not your job or the Department of Defense's job to look at why we have so few men or women who are physically and mentally capable of doing that, but I think our society does need to address that issue and then appropriate attention be given to the impact the Army has on being short from what they would normally be if they would stick with the--the 487,5 that was authorized in 19 impact on the Army's ability to do what they need to do. I assume somebody is looking at that. The conversation about OCO, the budget cap is law and that's what you're required to go to. Is that distracting to have that artificial unrealistic number in law that has no basis in any kind of build up of what we ought it to be hang over your head--is that the real driver for trying to adjust the OCO numbers to fit what the mar--what the military needs with 750 billion?

SHANAHAN:

It hampers the way we budget. So, if you look at how we budgeted last year and how we built the budget up this year the underlying process is exactly the same. The strategy is exactly the same. How we put it together is exactly the same. How we presented it to you is different.

CONAWAY:

Thank you, Mr. Chairman. Yield back.

SMITH:

Mr. Cooper.

COOPER:

Thank you, Mr. Chairman and thanks to each of the distinguished witnesses here today. Acting Secretary of Defense Shanahan I'd like to focus on you and on the space capabilities that we're anticipating having whether you call that a force or a corps. First of all, I'm assuming that the President's budget proposal is not written in stone. We are a co-equal branch of government and we have the right to change that, right?

SHANAHAN:

You do.

COOPER:

So if there are certain poison pills in that proposal we have the right to remove those poison pills, right?

SHANAHAN:

Not aware of any poison pills.

(LAUGHTER)

COOPER:

Well, things we might view as poison pills.

SHANAHAN:

OK.

COOPER:

Mr. Secretary, I know you are very familiar with the committee's prior work on a space corps and the fact that this committee had at one point a 60 to 1 vote in favor of a corps. So, I heard your answer in response to my friend, Mr. Rogers, that the most important part of your proposal is the space command--that's what we need to kind of lead the charge toward enhancing our space capabilities, is that correct?

SHANAHAN:

Well, I answered the question of the three pieces, which is the--the most important. I--I assume we're going to do all of it.

COOPER:

Well, I would like to do all of I too, but we have to make sure we can navigate it through Congress. I'm not asking you to judge this--I'm going to give you my appraisal. It seems like the proposal we received on the space capabilities is actually much closer to what this committee passed two years ago than it is to what had been mentioned in other press conferences, for example--when the Secretary of the Air Force gave a budget estimate of \$13 billion to stand up a space capability this proposal is \$2 billion, which is much closer to Mr. Rogers and my proposal, which was essentially to spend as little money as possible just to reorganize the Air Force. That's

my judgment, not yours. Another key judgment is this--we never called for a separate military department. We wanted it to be underneath the Air Force and that in fact, is what's in the latest proposal from the Pentagon. Some people make the Marine Corps analogy--that's why we called it a corps as opposed to a force. It's easier for people to understand like the Marine Corps. Another key element is that we had already passed into law the fact that the new space command would be a sub unified command and now you all are asking that it be upgraded to a full command. That shouldn't be a problem it would seem to me. In these various ways both the keeping it under the Air Force, not spending much money and in having a space command we're--we're pretty much in sync on these priorities, right?

SHANAHAN:

We are. Very much so.

COOPER:

Well, I hope that we can work constructively together to smooth any rough edges in the proposal and to keep things on track not only to pass this House, but also pass the senate because I certainly feel a lot of urgency in enhancing our space capabilities and even in your five year transition approach that's five years that we may or may not have vis a vis certain near peer adversaries.

SHANAHAN:

I--I fundamentally think we can go faster and I appreciate your leadership and representative Turner was a--a catalyst to move more quickly. I think, to your earlier point, the basic elements are in place. I think the Chairman would say we have too much bureaucracy and too much cost. In the areas where we should be taking cost out feeling aligned the--the capabilities we have really allow for growth. And--and if--if we had more time to go into how we put together the

proposal technically we're aligned with the intelligence community, so down the road that integration can take place. We also are provisioned if we wanted to set up a separate department sometime long-term but the--the kernels to get this started are very sound and I we have a--a really strong proposal.

COOPER:

I see my time is about to expire. Thank you, Mr. Chairman.

SMITH:

Thank you. Mr. Wittman.

WITTMAN:

Thank you, Mr. Chairman. Gentlemen, thanks so much for joining us today and I appreciate your service. Acting Secretary Shanahan, I want to talk to you specifically about aircraft carriers. As you know, the president's plan has us retiring CVN 75, the USS Harry S Truman, without going through the complex refueling.

The Navy says that they need 12 carriers, our naval warfare doctrine says 12 carriers to generate 2 on station continuously, and 3 to surge. The question is, has there been some change in naval warfare doctrine that says they're now going to nine, where we won't get back up above that until 2027? Is there a change in that doctrine? And can we generate carrier presence in 2.0 continuously and three and surge capacity with only nine?

Second question is last Thursday you told Senator Inhofe that the retirement of the USS Truman was offset by the two carrier block buy. We understand that the--the earlier early retirement saves \$3.4 billion. And while this might be true, you're losing 25 years of tested and capable

presence with that aircraft carrier by retiring it earlier. And we've invested a lot of money in that carrier. You've also already spent \$500 million in purchasing reactor cores to refuel that carrier. Reactor cores don't work in other submarines. They only work in carriers and they are designed specifically for the carrier at hand. So the question is, is does it make sense to retire this carrier early, and is a \$3.4 billion in savings worth the 25 years of loss of presence that we will have by retiring this carrier early?

SHANAHAN:

I think the--so my answer to your--your question there is I think it's a strategic choice we need to make. I believe, and this was a difficult choice, we spent a year making this decision, and under no certain terms, aircraft carriers are now and vital into the future. The Truman decision was made in concert with the two carrier buy. We looked at how do we increase lethality.

There isn't a drawdown of capacity until mid 2020, so it's not like this is an irreversible decision, but we took the savings to invest in the future force, and all of this was very mindful of industrial base. So the other consideration here was how do we invest in the supply chain, and there's actually growth in employment? We can change these decisions, but I think as the Navy updates its 355 ship strategy and looks at its force structure, I think we may--we may, to get back to your original point around doctrine, let's see what--what they come back with.

WITTMAN:

The question still is does nine allow us to generate two continuously on station and three insert?

SHANAHAN:

Chairman, I'm going to ask you to answer that.



DUNFORD:

Congressman, it would be difficult to do that.

WITTMAN:

Okay. Let me--let me follow up on that, Chairman Dunford. You know, every combatant commander that I talked to indicates that they are not sufficiently supported by the Navy based on their plans. And listen, understand their plans always request a lot and then we are--were able to give a finite amount. But I know that in carrier force structure, when it comes to being able to project power, that is--that is the framework and the strength of our ability to project forces around the world and to project presence around the world. I wanted to know that in your professional judgment, what would the net operational impact for the Navy be of deactivating CVN 75 and a carrier air wing by FY 2024?

DUNFORD:

Congressman, an important--an important assumption that if it doesn't obtain, we'll come back to that reversibility of the decision issue, an important assumption is that the money that was saved by not refueling the--the Truman would be used to develop new ways of conducting maritime strike. So when we look at the carrier, we're looking at it from a maritime strike capability. And in a more diverse way of providing maritime strike is--is among the initiatives inside the department.

So from a forest management perspective and a joint war fighting perspective, if the path of capability development for a new way of delivering maritime strike in conjunction with the--with carriers that we have in place today and will have in place in the future, if that assumption doesn't obtain, then we'll have to go back to the secretary and have a conversation about

reversibility of the decision because new programs combined with the programs of record today won't meet our aggregate maritime strike capability by the mid--mid 20s.

WITTMAN:

listen, I'm--I'm all for those--those unmanned systems, but it's a big leap where we're only with Sea Hunter and it's--in its initial trials to say were going to completely replace a carrier that has that presence without having a bridge to those unmanned systems.

SMITH:

The gentleman's time has expired.

WITTMAN:

Thank you.

SMITH:

Mr. Courtney.

COURTNEY:

Thank you, Mr. Chairman. And again, thank you to the witnesses and particularly General Dunford. You've been a rock-solid leader straddling two administrations and--and really just done an outstanding job. And again, thank you for your amazing service. At retirement, you know, based on your conversations regarding the reprogramming decision yesterday, I would actually ask that the letter transferring \$1 billion out of the Army's account date stamped March 25 from the acting secretary to the department of homeland security be entered for the record.

SMITH:

Without objection.

COURTNEY:

Thank you. And I would just note that that transmission--that transmittal actually pretty much almost exactly coincided with the submission to Congress of unfunded priorities from the Pentagon in terms of the, again, 20/20 budget. Mr. Norquist, could you tell us what--what is the total amount of unfunded priorities that came over from--from the Pentagon?

NORQUIST:

I don't have the total yet from all of the services, sir.

COURTNEY:

Well, I can help you with that. It actually was 10 four--10.4 billion. And actually 2.3 billion came from the Army. So you know, I would almost just to say, you almost get whiplash around here trying to sort of follow the--the back-and-forth coming out of the department. I mean, exactly at the same time that a reprogramming decision was made, again, without consultation from Congress, which again as far as I'm concerned is a Rubicon moment in terms of just the comedy between the two branches that's operated for decades, we are--we are also hearing from the Army that they actually, by the way, need an additional \$2.3 billion for the 2020 budget for unfunded priorities.

And it just, again, really undermines the--the confidence in terms of just the--the messages that are coming over to us, you know, from the Department of Defense, which again are really now in a--in a brave new world, basically treating the--the defense committees as nonexistent in terms of

reprogramming decisions. Again, just to follow up on--on Mr. Whitman's questions for a moment, General Dunford, Admiral Richardson and the--and the Navy are actually working on an updated force structure assessment for--for the shipbuilding plant. Isn't that correct?

DUNFORD:

That is correct, Congressman.

COURTNEY:

Do you know what--what's going to be in that FSA regarding carrier--the carrier fleet?

DUNFORD:

I don't know what's going to be in the--in the FSA.

COURTNEY:

And as much as we are trying on sea power to find out the answer to those kind of questions, we don't know either. And it just seems to me really premature for the apartment to--to again come forward with a decommissioning or a moth balling of the Truman when we still don't even know what the revised force structure of assessment looks like. As my friend from Virginia pointed out, we've already got about 500 million in sunk costs for the reactors, which according to the--the Navy, are going to be "put on a shelf," which again, is a shelf that we really can't reach out for for the new Ford class program that it's a different kind of reactor. So the savings that you are projecting in the 2020 budget, it's \$17 million for--for this year. Is that correct?

NORQUEST:

Yes. Yes, that's 17 million.

COURTNEY:

Okay, so we're--we're dealing with the decision, which is premature in terms of being out of sequence with the--the Navy's updated force structure assessment, we have 500 million in sunk costs that are already out the door, and we're going to save \$17 million with this request in--in the 2020 budget. Again, that really doesn't add up to a very good business case in terms of, you know, the very tough decisions that we're going to have to make.

As the chairman points out, you know, the--the figure, the top line number that came--came over is decoupled from a deal on the two--on the spending caps. I think it's a pretty safe that that the top line for defense is going to come down when the two chambers actually do what should have been done over the last three months, which was to negotiate a sequestration agreement with the administration.

They, as far as I'm concerned, completely abdicated what everybody realizes must happen if we're going to move forward with the budget and--and so we've got difficult budget choices to make ahead. And you know, being left with a business case that just, again, doesn't help us with getting to that point is just going to be a very tough sell, let's just say, over at the sea power committee. I don't know how the clock is doing here, but--

SMITH:

--You've got about 30 seconds left.

COURTNEY:

Okay.

SMITH:

Yeah, there's one clock over here that's working. They all shut down.

COURTNEY:

Mr. Shanahan, again, just real quick for the record, your budget endorses planned procurement of three Virginia class submarines in this year's budget. Is that correct? Yes or no.

SHANAHAN:

That is correct.

COURTNEY:

Yeah, thank you. I yield back.

SMITH:

Thank you. We will endeavor to get the--well, there we go. The clocks are working again. Miss Hartzler.

HARTZLER:

Thank you very much. Thank you, gentlemen, for your service and for your leadership for our national defense. I appreciate the focus on strategic competitors in the National Defense Strategy and specifically China.

I want to start off asking some questions about that because as we know they've utilized economic, military and political influence to extend their reach and shift the balance of power across the globe. And Beijing's whole of government efforts are particularly apparent in areas like the Indo Pacific but they can be seen in places like South America, Europe, even in the

Arctic. So countering their influence and actions requires a whole of government strategy of our own and so my first question is who is leading the U.S. whole of government response effort and where does the Defense Department fit into this plan?

SHANAHAN:

So I would have to say that fundamentally feel like the Department of Defense is leading significantly in the whole of government but I have strong partnership with Secretary of Commerce, Secretary of Treasury and Secretary of State. So we continuously discuss this subject and we have activities that are coordinated between our departments and I would have to say not overlook the Department of Justice as we work on critical infrastructure.

HARTZLER:

So are you saying that you are the main person in--in the lead?

SHANAHAN:

I wouldn't say that by definition I have received you know some nomination to that role but by virtue of having more resources and capability than a lot of those other departments we have been an instigator if you will of collaboration working across as a whole of government.

HARTZLER:

Do you get together regularly with your counterparts and sit down and discuss this? Okay, State Department, why don't you do this? Treasury Department, let's do this?

SHANAHAN:

Weekly.

HARTZLER:

Weekly, good.

SHANAHAN:

Weekly.

HARTZLER:

Very good. Can you give some more detail about exactly what the Defense Department's response is to China in this part of the plan?

SHANAHAN:

Yeah, we will let the Chairman start and then I want to pick up on especially some of the economic, cyber. Chairman?

DUNFORD:

Yeah, Congresswoman I just talk about posture, military posture for example for example in I think as you know we've about two-thirds of the United States Air Force, two-thirds of the Navy significant part of the Army and significant part of the Army and the Marine Corps that are Indo Pacific we've also fielded most modern capabilities in the Pacific, the P8, the F - 35, the LCS and so forth. But the really important piece I think the important--most important military dimension of our strategy out there is developing stronger network of allies and partners and I think our presence in the region, the deterrence that we bring, our ability and our physical manifestation of our ability to meet our alliance commitments are our all a really important part of our achieving a proper balance with China and in the Pacific.



HARTZLER:

Very good. And as I've had an opportunity to travel in the Pacific area and visit recently with ambassadors from Australia and New Zealand, I would just continue to say how important it is that we be very strategic and purposeful in those relationships because China is being very purposeful and very aggressive and very assertive in developing those relationships and it's very key.

I want to shift to the fighter force, Secretary, and in your written testimony you discuss that \$57 billion allocated to increase the procurement and the modernization of our fighter force and you've noted that we need a balanced mix of fourth and fifth generation aircraft to effectively meet the entire spectrum of National Defense Strategy missions and the Air Force needs to procure about 72 fighters each year so what is the appropriate balance between fourth and fifth generation aircraft and why do we need to address both in the requirements of the National Defense Strategy?

SHANAHAN:

Yes. Thank you for that question. My role is to make sure that we are developing responses and a force structured to the right campaigns. That's why our focus on Russia and China is so important. Each year we go through a new evaluation of what the tactical air mix should be, fourth Gen, fifth generation and of that mix there are three parties that really provide an input, probably the most significant input comes from the joint staff as they conduct a mission analysis for particularly China and Russia and I've asked the Chairman to walk us through how they go about making that recommendation.

DUNFORD:

Congresswoman, what we did today just to talk about mix so today we have 20 percent fifth generation, 80 percent fourth generation. That's what's in our inventory today. If you look at it 2040 it will be 80 percent fifth generation, 20 percent fourth generation and so all along the way we have to achieve the right balance based on capability. That's the ability to penetrate and the information capability represented by the F - 35.

SMITH:

I'm sorry. The gentlelady's time has expired and I think we got the gist there.

DUNFORD:

I can take that to make.

HARTZLER:

Thank you.

SMITH:

Mr. Norcross?

NORCROSS:

Thank you, Chairman, and thank the witnesses for coming today particularly General Dunford for your years of service but I will follow up where my Ranking Member just left off between fourth and fifth generations, we have said in these chairs for at least the last four years and almost exclusively heard fifth generation, fifth generation, fifth generation. The Center for Strategic and Budgetary Assessment in a recent mandated study concluded the X--or excuse me,

the F-15 next(SP) will not be able to survive a more contested battle space i.e. particularly of China and Russia.

So we are trying to understand the request that we are hearing for the new F-15 versus what we've heard to this date up to this date that F-35 the fifth generation. What has changed, general, in the last 9-12 months to reverse what we've heard for the last four years?

DUNFORD:

First, Congressman, with regard to the primary platform the department needs being the F-35 nothing has changed. We continue to do analysis in wargaming. In--in the most recent what we call competitive area studies where we took a look at what would be the optimal mix of fourth and fifth generation aircraft. Fifth generation uniquely able to penetrate, fourth generation providing some capacity. So we are balancing that capability capacity piece. It's more complicated than just the mix of aircraft with regard to the F-15.

One of the issues is the F-15 C is aging out and so there was a cost variable in--in place. It was also a partner with other nations piece in place with the decision to get the F-15 but it is all in the context of the migration from that 20 percent fifth generation today, 80 percent fifth generation tomorrow in a path of development along the way that allows us to have a right mix of aircraft to accomplish the mission within the top line that we've been given. And I think the common--what we--what we have seen in our competitive area studies is that the combination of the fifth generation capability with the capacity of the fourth generation was the right mix. That was agnostic of platforms in that study was actually done before the Air Force made this specific F-15 decision which added those additional variables when they made--when they decided on the F-15 EX(SP).

NORCROSS:

so it's the Jen--generation of the fourth generation, they see model, which is deteriorating faster?

DUNFORD:

That--

NORCROSS:

That has happened in the last 9-12 months that changed the decision from the last four years?

DUNFORD:

That's right. When--when the--when we knew that the C was going to age out earlier than we would have wanted it to age out we had to come up with a replacement. And when we looked at all of those variables capability of the platform, capacity of the forces as a whole, cost over time as well as impacts on the industrial base as it pertains to us and our partners that's how the decision was made. So that but again would highlight that there were probably four or five interdependent variables that led to that specific material solution.

NORCROSS:

So you bring up capacity and our understanding that the F-35 would have the capacity as it has in this year to increase its volume this year in future years to make up for what you talked about the deficiency.

DUNFORD:

Sure and capacity is twofold, Congressman. Thanks. One is the ability to carry ordinance and that's the one you alluded to. The other issue of capacity is the numbers of platforms that we

have and we are able to field at any given time and so it's really the latter with regard to the F-15 that will be sustained, they capacity for aircraft will be sustained by the F-15 decision.

NORCROSS:

How much of the operating cost of the F-35 factors into this because plane for plane they are roughly the equivalent at least in this year's model?

DUNFORD:

I think if you--if you could buy all of-35 you might do that. This again was looking out over time at the resources that will be available. And there's not much different in the procurement cost but there's about a 50 percent difference in the operations and sustainment cost between the F-15 and the F-35. And the F-15 also has a pretty significant shelf life available as well. So again it was the combination of the platforms that we made a decision on.

NORCROSS:

Aren't we expecting those operational cost for the F-35 to decrease?

DUNFORD:

That has been a singular focus of the Sec. and the team over the last couple of years working with Lockheed Martin they absolutely have to decrease in order for us to have a balanced force in the future and there has been some progress but we believe more progress needs to be made in reducing the operation sustainment cost of the of 35. There's no question about it.

NORCROSS:

We are going to have more discussion on these and certainly the impact of turkey and the missiles that they are looking to purchase going to all factor into this. Thank you for your testimony. I yield back.

SMITH:

Thank you. Mr. Scott?

SCOTT:

Thank you, Mr. Chairman. And, gentlemen, getting back to, I think it was Steven Covey (PH) who said keeping the main thing, the main thing. In just under six months past Hurricane Michael hit the coast. Obviously, you've got a tremendous amount of damage from that storm, as does my congressional district. Congress has yet to be able to pass--it was asked to go for--for that region. And in just over six months, Secretary Shanahan, you will be responsible for executing a Department of Defense at the sequestered caps if there is not some type of agreement made.

By my calculation, that is somewhere around 60 legislative days between now and then. So, my question is, if you had to execute a budget at the sequestered caps what would the impact of that be?

SHANAHAN:

Well, it'd be very difficult to modernize because we're not gonna walk away from our operations. So, you know, essentially the impact is to modernization. I mean in the--in the--in the most simple generalized terms. I mean if you had to--if you had to trade for one thing. We're not

gonna, you know, drop our commitment to operations. So, we forgo our future. And that's the big risk.

SCOTT:

General Dunford, from an operational standpoint, what--what is the difference in us adopting an appropriation measure for you, say, September 1 instead of October 1?

DUNFORD:

To make sure I understand the question, Congressman, you're saying if we did not go into the fiscal year with a budget?

SCOTT:

My--yes, sir.

DUNFORD:

Oh, I stated if we had an (INAUDIBLE).

SCOTT:

If we could give you your budget 30 days prior to the beginning of the fiscal year so that you know what you have to execute with, what--what would happen to the efficiency of the operations at this point?

DUNFORD:

You know, Congressman, I'm glad you asked the question. So, going back to my days at assistant commandant, I've been in and out of this now for--for more than a decade, dealing with

this issue. And I would say that for us collectively one of the most inefficient things we do is have late budgets. It--it doesn't allow for the proper planning and being good stewards of the government's resources. So, in order for us to really deliver capability and, at the end of the day, campaign outcome, know that within the topline we've been given, it requires us to prioritize now and get resources very deliberately and budget instability and unpredictability don't allow us to do that optimally.

And it wastes the government--it wastes taxpayer dollars.

SCOTT:

I'm concerned about what it does to moral as well for the families and then when they're actually in combat. It gives the impression that we in Congress do not care. So, I will just hope that over the next couple of weeks that we are able to come to some type of a CAPS agreement between the House, the Senate and the president, so obviously it requires a bipartisan agreement so that we're able to build a National Defense Authorization Act to whatever the agreement is and get the appropriation measures done sooner rather than later.

I have--I have one specific question for Secretary Shanahan. The Army--Army end strength. The request is \$7,500 lower than in fiscal year 2019 authorization, but the funding request is increased by almost \$1.3 billion. Can you explain this difference?

SHANAHAN:

The--I believe the fundamental difference is the 3.1 percent pay raise.

SCOTT:

Did the--did the department request that--the pay raise at that level?



SHANAHAN:

Yes, we did. Yes, we did.

SCOTT:

You did request that, okay. Gentlemen, thank you for your--for your service. And I hope that over the next couple of weeks we're able to get to some type of agreement so that we're able to get an appropriation measure passed for you prior to the beginning of the fiscal year.

Thank you, with that I yield the remainder of my time.

SMITH:

Thank you. Mr. Gallego?

GALLEGO:

Thank you, Mr. Chairman. Acting Secretary Shanahan, the number of officials who have appeared before this committee and have said the decision on reprimands and awards related to the Niger raid (PH) debacle rests with you. When Secretary Mattson resigned late last year, we understood that he was furious at the initial recommendations to place blame--to place blame on junior officers, allowing more senior officers to escape responsibility.

When will you make a decision about these reprimands and awards?

SHANAHAN:

Congressman, when I came into this role.

GALLEGO:

Just answer the question when will you make the decision, that's simple?

SHANAHAN:

Soon.

GALLEGO:

What is soon?

SHANAHAN:

(INAUDIBLE).

GALLEGO:

What's soon? What do you define as soon?

SHANAHAN:

I was gonna explain.

GALLEGO:

Okay, go ahead.

SHANAHAN:

Okay. When I came into this role the recommendation was brought to me that Secretary Mattson had--he had convened a review and that recommendation was brought to me. I did not find that sufficient. So, I convened my own review so I can insure from top to bottom as the appropriate

accountability. I do now know when that will be complete. But, I have to assume that much of the work that's been done to date can be used. So, by saying soon, I'm not trying to mislead you.

GALLEGO:

Okay, so just to be clear, you will be issuing a report? I want--or you will be issuing it out. and part of that is we're gonna assure that it's not just gonna be placing blame on junior officers because what it seems to me is that we're gonna place blame on junior officers and we're letting Colonel's and General Officers just get off the hook.

SHANAHAN:

Right.

GALLEGO:

For this debacle.

SHANAHAN:

Right.

GALLEGO:

I hope that's gonna be part of this.

SHANAHAN:

That's the reason, the fundamental reason that I've done this is for every person between boots on the ground to the most senior position, I want a direct accounting.

GALLEGO:

Okay. And just to kind of put more fine points, this last year the NEA required a report continued list of all recommendations implemented following the raid. It hasn't been done. It's overdue. When will I receive that? When will this committee receive that?

SHANAHAN:

I'll take that for the record.

GALLEGO:

Okay. Just, you know, more for the record, because it does concern me that if I don't ask these questions, we don't get any answers. You know, we consistently have this problem where I'm asking about Niger, what happened there, what should be--what should be the lessons we learn from that? This committee has not used subpoena power in quite some time. But, if this continues to be the case that we are having to go back and forth, I have to keep asking for the information; I would be pushing for that.

These families and the American public deserve to know exactly what happened and the junior officers that are being reprimanded right now should know that there's gonna be equal reprimands, especially for general officers, should they have been--should they have done anything wrong.

Moving on, last night the committee received a copy of your letter to DHS Secretary Neilson creating support up to \$1 billion projects in Yuma and El Paso. In your letter you said that DHS request to meet those statutory requirements of 10 U.S.C. 284, you noted that DHS has identified each project area as a drug smuggling corridor. Okay, question, did you just take DHS at its word

said these are areas that met such criteria or did you actually do the research or your staff do the research to actually meet that criteria?

SHANAHAN:

We did research, but in addition, after the National emergency was declared, Chairman Dunford and I went down to El Paso and walked the areas where the 284 money will be applied. And spoke with CBP personnel like Erin Hold (PH) who's the second chief, I think that's sector nine.

GALLEGO:

Great. To what kind of information documentation they provide for you to support this conclusion?

SHANAHAN:

You want to answer that? Yeah, we'll have to--

GALLEGO:

--Okay, no problem. Did you or the DoD do any analysis or verification of this information?

SHANAHAN:

Chairman?

DUNFORD:

Congressman, we went physically just to make sure we're not talking past each other. We went physically to the areas where the infrastructure is proposed to see the need.

GALLEGO:

Well, General, yeah, I'm glad that you went and physically saw it, but, you know, there also needs to be other conclusive study that you could do besides just physically seeing it. I came from a border state. I go to the border all the time. But, there should actually be other information that's gathered.

DUNFORD:

Well, there is.

GALLEGO:

Okay, so that--that was you--you used that to make this determination.

DUNFORD:

We went down. We had--we had the information from Department of Homeland Security on the challenges they face in specific areas where those challenges occur.

GALLEGO:

Right.

DUNFORD:

And then the infrastructure is tailored to the specific geographic area and the threat that exists within that geographic area. We had that information before we went down to physically see what we had read about before we went down to the border.

GALLEGO:

Great. I really appreciate that we have that information--that you have that information. And also, I would like for you to share that information and all that analysis and all the detail with this committee so we can see where the basis of this argument came from.

With that, I yield back my time.

SMITH:

Thank you. Mr. Byrne?

BYRNE:

Thank you, Mr. Chairman. General Dunford, let me just come join with the other people who said that we are very grateful for it to you for your service to your country and I want to thank you, particularly, for your services, Chairman. You've been a great partner with those of us on the committee and I deeply appreciate what you've done in conjunction with us.

I would like to go back to your colloquy with Mr. Thornberry to clarify one point. You mentioned a detailed analysis behind your assessment of the 3 to 5 percent real growth requirement and that this budget represents 2.9 percent growth. As the 3 to 5 percent, is that the minimum amount the force needs to accomplish the missions we ask of them?

DUNFORD:

It is. It is, Congressman. We--when we say 3 to 5 percent, that's the maintain the current competitive advantage. Again, the margin has eroded over time, slightly increased our competitive advantage over time. Obviously more resources would result in a more decisive

competitive advantage, but we actually identified that as the minimal necessary to make sure we could do what must be done by 2025.

BYRNE:

The reason I wanted that clarification is when we get into budget discussions, a lot of times we start talking about wants and needs and we're just trying to make sure when we tell our colleagues that this is a need that this is not a want. You're telling us this is the minimum?

DUNFORD:

Congressman, I am. And again, I think it's important for the members of the committee to know when we say competitive advantage what we mean. So I am talking about our ability to project power in the context of the threat posed by either Russia or China in Europe or the Pacific as the case may be. And I'm also talking about our ability to do what must be done on land, air, sea, space, and cyberspace.

So when we looked at the aggregate capabilities of both Russia and China and we looked at the capabilities we needed to develop over time, we--we based the figure not on math, we based the figure on a capabilities we needed and the projection of what investment would be necessary in order for us to field those capabilities.

BYRNE:

Right, thank you for that clarification. Mr. Secretary, I want to thank you for all the support you've given to the space base aspects of missile defense. It is vitally important not knowing only to ballistic missile defense, but also to hypersonic defense, which all of us are becoming more concerned about. I am confused though by the fact that Congress added more money last year for



the space central layer to help MDA meet their hypersonic defense requirements, yet the proposed budget zeros that out.

Apparently, part of the space central layer would be housed in the new space development agency that was established three weeks ago, but it doesn't have a dedicated funding line for this project. That seems to run counter to congressional intent, but more importantly displays a lack of priority to program that most of us feel we definitely need to be able to defend against Russian and Chinese hypersonics. Maybe I've missed understood this, so if you would, please explain the reasoning behind the budget request.

SHANAHAN:

Yeah, no--I'll have to go back and look at where the funding line is, but Dr. Griffin (SP) and I have made funding of the space layer for tracking of hypersonics a priority. So David, I don't know if you know where that--

BYRNE:

--Yeah, if Mr. Norquist could answer, that would be helpful.

NORQUIST:

Well, let me--to answer the (INAUDIBLE), we'll take that for the record. But there's things we laid into missile defense, as you laid out point out are now going to be part of the space development agency. The one you're talking about is one of them. It may not be broken out into-- in a way that makes it as clear, so let's take that for the record and make sure to complete answer, sir.

BYRNE:

If you would, please. And once you make a determination about that, would you let the committee know?

NORQUIST:

Yes, sir.

BYRNE:

It would be very helpful. Thank you. The--Mr. Secretary, the mission of the space development agency is to collaborate with the joint war fighter to define the next generation space architecture faster growth in the space industrial base and leverage commercial Allied space technology. I support all those priorities, but they seem like acquisition of the readies. Why is housing SDA under research and engineering the right place?

SHANAHAN:

It's--it's the--it's a temporary home. So as the space force proposal involves, you know part of that was to get leadership of Dr. Griffin engaged. Dr. Griffin has a significant track record in space and--

BYRNE:

--I'm a big supporter of Dr. Graham.

SHANAHAN:

Right. Right.

BYRNE:

He's superb for that position.

SHANAHAN:

So a couple of things, not only does he have significant experience in space, but his work initially with SDIO and how the Missile Defense agency was stood up so they had the right acquisition authorities and the ability to do development, this is not about doing acquisition, this is really about development so think of him as overseeing the creation of the right structure. This is really about the balance of putting appropriate authorities in place. If we get the wrong mix, it's just going to show down. So we're really relying on his experience and judgment to help us put the right pieces in place. That's--that's how I look at it.

BYRNE:

Thank you. I yield back.

SMITH:

Thank you. Mr. Moulton.

MOULTON:

Thank you, Mr. Chairman. It's getting to be a familiar tune, but I want to thank all of you for your service and especially Chairman Dunford. I'm honored to have you there as a fellow Marine and we are very lucky as a country that you continue to serve. And I too share the hope, a bipartisan hope on this committee that you would find some way to continue that service past your--your due time.

Mr. Secretary--acting secretary, I'd like to start with you. China and Russia have made major advancements investments in their conventional capability since the Cold War and significant

investments in emerging technologies like hypersonics, AI, and cyber. It's one of the things I really like about your budget that you are investing in these things as well. Where do we have the strongest advantage against our competitors right now?

SHANAHAN:

I think probably at the most basic level, I would say under sea.

MOULTON:

And so what are we doing to ensure we maintain that advantage?

SHANAHAN:

Well, we continue to invest. You know, a lot of the things that are very unique and special we won't be able to talk about in here, but we are investing in very significant capabilities. I think we are--you know, I would go with the critical capabilities that we need to make in terms of really leveraging, you know, the chairman talks about our--our competitive advantage, space, cyber, and missile are where we can enable a significant gain, not just in times of capability, but deterrence.

MOULTON:

Right, so I take your point, Mr. acting Secretary--Mr. acting Secretary, which is that it's really these traditional places like undersea capabilities where we have our advantage today, and that's why we need to make these--these new investments. So as we think about making these new investments in things like cyber and AI and hypersonics, what new arms control regimes that incorporate these emerging technologies could be in our strategic interest moving forward?

SHANAHAN:

Yeah, this--this is where we need to do, in my view, the most significant work. You know, we'll--we'll address the INF and--and new start, but things like new start don't contemplate artificial intelligence or these new weapons like hypersonics that have been created.

MOULTON:

So you think it's critical that we incorporate these types of weapon systems into new arms control agreements?

SHANAHAN:

We--we need to really think what is machine on machine mean as we take humans out of the loop. And--and these are arms control agreements that we need to have with people that we don't have arms control agreements with.

MOULTON:

Right, right. There's also a lot of debate on this committee about the nuclear modernization. How much money could we say in nuclear modernization if we had to--if we were able to negotiate a bilateral reduction in ICBMs with Russia?

SHANAHAN:

I--I don't know where--where to start in terms of calculating that.

MOULTON:

Would it be significant?

SHANAHAN:

I mean, if all nuclear weapons went away in the world, would--would--

MOULTON:

--Well, not all, but if we were able to--to negotiate a reduction.

SHANAHAN:

It always depends on which? I mean, I mean the--the basic answer is if you don't have to develop something, you save money. I mean, arm--arms control agreements value if you can avoid having to develop something you don't need.

MOULTON:

Sure, sure. Mr. Chairman. I'd also like to also take this discussion to alliances, not just arms control, but alliances that we have around the globe. I strongly believe, and I suspect you agree in a strategy built on strong alliances and growing partnerships, despite massive investments in advanced weaponry, ships, and aircraft in the FY 20 proposal, what investments are we making to counter Chinese influence globally and how is that reflected in the--in the administration's budget request?

DUNFORD:

Congressman, I--I think I answered the question. And--and when you look at the European Defense initiative as an example, you look at the exercise program, our foreign military sales, assistance and so forth, it's all designed to reinforce that network of allies and partners and that--that is, as you've identified, in my view the critical strategic advantage that we have over China if we talk to China specifically, is our network of allies and partners.

MOULTON:

So what are we doing as China has their one belt one road proposal that they are--that they are put pursuing aggressively with significant investments, what are we doing to counter that growing influence in Asia, in Africa, in other places where they are making Marshall plan sized investments in potential allies? Mr. Chairman, could you take that?

DUNFORD:

I can--I can talk to the military dimension of it, Congressman, because I think what you're highlighting is a--is a broader gap in our overall political and economic approach that--that is still being worked. There is a strategic approach, but we have a lot of work to do to keep pace with the one belt one road in terms of a comprehensive political economic and security package.

In this security space, it is the work that we are doing with allies and partners. And I would argue that I certainly spend probably 60 percent of my time, without an exaggeration, doing that. And I think the secretary is--is probably pretty close to have his time as well in dealing with our allies and partners in building those relationships, building that interoperability.

Certainly, you know, I've I've got I think 22 liaison officers on my staff from other countries right now and all of our exercise designs and so forth is all now to incorporate coalition capabilities into our exercises. So from a military perspective, we are very mindful of the need to broaden and deepen these allies and partners. And everything we do is actually informed by that.

MOULTON:

I'm out of time, but Mr. Shanahan, if you could just take that question for the record as well.

SMITH:

I'm sorry, the gentleman's time has expired. So if there are any other questions, they ought to be taken for the record. We'll go to Miss Stefanik.

STEFANIK:

Thank you, Mr. Chairman. General Dunford, thank you for your tremendous leadership and service to our nation. You will be sorely missed on this committee. It's been a privilege to work with you. My question is for Secretary Shanahan. I wanted to follow up on Mr. Moulton, with nearly a decade of China making significant investments in AI, quantum and other emerging technologies why is our top line number so important to ensure that in the long term we are able to fight and win against near peer adversaries like China?

SHANAHAN:

Thank you for the back question. Modernization is the most important thing we can do to maintain deterrence, create military capability. That's also what enables us economically. So they really all tied together and I think back to the Congressman's question, what I think you would find in the department of defense is we are doing great power competition is it's not just about conducting military exercises.

How do we work with partners in the regions where we are providing security to unlike economic capability and develop economic relationships? The relationships we formed through the department really can unlock some of those other diplomatic or economic benefits. So we are strictly--I mean we are not looking at these great power competitions as the military is the solution. The military is an enabler to unlocking diplomatic and new relationships but that top line in these critical areas particularly cyber are fundamental.

STEFANIK:



Thank you. My next question is on a different subject. For the past five years there has been brought bipartisan and bicameral support for the designation of an East Coast missile-defense site yet the department has not made any such designation available to this committee. The environmental study has been completed and the threat to our homeland from rogue nations ICBMs continues to evolve and the requirements for increasing the engagement envelope and allowing for a shoot, look, shoot con ops(SP) is more imperative than ever. Congressional intent in the last NDAA was that the site designation after the EIS would be released so I expect the department will indeed respect that congressional intent and share this designation with the committee. Can I count on that?

SHANAHAN:

You can.

STEFANIK:

And my last question - might give me one second here. So I also wanted to get you on record do you agree that any addition of a conus interceptor site must enhance current capabilities to protect the entire continental US by expanding the battle space and projecting power on the East Coast?

The key question is in the third site must protect the entire continental US, do you agree with that?

SHANAHAN:

Let me--let me take that one for the record.

STEFANIK:

Okay. I believe that is incredibly important that as we are considering any potential location--

SHANAHAN:

Right.

STEFANIK:

-- that it should protect the entire continental U.S.

SHANAHAN:

No, I--I understand. My hesitancy is when you look at coverages and what threat we are protecting against. It's more a refinement of the answer that you are requesting. I would just make a plug for the success the missile-defense agency had yesterday in the probably one of their more complex test of the ground-based midcourse defense system of which that would probably be an important baseline but I will get back to you with that answer.

STEFANIK:

Okay, thank you for that. I yield back.

SMITH:

Mr. Garamendi?

GARAMENDI:

Thank you, Mr. Chairman. We recently returned from a trip to Jordan, Iraq, Kurdistan and Kuwait. In Jordan we observed and looked at and talked with the Jordanians about a \$350 million investment that the Defense threat agency, reduction agency made to create a virtual 21st

century border wall along the 300+ miles of the Jordanian Syrian border to keep out drug smugglers, armament smugglers as well as ISIS. By all accounts the utilization of electronic surveillance equipment, command and control, rapid reduction, a rapid reaction capabilities prove to be extraordinarily effective.

Now we are in the process of transferring some \$8 billion from the Department of Defense to build less than 300 miles of border wall. So my questions to you really are about the wall. It's our understanding that last night the department of defense sent a notification of its intent to reprogram five in use from 10 USC--UCS--USC 284 to construct portions of a border wall. We also understand that the department of defense may start awarding contracts using funding pursuant to 10 USC 2808(SP) as early as May.

Can you therefore explain in more detail the status of your plans to build a border wall pursuant to 2808? Specifically have you made any determination that the supposed national emergency requires the use of armed forces, Mr. Secretary? If so, why?

SHANAHAN:

The--the status of 2808 is I received a request from the Department of Homeland Security. Part of the process for me to make a determination is I have tasked the Chairman to do an analysis of that request. He will come back to me and provide a military recommendation. Chairman?

GARAMENDI:

Okay. Have you made any determinations that a border wall is necessary to support the use of troops at the border? Mr. Dunford, Chairman? Excuse me, Chairman?

DUNFORD:

Congressman, just to make sure I am answering your question directly, so we are responding to the President's direction to reinforce the Department of Homeland Security because they have capability and capacity shortfalls. So to that extent we have responded to request for assistance for U.S. military personnel. So we have determined that U.S. personnel can appropriately backfill the capability gaps in capacity size gaps that homeland security has (INAUDIBLE).

GARAMENDI:

My question is somewhat different. It is have you made any determination that they border wall is necessary to support those troops?

DUNFORD:

Oh, no, that's exactly what the--what the Secretary has tasked me to do now, Congressman, is to--is to look at the legislation which I did yesterday and determine whether the projects that have been identified by the Department of Homeland Security would be enhancing the Department of Defense's mission?

GARAMENDI:

Next. Have you or anyone else that the department had any discussions or made any comments about needing to send or keep troops at the border in order to justify using section 2808 to build a border wall?

DUNFORD:

I certainly haven't, Congressman.

GARAMENDI:

Very good. Next, what border wall projects will be built with section 2808 funds i.e. where along the border will the wall be built with these funds? Are the sections of the border wall military installations? If so, why?

DUNFORD:

Congressman, we have to tell you we are in the process so we have a list of projects identified by the Department of Homeland Security but the Secretary has not yet identified which of those aggregate projects that DHS has identified would be funded by 2808.

GARAMENDI:

And I will go back to where I started this conversation. We observed 350 or 40 miles(SP) of virtual border wall that is successful between Jordan and Syria in what is without doubt one of the most dangerous places in the world successfully operating at a cost of \$340 million, something for all of us to think about.

Finally I would just observe that the United States Constitution is extraordinarily clear about who has the power of appropriation. It is not the President and the President is usurping the power and you are a part of that usurps of power. With that, I yield back.

SMITH:

Thank you. Mr. Gallagher?

GALLAGHER:

Thank you, Mr. Chairman. Secretary Shanahan, Chairman Dunford, thank you both for your testimony this afternoon. Chairman Dunford, to the maximum extent you are able to in this

setting I recognize that there are limitations, can you explain the espionage threat posed by Huawei and ZTE on the transfer of US data and voice communications over their networks?

DUNFORD:

I--I can, Congressman. If--if you think about the implications--are you talking in the future with 5G--

GALLAGHER:

Yes.

DUNFORD:

--in particular? So if you think about the implications of 5G, the Internet of things as well as the primary means that we will use to share information, intelligence with our allies and partners one of the critical aspects of 5G has to be assurance that it's a secure network. If not, we will have vulnerabilities in capabilities that we field in the future that will leverage 5G and probably as importantly a foundational element of the alliance is the ability to share securely information and intelligence. And it will be much more difficult for us to have those kind of assurances to facilitate exchange of information given the trends with China's influence.

GALLAGHER:

So it would be fair than to say that there are military operational processes that you are worried about as you look forward to operating with partners and allies that may be using Huawei systems?

DUNFORD:

Congressman, yes, and this is a broad fundamental national security issue and it needs to be a full some debate on exactly where we are headed. I--I do believe that the vulnerabilities are acute.

GALLAGHER:

And what steps has the DOD--has DOD undertaken already or could you possibly undertake to mitigate these threats?

SHANAHAN:

Maybe I will pick up on this and maybe if I could just add to the Chairman's comments. So if we look at 5G and then the environment that those systems are developed and where they come from you are talking about the country that has a clear history of cyber espionage. I'm talking about a country with predatory economics, talking about looking at people having to have a social credit that part of doing business over there is you have to share data. With that is the backdrop and then not having the understanding of how you can trust the network that's our concern with 5G from a Department of Defense standpoint. So in the absence of being able to verify that hardware or provider is trustworthy the things that we are going to have to do is have secured networks that keep that equipment off of that but the real risk is we have to operate in environments where we don't know how secure the network is and this is where we get into discussions with our NATO partners and other countries. As they pursue economic advantages of purchasing low-cost equipment, they are forgoing security and then that is I think our biggest concern.

GALLAGHER:

Sure. And in light of those concerns would you recommend that American technology companies sell critical enabling components to firms like Huawei and ZTE?

SHANAHAN:

I--I'm always for America selling the right--the right equipment. I think the real work we have to do here is we were as a country the leaders of 4G. We should be the leaders with 5G. I mean it's not only in our security interests but it's in our economic interest to be able to have that kind of capability.

GALLAGHER:

And then, Chairman Dunford, you talked about sort of the concerns we would have if we are working with our allies and the close allies that have technology from Huawei and ZTE. I think the Aussies(SP) who are one of our closest allies, we celebrated 100 years of (INAUDIBLE) last year, have been at the lead and sort of disallowing China from competing in Australia for 5G technology. My understanding is New Zealand may follow suit. Talk to me about where the five I's(SP) alliances on this critical question because it is my under--my theory that we should start there and then build out words to our NATO allies.

DUNFORD:

Sure, Congressman, in fact Sunday night at my home I will have the five I's, my five I counterparts and we--we are talking about--I won't talk too much in detail here but we have been having this conversation for the last 18 months to understand where we are as a group in terms of our ability to manage this--this challenge and many other challenges associated with our competitive advantage.

GALLAGHER:



I appreciate that and I--I know you guys are tracking on this--this issue which I view to be I mean perhaps the most important one that we face right now. So thank you for your attention to it and thank you for being here today.

SHANAHAN:

Thank you.

GALLAGHER:

I yield the balance of my time.

SMITH:

Mr. Carbajal.

CARBAJAL:

Thank you, Mr. Chairman. Chairman Dunford, let me, too, add my thanks for your service. I think your exodus is going to be greatly--we're going to greatly miss you, and I do hope, as was said earlier, that we find some way to keep you engaged, as I think that will be important for our national security.

Acting Secretary Shanahan, military construction is defined in the law as any construction, development, conversion or extension of any kind carried out with respect to a military installation necessary to produce a complete and usable facility. I imagine it is pretty rigorous of a selective process and must prove to be important to the well-being and readiness of service members. As the law states, the purpose of these funds are to produce usable facilities for our military. Correct me if I'm wrong, but getting a project selected to receive MILCON funding is pretty difficult, and in most situations it takes years before installation commanders actually get

MILCON projects funded and included in their budgets. Diverting MILCON funding hampers the department's and Congress' ability to sustain what you all have been stressing is readiness, and as the Commandant of the Marine Corps has alluded to. Congress did its job by authorizing and appropriating funds for MILCON projects that the department and members of Congress saw as vital to the safety and readiness of our service members, and what we are being told is that this funding is not going to be used where the law clearly states it should be used.

Secretary Shanahan, you are asking this body to authorize \$3.6 billion to backfill projects we already authorized and appropriated. In addition, you are requesting another \$3.6 billion to build the wall. How did the Department of Defense get into the business of funding a physical wall for what you all consider is a nonmilitary emergency? That was a rhetorical question.

Moving on to Venezuela, is the use of military assets to deliver humanitarian aid and services being used to send a signal to Russia and other foreign entities of this administration's intent to solve the crisis in Venezuela militarily, one, and two, does the DoD have any plans or intentions of sending additional support other than humanitarian aid supported by USAID? And three, has the DoD been given any requirements for assistance to fulfill from other agencies?

SHANAHAN:

So the use of the military for humanitarian assistance is vital, and I think one of the reasons that we were drawn in by the State Department was because we could do this so quickly. To your question regarding other plans and activities as they relate to supporting Venezuela, the chairman and I have been in discussion for the last several weeks, you know, how do we put a more regional face on our humanitarian efforts. I'll be going down to Southern Command to meet with Admiral Faller to have further discussions around what are the things that we can do to provide support to the people of Venezuela. Chairman, do you have any comments?

DUNFORD:

The only thing I'd say, Congressman, is that your first question about was it designed to signal, we got the request, and it was generated by USAID. It went to the State Department, and they asked us to meet a capacity shortfall. As the secretary said, it was our ability to deliver a large volume over a short period of time in support of USAID which drove that initial humanitarian assist request.

CARBAJAL:

Let me finish with the time I have left. Is it this administration's intent to use the military resolution on this issue, to achieve a military resolution?

SHANAHAN:

That's not my understanding.

CARBAJAL:

Thank you. I yield back my time.

SMITH:

Okay, we have five people left to ask questions here who have not yet spoken. I'm going to press on. There's the possibility that others are going to come back, and we'll deal with that as it comes, but we'll try to press on. I think we can conceivably get done in the next 45 minutes or so, so I'll try and do that. Mr. Waltz.

WALTZ:

Thank you, Mr. Chairman. Gentlemen, thank you for your service, and thank you for being here today. I want to talk to you a moment about space. Russia and China have weaponized space. They have done so. They are in the process of doing so, and they explicitly in their national security strategy seek to dominate the United States in space. They are prepared for war, and in my opinion we are not. So with the flip of a switch China can track, they can dazzle, they can destroy our assets in space. In 2018 China conducted more space launches than any other--than any other country in the world. Why does this matter? I think as leaders we need to help Americans understand that our entire modern way of life is dependent on space now. Our navigation, our supply chain, our banking, how we communicate. The Space Foundation says over \$400 billion of our economy is now dependent on space. Yet in the Pentagon our various components for war fighting in that domain are all over the place.

GAO estimated we have over 60 stakeholders involved in this organization. In terms of acquisition oversight in the Air Force is 11 different parts. I personally believe we are with space where we were in the 1940s with the Air Force where it had to be split off from the Air Corps for all kinds of reasons that are now obvious. I have introduced legislation that cleans up some past legislation in terms of making it a full unified command versus the subordinate command. I would encourage my colleagues to support me in that. Bottom line, gentlemen, and I'll go with you, Mr. Secretary, are we prepared? Are you confident that we could win a conflict in space today if we had to do so?

SHANAHAN:

I'm fully confident we could win a conflict in space today.

WALTZ:

Are you compar--are you-- without the current budget trajectory, for example, if we had to go to a continuing resolution, are you confident that we could win in space in the next 5 to 10 years given the Chinese investments?

SHANAHAN:

We just don't need to take that risk. I mean this is really about--we have a \$19 trillion economy that runs on space. We need--that's why the--a CR would be so painful. We've put a plan in place. The 3 percent to 5 percent growth that we--real growth that we need allows us to even go faster, but it's vital that we get that top line.

WALTZ:

Mr. Secretary, have you made a decision on where the new U.S. space command will be located? There is reporting in the press that it will be in Colorado and that there's been a nomination.

SHANAHAN:

Yeah, no, there's--there's--

WALTZ:

I would submit to you space is in Florida's DNA.

SHANAHAN:

Yeah, yeah, yeah.

WALTZ:

And to strongly--

SHANAHAN:

Right.

WALTZ:

--to strongly consider Florida as you move forward with that decision. (INAUDIBLE) break. Separate topic on counterterrorism, capacity building, soft power. I would just submit to you that--and I'm concerned in hearing testimony across the board from across the services. I understand where we're going with the National Defense Strategy. I think that's the right place, the right thing to do in terms of reinvesting in our technological superiority. However, we cannot do what we did in the 1980s post-Vietnam and flush those lessons, those counterinsurgency, those counterterrorism lessons down the tubes. Gentlemen, General Dunford, do you believe ISIS is defeated as a military organization?

DUNFORD:

ISIS maintains global capability, Congressman, so while they've been clear to the ground in Syria, in Iraq it remains a threat.

WALTZ:

Do you believe Al Qaeda is defeated?

DUNFORD:

No, I don't, Congressman.

WALTZ:

Do you believe that in your military advice that the Taliban--forget--forget their political will, that they have the military capability to deny Al Qaeda use of Afghanistan, and particularly military capability that a 300,000-man Afghan Army and a coalition of the most powerful Western armies in the world have struggled to do in 18 years, and I've certainly participated in and I know you have as well? Do you believe the Taliban have that capability if we bought into the fact that they desire to do so?

DUNFORD:

Congressman, I'm not--I'm not pushing back on your question, but it's hard for me to imagine having a conversation about the Taliban fighting Al Qaeda given how close they are as organizations right now.

WALTZ:

Right. 100 percent agree. First we have to get over do we buy they have the will to deny Al Qaeda Afghanistan as a launching pad into back in the United States. Then we have to look at what's their enforcement mechanism, what's their capability. Gentlemen, just with the time I have remaining, I'm glad that you touched on the fact that if we had to go to a national emergency today from a recruiting standpoint 75 percent of young people couldn't serve in the military. That's why I'm pushing for--to go--for us to go back to National Service. That's not a draft, that's national service, as a means to prepare our young people to serve in all types of capacities, and look forward to working with you in that regard. Thank you.

SMITH:

Thank you. Mr. Crow.

CROW:

Thank you, Mr. Chairman, and to all of you for your testimony today, and I will reiterate my colleagues' comments, General Dunford, on your lifetime of service. I thank you for your professionalism. And with all due respect to my colleague from Florida, Colorado is a mile closer to space than Florida is--

(LAUGHTER)

--and a great place for space assets.

CROW:

Let me begin with General Dunford, in my three combat tours in Iraq and Afghanistan, doing counter-terrorism, counter-insurgency operations, you know, it became abundantly clear to me that involvement of humanitarian diplomatic efforts and resources were instrumental to our ability to get the job done and to secure our forces and our allies as well.

So, in that context, is it your professional judgment and your experience that if the proposed cuts to the State Department would occur would that have a negative impact on our stability to support operations and our national security?

DUNFORD:

Yeah, Congressman, first, with regard to the first part of your question, I couldn't agree with you more and my experience is very similar to yours. I--I'm not familiar enough to know how Secretary Pompeo--how his budget is constructed and what the direct impact is with the cuts to the State Department to be able to judge whether that will have a direct impact on our--on our operations.

CROW:



Well, if we have fewer diplomats for fewer resources to supplement our forces and to provide a capacity building to our allies and global partners, does that jeopardize our ability to perform our missions overseas?

DUNFORD:

That particular shortfall would, there's no question.

CROW:

And also if--to you, General Dunford, I'm particularly concerned about the long-term security of our Kurdish allies, particularly the Syrian democratic forces in Syria. Are you satisfied that as of today there are sufficient long-term plans in place to ensure the protection of the Kurds and our allies, particularly the SDF forces?

DUNFORD:

Thanks, Congressman. And in Syria specifically, you know, we're seeking campaign continuity. And that campaign continuity includes the partnership with the SDF to complete the task against ISIS. We're also working to assure Turkey that its security interest are addressed along the border. And so, right now our near-term plan with the president's decision for residual force includes continue to train, advise, assist for our Kurdish partners on the ground, as well as the framework that will prevent any challenges or threats to them.

CROW:

So, it sounds like we're working on it, but we're not there yet.

DUNFORD:

Yeah. Congressman, I will tell you if I come here six months from now I'll tell you we're still working on it. This is a journey, not a destination. I mean we continue to make refinements to the plan. It's a very, as you know personally, it's a very complicated situation. And I think we make progress every day. But, I suspect we'll continue to work this for months to come.

Keeping in mind, the thesis of your opening line, which was at the end of the day, this is about a political solution, which is very much still in the works.

CROW:

I'll just pause it that I think our moral credibility, as well as our security be tied up with our ability to protect those forces and that population.

Acting Secretary Shanahan, you know, I'm deeply concerned about Mission Creep and the use of the AUMF over the last 18 years. Honestly, Congress has authority to declare war and oversight authority of the Department of Defense and in military operations. It's my understanding that execute orders or EXORDS (PH), which outline operational authorities delegated by the Secretary, the commanders or components have previously not been made accessible to committee staff. We can't do our oversight role unless committee staff has that information. So, will you commit to be able to provide those timely to committee staff?

SHANAHAN:

Congressman, I've been working over the past six weeks to come up with a process so that we can share that information. And I'm gonna be prepared next month to come share that and work with the committee.

CROW:

So, next month is the goal?

SHANAHAN:

Yes, that's the goal.

CROW:

Okay. And why has the department not fulfilled its obligation and submitted the congressional mandated report on advise, assist and accompany missions?

SHANAHAN:

I'll have to take that for the record.

CROW:

And that's Section 1212 of the Fiscal Year '19 NDAA, just to be clear.

SHANAHAN:

Thank you.

CROW:

Thank you. I yield back, Mr. Chairman.

SMITH:

Thank you. I see we're just (INAUDIBLE) back. So, we're gonna go with Mr. Bergman. And when he is done, we're going to take a 10 to 15 minute--we're gonna give the witnesses a chance

to stretch and relax for a moment. And then we will reconvene at 12--12:45 and go from there. And with that, Mr. Bergman?

BERGMAN:

Thank you, Mr. Chairman. And, General Dunford, I know you've heard it from everyone, but thank you for being the embodiment of serving leadership, thoughtful, pragmatic, mission-focused. You've set an example that we all can follow on a daily basis. Thanks.

Mr. Shanahan, the subject in advance here as I work through the questions is PFOS contamination. In my district of Michigan in Alpena, Railey and Marquette Escanavo (PH) we have areas of confirmed and potential PFOS contamination, some including barrack bases, which closed decades ago. But, also at Stadalt (PH) National Guard facilities. As you already know, the Army and the Air National Guard don't have access to the department's environmental restoration funds the same way the active component bases do.

Given that the work of our National Guard that what it does is directly related to overall readiness of our armed forces. I believe that the DoD does have a role to play in litigating PFOS contamination. Do you agree, Secretary Shanahan, that--that we must find ways to address PFOS contamination, not just at active duty bases, but also at National Guard facilities?

SHANAHAN:

Sir, I think that we need to address the issue of PFOS, PFO contamination writ large in all of our communities, that significant health and environmental risk.

BERGMAN:

Can you give me examples of how DoD is currently working with other agencies to address the issue?

SHANAHAN:

I know that the department is working with the Environmental Protection Agency to harmonize some of the standards. Our focus has been to substitute, so when you think about the fiery target ahead of you, you know, just eliminate the contamination, so we no longer test. We no longer train. We no longer do research with those chemicals.

BERGMAN:

Understand. And is there anything--because Congress is a partner in this. Is there anything that you would suggest--you can take this for the record if you'd like, what Congress can do to further support DoD in ensuring that you have the ability to work with all those other agencies to eliminate this problem?

SHANAHAN:

Well, I'll take that for the record, but it's one of these we truly need to get a harmonization of the environmental litigation plans. I mean we just--we need to be able to address it. But, I'll take that for the record.

BERGMAN:

Thank you. General Dunford, you know, it's clear that the National Defense Strategy has--has influenced this budget as it does with every budget. But, what is less clear is how the joint force plans to operate differently. Can you explain in a--in an unclassified way, some of the concepts

that are being developed to operationalize the strategy, you know, update the old plans and combining with budget.

DUNFORD:

Sure. Probably since you're talking about old plans, probably one of the more fundamental changes that we made is to shift from an old plan basis method of planning to campaign plans and incorporate the whole problem shift. So, in the past we might have developed a plan for specific contingency in a specific geographic area, a fairly narrow view of the threat. When we think about Russia, China, Iran and North Korea now our planning is--is we develop global plans so that we talk about a specific contingency, but we talk about it in context of what the entire joint force will be doing globally at the--at any given point in time.

I'll just very quickly give an example. So, what we have done recently a readiness review for our preparedness for Korea. We not only looked at Korea. We looked at what we were doing across the region in the Pacific, what we were doing to defend the homeland and what each of the combatant commanders are reviewing outside of the theatre, either in direction for it, of that contingency, or as that contingency goes on, to mitigate the risk of opportunism and other risks.

BERGMAN:

Thank you. And I guess I'm the only one standing between you--us on a break, so I yield back.

SMITH:

Okay. We are gonna take a brief recess in a moment. We will reconvene at--do you guys need 10, 15 minutes? What? Sorry, 10. Okay, we'll convene at 12:40. Mr. Brown is gonna be in the chair for all that. I have something I have to do, but I will be back. And Mr. Brown is first up. So, he's not really just putting himself in charge and calling on himself. He actually is next.

(LAUGHTER)

So, we are in recess for 10 minutes. Thank you.

BROWN:

Okay, if we could all start to take our seats and we'll reconvene the second portion of this hearing by the House armed services committee. And I certainly appreciate the patience of the members as well and the endurance of our witnesses, General Dunford, Mr. Shanahan, Mr. Norquist, thank you for very much. And we'll go ahead and pick up where we left off, as the chairman mentioned. I was next in order, so I'll begin with my line of questions.

And let me just start by saying that I think, you know, I recognize it as, you know, members of the armed services committee, our responsibility is to look at authorizations for underlying supporting the national defense strategy and that the national defense strategy really implements one of the four pillars of the national security strategy, and that's peace through strength with a focus on building a more lethal force. As we as members of Congress more broadly are looking at how do we ensure that we authorize and appropriate for the entire national security strategy, which includes defending the homeland, a lot of defense and non-defense spending that's in there, American prosperity, a lot of non-defense spending in there, and projecting American values.

In fact, if you look at the national security strategy, it talks about vocational training, it talks about diversifying the energy portfolio, it talks about a forward presence of the diplomatic corps and our development activities throughout the world. So let me turn now to the focus of, you know, this committee, the national defense strategy and--and the underlying budget. This year, the president's budget request is for \$750 billion, 718 to the Pentagon, and--which is the highest adjusted for inflation since the height of the Iraq war. And overseas contingency, it includes an

OCO funding of 174 billion, 164 billion to the Pentagon, which is the absolute highest that we've seen since the height of the Iraq surge in 2007 and 2008.

And this is occurring at the same time that the national defense strategy is talking about a pivot away from the counterterrorism fight, not abandoning that fight, but picketing away as we focus more on great power competition and--with China and Russia. I think it's important for Congress that, you know, we are open and--and transparent to the American public and that the Department of Defense is as well so when we have appropriations categories and authorization accounts that we can demonstrate the American people that we are faithful to the original design and intent.

So I just want to ask about a few items just to shine some light on what we are actually doing here, what's being requested in the president's budget request. I'm reading \$8 billion for ship depot level maintenance has removed from the Navy's base budget to the OCO account. And to my knowledge, there's not a single dollar for depot level maintenance in the base budget. Is that accurate?

NORQUIST:

I believe that sounds correct.

BROWN:

Okay. 1.2 billion for Trident 2 nuclear missiles in the overseas contingency operation funds. Is that accurate?

NORQUIST:

If it is, it would be in the OCO for base, correct.



BROWN:

Yeah, it's in OCO. Overseas contingency allowance. Trident missiles. 533 B 61 low to medium yield nuclear bombs are in the OCO portion of the budget. Is that accurate?

NORQUIST:

I don't know that one off the top of my head, sir.

BROWN:

Yeah, that is accurate. And I'll answer that one. There's \$1 billion for the Patriot missile system, the OCO budget, the budget as you know is to defend against advanced enemy fighters. We're talking about in an--in an overseas contingency operation fund. Does that sound accurate?

NORQUIST:

That may be right. The patriot is also used in the terms of defensive facilities and bases against missiles.

BROWN:

And then finally, I want to point out the European deterrence initiative, 500 million remains in OCO budget. I understand that it's been done that way in previous years, but again, we're talking about reassuring our NATO allies about a long-term commitment, yet a substantial portion of our funding commitment is in a coed account, which is not long-term budgeting. It's better than a CR, but it's not long-term funding. Does--is that accurate?

NORQUIST:

Yes. The EDI has historically been funded through that OCO account. And it was last year and in the prior years as well.

BROWN:

So is this sound budgeting practice for the DOD and supporting a defense budget?

NORQUIST:

So the--the use of the--the OCO is divided into two parts (INAUDIBLE). There is the traditional one and we've broken it out in the budget to make it--

BROWN:

--No, I get that. I guess my question is this. Putting in some of these sort of, you know, modernization programs, long-term programs that are not exclusively for current or anticipated overseas contingency allowances, putting, for example, 533 nuclear bombs in OCO, is that sound budgeting or accounting practices?

NORQUIST:

It's not how we have presented the previous year.

BROWN:

Okay. Let me just shift with the remaining time I have because we haven't asked about the transgender policy. I think that budgets are important reflection of both our priorities and our values. Would you agree with that, Secretary Shanahan, that a budget reflects our values and our priorities?

SHANAHAN:

Yes.

BROWN:

So you know, when President Truman desegregated the Armed Forces, he stated it is essential that there be maintained in the armed services of the United States the highest standards of democracy with a quality of treatment and opportunity for all those who serve in our country's defense. Would you agree with that, Secretary Shanahan?

SHANAHAN:

Yes, I would.

BROWN:

Are you aware that, and we--you heard it today, the Army, as of September 30, failed to recruit enough soldiers to meet its projections for the last fiscal year?

SHANAHAN:

Yes.

BROWN:

And you've also heard that 71 percent of young Americans between age 17 and 24 are ineligible to serve in the military?

SHANAHAN:

That is correct.

BROWN:

Would you agree that a manpower shortage in the United States Armed Forces is directly compromises national security?

SHANAHAN:

Yes, it does.

BROWN:

Are you aware that there are transgender soldiers serving in today's military who are meeting and even exceeding standards in every criteria that we used to measure performance in the military?

SHANAHAN:

I don't have the specific--

BROWN:

--Okay, because they testified in front of this committee about three weeks ago. And are you aware of the fact that many of these transgender soldiers have successfully transitioned to their gender preference?

SHANAHAN:

I don't know that, but I--

BROWN:

--Yeah, because this is an important policy change. This isn't changing sort of like the army green to the Army green and pink, this is a--this is a--a personnel policy that will exclude a certain category of Americans from serving. So I'm--I'm just trying to inquire what you do know about it. Are you aware that the chief of Naval operations, the Marine Commandant, Army chief and the current Air Force chief all testified publicly in their own words that transgender serving in the military won't affect readiness, doesn't affect military discipline, has not been disruptive to military service, nor has it affected unit cohesion. Are you aware of that?

SHANAHAN:

I'm aware of their testimony, yes.

BROWN:

And you know that in July 2017, President Trump said that he consulted his generals and experts when he decided not to accept transgender individuals to serve in the military. General Dunford, as the then senior military advisor to the president, is it accurate that within days of President Trump's ban on transgender service that you stated I would just probably say that I believe any individual who meets the physical and mental standards and is worldwide deployable and his servant currently serving should be afforded the opportunity to continue to serve, did you say that?

DUNFORD:

I did say that, Congressman.

BROWN:

Has--has your opinion changed on that?

DUNFORD:

It has not, Congressman.

BROWN:

I will now turn to--thank you very much for your--your responses to my line of questioning.

THORNBERRY:

Mr. Chairman,

BROWN:

Yes.

THORNBERRY:

General, I--I think since we have--have gone through that road at some length over time, it is important now to put on the record a bit more about the process that Secretary Mattis used in reevaluating the prior administrations policy in this regard and a little bit more fulsome about the factors that were looked at, how the decisions came to be made that he issued during his time. And I don't know, either one of you--I don't know which of you is better to do that because you were--you are both there, but I think it be important to discuss that event.

DUNFORD:

I'll take a first stab at it and then--and then see if the Secretary wants to add. So we did use the words physically, mentally, psychologically capable of being worldwide deployable without special accommodations. And then the secretary engaged the leadership across the department,

but that also included medical experts from across the department. And so what the secretary did was based on the definitions, and--and I think you were sensitive as well, ranking member Thornberry, that some of this is still in litigation, so what I'm trying to do is be as forthright now as I can be without--without getting into that issue. But the--but the secretary included the leadership and then medical experts.

And so then based on the definition of physically, mentally, psychologically capable of deploying, performing enter occupational fields with the caveat without special accommodation, he proposed a revision to the 2017 policy. That was the process that was used to be able to do that.

THORNBERRY:

Okay. Secretary Shanahan, do you have anything you want to add?

SHANAHAN:

No, I think the 2018 policy really just applies standards uniformly.

THORNBERRY:

I think there's--there's a misunderstanding that the policy was changed on the whim of a tweet and that's part of the reason I think it's helpful to--for members to know that there was a deeper, longer process that was involved that resulted in the Mattis policy. Now as y'all may know, there--we're going to have a--I a sense of Congress resolution on the floor this week, which is part of the reason that this is coming up right now. I don't think probably it's--it's appropriate for us to debate that now, but as you point out, there are--there is litigation underway. I suspect there will be more conversations about these various considerations and--and that may well involve involvement--involve the department in the service chiefs in looking at these issues. I yield back.

BROWN:

We'll now go to Mr. Banks.

BANKS:

Thank you, Mr. Chairman. Secretary Shanahan, have you ever had a conversation or any engagement with Secretary Devos about--

BANKS:

-- sensitive research on college campuses and tools of Chinese espionage like Huawei, Confucius Institutes, etc.?

SHANAHAN:

I have not with Secretary DeVos, but I have with the FBI.

BANKS:

Okay. Do you believe that there's more that we can do to restrict Chinese nationals who are students on college campuses from being involved in DoD funded sensitive research?

SHANAHAN:

I think there are.

BANKS:

Are there good reasons for us to do that?



SHANAHAN:

Yes, there are.

BANKS:

Okay, good. I'll move on. Secretary Shanahan, on September 26 of last year Secretary Mattis and VA Secretary Wilke issued a joint statement promising a new and improved joint governance structure to manage MHS Genesis (PH) and the VA EHR (PH) modernization. I have asked the VA officials multiple times to share the thought process, and zero information has been forthcoming. I understand that a study of various options was completed in February. When can we expect such an announcement on the new EHR organization?

SHANAHAN:

Yeah, I'll take--I'll take that one for the record.

BANKS:

Okay. And even better yet, before the announcement's--would it be possible for some of us who are involved in this subject to be briefed, receive a briefing of some sort?

SHANAHAN:

Yeah, and as the--is the line of thinking where the synergies or the benefits are being captured based on this unity of effort?

BANKS:

Yes.

SHANAHAN:

Yeah, okay.

BANKS:

Thank you. Moving on to another issue, Secretary Shanahan, your--in your opening testimony you stated, quote, we're applying maximum pressure to ISIS K (PH) and other terrorist groups in Afghanistan to stymie any threats to the U.S. homeland. Can you elaborate on this military campaign and how would a quick withdrawal impact the longevity of ISIS K in Afghanistan?

SHANAHAN:

Well, the--my reference there is to the work of General Miller and the special forces, and their work also with the Afghan special forces. As you are very well familiar with General Miller's soft (PH) background, he is at this point in time this is--this anchors back to our South Asia strategy. So he's really bringing a concentrated effect and a soft presence and a more muscular effect, not just to Al Qaeda and ISIS, but to the Taliban.

BANKS:

Okay. General Dunford, can you state--you state the importance of the, quote, Afghan owned peace process. Do you think our current negotiations exemplify that?

DUNFORD:

Congressman, you know, what we need to do is start reconciliation. So what I'm optimistic about is that Ambassador Khalilzad has at least opened up a dialogue and after 17 years I'm encouraged to see that. The intent, the clear intent that's outlined by the Secretary of State and is in the terms of reference is that this process include legitimate representatives of the Afghan government and

the Afghan people. So that's the direction we're headed in. I think to look at the negotiation at any point in time would not be--would not be probably a full sight (PH) picture.

BANKS:

On that same subject, general, what conditions would you expect the Taliban, from the Taliban, before the U.S. is safely able to withdraw from their country?

DUNFORD:

Beyond the Taliban, when I make a recommendation to the secretary and the president about our future presence in Afghanistan it will be based on our national interest and the fact that Afghanistan is not a sanctuary from which terrorists can attack the American people, the American homeland.

BANKS:

Okay. Secretary, back to you. If--we've had some discussion already about the size and strength of the United States Navy. Even if every Congress and president agreed on the goal of a 355-ship fleet for decades to come, we still won't reach that desired goal for at least 40 years. What do you expect the balance of forces between the U.S. and China to be by the time we achieved a 355-fleet Navy?

SHANAHAN:

Well, let me just speak to the timing. I think it's 2034 in which we reach the 355-ship Navy. The discussion--you know, it's--the future force structure won't necessarily be defined by our traditional measures of 355 ships. I mean, the real work that we're undergoing right now is what is the right mix. This goes back to, you know, autonomy, semiautonomous, surface, subsurface

mix. I don't think the course that the Chinese are on is the same course that these naval battles will be fought on in the future. The warfighting doctrine is going to change dramatically. That doesn't mean that we divorce ourselves from our current infrastructure, but I really think that this transition to future forces, space, cyber missiles will have a profound impact on the type of Navy we have and the size of those vessels and the composition.

BROWN:

Thank you. The gentleman's time's expired. Mr. Kim.

KIM:

Thank you so much for coming. I actually want to be able to continue on the great line of questioning that my colleague was just going through. I think it's incredibly important that we think about what the American people are worried about, how they're understanding the issues that we're dealing with with the military and with security. And what I'll tell you is that oftentimes the conversations that I have back in the district in New Jersey are different than the conversations we'll have here in this room. We just had--heard some great line of questioning about Afghanistan. I think that's key because that is something that's always on the minds of the American people in my district when they are thinking about security, and while these other issues we have talked about are important in this discussion here is, as we are thinking about our priorities and our budget, I think it's important for us to be able to make sure we're always being proactive about explaining to the American people what we're doing in Afghanistan and what our next steps are. So I just always encourage the three of you and others at the Pentagon and elsewhere to be thinking about how it is that we can raise those issues and continue to show the American people that these are not issues that we're sweeping under the rug, that we're going to stay engaged especially after we know that there are people who are eligible to serve out in

Afghanistan now who were in diapers on September 11. That is just a core reality we need to comprehend here.

So I want to just bring a question back from the district to you, which is you know, as we're going through this what are those circumstances that we need to be able to understand when we will no longer require U.S. military personnel in Afghanistan? I know that is going to be dependent in part on the peace process and the discussion there. I understand that. I also understand that the South Asia strategy also talks a lot about how the regional countries are engaged in this. But when I think about the train, advise and assist mission, I see a lot of parallels between where we're at right now in Afghanistan and also in Iraq with these being core elements. But what I don't have a sense of is when do we no longer need to have U.S. personnel on the ground to be able to help support with train, advise and assist or other capabilities there? General.

DUNFORD:

Congressman, I'll take a stab at it, and then you can come back at me with additional questions. I mean what I would tell you your constituents back in the district is that when there is no longer a threat of terrorism in South Asia that would affect the homeland or the American people, then the mission can end. And until that point, you know, if we end the mission before that condition is achieved, then that--then that's the--then we'll be managing risk of an attack on the homeland from South Asia. And I would just tell you today given the almost 20 groups that operate in that area, and certainly the intent, if not today, the capability of Al Qaeda and ISIS Khorasan, it's my judgment, my military judgment, that continued pressure on those threats is directly and inextricably linked to the security of the American people.

KIM:

Thank you for that. When we're making that assessment of the threats, especially to the homeland, I agree with you that should be the measure by which we understand our involvement. What can you tell me that reassures me that the Afghan defense forces are ones that are being able to develop to be able to do that on their own? Even if we were to get to a point where you or some other general as a commander can be able to make that determination, if we were to then not have the Afghan forces at the capabilities where they can do that on their own, then obviously we may fall back into a situation again as we've seen over the last couple years in Iraq. So on the Afghan security forces side, what circumstances, what conditions do they need? What proficiencies do you need to see in their forces to give you confidence that they would be able to handle this on their own?

DUNFORD:

Sure. And Congressman, it's beyond just a military issue. So it's the capability of the Afghan National Defense Security Forces. It's also the capability of the Afghan government to sustain those particular forces. And when would that happen? I guess what I would tell you is if you went back to 2013 we had 100,000 Americans on the ground, total of 140,000 NATO forces, and that was the size force that was necessary for us to advance our national interest at that time. Today we have about 13,000 Americans in Afghanistan as opposed to 100,000 Americans back in 2013. So I know this isn't moving as fast as the American people, in particular your constituents, would want it to be, but what we have tried to do is make sure that the level of effort that we had in Afghanistan was consistent with the threat and consistent with the capabilities of the Afghans to deal with that threat on their own, and it's our judgment today that particularly with regard to combat-enabling capability in high end special operations capability, the kind of support we're providing today continues to be necessary. I would add there's 39 other nations that are with us in supporting the Afghans right now.

KIM:

No, thank you for that.

BROWN:

Thank you. The gentleman's--

KIM:

I think that's incredibly important. I yield back.

BROWN:

Yeah, and Mr. Gaetz.

GAETZ:

Thank you, Mr. Chairman. My questions relate to the zero-sum decisions we seem to be making relative to our fifth generation and fourth gen fighting aircraft. My first question is whether or not the manufacturing base has been a consideration in the decision to upgrade the F-15.

SHANAHAN:

Do you have any--do you want to take the--go ahead.

NORQUIST:

So I think when we looked at the factors that we talked about there was--you want to maintain a competitive industrial base. You also want to make sure you have weapon systems with the right mix of capacity and capability, and there's a mix between them.

GAETZ:

Okay, we're going to go through the capability, but specifically as to the manufacturing base, is it your view that this decision to make the F-15 upgrades is essential and that the manufacturing base justifies that decision?

NORQUIST:

I don't know if it justifies it by itself. I just think it's a factor that needs to be considered.

GAETZ:

How many F-35As can we build in FY 2020?

NORQUIST:

I need to get you that number. What's the production rate for this year? Yeah.

GAETZ:

Yeah, what's our manufacturing capacity for the aircraft that we've spent the better part of several decades getting ready to launch into the skies?

NORQUIST:

We've got 78 in the budget. I don't know what their capacity is per year.

GAETZ:



Procurement cost has been another justification for the decision to purchase fewer F-35s and to have the F-15X options that have been laid out. When you finish the F-15 upgrades with the full complement of targeting pods, and sensors, and jammers, what's the flyaway cost?

NORQUIST:

I don't have the specifics on flyaway costs. The life--the maintenance and operating costs of them will still be lower.

GAETZ:

I'm going to get to that. First, procurement costs. Is it--was the assumption we made that the procurement cost of the F-15 upgrades would be less than buying more F-35As?

NORQUIST:

I believe the main driver was in the maintenance and the sustainment costs. The procurement costs were different, but they were not as dramatically different as the others.

GAETZ:

Which--the procurement cost of which is lower? How about that?

NORQUIST:

Of the fourth-generation is lower.

GAETZ:

So what you're telling me is it's cheaper to buy an upgrade--a fourth gen F-15X than it is with the flyaway costs for an F-35A?

NORQUIST:

I believe so. I can get you those for the record. I know we've put those numbers together for the committees.

GAETZ:

I'm looking at an \$80 million flyaway cost on the 35A, and then once you lash the necessary, you know, electronic weapons pod, and other tech to the F-15X you're looking at a \$90 million to \$100 million flyaway cost. Does that sound--

NORQUIST:

I'm not sure what other additional things you're attaching to it. It depends on the mission you're asking it to perform.

GAETZ:

I would only--the mission set that we would assume when we make these budgetary decisions. If you could provide for the record for me the detailed breakdown on--not maintenance costs, procurement costs on these two weapons systems, that would be most helpful.

NORQUIST:

Sure.

GAETZ:

Operational costs. You were making a point about that as well. What's the basis for the view that the F-15X will have a lower operational cost?

NORQUIST:

So there was an analysis that was done by our (INAUDIBLE) organization that went through and compared the set of them because you're talking about there's the purchase cost, the sustained maintenance cost and basically the lifecycle costs when you think of how long the aircraft lasts. And it also compares it for the different missions we need them for. If you're operating in a permissive environment where you're looking at the capacity of the ability of the plane to do strike versus--

GAETZ:

If you look at a melded rate, what's our--on the F-15X, what does it cost per hour to fly it?

NORQUIST:

I don't have those for--I know that they're available, but I didn't bring them with me today.

GAETZ:

So as you guys provide for the record for me the procurement cost breakdown X versus the 35A, it would be really helpful to have the melded rate on hourly cost to fly the 35A and the F-15X because I'm looking at some data that says by 2025 we're going to drive down that cost on the 35A to \$25,000 per flying hour with a melded--understanding there are different missions, but as a melded rate, and that's a year after the budget says we would have the first operational 15Xs. So presumably that would be a number consistent with the data that showed that to be \$27,000 to \$30,000 per flying hour. So if you can break that down for me.

NORQUIST:

We would be happy to. It's one of the things we'd ask to assemble because following the briefings on the mix these were some of the common questions that we want to do is give every one of the committees the exact same set of data so that they understood the data upon which (INAUDIBLE)

GAETZ:

Yeah, I'm a little surprised you don't have it, I mean, you know, because there seems to be a pretty deliberate decision to lean into the F-15X, and so I would've thought that that would be really relevant information for a budget discussion. I want to take my final moments to just ask Secretary Shanahan, you know, can you explain the ways in which these budget priorities recognize the changing environment in the Western Hemisphere, Venezuela and how we're going to make sure we support SOUTHCOM effectively?

SHANAHAN:

Yeah, so one of the fundamental assumptions that we've been building into the force mix and the force design is--

BROWN:

If you can do that in 30 seconds that will work, okay?

SHANAHAN:

Yeah, yeah. I'll do it even more quickly. We've designed this--and the chairman's been extraordinarily helpful here--dynamic force employment so we can move forces quickly and reconstitute them in areas where there's demand and to increase interoperability. That flexibility

allows us then to surge, in the case of SOCOM, when they have a different mission or they need to surge for a short period of time, but not to fundamentally change their footprint.

GAETZ:

Thank you, Mr. Chairman. I yield back.

BROWN:

Thank you. Ms. Horn.

HORN:

Thank you, Mr. Chairman. And thank you, thank you, General Dunford, Secretary Shanahan and Mr. Norquist. Really appreciate your testimony. I want to--I know we've had a few rounds of questions, but I want to dig a little bit further into space realignment and priorities, which I believe are really important, and to Mr. Kim's point earlier about making sure that the public understands them. And I'm going to direct my first questions to General Dunford because I'd like to hear from you about this. Is it safe to say that space assets exist across all of the branches and all of the functions of our Armed Forces today?

DUNFORD:

Space capabilities exist across three of the four services, all of these services leverage space.

HORN:

So--so space is a critical component of our war fighters the ability and our overall national security architecture?

DUNFORD:

Ab--absolutely critical for everything from navigation to communications to targeting.

HORN:

Okay. Also safe to say that developing space assets and capabilities is not an easy endeavor?

DUNFORD:

That--that's accurate.

HORN:

So looking at this space--space question and--and also I wear another hat as the chair of the space Aeronautics subcommittee in--in the civilian space arena and knowing that we have a number of additional players and space I want to dig into a little bit of what this looks like because I think kids important for us to understand both the needs, the capabilities and the future development of this and certainly would be my intention and I think I've heard that from many of my colleagues on both sides of the aisle that we make the best decisions and the best interest of our overall national security. It's not a partisan issue, it's a about our current and future capabilities. Understanding that this architecture is important so across--across the different programs across the different services do you--do you think that it is possible that right now and we've also talked about acquisition and cost and audits that there may be programs or--or different capabilities being developed right now that are potentially duplicative or could be more efficiently utilized across a common architecture?

DUNFORD:

I think it's entirely possible that we could be more effective and efficient in developing space capabilities and that really is the foundational argument for this is space development agency.

HORN:

So following on with that in the interest of not only protecting our national security. But understanding that with additional players. Then hundreds of thousands of pieces of space debris and not only our national security interest but also commercial and our just general lives day to day depending on it. What General Dunford because we from you earlier Secretary Shanahan. I appreciate that. What do you think about the model and the potential pathway forward, does it need to be a separate force or could it be more of a core model? What is your opinion on that?

DUNFORD:

In my view, Congresswoman--, Congresswoman, there's really two issues, right? There's the how do we best integrate joint capabilities today and so that's been heretofore described as a sub unified command moving to a unified command for space command. That takes the force we have today. With regard to the specific organizational construct unsatisfied with the one that we've laid out and I'm confident that over the next several years it will be refined. It will be refined.

I think the important thing is in--in the current organizational construct we have today within the Department of the Air Force and within the joint war fighting force with--with a space command gives us the ability to--to first train the right people, identify and train the right people, develop they write capabilities and when those capabilities are developed feel those capabilities in a most effective way for the war fighter. So I think we have all of the pieces in place and I think like every organization it will grow over time, but we ought not to seek perfection before we start to

step out in change the way we are doing business. Given the importance of space. That would be my own thoughts on this.

HORN:

Okay. And--and just to--to--to go back one more piece of this I--I appreciate your answers. Is in the proposal one--one thing that--that caused me to raise my eyebrows there some--some changes and some exemptions for employment practices and procedures that--that are within this proposal and--and that provides broad exemptions to current law. I understand the need to realign as something else is being stood up, but I don't understand and I'll leave this to either one of you. Could you explain to me the justification behind these broad exemptions?

NORQUIST:

So there are two types. One was set up on personnel and that was modeled after the personnel authorities of the national reconnaissance office. And then there's another one that was modeled after how the Air Force did its transition to being a separate service. So those authorities are designed to be similar to other organizations, either stand up for space is one of the areas--

SMITH:

I'm sorry but the gentlelady's time has expired. (INAUDIBLE) I believe Mr. Lamborn is next. Go ahead.

LAMBORN:

Thank you, Mr. Chairman. Thank you. First, a statement and then a question. First, for the Secretary and then for the Chairman. You stated earlier, Mr. Shanahan, that if--Secretary Shanahan, that if forced to prioritize between space force, space command and the sports



development agency space command would be your first priority. I would like to point out that these space command did exist in Colorado Springs from 1985 to 2002 and currently Air Force space command and the national space defense center are located at Peterson and Shreve or (SP) both in Colorado Springs. So if the threat is as urgent as you suggest and I believe it is and if time is of the essence, I would highly recommend that Colorado Springs be the best location given in addition to those considerations the massive number of space war fighters and infrastructure already in place. So I will just go on record as making that point. My question is this. Can you describe why this administration and the Department of Defense have exhibited such a sense of urgency regarding the reformation of our military space enterprise. Is it because the threat is so dangerous and so imminent?

SHANAHAN:

I would just say fundamentally it's now a contested environment in a \$19 trillion economy and the world's most powerful military runs off space. In that contested domain if we don't protect it, we are all at risk. So it's really, I mean the urgency is the threat that so much of what we depend on you know our maps and our cars, you know the ability to target our weapons is vulnerable.

LAMBORN:

Well then what would--what would you say to someone who says okay, but I see a threat but can't we attack that problem within the existing structure? I know the Air Force to their great credit has come up with some reformed proposals but is that enough or do we need to go beyond?

SHANAHAN:

Well, I think we need to go beyond. That's what the proposal represents and really the space development agency and I just--this is the part I would emphasize, ignore the agency piece. You

could call it space development organization. It's about development, it's not about acquisition. You know this is what General Shriever did. This is what was done in SDIO. We need to marry up the right programmatic skills so that we can go more quickly and leverage off of innovation investment in commercial space.

Our acquisition roles can't accommodate that. And that's the restructure that we are proposing here so we can go more quickly and use the technology that already exist. To me waiting to tailor our current environment would just take too long.

LAMBORN:

Okay, thank you. Chairman Dunford, in your professional military opinion especially given your career as a Marine in the Department of the Navy and the importance of culture and the services can you explain the benefits of a separate military service focused on space will provide weather as a space force or space core or however it's denominated in--and whatever the final details are which would not be gained by simply reforming military space within the existing structures?

DUNFORD:

Sure, Congressman. In--in my experience an organization that has a singular focus has responsibility for identifying people, training people, equipping people and then delivering them to the war fighter for integration has a much better chance particularly given the importance of space. It's one of only five domains where we have much better chance with an organization that has that singular focus as well as making sure that with regard to prioritization and allocation of resources that--that we don't drain away resources that might have been used for space for other reasons and I know being part of a large organization there's always going to be that temptation and so I think having the opportunity and frankly from an oversight perspective I would see the appeal from Congress as well to make sure you have the oversight that you need to have that

those resources that are necessary for us to be competitive in space are actually managed properly.

LAMBORN:

And I know some have expressed concern about adding bureaucracy quote unquote or additional flag officers on the positive side does that give more of a seat at the table sort of speak to the folks in space which is important?

DUNFORD:

I think--I think a senior leader who--who does sit at the table obviously has more influence and someone asked me earlier you know should this member--should this person be a member to joint chiefs of staff and of course if a service(SP) then by definition I think that would be a reasonable thing to do. But I have seen personally now over the last couple of years particularly as a result of General Hyten being in the room that when he's been around given his experience in space the dialogue quickly shifts and we think of things that we wouldn't have otherwise thought about without him in the room.

LAMBORN:

Thank you.

SMITH:

The gentleman's time has expired. Just for everyone's understanding in terms of the order here there is one confusing aspect of this. Basically you are in the order that you are in when the gavel falls. If you leave you know you are still in order. What happens--what has been happening a lot

is people come back literally in the 2-3 minutes before they would be next. Under the rules that person is then next.

Now that's inconvenient because I know a lot of members are anticipating okay, next and then I'm next but even if you think you are next if someone walks in who was there at the gavel and who is in front of you that person is next. Personally I'm rethinking that rule because it's a little bit unfair to the people who are sort of planning on what here but that's--that's just the way it is. So if you think your next and I wind up calling on someone else that will be because someone else who was in front of you walked back in and that's going to happen right now.

Ms. Houlahan, you are up.

HOULAHAN:

Thank you, Mr. Chairman. I have a number of questions and thank you very much for your testimony today, gentlemen, Mr. Shanahan and general Dunford and Mr. Norquist. I'm going to focus my questions today on the impact of the fiscal year '20 budget on our defense industrial base and our investment specifically in cybersecurity across the DOD enterprise. But before I did that, I wanted to start by echoing some of my colleagues who have gone before me in their frustration with the department's interactions with Congress over the funding for the president's planned border wall, what you referred to in your remarks as the border situation.

I led a--a letter from my colleagues from Pennsylvania, sir, Mr. Shanahan, to you asking if you could provide a list of unawarded MILCON product--projects in Pennsylvania that would be imperiled. I also asked for that list to contain an assessment as well of the impact of if those items were canceled or delayed as a result of the border wall or the border situation. And I was really glad to receive the list of Pennsylvania projects, but I still haven't seen any sort of assessment on the impact of those projects if they were not to come to fruition in this timeframe,

nor have I seen any questions for the record from this committee's first meeting back in January where I asked for an assessment of the impact of border deployment on our servicemembers readiness. And I serve on the readiness subcommittee as well.

And I would certainly hope have hoped that the department would have conducted an impact assessment and briefed it to the president before anyone started talking about moving this money around and I deftly would've hoped that this information would be more readily available now coming up on three months from when we initially asked for it. There are four projects in Pennsylvania, as it turns out, that are at risk if this plan moves forward and I wanted to just for the sake of my time highlight only one. Last year's appropriation bill included 71 million for the construction of a new facility in Philadelphia where we manufacture the propulsor systems for the Virginia and Columbia class submarines.

The Naval foundry and propeller center is essential for the design manufacturing, and repair of propellers for the U.S. Navy. A new facility is needed to accommodate the increase in personnel and equipment that comes from the push to manufacture these new submarines. And so simply put, even though this is a propeller, we can't meet the administration's goals of a new submarine fleet without this.

Last week, the Commandant of the Marine Corps--Corps wrote that supporting the, "unplanned and unbudgeted southern border deployment was an exacerbation of an already challenging budget year for the Marine Corps--Corp. So I'll move on to my questions soon, but I just wanted to say for the record that the ill-advised client really has significant readiness ramifications and the American people particularly Pennsylvania's--Pennsylvanians really deserve to know what they are, not just a list of the projects that are possible on the chopping block.

And this administration has been very vocal about its frustration with Congress and its struggles to provide appropriate appropriations on time. I think that frankly the criticism is very fair. But

now that I'm also learning a little bit more about the--the referenced kind of department reprogramming, I think it's also fair to say that that burden is not just shared by the Congress but also by the fact that we are re-appropriating money and that causes certainly uncertainty amongst the supply chain.

I've heard from companies across Pennsylvania that they are struggling to hire to train and to retain staff as well as to make capital investments. And so now I guess my questions to you or did the department actually assess the impact on the Defense supply chain, especially on small businesses, before deciding to move ahead with proposing these cuts and delays? And if not, why not? And if so, what were those assessments?

SHANAHAN:

In--in your--your referring to the military--

HOULAHAN:

--The case and study of the four Pennsylvanian projects and what their impact would be, you know, on the supply chain if we were to pull to pull back on those for small businesses and my community, particularly.

SHANAHAN:

Right. I can't speak to the--the total assessment. I'll--I'll let David Norquist comment, but I believe the project that you're referring to on the propeller capacity is to be awarded in July, so that would not be one of the projects that would be--

HOULAHAN:

--Sir, it was provided to us as one of the possibilities.

NORQUIST:

Which, if I could clarify, what was provided to the Congress was a list of projects that had not been awarded since January of this year. And so that was the full vision of what's in the pipeline. What the secretary has directed is to not affect any of those projects that were scheduled to be awarded before 1, October, 30, December. The reason for that is that in the budget there was a request for military construction funding in order to backfill those so those projects would be.

I know that the chairman has--has views on that, but I understand the--the department's intent was to make sure there wasn't an effect on the industrial base or on those facilities by ensuring that by the time you got to the next year when those projects were scheduled to be awarded, there would be additional MILCON to keep them going. But my understanding is the project you specifically mentioned would not be affected under either on circumstance.

HOULAHAN:

Tt just seems--

SMITH:

--Thank you, but the general ladies time has expired.

HOULAHAN:

Oh, I'm sorry. I didn't even notice that. Sorry.

SMITH:

And Mr. Bacon, you are up.

BACON:

(OFF-MIC)

UNKNOWN:

Mic

BACON:

First, I want to thank you all for being here and I appreciate your leadership and thanks for stepping forward and in doing this. Our country needs people to step forward and lead. My first question revolves around readiness and modernization. You know, 26 month ago when President Trump came in, our readiness levels were the worst seen since 1977. We had 58 combat brigades, three couldn't--in the Army. Only three can deploy that were ready to fight tonight. Half the Navy aircraft could fly. Air Force pilots were getting about half the pilot--the flying time that they needed in training.

I thought it was negligent for Congress to let us get to the spot and we dug a modernization hole as well with some of the oldest aircraft, ships, and tanks in the history of our country when you look at the average age. So since 2010 until two years ago, we cut the military budget 18%. And the last two years we've added 16% of those cuts back in. General Dunford, Chairman, could you tell us what has been the impact of this increase on a readiness of modernization and what happens if we don't sustain it? Thank you.

DUNFORD:

Sure. Congressman, I mean, it's--it is really simple. Number one, we are better able to meet the requirements that we have day-to-day. You know, I--I manage the force for the secretary and



make recommendations for him on employment of the force. And so if you think about the inventory of forces that are available for day-to-day operations, there are more forces available. Perhaps more importantly, we benchmark very carefully our ability to respond and in the event that deterrence fail--fails in places like Korea or in Europe and so forth, and our ability to respond to a major contingency today is--is significantly greater than it was before.

So there's a lot below that, right? I mean, Air Force fixing maintainers, number of airplanes that are available, modernization efforts that are ongoing and so forth. But at the end of the day, it's about the deliverable, it's about meeting today's requirements and then meeting our overall requirements to respond to a contingency if deterrence fails. And in both of those areas, the progress is measurable.

BACON:

Mr. Shanahan, I want to ask you a question about the Triad. As you know, there's proposals to take us to a dyad. How important is it to maintain the triad that we've had for 60 years? What does it do to nuclear deterrence to do away with our ICBMs? Thank you.

SHANAHAN:

Yeah, I think, you know, maybe--maybe two comments. If something has worked well for 70 years and environment hasn't fundamentally changed, why would we change it? The obsolescence is a fundamental issue we have to address. But more importantly, I think it comes down to why would we unilaterally disarm when our competitors are arming themselves?

BACON:

As part of that, could you tell us how important nuclear command control and communications upgrades or modernization is also needed?

SHANAHAN:

Yeah, well the obsolescence of the triad, it's clear that we need to make those investments and this was a little bit of the discussion we were having earlier around 5G. The nuclear command and control communication system is so fundamentally vital. And when we think about spoofing or we think about systems being compromised, and as we invest in a new space architecture, new terrestrial architecture, we need to have total confidence in the--the information that is being provided to our commanders and commander-in-chief is completely trusted. And you know, this is a--a new world in terms of cyber, so that's probably one of the most, you know, critical modernization programs that we had before the apartment.

BACON:

I agree. Chairman, I've got to follow up on a question of electronic warfare. You know, we have five domains. We don't consider the electronic magnetic spectrum is a separate domain, though it is a physical domain, all of our radio messaging goes through that. Radar uses it, but our doctrine doesn't identify the electronic spectrum domain as that. I think it should, but I'd be curious through your military professional opinion, should we make the electronic magnetic spectrum a separate domain? Because we want to own it and--and prevent the enemy from using it.

DUNFORD:

Congressman, let me start by agreeing with you. We want to own it. And--and frankly in the recommendation I made to the secretary for this year's program recommendations, the electromagnetic spectrum was among the areas we highlighted. And as we do competitive area studies, that area comes back. There are a lot of critical functions inside of our war fighting capabilities that aren't in and of themselves domain. And so I--I right now and comfortable with

electromagnetic--the electromagnetic spectrum being something we look at through the lens of a function.

BACON:

Mr. Chairman, I yield back, but I thank you for your testimony and your time.

SMITH:

(OFF-MIC)

CISNEROS:

Thank you, Mr. Chairman. Mr. Secretary, General, Mr. Norquist, I want to thank you all for taking your time. It's been a long day for you already, and thank you for--for being here. I want-- I want to talk to you about specific issues dealing with--with California. As a fight--flight contract has been awarded for a fight--flight simulator for the 146th (SP) airlift wing of California's Air National Guard located at Naval Air Station Point Mugu. In November of last year, the installation had to be evacuated due to wildfires. And it so happened, the 146th--46th Airlift Wing also has been critical to combating the wildfires with its C130J aircraft.

Now, you had said earlier in your testimony that any contract that was going to be awarded after September 30th, 2019, the funding was going to be pulled. You know, what this--this--this specific simulator, a contract has been awarded--it was going to be awarded after the date that you had mentioned. Any delay of the critical flight simulator programming for the 146th Air Lift Wing would undermine readiness and impede training for pilots combating wildfire and conducting search and rescue.

You know, this is a big issue for being a Californian. I know it's a big issue for Congresswoman Julia Brownley (SP), that it's this specifically in her district and all the members of Congress in California. Why would we cut funding for this critical flight simulator when it's so strategic to the training that these pilots need in order to--to support this critical mission here in California?

DUNFORD:

So, the--the intention is not to--to cut funding for any of those projects. I think there's two things. First of all, just being in the pool doesn't mean that those projects are going to be selected. The Secretary hasn't made a decision yet on the use of 2808 or the authorities. The other is that we've requested money in order to ensure those projects continue.

And so, our hope would be that those fundings would be included in any enacted bill and allow us to ensure those essential projects go forward.

CISNEROS:

You know, Secretary Shanahan, I--I'll say notice in your written testimony, our responsibility is to remain responsible stewards of your trust and the American tax payers' hard-earned tax dollars. Congress has already funded these programs. Why would we fund them again? And how is that being responsible in watching the taxpayers' tax dollars?

SHANAHAN:

We're going to be responsible managing the taxpayers' money, absolutely. I mean, that's the--that's my role, and you have my assurance that we're going to, in this department, take care of our people, maintain readiness, and modernize that by future threats.

CISNEROS:

But, would you say making them pay for the same thing twice is being responsible with the--the taxpayers' dollars? You wouldn't go and buy a vehicle and then have the--the care dealer take it away and say, "You know what? I gave it to somebody else. You're going to have to pay for it again.

SHANAHAN:

Right. Yeah. Yeah.

CISNEROS:

Why would we do that to the American taxpayer?

SHANAHAN:

Yeah. We--we haven't paid for it once yet. You know, and this is--this is the--the process that we're stepping through. And I--I think that was the--the place where we started this discussion. It's a complicated situation, and it's tied to a new budget. We're really buying time so we can backfill these projects.

CISNEROS:

All right. But, if you're taking money away from a project that's already been funded and then you're asking to fund that project again, it is being paid for twice. But, I'm going to change topics here real quick. General, the comment in the Marine Corp, you recently made a statement about deployments down to the border and having the, you know, fun transfers under the President's emergency declaration, among other unexpected demands. That posed unacceptable risk to the Marine Corp's combat readiness and solvency. He said that they haven't been able to fund other

training that had been planned. Do you agree with his assessment that sending troops--marines--down to the border is--is hurting our Marine Corp readiness?

DUNFORD:

And, Congressman, I--I would like to put that letter in full context. What the Commandant and the Marine Corp Commander, and I read the letter and--and spoke to this, spoke to him as well as the Secretary of the Navy about it. He listed a number of unanticipated bills that the Marine Corp was confronted with in this fiscal year, one of which was the Southwest border. Those bills and the aggregated created difficulties for him in funding other--other priorities. And that really was what it was about. It wasn't a letter--this particular letter wasn't the letter about the Southwest border and didn't single out the Southwest border deployment as being the issue. It--it identified the Southwest border as one of the unfunded--one of the unanticipated bills.

SMITH:

OK, thank you. The gentleman's time has expired. W--vote's coming up they're estimating sometime between now and the top of the hour. We will go until ten minutes after the votes are called at the most, and then we'll be done. Mr. Desjarlais?

DESJARLAIS:

Thank you, Mr. Chairman, and thank you all for being here today. Secretary Shanahan and Chairman Dunford, many of your predecessors had touted our nuclear enterprise as a, if not the top priority within the Department of Defense. Do you agree with this?

DUNFORD:

It's our singular, most important mission.

SHANAHAN:

I'm--I'm on the record saying the same many times.

DESJARLAIS:

Yes. Yes, sir. Thank you. That--Chairman Dunford, do you also believe then it's important to advance our low-yield nuclear weapons system?

DUNFORD:

I do, Congressman, and I can explain that if you--if you want me to explain the reason why.

DESJARLAIS:

Maybe just--yes, please.

DUNFORD:

It'd probably be hard to do when--when--

DESJARLAIS:

--Oh, okay--

DUNFORD:

But--but, I'd be happy to answer that question when the time--you know, for the record or whatever, because I do feel like that low-yield option is critical for deterrence.

DESJARLAIS:

OK. What does this budget do to accelerate U.S. development of hypersonic weapons?

SHANAHAN:

Let me get you--let me get you the number. We've accelerated the hypersonic testing and deployment several years with this budget. It's actually \$2.6 billion in this--this year's top line.

DESJARLAIS:

And do you think that it's on a--an appropriate but comfortable pace, considering our adversary's advancements?

SHANAHAN:

Well, I'd like to be a bit further along, but this is a much faster pace than we've had in the last couple years.

DESJARLAIS:

OK. Chairman Dunford, many of the Department of Energy's nuclear weapons support facilities are over 40 years old and are in need of refurbishment. How important is a modern Department of Energy nuclear weapons development capability to your ability to provide credible nuclear deterrence?

DUNFORD:

They are inextricably linked, Congressman.

DESJARLAIS:

Secretary Shanahan, what do you foresee the National Guard's role being in the Space Force?



SHANAHAN:

That's a good one. We've had a--we've had a lot of debate and general (INAUDIBLE) has been at the center of that debate. There are some complexities about how those resources align and how their training and support is conducted today. But as--as they do it and so many other elements of the total force, they will play a critical role. The question today more is around how do we organize them than it is importance of their role.

DESJARLAIS:

And I'm going to give two minutes back, Mr. Chairman. I yield back. thank you.

SMITH:

(OFF-MIC)

TORRES SMALL:

Good morning--good afternoon, everyone. Thank you for taking the time to be here today. Thank you also for your service, what you do for the men and women in uniform as well as for the entire country. Thank you. As we discuss the \$750 billion national defense budget, I speak for many of my colleagues on both sides of the aisle when I express my deep concern regarding the department of defense failure to proactively address PFAS contaminants on and around military establishments. I deeply appreciate Congressman Bergman bringing this up and your comments that--acting Secretary Shanahan that the EPA is working to address those standards meanwhile you are merely working to eliminate use of PFAS underscores that this response is wholly insufficient. I sincerely hope that the department hears the concerns of my colleagues and stops hiding behind bureaucratic can regulatory red tape to avoid helping communities cleanup PFAS contaminants.

To that end acting Secretary Shanahan, two weeks ago when you testified before SASC(SP) Senator Heinrich ask if you read a New York Times article entitled Pentagon pushes for weaker standards on chemicals contaminating drinking water. Have you have the opportunity to read that article?

SHANAHAN:

Yes, I have.

TORRES SMALL:

Thank you. Can you please speak on Senator Heinrich second question as well, is the article accurate and is the Pentagon pushing the Trump administration to adopt weaker standards for groundwater pollution caused by PFAS and other chemicals?

SHANAHAN:

The article is not accurate and the department of defense is not asking for the standard to be lowered.

TORRES SMALL:

Thank you. I hope that your actions will also reflect the importance of this issue. Thank you. I want to close by reiterating what Senator Heinrich said to you. I know there is a right way to do this, it is to follow the science. The right way to do this is not to set a standard that is based on trying to limit liability. I yield the remainder of my time.

SMITH:

Ms. Hill?

HILL:

Acting Secretary Shanahan, the President's fiscal year '20 budget request has a \$600 million decline in funding for the European defensive initiative yet in your testimony today you noted that Russia last year conducted its largest military exercise in almost 40 years and is escalating intimidation efforts. What's the rationale for reducing this funding when there is an increasingly hostile actor next door and our own National Defense Strategy says that Russia is one of our two biggest concerns?

SHANAHAN:

I will ask the Comptroller to walk you through the numbers but fundamentally what it represents is the standing up of the initiative so think of it as either the setup cost or the nonrecurring cost are complete and now it's really about sustaining the level of effort and conducting more exercises and actually deploying more troops. David?

NORQUIST:

So the amount we are investing in presence and putting troops is up \$170 million. The amount we are spending on training is up \$300 million. What's down is the pre-positioning of equipment because once the equipment has been moved into place you don't need to keep paying for it. So while the cost is coming down the actual level of activity is going up.

HILL:

Thank you. So do we have--does this have anything to do with the fact that European countries are filling some of those gaps or do you have any--do you have any sense that this will affect our position in any way?

SHANAHAN:

Well, I think they are filling gaps and they will fill more gaps particularly with the you know initiative to have more battalions, more battleships to be able to deploy more quickly the 430s(SP) initiative. We also are conducting you know more exercises with NATO. So I think what you are seeing is just more of the front end flow of money especially from NATO starting to get to the front line. This is you know for NATO what I think we will see with their uptick in investment is more capability and capacity coming online. What you are seeing with the European defensive initiative is the U.S. leading the integration and conducting higher-level exercises.

HILL:

Thank you. So can you give some specific examples of where the--where NATO is filling those gaps or--or increasing?

SHANAHAN:

I--I will take that for the record but you know I--I've seen some of those plans. I've seen some of the contributions that--that they are making to increase capability as well as the exercises that we have organized so that we are conducting more sophisticated exercises like Trident juncture(SP) but let me take that for the record and--and provide you an update.

HILL:

Do you have any concerns about the signals this might send to our allies and partners in Europe considering the--the comments that are coming from this administration and our Pres., the ridicule for NATO and the--you know the proposed cuts the signals that might send to Putin and our partners and allies?

SHANAHAN:

I--I have had probably since I have been in this position may be 50 conversations with my counterparts in NATO and it's really been the opposite. They are more engaged. They have a strong sense of leaning forward into these exercises and I think they are more encouraged by our participation and presence in Europe today.

HILL:

Well, I had--I had different conversations when I was in Europe for the--for the Munich conference and it seem like the tone was a bit more insecure. But I'm curious why--why you feel like that's the case.

SHANAHAN:

Well, this is and so I think about the defense ministers, I'm not--I don't know who you were speaking with but this was the defense ministers says we are doing the planning and it wasn't just in terms of the NATO exercises there. This also had to do with our activity in Afghanistan but in particular around NATO and I think the best evidence of support was their--their unanimous support to our withdrawal from the INF. It was (INAUDIBLE) large in terms of supporting--supporting our position. But the side conversations to the person is thank you for pushing us. We look forward to the exercises because the exercises that we've been conducting have been very successful.

HILL:

General Dunford, do you have any comments on this?

DUNFORD:

The other thing I would say, Congresswoman, is you know other nations are contributing more but no nation has increased its commitment to NATO more than the United States since 2015. So the European defense initiative, the addition of the second fleet down at Norfolk to ensure the transatlantic link, the increased intelligence people we provided to the (INAUDIBLE) so forth I would just tell you my peers understand that the United States of America is still the most significant contributor to NATO and the most significant contributor to the deterrence and the defense that NATO provides.

HILL:

Thank you.

SMITH:

Ms. Haaland? Ms. Haaland will be last. We are going to have votes.

HAALAND:

thank you, Chairman. Thank you. Thank you, gentlemen, for being here today. Appreciate your time immensely. I would like to just sort of continue the comments of my esteemed colleague from New Mexico in a different way, I guess. I will ask a few different questions but it's concerning the contamination of military installations.

The FY '20 budget request contains \$1.1 billion for environmental restoration down from the FY 19 and acted the amount of \$1.24 billion. In my district the fuel spill on Kirtland Air Force Base which resulted in 24 million gallons of jet fuel contaminating our ground soil and threatening Albuquerque's clean drinking water has yet to be properly cleaned. At other bases in New Mexico and many other DOD installations throughout the country dangerous levels of P FAS have been found in drinking water and this contamination seeks to ruin people's lives.

Given the scale of these and other environmental issues that DOD installations please explain how the DOD's environmental restoration efforts will address public and environmental health and safety and your rationale for the decreased budget request? And I'll add that you testified earlier about the money you essentially saved on not having to spend it on military personnel which is you know--which you which everybody wants to you know see go toward the wall and I'm asking why not spend money on cleaning up contamination that the military has caused?

NORQUIST:

The number--let me make sure that I have the--right here is--for the environmental restoration we have I am not able to follow that(SP). So let me double check the environmental. My understanding was that program was ultimately flat but I will double check because sometimes we get congressional ads that raise the 19 enacted so even when we are the same number from year-to-year you can see that trend.

I think when it comes to the contamination concerns you raised you know we have three priorities. First is to protect and make sure people are drinking safe water. The second one is our responsibility to remediate those that are related to the defense establishment and our operations in the third is to research alternatives. The Sec. talked about this in his comments which is finding alternatives to be able to reduce our use of those contaminants as well as the same time we are doing the cleanup.

HAALAND:

and so you feel that by spending less money on environmental restoration you can essentially achieve those ends?

NORQUIST:

I don't think--

HAALAND:

Is that what you're saying?

NORQUIST:

--that we are looking to reduce our investment in this area.

HAALAND:

Okay, thank you. Last, I'm going to switch gears over to transgender troops. Do you agree with me that the United States is stronger and safer when our military reflects our nation's diverse city and upholds the constitutional belief that all people are created equal? General? Sec.?

DUNFORD:

Congresswoman, I couldn't agree more.

HAALAND:

Okay. Yes?

SHANAHAN:

I agree. Yes.

HAALAND:



Okay. Do you agree with me that the administration's current policy of obstructing transgender individuals freedom to serve in the United States military essentially makes a mockery of this commitment?

DUNFORD:

Congresswoman, just to be clear the current policy that's in place that was signed in 2017 allows transgender's to serve in the US military.

HAALAND:

So they can serve freely right now?

DUNFORD:

Today they can.

HAALAND:

Okay, very good. And I've heard that I mean an argument is put forth that you know spending is a concern that they--that we don't want taxpayer money spent on gender dysphoria issues such as psychotherapy, prescriptions, surgeries and so forth and I just want you to know that we realize that that portion of the budget is minuscule in comparison to other things like for example erectile dysfunction which took \$84 million out of the DOD budget.

So I just want you to know that I--I support wholeheartedly every single American who wants to serve in our military that they have an opportunity to do so and that with respect to budgets knowing that it's a minuscule amount that is spent on transgender troops I don't think that is anything that should dissuade them or us from--from their service and I yield my time.

SMITH:

Thank you. If I could just follow up on that just briefly it--it--the policy that was just announced by the administration through the DOD is a bit more complicated, Sec. and I talked about this a little bit yesterday and I--I don't think it is the correct policy. It is not a blanket ban on people who are transgender from serving in the military. It does however make it very difficult for people depending on where they are at in terms of are they in the service, are they trying to join, have they had transition surgery, all of those things really, really complicated the ability of transgender people to serve in the military.

And I also feel that the policy as announced does not accurately reflect the--well, the medical facts but we will--we will be dealing with that later and I understand you have struggled to try and get the right policy there but it is considerably more complicated than even I thought at first glance. But I don't think right now the policy meets the standards that Ms. Haaland was hoping to have in terms of allowing diverse people to serve assuming that they are qualified, assuming that they can meet the qualifications for whatever job it is they are supposed to do in the military.

Mr. Thornberry, do you have anything quickly?

THORNBERRY:

I do, Mr. Chairman. In the presence of the Sec. and Chairman and the Comptroller I just want to note that while we have been meeting today Andy Marshall(SP) has passed away. He served--he ran the office of net assessment from the Nixon administration to the Obama administration.

I can think of fewer people who have had a bigger impact on focusing our defense efforts, our national security in the right direction than--than Mr. Marshall and we--we talked about a lot of stuff today but I think as General Dunford started out it's about people. Some of them are not even in uniform but--but it is a remarkable life. He has been before our committee I don't know

how many times over the years so I wanted to note that that passing but also to--to honor his memory because he made such a difference.

SMITH:

And I think that is a very appropriate note to end on. We are adjourned. I thank you, gentlemen.

[List of Panel Members and Witnesses](#)

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