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HEARING

ON

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2017

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

FULL COMMITTEE HEARING

ON

THE FISCAL YEAR 2017 NATIONAL DEFENSE AUTHORIZATION BUDGET REQUEST FROM THE DEPARTMENT OF DEFENSE

HEARING HELD
MARCH 22, 2016

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THE FISCAL YEAR 2017 NATIONAL DEFENSE AUTHORIZATION BUDGET REQUEST FROM THE DEPARTMENT OF DEFENSE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Tuesday, March 22, 2016.

The committee met, pursuant to call, at 10:00 a.m., in room 2118, Rayburn House Office Building, Hon. William M. "Mac" Thornberry (chairman of the committee) presiding.

OPENING STATEMENT OF HON. WILLIAM M. "MAC" THORNBERRY, A REPRESENTATIVE FROM TEXAS, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. The committee will come to order.

The committee meets today to receive testimony from the Secretary of Defense and the Chairman of the Joint Chiefs of Staff on the national defense authorization budget request from the administration.

Like last year, the committee has spent a number of weeks hearing from our military leaders, the Intelligence Community, and outside witnesses before asking the Secretary to testify on the current budget request. What we have heard over these weeks reaffirmed the fact that the U.S. faces a wider range of serious threats than at any time in our history.

The Director of the Defense Intelligence Agency [DIA] told our committee that, quote: "The world is far more complicated; it is far more destabilized; it is far more complex than at any time I have seen it."

Currently serving senior commanders have described the ability of the military we rely upon to face those threats as, quote, "minimally adequate." Aviation units in the Marine Corps cannot meet training and mission requirements. With less than a third of Army forces at acceptable levels of readiness, the Army is not at a level that is appropriate for what the American people would expect to defend them. Those were quotes as well.

Another is, less than half of the Air Force combat units are ready for a high-end fight. It is the smallest, oldest, and least-ready force across the full spectrum of operations in our history. Those snippets of testimony across the services is remarkably consistent, candid, and disturbing. Indeed, my own visits with service members recently leads me to suspect that even these assessments don't tell the whole story.

We often discuss readiness, but it is a vague term without concrete meaning for a lot of Americans. Recently, I have heard firsthand from service members who have looked me in the eye and

told of trying to cannibalize parts from a museum aircraft in order to get a current aircraft ready to fly an overseas mission; of getting aircraft that were sent to the boneyard in Arizona back and revitalized in order to fly missions; of pilots who were flying well below the minimum number of hours required for minimal proficiency and flying fewer training hours than those of adversaries that they were sent to meet.

I have heard of not having enough senior enlisted people to train and supervise the younger ones, and those who remain working longer and longer hours. And I have even heard firsthand from service members who have to buy basic supplies like pins and cleaning supplies and paper towels out of their own pocket, because if they go through the military process, it will take 3 or 4 months, and for them, it is just not worth it. I expressed concern last week that there is a rise in class A mishaps, which may be another indicator of a readiness crisis.

Last year, General Dempsey testified that the fiscal year 2016 funding request was the lower, ragged edge that was necessary to execute the defense strategy and that we have no slack, no margin left for error or strategic surprise. Yet the budget request from the administration this year is $18 billion lower on meeting those basic requirement minimums, and it is less than the budget agreement of last December.

It seems clear that the same strategy we assumed would have us out of Iraq and Afghanistan, where Russia would be a friend thanks to the reset, and where terrorism was confined to the JV [junior varsity] teams, does not continue to be valid. That is also the same strategy that has led us to cut troops, equipment, training, and bases.

Both Congress and the administration are responsible for this state of affairs. Over the last 5 years, the President and Congress have cut over half a trillion dollars from defense, and these cuts come at a cost. It has increased risk that our troops will be killed or captured, that a mission will fail, or that we will lose a fight.

What our hearings over these last few weeks have shown is that this risk is real, and there is evidence to prove it is growing. The military is strained to a breaking point. Our witnesses today are in a unique position to help our political leadership and the American people understand the state of affairs, and I would say we would all be derelict in our duty if we tried to sweep it under the rug.

On a final note, this morning the news brought us, again, stories of tragedy in a terrorist attack in Europe. The administration's budget request asks for more money to fight ISIS [Islamic State of Iraq and Syria] in Iraq and Syria, and I think that is understandable and appropriate.

What I do not understand is that the law required the administration provide Congress a written document laying out its strategy to fight ISIS. That document was due February 15, 2016. We have received nothing, and there is no indication that anything is on the way.

The world is growing more dangerous. We have cut our military too much, and I believe it is up to the political leadership in this country to take the action necessary to enable our service men and

women to defend American lives and American interests. The men and women who serve and the Nation deserve better than we are now.

I yield to the distinguished gentlelady of California, as the acting ranking member today, for any comments she would like to make.

Mrs. DAVIS. Thank you. Thank you, Mr. Chairman.

I ask unanimous consent that the ranking member's statement be entered into the record.

The CHAIRMAN. Without objection.

[The prepared statement of Mr. Smith can be found in the Appendix on page 65.]

STATEMENT OF HON. SUSAN A. DAVIS, A REPRESENTATIVE FROM CALIFORNIA, COMMITTEE ON ARMED SERVICES

Mrs. DAVIS. Over the last several weeks, we have received testimony from combatant commanders, from our service chiefs, from service secretaries. And they all have given us their best military advice, and it could not be more clear: the threats, as the chairman has noted, we face are real and growing.

Just this morning, attacks in Brussels claimed at least 26 lives, and dozens were injured. Our hearts certainly go out to the Belgian people as they recover from this horrific act of violence.

Secretary Carter, you have emphasized that the President's budget request centers on five key challenges: Deterring aggressive behavior on the part of a resurgent Russia and a rising China; containing the dangerous unpredictable North Korean regime; neutralizing Iran's malign influence; and defeating ISIL [Islamic State of Iraq and the Levant] and other manifestations of violent extremism.

Unfortunately, in the midst of these challenges, we are searching for budget workarounds instead of fixing the underlying problem. The Department of Defense [DOD] needs fiscal certainty to reliably perform critical missions and to maintain lasting superiority.

Secretary Carter, you have asserted that the fiscal year 2017 shortfall risk can be mitigated but that DOD needs a comprehensive long-term budgetary solution. We must remember the devastating harms inflicted by sequestration in the Budget Control Act caps. Years of budgetary standoffs leading to numerous threatened government shutdowns, one actual government shutdown, and congressional overreliance on continuing resolutions have combined to produce debilitating fiscal uncertainty.

Although it is unclear whether the House will pass a budget resolution this year, the resolution passed last week by the House Budget Committee raises more questions than it answers. The committee-passed resolution is nominally BBA [Bipartisan Budget Act] compliant, but it would offer a net increase of roughly $18 billion to the defense base budget. It would do so by assuming that $23 billion of overseas contingency operations—what we call OCO funding—would be used for base budget purposes, but it would not increase the BBA top line of $74 million for OCO funding.

My first question is, which OCO beneficiary would end up paying the bill in this shuffle? Would the money come from the portion requested for DOD, that is, the warfighter? Would it come from the State Department, which also receives OCO funding to perform

vital functions in contingency operations? Or would it come from both?

Chairman Price's budget resolution also poses another open-ended question. It appears to allow the chairman of the House Budget Committee to adjust OCO funding levels going forward on the basis of new information, which means that, at some point, supplemental OCO funding could be used to circumvent BBA funding levels.

The DOD, the Congress, has to make hard choices, especially when it comes to balancing force modernization with the very, very critical need that the chairman addressed: to sustain readiness. Would these issues become harder or easier if near-term OCO needs are supplemented by longer-term base budget requirements in fiscal year 2017? How would the DOD prioritize its needs if OCO funding levels are reduced within the BBA top line?

And, most importantly, what poses the greatest risk to national security, providing funding for base budget requirements at the level requested by the President or providing funding for near-term OCO requirements at least initially at levels lower than requested? We need to carefully consider Chairman Price's proposal and every other potential adjustment to the defense budget as we work to build this year's defense authorization bill.

We must also give the Department additional flexibility to reduce excess infrastructure and overhead, to phase out old platforms, and to adjust the healthcare and benefit structure. The President came to us with a budget that focuses on adapting to the threats that we face today and also one that follows the law by conforming to the Bipartisan Budget Act of 2015, including approximately $582.7 billion in discretionary budget authority for the Department of Defense. So, now, we must uphold our end of the deal in Congress.

Thank you all for being here today. I look forward to your testimony.

And thank you again, Mr. Chairman. I yield back.

The CHAIRMAN. I thank the gentlelady.

The committee is pleased to welcome today the Honorable Ashton B. Carter, the Secretary of Defense; General Joseph Dunford, the Chairman of the Joint Chiefs of Staff; as well as the Honorable Mike McCord, the Comptroller and Chief Financial Officer [CFO] of the Department.

Gentlemen, again, welcome to the committee. Without objection, your full written statements will be made part of the record.

And Mr. Secretary, you are recognized for any comments you would like to offer.

STATEMENT OF HON. ASHTON B. CARTER, SECRETARY OF DEFENSE, U.S. DEPARTMENT OF DEFENSE; ACCOMPANIED BY HON. MIKE McCORD, UNDER SECRETARY OF DEFENSE (COMPTROLLER) AND CHIEF FINANCIAL OFFICER, U.S. DEPARTMENT OF DEFENSE

Secretary CARTER. Thank you very much, Chairman Thornberry. Congresswoman Davis, thank you.

Thanks, all the members of the committee. Thank you for hosting me here today.

I want to begin by condemning this morning's bombings in Belgium. Our thoughts and our prayers are with those affected by this tragedy, the victims, their families, and survivors. And in the face of these acts of terrorism, the United States stands in strong solidarity with our ally Belgium. We are continuing to monitor the situation, including to ensure that all U.S. personnel and citizens are accounted for. We also stand ready to provide assistance to our friends and allies in Europe, as necessary.

Brussels is an international city that has been host to NATO [North Atlantic Treaty Organization] and to the European Union [EU] for decades. Together, we must and we will continue to do everything we can to protect our homelands and defeat terrorists wherever they threaten us. No attack—no attack—will affect our resolve to accelerate the defeat of ISIL. I will have more to say about this later in the testimony.

Thank you again for hosting me today and for steadfastly supporting DOD's men and women all over the world, military and civilian, who serve and defend us. I am pleased to be here with Chairman Dunford, Under Secretary McCord, to discuss President Obama's 2017 defense budget, which marks a major inflection point for the Department of Defense.

As I will describe in detail, the threat from terrorism is one of the five challenges, as has been noted, that the United States now faces and will in the future. In this budget, we are taking the long view. We have to, because even as we fight today's fights, we must also be prepared for what might come 10, 20, or 30 years down the road.

Last fall's Bipartisan Budget Act gave us some much-needed stability after years of gridlock and turbulence. And I want to thank you and your colleagues for coming together to help pass it. That budget deal set the size of our budget, and with this degree of certainty, we focused on its shape, changing that shape in fundamental but carefully considered ways to adjust to a new strategic era and to seize opportunities for the future.

Let me describe the strategic assessment that drove our budget decisions. First of all, it is evident that America is still today the world's foremost leader, partner, and underwriter of stability and security in every region of the world, as we have been since World War II. That is thanks in large part to the unequivocal strength of the U.S. military.

And as we continue to fulfill this enduring role, it is also evident that we are entering a new strategic era. Today's security environment is dramatically different from the last 25 years, requiring new ways of investing and operating. Five evolving strategic challenges—namely, Russia, China, North Korea, Iran, and terrorism—are now driving DOD's planning and budgeting, as reflected in this budget.

I want to focus first on our ongoing fight against terrorism and especially ISIL, which as the attacks in Belgium today again remind us, we must and will deal a lasting defeat, most immediately in its parent tumor in Iraq and Syria but also where it is metastasizing, and all the while we are continuing to help protect our own homeland.

Let me give you a quick snapshot of what we are doing to pressure and destroy ISIL's parent tumor in Iraq and Syria. In Iraq, with our support, the Iraqi Security Forces retook Ramadi and are now reclaiming further ground in Anbar Province and are simultaneously shifting the weight of their effort towards Mosul in the north.

With our advice and assistance, Iraqi and Kurdish security forces have begun the shaping and isolation phase of the operation to collapse ISIL's control over Mosul. That was the mission Marine Staff Sergeant Louis Cardin was supporting when he gave his life over the weekend providing critical protection to Iraqi forces and coalition military advisers in northern Iraq. Our thoughts and prayers are with his family and with the other Marines injured in Saturday's rocket attack. Their sacrifice will not be forgotten, and our global coalition will complete the mission they were supporting.

In Syria, capable and motivated local forces supported by the United States in our global coalition have retaken the east Syrian town of Shaddadi. This town served as an important logistical and financial hub for ISIL and a key intersection between its Syria and Iraq operations. In fact, Shaddadi was so important to ISIL that its so-called minister of war was involved in ISIL's defense of the town. We killed him while our local partners expelled ISIL from the town. In doing so, the coalition campaign severed the last major northern artery between Raqqa and Mosul and, therefore, between ISIL and Syria and ISIL and Iraq. And we are intent on further isolating and pressuring ISIL, including by cutting off its remaining lines of communication in southern Syria and into Turkey.

In addition to local forces we are working with, 90 percent of our military and coalition partners from Europe, the Gulf, Asia, 26 countries in all, including, by the way, our ally Belgium, have committed to increase their contributions to help accelerate the defeat of ISIL.

We have increased strikes on ISIL-held cash depots, oil revenues, and sites associated with its ambitions to develop and use chemical weapons. And we are addressing ISIL's metastases as well, having conducted targeted strikes against ISIL in Libya and Afghanistan. As we are accelerating our overall counter-ISIL campaign, we are backing it up with increased funding for 2017, as the chairman already noted, requesting 50 percent more than last year.

Now, before I continue, I want to say a few words about Russia's role in this. Russia said it was coming into Syria to fight ISIL, but that is not what it did. Instead, their military has only prolonged the civil war, propped up Assad, and as of now, we haven't seen whether Russia has retained leverage over Assad to facilitate a diplomatic way forward, which is what the Syrian people need.

One thing is clear, though: Russia's entry into Syria didn't impact our campaign against ISIL. Along with our coalition partners, we are intensifying our campaign against ISIL in both Iraq and Syria and will continue to do so until ISIL is dealt a lasting defeat.

Two of the other four challenges reflect a return in some ways to great superpower competition. One is in Europe, where we are taking a strong and balanced approach to deter Russian aggression. We haven't had to devote a significant portion of our defense

investment to this possibility for nearly a quarter century, but now we do.

The other challenge is in the Asia-Pacific, where China is rising, which is fine, but behaving aggressively, which is not. There, we are continuing our rebalance to the region to maintain the stability we have underwritten for the past 70 years, enabling so many nations to rise and prosper in this, the single most consequential region for America's future.

Meanwhile, two other longstanding challenges pose threats in specific regions: North Korea is one. That is why our forces on the Korean Peninsula remain ready, as they say, to fight tonight; the other is Iran, because while the nuclear accord is a good deal for preventing Iran from getting a nuclear weapon, we must still deter Iranian aggression and counter Iran's malign influence against our regional friends and allies, especially Israel, to which we maintain an unwavering and unbreakable commitment.

Now, addressing all of these five challenges requires new investments on our part, new posture in some regions, and also new and enhanced capabilities. For example, we know we must deal with these challenges across all domains and not just the usual air, land, and sea, but also especially in cyber, electronic warfare, and space, where our reliance on technology has given us great strengths and great opportunities but also led to vulnerabilities that our adversaries are eager to exploit.

Key to our approach is being able to deter our most advanced competitors. We must have and we seem to have the ability to ensure that anyone who starts a conflict with us will regret doing so. In our budget, our capabilities, our readiness, and our actions, we must and will be prepared for a high-end enemy, what we call full spectrum.

In this context, Russia and China are our most stressing competitors, as they have both developed and continue to advance military systems that seek to threaten our advantages in specific areas. We see them in the South China Sea and in Crimea and in Syria as well. In some cases, they are developing weapons and ways of war that seek to achieve their objectives rapidly before they think we can respond. Because of this, DOD has elevated their importance in our planning and budgeting.

In my written testimony, I have detailed how our budget makes critical investments to help us better address these five evolving challenges. We are strengthening our deterrence posture in Europe by investing $3.4 billion for our European Reassurance Initiative [ERI], quadruple what we requested last year.

We are prioritizing training and readiness for our ground forces, a very important matter emphasized very appropriately by the chairman, and reinvigorating the readiness and modernization of our fighter aircraft fleet. We are investing in innovative capabilities, like the B–21 Long Range Strike Bomber, micro-drone, and the arsenal plane, as well as advanced munitions of all sorts.

In our Navy, we are emphasizing not just increasing the number of ships, which we are doing, but especially their lethality, with new weapons and high-end ships, and extending our commanding lead in undersea warfare, with new investments in unmanned undersea vehicles, for example, and more submarines with the ver-

satile *Virginia* Payload Module that triples their strike capacity from 12 Tomahawks to 40.

And we are doing more in cyber, electronic warfare, and space, investing in these three domains a combined total of $34 billion in 2017. Among other things, this will help us build our cyber mission force, develop next-generation electronic jammers, and prepare for the possibility of a conflict that extends into space. In short, DOD will keep ensuring our dominance in all domains.

As we do this, our budget also seizes opportunities for the future. That is a responsibility I have to all my successors, to ensure the military and the Defense Department they inherit is just as strong, if not stronger, than the one I have the privilege of leading today.

That is why we are making increased investments in science and technology, innovating operationally, and building new bridges to the amazing American innovative system, as we always have, to stay ahead of future threats. That is why we are building what I have called the force of the future, because as good as our technology is, it is nothing compared to our people.

And in the future, we must continue to recruit and retain the very best talent. Competing for good people, for an All-Volunteer Force, is a critical part of our military edge, and everyone should understand this need and my commitment to meeting it.

And because we owe it to America's taxpayers to spend our defense dollars as wisely and responsibly as possible, we are also pushing for needed reforms across the DOD enterprise, and we need your help with all of them. From further reducing overhead and excess infrastructure, to modernizing and simplifying TRICARE, to proposing new changes to the Goldwater-Nichols Act that defines much of our institutional organization, as I intend to do shortly, to continuously improving acquisitions.

And on that subject, I want to commend this committee, and especially its leaders, for your continued dedication and strong partnership with DOD on acquisition reform. We have already taken important strides here, such as last year's reforms to reduce redundant reporting requirements and documentation. And as you are looking to do more, so are we.

Chairman Thornberry, I know you laid out new proposals on this last week. Some of what you are proposing would save us critical time in staying ahead of emerging threats. That is very important, and we appreciate that. It is extremely helpful.

And I know this is just a draft, and I appreciate that you put it out there for discussion. In that regard, I have to say that, in the current draft, there are some things that are problematic for us, so I am also hopeful that we can continue to work with you on your proposals to ensure that DOD has the flexibility needed to apply the principles in your work to addressing all the diverse acquisition challenges we have to solve for our warfighters.

I appreciate your willingness to hear our ideas as well, including ways to make it easier for program managers to do their jobs, and involving the service chiefs more in acquisition decisionmaking and accountability. And I look forward to working together as we have before.

Let me close on the broader shift reflected in this budget. The Defense Department doesn't have the luxury of just one opponent

or the choice between fights, between future fights and current fights. We have to do it all. That is what this budget is designed to do, and we need your help to succeed.

I thank this committee again for supporting the Bipartisan Budget Act that set the size of our budget. Our submission focuses on the budget shape, making changes that are necessary and consequential. We hope you approve it.

I know some may be looking at the difference between what we indicated last year we would be asking for and what the budget deal gave us: a net total of about $11 billion less is provided by the Bipartisan Budget Act out of a total of almost $600 billion. But I want to reiterate that we have mitigated that difference and that this budget meets our needs.

The budget deal was a good deal. It gave us stability. We are grateful for that. Our greatest risk, DOD's greatest risk is losing that stability this year and having uncertainty and sequester return in future years. That is why, going forward, the biggest budget priority for us strategically is Congress averting the return of sequestration to prevent what would be $100 billion in looming automatic cuts so that we can maintain stability and sustain all these critical investments I have been speaking of.

We have seen this before, and that same support coming together is essential today to address the security challenges we face and to seize the opportunities within our grasp. As long as we work together to do so, I know our national security will be on the right path and America's military will continue to defend our country and help make a better world for generations to come.

Thank you.

[The prepared statement of Secretary Carter can be found in the Appendix on page 67.]

The CHAIRMAN. Thank you, sir.

General Dunford.

STATEMENT OF GEN JOSEPH F. DUNFORD, JR., USMC, CHAIRMAN, JOINT CHIEFS OF STAFF

General DUNFORD. Chairman Thornberry, Congresswoman Davis, distinguished members of the committee, good morning and thanks for the opportunity to join Secretary Carter and Secretary McCord in appearing before you.

I would like to begin by echoing Secretary Carter's comments on the loss of Staff Sergeant Cardin; his family, the eight other Marines who were injured this weekend, and the victims of this morning's attack in Brussels are in our thoughts and prayers.

I am honored to represent the extraordinary men and women of the joint force. Our soldiers, sailors, airmen, marines, and civil servants remain our single most important competitive advantage. And thanks to your support, the United States military is the most capable fighting force in the world.

I don't believe we should ever send Americans into a fair fight. Rather, we must maintain a joint force that has the capability and credibility to assure our allies and partners, deter aggression, and overmatch any potential adversary. This requires us to continually improve our joint warfighting capabilities, restore full-spectrum

readiness, and develop the leaders who will serve as the foundation for the future.

The United States is now confronted with challenges from both traditional state actors and non-state actors. The Department has identified five strategic challenges, and Secretary Carter has outlined those. Russia, China, Iran, and North Korea continue to invest in military capabilities that reduce our competitive advantage.

They are also advancing their interests through competition with a military dimension that falls short of traditional armed conflict and the threshold for traditional military response. Examples include Russian actions in Ukraine, Chinese activities in the South China Sea, and Iran's malign influence across the Middle East.

At the same time, non-state actors, such as ISIL and Al Qaeda, pose a threat to the homeland, the American people, our partners, and our allies. Given the opportunity, such extremist groups would fundamentally change our way of life. As we contend with the Department's five strategic challenges, we recognize that successful execution of our defense strategy requires that we maintain credible nuclear and conventional capabilities.

Our strategic nuclear deterrent remains effective, but it is aging and requires modernization. Therefore, we are prioritizing investments needed for a safe, secure, and effective nuclear deterrent. We are also making investments to maintain a competitive advantage in conventional capabilities, and we must further develop capabilities in vital and increasingly contested domains of space and cyber space.

As the joint force acts to mitigate and respond to challenges, we do so in the context of a fiscal environment that has hampered our ability to plan and allocate resources most effectively. Despite partial relief by Congress from sequester-level funding, the Department has absorbed $800 billion in cuts and faces an additional $100 billion of sequestration-induced risk through fiscal year 2021.

Absorbing significant cuts over the past 5 years has resulted in our underinvesting in critical capabilities. And unless we reverse sequestration, we will be unable to execute the current defense strategy and specifically to address the challenges that Secretary Carter outlined in his remarks.

The fiscal year 2017 budget begins to address the most critical investments required to maintain our competitive advantage. To the extent possible, within the resources provided by the 2015 Bipartisan Budget Act, it addresses the Department's five challenges. It does so by balancing three major areas: investment in high-end capabilities; the capability and capacity to meet our current operational demands; and the need to rebuild readiness after an extended period of war. In the years ahead, we will need adequate funding levels and predictability to fully recover from over a decade at war and delayed modernization.

A bow wave of procurement requirements in the future include the *Ohio*-class replacement, continued cyber and space investments, and the Long Range Strike Bomber. It will also be several years before we fully restore full-spectrum readiness across the services and replenish our stocks of critical precision munitions. And I know the committee has heard from the service chiefs on the specifics of that readiness recovery.

In summary, I am satisfied that the fiscal year 2017 budget puts us on the right trajectory, but it will take your continued support to ensure the joint force has the depth, flexibility, readiness, and responsiveness that ensures our men and women never face a fair fight.

Once again, thank you for the opportunity to appear before you this morning, and I look forward to your questions.

[The prepared statement of General Dunford can be found in the Appendix on page 104.]

The CHAIRMAN. Thank you, sir.

Mr. McCord, I understand you do not have an oral statement. Is that correct?

Secretary MCCORD. That is correct, Mr. Chairman.

The CHAIRMAN. I appreciate you being here today as well.

Mr. Secretary, I think you are exactly right to condemn the attacks in Brussels, and you are exactly right to express sympathy for the victims. I think the question especially for this committee but for the American people is, okay, what are we going to do about it?

And in last year's bill, section 1222 asked the administration to provide a strategy for how we were actually going to implement the President's stated desire to degrade and destroy ISIS [Islamic State of Iraq and Syria]. And as I mentioned, it has been radio silent. We have heard not a word from anybody.

Now, to be fair, it is not just a matter for the Department of Defense. It is not just the military who will defeat ISIS, and the requirement in law was not just directed to the Department of Defense. But do you have any idea when we might see a strategy on how to beat ISIS?

Secretary CARTER. Well, thank you, Mr. Chairman.

And you are right: the Brussels attacks reinforce our need to accelerate the defeat of ISIL. We have a strategy for doing so. I will describe it in a moment. The strategy document, the strategy report you are asking for, its delivery is imminent. It is a DOD-plus-others document, and we will get that to you.

But the strategy in brief is this, and then I will connect it to the Brussels attacks. I was describing the campaign in Iraq and Syria, which we are accelerating, and, Mr. Chairman and members, we are looking for more opportunities to do so. We found opportunities. I expect us to find more opportunities in the future.

We want to accelerate the defeat of ISIL in Iraq and Syria. Why? Because that is what I call the parent tumor of the cancer. That is where it started. And if we can expel ISIL from Raqqa and Mosul, that will show that there is no such thing as an Islamic State based upon this ideology. So that is necessary, but it is not sufficient.

We also need to destroy ISIL in the places to which it has metastasized around the world. And to get to the Brussels attack, that reminds us—and the report will also, by the way—that important as the military effort is, essential as it is and committed as we are to that in the Department of Defense, the Chairman and I and everybody else, it is necessary, but it is not sufficient.

We need the intelligence. We need the homeland security. We need the law enforcement. And so do our partners because of the

kind of thing you saw in Brussels this morning. So we have the strategy. We will produce the strategy—the report based on that. We need your help.

And in that connection, finally, if I just may add a note, Mr. Chairman, an appeal, we have before this committee and three other committees some reprogramming requests that are relevant to our ability to carry out the campaign in both Iraq and Syria.

And, as you know, according to the rules, if we are going to do a reprogramming, we have to ask the permission of this committee and three other committees. We have done so. So far, we have gotten different answers from everybody, which is fair enough, but if you can help us, we need to get across the finish line quickly. We have got to be agile in the defeat of ISIL, and that means we need to be agile in this matter of reprogramming as well. I appreciate your help in that regard.

Let me ask the Chairman if he wants to add anything about the overall strategy.

The CHAIRMAN. Mr. Secretary, on the reprogramming, I think all of us would feel better about a reprogramming if we knew what direction we were going, which is why in last year's bill, the request was: Okay, tell us how you are going to do this. And then, as you want to move money around and a variety of other things, I am sure there will be lots of support. But until there is some sort of coherent direction on how we are going to beat these guys, then I think it is harder to have that conversation.

Let me just ask you one other thing because I know other members will want to continue to explore that topic. You were exactly right, as was Chairman Dunford, in expressing sympathy for the loss of the marine over the weekend.

I am getting an increasing number of questions about the troop cap levels, which exist in both Iraq and Afghanistan, because, as I understand it, there are some people who are subject to the troop caps, and then there are some people who rotate in for a short amount of time that are not subject to the troop caps.

And the argument is that if you are rotating people in every 30 days, or whatever it is, to keep below the troop caps, then the people who are rotating in are not going to have time to get acclimated to the environment and may be at increased risk. The other argument I have heard is that when you have these artificial troop caps, you don't bring in the force protection that you would in other situations where you are not subject to those troop caps.

So, I guess, my question to you is, do you believe there is reason to be concerned that these artificial troop caps in Iraq and in Afghanistan lead to increased risk for our service members?

Secretary CARTER. Thanks, Mr. Chairman.

First of all, with respect to the troop cap numbers, there has been no change in that regard, and you are right: people who are temporarily assigned—and this has been true for here and in Afghanistan for some time—they, under the caps, are counted differently, as you well know. And I can't go into it in detail here, where each and every unit is, but we do provide that to the committee and so you can have that, not in this setting.

But to get to the substance of what you said about everybody—I will get the Chairman to comment on this too—everybody that is

in Iraq is properly trained for the mission, that included the Marines there. And to force protection, that was, in fact, their mission.

What they were doing was helping to protect the staging area near Makhmur, where we are and our coalition partners are helping the Iraqi Security Forces, some of the brigades that will constitute the envelopment force of Mosul. So that is part of the preparation for operations against Mosul, and precisely what they were doing was protecting that position.

That was a necessary task. We are very sorry about the loss of this member in accomplishing that necessary task, but it was necessary because we needed to position them there. And these Iraqi Security Forces, who in the end will be the force that both takes and holds Mosul, they need to be trained, and they need to be positioned near Makhmur. That is what was going on there.

Let me ask the Chairman if he wants to add anything.

General DUNFORD. Mr. Chairman, to your specific question about have we compromised force protection or other critical capabilities as a result of the force cap, I can tell you we haven't done that. And I have routinely engaged Lieutenant General McFarland and commanders on the ground and asked them, is there something else you need? In fact, I will see General McFarland again this afternoon, have the same conversation with him.

To date, we haven't had any requests that we have gone to the President with—and this is now over the last several months—for capabilities that has been denied. We are in the process right now of bringing forward recommendations for increased capability as a result of operations in Mosul, Raqqa, and elsewhere, so we can maintain a momentum and accelerate the campaign.

But at this time, Chairman, I don't have concerns that we have not put forces on the ground that have impacted either our force protection, CASEVAC [casualty evacuation] capability, or any of those things. We build a force from the bottom up with those in mind.

The CHAIRMAN. Well, I appreciate that, General.

To me, it makes no sense to put artificial troop caps in any place. The question is, what does it take to do the mission? And I know, just as I trust you to continue to follow this question, it is something that the committee wants to continue to follow as well.

Last question. General, you heard some of my comments earlier about the readiness issues. Let me just offer a handful of other quotes on the record. General Neller said our aviation units are currently unable to meet our training and mission requirements primarily due to ready basic aircraft shortfalls.

General Milley and General Allen have testified, less than one-third of Army forces are at acceptable levels of readiness. The readiness of the United States Army is not at a level that is appropriate for what the American people would expect to defend them.

Last week, Secretary James: Less than half our combat forces are ready for a high-end fight. And she later said: The Air Force is the smallest, oldest, and least-ready force across the full spectrum of operations in our history.

Do you agree that we have a significant readiness problem across the services, especially for the wide variety of contingencies that we have got to face?

General DUNFORD. Mr. Chairman, I do. And I think those are accurate reflections of the force as a whole.

From my perspective, there are really three issues: there are the resources necessary to address the readiness issue; there is time; and then there is the operational tempo. And the readiness challenges that we are experiencing right now are really a result of several years of unstable fiscal environment as well as extraordinarily high operational tempo. And it is going to take us some years to get out of the trough that we are in right now.

What I am satisfied with in this year's budget, fiscal year 2017, is that we have met the requirements from a fiscal perspective that the services have identified for readiness. In other words, we can't buy our way out of the problem in fiscal year 2017 with more money because of the aspect of time and operational tempo.

I think the service chiefs probably also identified to you, Mr. Chairman, and the committee, that in the case of the Army, the Navy, and the Marine Corps, it will be sometime around fiscal year 2020 before they address their current readiness challenges. And the Air Force is projecting horizon as late as fiscal year 2028 before they come out of the challenge.

And part of that is, again, operational tempo and resources and time. And some of it is what you saw in your recent visit down in the 2nd Marine Aircraft Wing where depot-level maintenance has been backlogged. What you saw in the Marine Corps, I think, reflects in some part what you will see in all the services, perhaps not to the same degree as Marine aviation, but that same dynamic exists in each one of the services and reflects in the comments that you heard before the committee.

The CHAIRMAN. I will just say, I think it is important for us and for you all to continue to not only watch this issue but really understand down deeper what is happening. Statistics are one thing, but you talk to these folks eyeball to eyeball and the sense of frustration and concern is very evident.

Thank you for your answers. I yield to Mrs. Davis.

Mrs. DAVIS. Thank you. Thank you, Mr. Chairman.

Again, thank you both for your extraordinary service to our country.

I wanted to go back for a second to the questions that I raised in the opening statement because I think we grapple with that here. And I know that we are going to be talking about OCO funding down the line, overseas contingency, and the Bipartisan Budget Act as well.

You stated, as you just did, equipment is one thing but well-trained personnel and leadership are quite another, and the latter do take time. And so we need to work this as best we can. In the statement I offered, what you have said quite, I think, clearly, that modernization and readiness of our force structure is where your tradeoffs are going in the budget process. And I am wondering, would the Department's tradeoff choices become harder or easier if OCO needs are supplemented by base budget requirements within bipartisan budget compliant top line? Is that helpful? What poses the greatest risk really to our national security, providing funding for base budget requirements at the level requested by the Presi-

dent or providing funding for near-term OCO requirements at least initially at levels lower than requested?

One of the things that I was just going to say, Mr. Secretary, that I know you have said so well here is that under the best of all possible worlds, we would be funding the base budget at the level that we need, including OCO for very specific oversea contingencies. But that is not exactly where we are right now. And we have to be certain that other budget requirements, whether it is in the homeland security, whether it is in—wherever that may be are also working well within our budget as we move forward.

Secretary CARTER. Well, you are right: generally speaking, the base and the OCO budgets have different managerial purposes. The base budget is for things that are enduring, meeting enduring requirements, and OCO is for the variable costs associated with urgent ongoing operations. That is still largely true, but it is not completely true.

And to get to your question, one of the ways that we were able to mitigate the difference between what we last year planned in our 2017 budget and what the bipartisan budget agreement provided us, was to use some OCO, about $5 billion net. And that is one of the things that bought down that risk associated with that difference, but it is only one way that we did that.

We also benefitted, by the way, from fuel costs, different inflation indices than we expected. And what we did with the remaining—to get to your point of what do we do to accommodate the Bipartisan Budget Act, that $11 billion change, we took it out of some procurement accounts, some aircraft, and some smaller programs. We took it out of MILCON [military construction].

Let me tell you what we didn't do to accommodate that difference between the BBA and what we planned on last year. We didn't take it out of military compensation, any of our service members' compensation. We didn't take it out of readiness, out of the readiness recovery plans that the Chairman has referred to. We didn't take it out of any of our major acquisition programs, stop any of them, break any multiyear contracts. And we didn't change any of our end-strength numbers, targets, as a result of that.

So that is how we accommodated the $11 billion, and that is the reason why the Chairman and I say, that part we managed to mitigate and bring forward a budget that meets our needs. Our worry is in the future and with the $100 billion cuts that we face. And wherever they come from in the accounting, that is the biggest strategic risk to us.

Mrs. DAVIS. General Dunford, did you want to——

General DUNFORD. Congresswoman, the thing I would probably add is, you talked about modernization over force structure. And, frankly, this year, as we focused on capability enhancements, it was really as a result of 3 or 4 years of not addressing those and realizing that we were losing our competitive advantage against the peer competitors that I mentioned, the Russias, the Chinas, and even in this case of North Korea and Iran.

And we knew, were we not to make those capability investments this year, if you look out 3 to 4 or 5 years, we would not be where we needed to be. So, from my perspective, it isn't so much force structure over modernization; it is trying to get within the top line

that we have the right balance between force structure and capability in today's force, with sufficient investment in tomorrow's force to make sure that the force that we have today that I am proudly able to say is the best in the world is the best in the world in 2021 and 2022.

And that is why I think the Secretary directed us this year to make a slight course and speed correction in terms of how we were investing our funds to get better balance between today's fight and tomorrow's fight.

Mrs. DAVIS. Yeah. And I think, Mr. McCord, as well, I think what may be understandable in terms of the defense budget isn't necessarily understandable to folks that are looking at their budgets in other departments, and that is partly where the rub comes.

Secretary MCCORD. I think that is correct, Mrs. Davis.

And just one point on your earlier question. To get a marginal maybe increase in OCO this year without knowing if we could count on it in the future is pretty sub-optimal for us in terms of being able to plan and use that money as effectively as we might. If we knew that the requirement would be taken care of permanently, that is much better for us.

Mrs. DAVIS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Jones.

Mr. JONES. Mr. Chairman, thank you.

Mr. Secretary, I am going to take you in a different direction, totally different subject. I want to personally thank you and especially thank Secretary Robert Work. I spent 13 years of my life trying to clear the names of two Marine pilots who crashed a V–22 Osprey in Marana, Arizona, on April 8 of the year 2000.

Secretary Carter, I want to thank Secretary Work publicly because he did something that I could not get the Marine Corps to do, and that is to look openly and evaluate the information that we had put together working with experts. Many of those were Marine pilots themselves. There were aeronautical engineers who came to the aid of saying that at the time, if you remember, that Secretary of Defense Cheney wanted to scrap the V–22 program. There was a lot of pressure. There was a lot of push by the Marine Corps to make sure that the V–22 was their plane for the future.

When I reached out and found Secretary Work, he spent the time to meet with me and spent several hours, days, researching all the information that we had put together. A team of experts helped me to put it together. And then he came back with his evaluation that the record needed to be corrected, that it was unfair to Colonel John Brow, pilot, and Major Brooks Gruber, copilot, whose wife brought this to my attention in the year 2002.

And I want to say today that you have brought peace—Secretary Work and you—have brought peace to the families of John Brow and Brooks Gruber. And I believe sincerely that John Brow and Brooks Gruber are now resting in their graves, and they are resting peacefully because of what you and Secretary Work have done.

This has gotten national attention. And I have talked to Trish Brow, and I have talked to Connie Gruber. They are hearing from marines who are now retired. They are hearing from friends from years passed who have said "Hallelujah" that now the truth is

known and those two pilots will not take the blame for what was unfair at the time of the accident.

So I want to thank you publicly and thank Deputy Secretary Robert Work, because the truth is now known that they were not responsible for that accident. It was a combination of many, many factors. So I will give you a chance to respond, and then I will yield back the balance of my time.

Secretary CARTER. Thank you so much. I appreciate you saying that. I am glad that the families are able to be at peace now, and I will pass that on to Secretary Work, my excellent Deputy Secretary. I am pleased to hear you say that about him, but I am not surprised.

Mr. JONES. Thank you, sir.

I yield back the balance of my time.

The CHAIRMAN. Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. Secretary, I think you have an obligation, certainly a right, to respond to something that former Deputy Director of CIA [Central Intelligence Agency] said yesterday in response to a question. He said that ISIL is winning, and he said based on two assessments: one, although there is less caliphate territory, they seem to be spreading their influence beyond the caliphate territory; and then, of course, in direct reference to the attacks in Brussels.

So I wanted to get your assessment about whether you think ISIL is winning, and if not, your assessment of the former Deputy Director of CIA's comments.

Secretary CARTER. I am not familiar with those comments.

And as far as the campaign is concerned, I am confident that we will defeat ISIL and that we have the momentum of the campaign in Iraq and Syria. I gave you some of the details about that. And we are prepared to give you much more. We are doing more. We are actually looking to do yet more than that. And I am confident that that will result in the defeat of ISIL in Iraq and Syria. And as I said, that is necessary. It is not sufficient, as the attacks in Belgium suggest.

And let me ask if the Chairman wants to add anything to that. But ISIL will be defeated. We have a strategy to do that. I am sorry the report hasn't gotten to you but will shortly, and I am confident that strategy will succeed.

General DUNFORD. Congressman, first, I am not complacent about the threat of ISIL. And I recognize the spread of ISIL particularly over the last 15, 18 months transregionally or globally.

With regard to Syria and Iraq, in October I appeared before the committee, and at that time, I think it was fair to say that ISIL had the momentum. Since that time, they not only have less territory, they have less resources. They have less freedom of movement. We have reduced the number of foreign fighters that are actually able to flow back and forth. And, frankly, I think their narrative is less effective than it was some months ago.

But this is a long fight. And I am confident in telling you that we have the momentum today. I am also confident in the end state that Secretary Carter identified. But this morning was another reminder that there is a long fight ahead, and it will require not only the military effort to deny sanctuary to the enemy in Syria and

Iraq, to limit their freedom of movement, to build the capacity of regional partners, which is what we are doing, but it will require a much greater cooperation amongst intelligence organizations from nations.

There are over 100 nations that have foreign fighters in Syria and Iraq with over 30,000 foreign fighters. So the cooperation of all those countries and the intelligence organizations, law enforcement officials, as well as the military coalition that we put together in Iraq and Syria and conducting operations elsewhere, is all going to be critical. And it is going to take some time before we get there.

But I am confident, at least today, that we have the momentum in Iraq and Syria. And we are increasingly taking actions outside of Iraq and Syria to make sure that we also keep pressure, as we have tried to keep pressure on Iraq, on the enemy simultaneously across both of those countries. It is going to be necessary that we do the same thing transregionally.

Mr. LARSEN. I am going to move to the budget and talk about taking the long view.

Unfortunately for you, you don't get to be here for the implementation of the long view and to help us deal with the actual long view. And we have been having this debate a little bit, and Mrs. Davis touched upon it. And I am just wondering how you envision affording these incredibly expensive programs that we have outside, not just outside of this budget but outside of the 5 years and even 10. Nuclear modernization is one of those, but it is not the only one where we are going to be called upon, if we have the fortunate success of staying here, to resolve and solve.

Secretary CARTER. Well, we can afford all of those. We wouldn't have started them if we didn't think we could complete them. However, we are assuming when we do so that we will continue to have budget stability. If there is instability or sequester, as I said, and I think the Chairman just said, we are going to have to fundamentally reassess our ability to meet our needs, not only in the long run but in the short run.

And you are right: it will be future Congresses and future administrations who carry that burden. I hope that they continue to give us budget stability as we have had now for 2 years. That is what the country needs. That is what our Department needs. That is what, by the way, what every department trying to administer programs needs.

But if we snap back to the sequester cuts, we are going to have to reconsider all of these programs. We need them and therefore we need the stability. Chairman.

Mr. LARSEN. That is fine. I thank you, Mr. Chairman.

I yield back.

The CHAIRMAN. Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman. And thank all of you gentlemen for being here.

General Dunford, it is always an honor to have the top uniformed officer in the United States before us, and so I am going to direct my questions to you since I only have 5 minutes. And I would like to first ask you a question we have been asking all of our officers before us. Did you submit your written remarks to any-

one for approval or review other than someone under your direct command before you had to come before us?

General DUNFORD. Congressman, I did submit my remarks to the Office of Secretary of Defense as well as Office of Management and Budget. No changes were made in my written remarks as a result of that review.

Mr. FORBES. Now, one of the things that I heard you just say in response to the chairman was you said that your readiness concerns were based on an unstable fiscal environment. And one of the concerns I always have, we wrestle within this committee, is simply this: when we look at whether strategy is driving the budget, the President's budget, or whether the President's budget is driving strategy, the question is, which one of them are predominant?

Is it the strategy that is predominant in driving the President's budget, or is it the President's budget that is predominant in driving the strategy?

General DUNFORD. Congressman, I think this year, it is fair to say that within the top line that we were given——

Mr. FORBES. No. For the last several years, just as a rule, is it the strategy that is more predominant in driving the budget or the budget that is more predominant in driving the strategy?

General DUNFORD. I would say if you go back to the last few years and particularly look at sequestration in 2013, the fiscal environment has had a bigger impact than the budget.

Mr. FORBES. So, then, when we have constantly asked people that have come in here, many people from the Pentagon, saying that the budgets are in line with the strategy, then what you are saying is basically that it has been the budget that has been driving our strategy?

General DUNFORD. Congressman, let me—if I can give you just a little bit of a nuanced answer, here what I am confident in saying. Today, we have a defense strategy that calls for us to defeat an enemy, to deny another adversary, to protect the homeland, as well as deal with violent extremism. I am confident in fiscal year 2017 that we will be able to do that——

Mr. FORBES. All right.

General DUNFORD [continuing]. With risk.

Mr. FORBES. Let me ask you this. And I don't mean to cut you off. I only have 3 minutes. I am looking at a document here that was signed by President Obama on January 3, 2012, for the Defense Guidance, and he says specifically in here: This guidance was requested to guide the spending over the coming decade. Then I have it signed on January 5, the Defense Guidance, by Secretary Panetta, and this is what over and over again people who have been coming in here pointing to and saying this has been directing their spending. And then we had, in 2014, the Quadrennial Defense Review. Over and over again, people have sat where you are sitting and have said that this has guided the spending of the Department of Defense.

Has the Department of Defense been following the President's guidelines and been basing their spending on these two documents?

General DUNFORD. We have, Congressman, but what we have been doing is living year to year and deferring modernization that is going to cause a build in the out years, so——

Mr. FORBES. And I understand that. Now, let me ask you this, because these documents are based on certain assumptions. Did either of these two documents account for the rise of ISIL?

General DUNFORD. They did not.

Mr. FORBES. Did either of these two documents assume that U.S. forces will no longer be in Iraq and Afghanistan?

General DUNFORD. They did not.

Mr. FORBES. And, in fact, we do have forces still in Iraq and Afghanistan.

Did either of these two documents assume that we would reset our relationship with Russia and that we would be able to cooperate with them?

General DUNFORD. We did not foresee Russia's current actions in those documents.

Mr. FORBES. So the assumptions made for these two documents were not correct with the Russians, right?

General DUNFORD. With regard to Russia, that is correct.

Mr. FORBES. Did either of these two documents account for China's aggressive behavior in the South China Sea?

General DUNFORD. Not to the extent that we have seen it, Congressman.

Mr. FORBES. Now, with that, wouldn't it be fair to say if the assumptions that these assumptions were based upon were invalid or wrong, that the strategy would also have been invalid or wrong?

General DUNFORD. The strategy needs to be refined, and we are in the process of doing that. That is correct, sir.

Mr. FORBES. And, also, General Odierno, when I asked him that question right after these were put into place, he said: We struggle to even meet one major contingency operation. It depends on assumptions. And I believe some of the assumptions that were made are not good assumptions; they are unrealistic and very positive assumptions.

Yet these are the two documents that helped guide the President's budget in 2014, 2015, 2016, and 2017. So wouldn't it be fair, General, for us to say that, instead of just the unstable fiscal environment, that a big part of the reason we are in the current situation we are in is because the President's strategies were based on faulty assumptions?

General DUNFORD. This year, Congressman, we——

Mr. FORBES. I am talking about the last several years leading up to this. This year's budget is not putting us in the situation that the chairman talked about.

General DUNFORD. If you are asking, did we foresee the current conflict with ISIL and Russia——

Mr. FORBES. I am asking you, wouldn't it be fair to say that rather than just fiscal instability, that the reason we are in the problem is because of a faulty strategy?

And, with that, Mr. Chairman, I know my time is up, and I yield back.

The CHAIRMAN. Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman.

And thank you to both witnesses for your service and your testimony today. I just have a couple quick questions.

And, Secretary Carter, Admiral Stavridis, retired admiral, Under Secretary Stackley, Secretary Mabus have all appeared over the last couple of weeks, and we have talked about this question of the long view of the undersea fleet, which Admiral Harris and General Breedlove said at this point are kind of playing zone defense out there because of what is happening in the Pacific and the North Atlantic.

Again, this is a good budget in terms of investing, as you point out, in shipbuilding or submarine building, but down the road, you know, there is a possibility that we are going to see a dip at probably the worst possible time. And so I guess the question is, do you agree that this is an issue that we need to work on, as Secretary Stackley has promised, so that we, again, are able to keep our eyes focused on the long view in terms of that emerging challenge?

Secretary CARTER. I do agree with that. Our undersea capability is a critical strength of the United States. We need to keep that strength and extend that strength. And I think the biggest issue we are going to face beginning in the 2020s is the beginning of the *Ohio*-class replacement, and that is the building, once again, of SSBNs [ballistic missile submarines] as well as attack submarines, SSNs, which we are doing today. And we have been stressing now for several years we are going to need some consideration of the need to recapitalize our undersea nuclear deterrent, because that can't be done at the expense of the rest of the undersea fleet or we will erode our dominance, so that is going to—that is a major issue that is looming in the 2020s.

Mr. COURTNEY. Thank you. And, again, we think—you know, we have found some ways to use different authorities, multiyear procurement, et cetera, to try and, again, maximize every efficiency to help in that effort. And, again, Secretary Stackley emphasized that when he appeared before the committee.

I would like to shift gears for a second. First of all, I want to thank you for your comments regarding what happened in Brussels yesterday, and also noting that Brussels is actually the home of NATO, and, you know, there is a lot of work that takes place in that city which is extremely important in terms of our national defense. Yesterday, the frontrunner for the Republican nomination told the Washington Post, NATO was set up at a different time; I think NATO as a concept is good, but it is not as good as it was when it first evolved.

In your testimony, I counted three instances—the fight against ISIL, the continuing efforts in Afghanistan, and also the European Reassurance Initiative—where NATO is absolutely at the center of our military strategy and operations. Is NATO relevant today? I mean, I guess we need to ask that question, given what is out there in the public domain.

Secretary CARTER. Well, let me begin by saying the following, and I have said this before, and I am going to say this again and again in the course of the year: I recognize that this is an election year. I will not speak to anything that is in the Presidential debate. I believe that our Department has a tradition of standing apart, and I very much value and respect that tradition, and so I am going to, with great respect, decline to answer any question that

is framed in those terms and, by the way, also not have General Dunford or any of our, especially of our uniformed officers——

Mr. COURTNEY. So I agree, and I respect that. And I guess the question I would ask, then, is that the European Reassurance Initiative, that funding, again, is going to flow through the NATO structure. I mean, that is not a, you know——

Secretary CARTER. It is. It is. It is. And securing our NATO partners from particularly Russian aggression is the principal purpose of the European Reassurance Initiative.

With respect to the counter-ISIL fight, the NATO allies as individual countries are members of the coalition. The question has arisen whether NATO as a group should also be a member of the coalition, and that is being discussed right now with NATO. The reason for that being that NATO has some force generation capabilities that no individual country has, and that is the reason why the question arises whether it can play a role in the counter-ISIL fight.

Mr. COURTNEY. Thank you for those answers.

The CHAIRMAN. Mr. Miller.

Mr. MILLER. Thank you very much, Mr. Chairman.

General Dunford, looking back at the 2012–2014 Strategic Guidance and Defense Reviews, what specifically has changed in the geopolitical world? And based on those changes, is it safe to say that we need to look at—following on what Mr. Forbes said—recalibration or resizing of our current forces?

General DUNFORD. Congressman, thanks. I would say that the most significant changes: one has been Russia; two has been the rise of ISIL. We talked about the behavior of China in the South China Sea, and certainly the capability development of North Korea have all been a concern. Iran remains a concern, but, quite frankly, the trajectory that they have been on was predictable even as those strategy documents were written, and so I think we accounted for Iran; but in the four other areas, we have seen either capability development or behavior or a combination of the two that have significantly changed the operating environment over the last few years.

Mr. MILLER. And I do think it is important that the American people understand the guidance that was used to set the size and shape of the force, and the current guidance, as you have already stated, said to defeat a regional adversary and deny another aggressor in the another region. However, in your written statement, you stated that, quote, "The joint force will be challenged to respond to a major written contingency," unquote, and that, quote, "Capability and capacity shortfalls would be particularly acute if the force were called to respond to a second contingency on an overlapping timeline."

So I would think that this might suggest that there is a significant risk that the joint force wouldn't even be able to execute a single major contingency operation. Is that true?

General DUNFORD. Congressman, our assessment is we can meet the requirements of a single contingency. There is significant risk in our ability to do that, certain capability areas would be particularly stressed, but we can accomplish the objectives, albeit with much more time and probably casualties than we would like.

Mr. MILLER. The guidance calls for sufficient forces to execute, as you just said, two contingency operations, defeating one aggressor and denying the other. So, you know, if you put it in a real world scenario, could the current force today defeat a North Korea and deny Russia while at the same time defending the homeland?

General DUNFORD. Congressman, we would be challenged to do those three things. Our assessment is we can do that, again, but it would take more time, particularly in the case of North Korea. It would take more time, and we would see more casualties than we would want to have.

Mr. MILLER. So the Department has cut the end strength and the force structure on the assumption that it did have the sufficient forces to carry out the assumptions that are there. So, given the current strategic environment, will the Department need to revisit the force size and guidance?

General DUNFORD. Congressman, just to be clear, in terms of cutting force structure, my perspective is, you know, force structure is one element, but what is most important is that the force structure that we have has the proper resourcing to be well trained and well equipped. And so what I believe we have done inside the budget is we have got the force structure that is affordable within the top line that we have, and we can achieve the balance between the training, the resourcing, the modernization, the infrastructure support, and the force structure, all those things have to be combined. And so, you know, my assessment is that we are trying to get the balance right as opposed to saying that the current force structure is absolutely the best force structure we could have.

Mr. MILLER. Thank you.

I yield back.

The CHAIRMAN. Ms. Tsongas.

Ms. TSONGAS. Thank you, Mr. Chairman.

And welcome to our guests. It is always good to have you before us. And I think today's tragic events in Brussels really are a stark reminder of the many challenges that you all deal with every day and that we are here to support you with. And I especially appreciated both your comments on the need for budget stability as you deal with the challenges of today, but also with the need to look forward, because as we all know, and I remember a previous chairman, Ike Skelton, always commenting upon, that we plan for today but we never quite know where the next challenge is going to come from. And in the world we live in today, it is clear that they can come from many, many different places.

But, Secretary Carter, I also wanted to thank you for the emphasis that you have placed in this year's budget on research and development, really knowing that it is key to maintaining our technological edge, that in this rapidly changing environment, we have got to maintain our investments. And as many on the committee know, defense-related research and development has faced a disproportionately large cut over the past several years, far more than has been required under the Budget Control Act. So I was especially encouraged to see that the Department will be investing in two new facilities at MIT's [Massachusetts Institute of Technology's] Lincoln Lab. As you know, the lab has provided the Department with breakthrough advancements for decades, and I thank

you for your support of the lab's revitalization and the important role that it plays in the Massachusetts innovation ecosystem. It is part of something much larger.

But I would like to turn to the issue of sexual assault prevention and response in the military. I have been troubled by a number of stories, including a series in the AP [Associated Press] and recent stories in the Washington Post, about senior officer sexual assault cases, which have called into question the transparency of the military justice system and the services' willingness to pursue allegations against officers. I understand that the Military Justice Review Group's proposal that was shared with this committee by the Department gives the Department 2 years to come up with a design for an online system of tracking cases and 2 years to implement that system. And I would encourage the Department to work with all speed to make the military justice system as transparent as possible. And I hope the Department will make the system open to survivors and the public as you move ahead.

But we have all heard the troubling accounts of victims of military sexual assault who are later retaliated against, those who seek recourse through the system of justice. Some 62 percent of victims have experienced social or professional retaliation, according to the Department's own survey data. And I have also read the Judicial Proceedings Panel recommendation to implement a standard retaliation reporting form. It is imperative to me that the Department track these incidents and hold those responsible accountable. It is key to maintaining the unit cohesion and all that is part of readiness as well.

So my questions are, Secretary Carter, what is the Department doing to ensure service members who report sexual assault aren't retaliated against?

Secretary CARTER. Thank you very much for that question. And sexual assault is unacceptable anywhere in society, but it is particularly unacceptable in our military, and the reason is this: the profession of arms is based upon trust, and it is based upon honor, and sexual assault erodes both honor and trust and, for that reason, is completely unacceptable at any level.

Moreover, to get to your point, as we study that question more and take more action—and I am not happy that there is sexual assault in the military, I am very pleased that we are taking it on frontally, and we need to do that, and we need to learn how to do better. The two issues you raised are places where we are learning how to do better. Retaliation, for example, was something that I don't think—I think it is fair to say in our department, we did not appreciate the importance of that phenomenon until the last couple of years, and so we are having to take that on board. Retaliation creates additional victims to the victim of the sexual assault, and this can be peers, and it can be others who are part of giving the victim their care, their right—the options and the response that they deserve, and so it is an important new ingredient, and we are trying to get on top of that.

And, finally, with respect to transparency, we are committed to that. You are right, we have made a commitment to you about greater transparency in this matter, and I intend for us to carry that through. Thank you for raising that.

Ms. TSONGAS. Thank you. I have run out of time. Thank you.

The CHAIRMAN. Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman. Thank you for being here today.

With the attacks in Brussels, it is another reminder we are in a global war on terrorism, and it is continuing. And I just want you to know that I have faith in you, and we are counting on you to protect American families. And part of that is not forgetting 9/11. This is a continuing war; we will be in it for quite a while, but your service I know I appreciate as a grateful dad of four sons who have served in the military under you all's command.

General Dunford, as Chairman Thornberry has mentioned, we have serious concerns about the state of the Marine Corps aviation. Marine Corps aviators and maintainers at the Marine Corps Air Station in Beaufort, South Carolina, tell us how they have had to cannibalize parts from museum aircraft to get their current fleet in the air. They don't have the parts. They don't have the people. They are not getting the training. Furthermore, General Robert Neller has testified that there aren't enough aircraft to even meet our training and mission requirements. I am very concerned that if they had to deploy tomorrow, they would be sent into a fight unprepared and ill equipped.

How are we addressing this potential reality of an inability to respond to near-peer adversary or multi-adversary engagement? Beyond Marine Corps aviation, what else is at risk?

Secretary CARTER. Before you answer that, can I just thank you very much. I acknowledge your comments. And especially thank you for your contribution of your sons. Thank you, Congressman.

Mr. WILSON. Well, again, hey, we are in this together, but the American people need to know it is a global war on terrorism; 9/11 must not be forgotten. So thank you.

General DUNFORD. Congressman, quickly, go back to how we got in the position we are in with Marine aviation, as well as, frankly, as I mentioned, across the joint force, there are similar stories that I could point out. Part of it was deferred modernization, so we are flying aircraft now that are very old. Part of it was, back in 2013, we went through sequestration. We had a backlog of depot-level maintenance that has caused the availability of ready basic aircraft and so forth. So these issues exist throughout the joint force. And part of what we are arguing for now is stability in funding, managing the operational tempo, and getting the appropriate resources is going to be what we need to get out of this trough, and it is going to take some years before we are able to do that.

Mr. WILSON. And we will be working with you.

And, Secretary Carter, last week, Admiral John Richardson testified before the Senate Armed Services Committee [SASC] that Iran had violated international law earlier this year by boarding sovereign U.S. vessels, detaining 10 U.S. sailors, and seizing an estimated 13,000 pages worth of information from laptops, GPS [Global Positioning System] devices, and maps.

Would you agree with Admiral Richardson's assessment? If so, would you please let us know what subsequent action has been taken to rectify this brazen defiance of international law?

Secretary CARTER. I absolutely agree with Admiral Richardson. The actions of the Iranians with respect to our sailors was unprofessional; it was outrageous. And I just caution you all, since Admiral Richardson is looking into the circumstances of this matter, but when you see something on television, you are looking through the lens of Iranian TV and Iranian propaganda. Those sailors didn't deserve that. That is—we would never treat people in that manner. And to get to your question, I can't say much about it, but at the time, we were preparing to protect our people as soon as they were seized, and we only stood down that effort when we were assured that they were going to be returned to us safely, but it was outrageous treatment. I think Admiral Richardson has stressed that, and I would second that, but also I want to commend him on the treatment of the sailors. They are back home. The Navy did what it needed to do, which is, first of all, take care of their health and welfare, and is now learning the full circumstances of that.

He has not completed his review of that, so I don't know what his consequences are from that, but this much we know, which is that is not behavior that we would have exhibited in the reverse circumstance.

Mr. WILSON. I also want to thank you, Mr. Secretary, for your efforts to promote public-private cooperation in cybersecurity, but a challenge we have is recruiting and training. What are we doing to prepare for the continuing cyber war?

Secretary CARTER. Well, thank you for that question. You are absolutely right. The critical thing in cyber is people, good people. We are spending more money on it, we are making big investments in it, but that is not the key. The key is, are we able to get the good people to flesh out our 133 cyber mission force teams, which, as you know, is what we are building up at CYBERCOM [Cyber Command] and all the other service components. The key is people. And we are doing better at attracting and retaining skilled technical people. I will be up at a physics class at West Point, as it happens, tomorrow, seeing some of our wonderful people who are being technically trained in their cyber center there. But, in addition, let me say that building bridges, which I am trying to do, we are all trying to do, between our department and the technology community is critical.

Historically, the United States has drawn upon the great strength of this Nation, whether it is satellites or missiles or the Internet itself, and we need to keep doing that, and I am committed to doing that, because that is part of the future.

And the last thing I will say is just a pitch for the role of the National Guard and Reserve Component in this regard. I was up in Washington State a couple of weeks ago. There is a Reserve unit up there that consists of people who work at topnotch companies like Microsoft all day on network defense, and then, in their Guard duty, they are defending our networks. It doesn't get any better than that, a citizen soldier coming in in cyber.

So there are lots of ways we are trying to make sure we have good people, but we are able to, but that is the key, is good people in cyber.

Mr. WILSON. Thank you.

The CHAIRMAN. Mr. Takai.

Mr. TAKAI. Thank you, Mr. Chairman.

Secretary Carter, I would like to talk about the Rim of the Pacific exercises, or RIMPAC. In your letter last year to Senators McCain and Reid, you stated that you believe that China's participation in RIMPAC would advance cooperative approaches to common security challenges, increase transparency and mutual understanding, and integrate China into a cooperative forum. You also say that you may modify our defense engagement decisions based on evolving circumstances.

My question is, have you recently evaluated China, and have you made any changes to the invitation to the PLA [People's Liberation Army] navy to participate in this year's RIMPAC?

Secretary CARTER. We are constantly evaluating our relationship with China and China's behavior, including in the South China Sea, where I emphasize we have very serious concerns about their aggressive militarization there.

They have an invitation to RIMPAC, and we will continue to review that, but you might say, what is the logic for having them there in the first place? Our strategy in the Asia-Pacific is not to exclude anyone, but to keep the security architecture going there in which everyone participates, and that is what has led over 50 years to the rise of Japan, then South Korea, then Taiwan, then Southeast Asia, and now, yes, China and India. We are not excluding China from that security architecture, in which America plays the pivotal role, and we intend to keep playing that pivotal role. That is what the rebalance is all about.

China is, however, self-isolating. Its behavior is isolating itself in the region. That is why all these partners are coming to us and saying: Can you do more with us? So not just big exercises with lots of parties, like RIMPAC, but we have the Japanese investing more, the Australians investing more, the Philippines just inviting us, once again, to work with them more closely, even Vietnam, India. So Chinese behavior is self-isolating and driving many countries to want to do more with us and are doing more with us, but that is not the way China is going to continue to benefit, as it has now for several decades, from the security system and the open system that we, the United States, have underwritten now for many decades.

Mr. TAKAI. Okay. So if China builds a runway on Scarborough Shoal reef, PACOM [Pacific Command] Commander Admiral Harris assesses that Beijing will have total access across the South China Seas.

Secretary Carter, is China conducting or preparing to conduct reclamation at the Scarborough Shoals, which is only 120 miles from Subic Bay in the Philippines where our Navy regularly operates? And would you say that this behavior is consistent with U.S. objectives and the regional security environment?

Secretary CARTER. Well, Congressman, we are concerned about that prospect. And is it consistent? No, it is not consistent. It is the kind of behavior that we will react to in our own military posture and deployments, and all the regional partners will react to. So it will be self-defeating and self-isolating for China, so I hope they don't do that, but we are prepared for that eventuality should it

occur. But, no, it is not a good thing for them to do that, and they shouldn't.

And by the way, I would just say just to be fair about it, that our policy is that no one ought to be militarizing these features. There are these disputes over maritime claims in the South China Sea. Our view isn't to take sides on them. Our view is that everybody ought to resolve those peacefully and not militarize those features, China and anyone else who has done that, but China has done it far more than anybody else.

Mr. TAKAI. Thank you. And I do agree, it is not consistent with U.S. objectives, and like you say, no one should be militarizing that area.

So my question, then, is why, then, should we reward China with their aggressive behavior by including them in an event meant for allies and partners? China's behavior is the polar opposite, as you mentioned, of U.S. objectives in the region, and that is why I submitted a proposal to the NDAA [National Defense Authorization Act] that would prohibit China's participation in RIMPAC this year. I hope you and your department will reassess this situation and follow suit. Do you have any comment? Briefly. We have 10 seconds.

Secretary CARTER. No. We are constantly reassessing that. I gave you the logic for the invitation in the first place and will continue to reassess it in accordance with your letter.

Mr. TAKAI. Thank you.

The CHAIRMAN. Mr. Turner.

Mr. TURNER. Thank you, Mr. Chairman.

Last week, General Milley stated before the committee, quote, that less than one-third of the Army forces are at acceptable readiness levels to conduct sustained ground combat in a full-spectrum environment against a highly lethal hybrid threat or near-peer adversary. Obviously, this statistic is undoubtedly alarming and illustrates that the risk associated with a less-than-ready military force is unacceptable.

All too often, we speak about military risk in terms of numbers and percentages as opposed to more real and tangible consequences. When asked a similar question last year about risk, then Chief of Staff, Army, General Ray Odierno, made clear that direct correlation existed between increased risk and loss of lives on the battlefield. Quite plainly, Odierno stated that people would die. While I apologize for my frankness, it is critically important that our colleagues in Congress and the general public clearly understand what is meant when you say "risk." We are currently in the throes of our debate on the budget, and there are those who continue to say: We can accept increased risks; we can lower the costs; we can continue to accept sequestration or cuts.

General Dunford, would you please help us better understand what you mean when you say "risk"? Is there a direct correlation between risk and loss of lives on the battlefield? And, also, is there a direct correlation between risk and winning, knowing that we now have issues with Russia, China, North Korea, and certainly ISIS? Could you give us an understanding of how the word "risk" translates?

General DUNFORD. Congressman, I can. First of all, there is a correlation between risk and casualties. And when I talk about risk against our objectives, I am talking about how long it will take and how many casualties we will suffer. Those are the two elements of risk that I refer to.

You mentioned sequestration, and I will tell you what the risk of sequestration is. The risk of sequestration—and I am talking now the $100 billion that still looms out there—means that we would have to go back and actually rewrite our strategy, and I am talking about the ends of our strategy. So when you talk about winning, there is a correlation also between our ability to win against the current adversaries that we have identified, the peer competitors that we have identified, and sequestration. And my assessment is that we will not be able to deal with the five challenges that Secretary Carter and I outlined in our opening remarks, the Russia, China, Iran, North Korea, and violent extremism. Were we to go to sequester-level funding, I can't imagine us being able to satisfactorily deal with those five challenges and, by the way, the challenges that we can't foresee.

Mr. TURNER. Secretary Carter, when you were here last year, one of the things that you said was that it would be so important to get a 2-year budget deal. Many of us in Congress, including myself, who voted for it, believed we had a 2-year budget deal. We believed that we would be looking this year at the budgetary process with a fairly firm 574 commitment to base budget funding, which would result in stopping the cuts that the Department of Defense has been put to, but when we received the President's budget, the President indicated that there were increased overseas contingency operations funding that he would need for his operations, $3.4 billion for Europe, additional dollars for ISIS. And rather than putting those on top, meaning that they are additional things that the President would need to do, he took that out of the base funding of the Department of Defense. Now, we are having in Congress the debate putting those dollars back. And, again, it was unexpected, because that was not part of the 2-year budget deal that you advocated for and that we voted for and that we all thought we were operating under.

Could you please tell us what the consequences are of the cuts that will happen to the base budget of the Department of Defense if we accept the President's budget, because clearly there are things that you are going to have to not do that you will get to do if we put that money back.

Secretary CARTER. Well, the President's budget reflects the bipartisan budget agreement. The numbers in the budget are the numbers in the BBA.

Mr. TURNER. Secretary Carter, I know you know that we completely disagree with you. I mean, Congress' expectation is that you had a base budget of 574. I don't think you would have supported a 2-year budget deal that would have had a cut to the base budget in year 2017. And my question is not really, what is the deal? My question is, what are you losing? Because you are obviously losing something from 574 with the reduction that the President has taken of about $13 billion out of the base budget for OCO operations.

Secretary CARTER. We are going to have to agree to disagree about that, about whether we budgeted to BBA, because we believe we did. However, to answer what I gather is part of your question, namely what did we do about the difference between what we said last year we intended to request this year and what we requested this year. I addressed that earlier. That was a $22 billion difference that, because of OCO and some other economic adjustments that went our way, like fuel prices and so forth, ended up being a net of $11 billion. And I explained exactly what we did to adjust and mitigate risk associated with that $11 billion. We cut a lot of minor procurement programs. We scaled back some of our aircraft buys. We took it out of MILCON. That is how we accommodated the $11 billion. We can tell you in detail how that was done.

And I also explained what we didn't do. We didn't go into military pay to make up that difference. We didn't go into the readiness recovery plans that the Chairman has described and that are so critical to restore our readiness, including full-spectrum readiness for the Army and the other services. We didn't cancel any multiyear procurements or other major acquisition programs. And we didn't change any of our force structure targets, number of ships, Army end strength, or anything like that. We did what we did. We have described what it is. We believe that we were able to mitigate that risk, and that is what we did.

Our biggest risk going forward—I will just say it again; we have said it many times—the biggest risk to us strategically in our defense is a return to sequestration, a collapse of the bipartisan budget agreement, and that is our biggest concern.

The CHAIRMAN. Mr. O'Rourke.

Mr. O'ROURKE. Thank you, Mr. Chairman.

Mr. Secretary, last week, we were able to listen to testimony from Acting Secretary of the Army Murphy and General Milley. And Secretary Murphy said, to continue this line of questioning on risk begun by Mr. Turner, said something to the effect of this budget places the Army at high risk. And prior to that, General Milley had made that connection explicit between risk and the loss of the service members' lives who we will put in harm's way. We reduce risk, we reduce that loss of life. So there couldn't be anything more serious or grave for us to make a decision on.

My question for you is, is that level of risk comparable in the other service branches? And what is your guidance to us as a committee going into the NDAA as a Congress that might look in the near future at supplemental funding to further mitigate that risk in this upcoming budget year?

Secretary CARTER. Well, first of all, let me completely associate myself with what Acting Secretary Murphy and General Milley said. That is our highest priority for the Army in this budget, is readiness. They both made that clear, I concurred in that, and that is why the Army's readiness recovery plan is fully funded in the budget.

Now, what does that consist of? It gets back to the question earlier about full spectrum. In order to recover full spectrum—remember where we are coming from here is an Army that was working extremely hard in Iraq and Afghanistan to meet the rotational needs of a counterinsurgency battle, and they were being trained

for that. Now they are trying to restore their training to full spectrum for the other problems that we highlighted among the five that we are highlighting in this budget. To do that, they need to pass through their training ranges, and those high-level training ranges have a certain capacity. We are building that capacity, but it is going to take some time for them to come out of it. And it is not going to just take time; it is going to take budget stability. That is why I keep coming back to the need for budget stability.

And then the last thing in your question, the other services have comparable readiness issues. They are all different, but they are comparable in the following sense: all are trying to make long-term plans to get better in readiness. In the Marine Corps, it is particularly aviation, as the Chairman has pointed out. In the Navy, it is principally a maintenance issue, and they are working very hard on that. In the Air Force, it is, very importantly, and I think the Air Force leadership has indicated this and the chairman mentioned this as well, the very high OPTEMPO [operational tempo]. The Air Force is trying to train for high readiness. At the same time, we are working them very hard in the counter-ISIL fight and elsewhere. So it is a little bit different in each service, but there is a challenge in each case, and that challenge—and we have plans to improve readiness, but they can't be executed if we are returned to budget—to sequester levels.

Mr. O'ROURKE. Let me ask two followup questions to clarify. One, are we doing all we can do within this budget request to mitigate that risk? If not, what do we need to do? I would be happy to join my colleagues and you in making the necessary changes too. My understanding is that risk is a term of art in terms of what the service chief submits to the Chairman of the Joint Chiefs. And what I would like to know, is what we heard from the Acting Secretary and the Chief of Staff of the Army reflected in the other service branches? Yes or no, if we have less risk in those others, are there more resources to pull to address the high risk, which I understand is a term of art, that was disclosed to us in the hearing last week?

Secretary CARTER. Well, with respect to the first part, we have in this budget for 2017 done everything that the Army wanted to do. I completely support them to get on the path to restoring readiness. It can't be done overnight——

Mr. O'ROURKE. This is as much as we can do.

Secretary CARTER [continuing]. As I described. And so it is not a money issue. It is a money stability issue for the Army, and we have got to have that.

And with respect to, "does that translate into risk," yes. Does it translate into risk for the other services? Yes, it does. And is that reflected in how the Chairman and I and the rest of the Joint Chiefs and the service secretaries deal with risk in each service contribution to joint war plans and across joint war plans? Absolutely, it does.

Mr. O'ROURKE. Thank you. I am out of time.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Rogers.

Mr. ROGERS. Thank you, Mr. Chairman.

Mr. Secretary, what priority do you assign to the Department's nuclear deterrence mission?

Secretary CARTER. It is the bedrock of our defense. It is not in the news every day, thank goodness, but it is the bedrock of our defense. So having a safe, secure, and reliable nuclear deterrent is bedrock priority, and we give it the highest priority, and that is both in operating the force currently, and the subject was raised earlier about the need to keep a safe, secure, and reliable nuclear deterrent. The particular issue being raised was the submarine force. In the future, we will change out the *Ohio* for the *Ohio*-class replacement. That is a necessary evolution. It is a very expensive evolution, but we have to do it, because we have to retain a safe, secure, and reliable nuclear force as a bedrock.

Mr. ROGERS. Well, that leads me to my second question. Do you see the recapitalization of the nuclear deterrent as affordable in this budget environment?

Secretary CARTER. As I said earlier, particularly you can see it right now that the submarine recapitalization in the decades of the 2020s cannot be taken out of the rest of the Navy's shipbuilding budget without seriously crippling that shipbuilding budget. So we are going to need to make room for that. We have been saying that now for several years. You can see it. It gets nearer every year, but sure as shooting, we have to do that, and the reason is that the Trident submarines are aging out. It has to do with the stress on the hulls of submerging and coming up so many times. And they are going to have to be replaced. And that is the survivable part of our triad. It is absolutely essential. We are going to need to recapitalize it.

Mr. ROGERS. Great.

General Dunford, are the Joint Chiefs convinced and unanimous that we must modernize the triad?

General DUNFORD. Congressman, I am. I have not talked to the current group of Chiefs collectively, but previously, when I was the Commandant of the Marine Corps and we met with General Dempsey, my predecessor, the Joint Chiefs unanimously subscribed to modernization of the triad.

Mr. ROGERS. Great.

General, your predecessor undertook an assessment of the Russian violation of the INF [Intermediate-Range Nuclear Forces] Treaty. He concluded it posed a risk to the United States itself as well as to the security of our allies in Europe. Do you agree?

General DUNFORD. I do, Congressman. In fact, it reflected in the budget our capabilities to deal with just that threat.

Mr. ROGERS. Well, we have been waiting over a year to be briefed on the military options that you have in response to that. Can you assure me we will get that for my staff, me and the ranking member of the Strategic Forces Subcommittee, within the next 3 or 4 weeks?

General DUNFORD. Congressman, I or my staff will come over and see you soonest.

Mr. ROGERS. I would appreciate that.

Mr. Chairman, I would like to yield the balance of my time to my friend and colleague from Minnesota, Mr. Kline.

Mr. KLINE. I thank the gentleman for yielding.

General Dunford, a couple of years ago, I was in Afghanistan, and you were the senior American commander there, and we had significantly more than 10,000 U.S. forces. In January, I was back in Afghanistan, and General Campbell was the commander there, and it was operating under a force management level of 9,800 troops. Now General Nicholson is on the ground there, and he is currently undertaking a review of the situation there to make his recommendations.

If he were to come back after completing his review with a recommendation to change the force management level—I don't know who invented that term, by the way, but it bothers me a lot, because it is a strategy by political numbers—but if he were to come back and say, "We need to increase that FML by some unspecified number, 1,000, 2,000 or something like that," and if he were to come back and say, "We need to lift the restrictions that we are operating under that says I can't train and advise and assist below the Afghan corps level," and if he were to come back and say, "I need the authority to unilaterally target the Taliban and the Haqqani network," would you support those recommendations going to the President?

General DUNFORD. Congressman, first of all, General Nicholson is going to provide recommendations, and I know what the President has articulated as the end state, and I can assure you my recommendation, which will forward any recommendation that General Nicholson will make, will be benchmarked against my assessment of our ability to meet our objectives. That is exactly what I did when I was a commander on the ground and exactly what I would do in my current position.

Mr. KLINE. So you don't know whether or not you would support General Nicholson's recommendations if he came back with those that I just suggested?

General DUNFORD. What I would make clear to the President in making a recommendation is whatever capabilities I believe are necessary, and I can't speculate as to whether General Nicholson will ask for an increase right now, Congressman, but what I would say is if he came in and said, "These are the capabilities we need to accomplish the mission," and I agreed with General Nicholson's assessment, I would forward to the Secretary a recommendation that would include whatever capabilities are necessary for us to achieve the end state. Of that, I am clear.

Mr. KLINE. Thank you. My time has expired.

Secretary CARTER. Let me just second that.

Mr. KLINE. Thank you.

Secretary CARTER. That is the way it works.

The CHAIRMAN. Ms. Gabbard.

Ms. GABBARD. Thank you, Mr. Chairman.

Gentlemen, thank you for being here this morning and for your service.

Secretary Carter and General Dunford, both of you talked about the threat of North Korea in your opening remarks. And I appreciate your leadership in maintaining the Department's focus both on current and emerging threats in the Asia-Pacific. I think North Korea's launch of their short-range missiles demonstrated just yesterday how serious and important this threat is, which must re-

main at the forefront as we look at how and where we are placing and investing our defense resources. Obviously, representing Hawaii, this is something that we are keenly aware of, as the threat from North Korea continues with their increased capabilities, as well as people on the West Coast who find themselves within range of their ICBMs [intercontinental ballistic missiles].

Secretary Carter, you discussed the ongoing consultations with South Korea's hosting a THAAD [Terminal High Altitude Area Defense] system. Can you give us an update on those talks and can you also share the Department's commitment to continuing to increase and enhance our missile defense capabilities of the homeland? In particular, in Hawaii we have a test site for the Aegis Ashore at the Pacific Missile Range Facility, and I and others here on the committee are pushing toward operationalizing that to increase that protection.

Secretary CARTER. Well, thank you. And thank you for the role that the Hawaiian facilities do play in allowing us to develop and test our missile defenses. And we are doing a number of things to react to and protect ourselves and our people from the North Korean missile threat.

Let me just back up a minute and say, you know, I talked about "fight tonight" on the Korean peninsula. We are absolutely committed to that. The Chairman and I pay attention to that every day. Again, that is not something that is in the newspapers every day, but our contribution to the defense of South Korea is very, very important and rock solid.

On the missile defense front, we are doing things at all ranges. You mentioned Aegis Ashore, THAAD. And just to answer your question about THAAD on the Korean Peninsula, we are discussing that with the Koreans; we have an agreement in principle to do that. And I should say the reason for that, the reason for that is to be able to protect the entirety of the peninsula against North Korean missiles of greater range. That is why we want to add THAAD to what already exists there, which is Patriot, both South Korean and U.S. Patriot.

Finally, to the homeland, it is with the possibility of North Korea having the capability to range the United States with ICBMs that we began several years ago to increase both the number of our ground-based interceptor system and also its capability. So we are increasing the number of those interceptors from 30 to 44. We are improving the kill vehicle on the front end, and we are adding radars to that. So we are doing a great deal. But, unfortunately, we have to, because we see, as you mentioned yesterday, the action of North Korea.

Let me see if the Chairman wants to add anything to that.

Ms. GABBARD. I would like to shift to both of your comments as well with regard to Ukraine and Russia. Much of the $3.4 billion for the European Reassurance Initiative goes towards military funding and training and so on and so forth. In particular in the Ukraine, obviously, there are many challenges that they are facing kind of in their whole of government, but specifically within the military, we have seen time and time again how there is no tank-to-tank competition possible as Ukraine faces different threats coming from Russia. But can you speak to what kind of training we

are assisting them with with regards to unconventional or special forces tactics and guerilla warfare, which can take a toll on what Russia is doing there?

Secretary CARTER. We are doing that. That is part of the support that we give to the Ukrainian forces, both against what you might call symmetrical or traditional kinds of combat operations, and also helping them with this unique brand, but I am afraid to say a here-to-stay brand of hybrid warfare that we have seen in Eastern Ukraine.

Let me ask the Chairman to elaborate.

General DUNFORD. Congressman, on that issue specifically, we have currently five conventional Ukrainian battalions going through training and one special operations unit going through training. Their training cycle will complete in September. I recently received an update probably assessed as some of the best, most effective training we have provided to the Ukrainians to date, and that is both the Ukrainian and U.S. perspective. Much of that training is informed by Russian behavior over the last few years and lessons learned in terms of integrating unconventional warfare, information operations, cyber capabilities, conventional capabilities. So I believe we are addressing that in our training program right now that is taking place with Ukrainian forces. And this is Ministry of Defense forces. Heretofore, we had trained just Ministry of Interior forces. This is the first cycle now of Ministry of Defense forces trained in these areas.

Ms. GABBARD. Thank you.

The CHAIRMAN. Mr. Conaway.

Mr. CONAWAY. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here. General Austin, CENTCOM [Central Command] commander, said to the Senate Armed Services Committee that additional capabilities are going to be necessary to take Raqqa and Mosul, including additional U.S. personnel, intelligence, logistics, other advise-and-assist teams.

Do you agree with General Austin on the assessment that additional U.S. troops on the ground in Iraq and Syria are going to be necessary to take Mosul and Raqqa, and will you personally support that——

Secretary CARTER. I do. We already have. I expect us to do more, because we are looking for opportunities to do more. So General Austin is right. And, of course, all this is in support of the Iraqi Security Forces, but it includes support to the Iraqi Army, support to Sunni tribal forces, support for police training. By the way, it is not just U.S., but I have been getting coalition contributions as well. And as we assemble the forces to move on Mosul, we will be doing more. And when we have taken those requests to the President, as the Chairman said earlier, he has consistently granted those requests. And I expect there to be more in the future, because we want to get Mosul; we want to defeat ISIL in Iraq.

Mr. CONAWAY. Well, we have got to have Raqqa as well. ABC is reporting that the——

Secretary CARTER. Yes, Raqqa as well.

Mr. CONAWAY [continuing]. Brussels came out of Raqqa.

Secretary CARTER. Absolutely.

Mr. CONAWAY. Let me pivot to something that is a little more mundane, but nevertheless important, and that is auditing.

Secretary CARTER. Yes.

Mr. CONAWAY. I worry that—oh, by the way, Michael McCord, thank you for the report from your group on where everything stands right now. I don't necessarily want to go into the details of that, but thanks for getting that over to the committee in response to the NDAA.

Can you talk to us about transition to a new civilian leadership team next year and the impact that might have on the affordable minimum with respect to getting this audit process done by the deadlines? I worry that the impact from, you know—Leon Panetta started this deal; Hagel kept it up. Secretary Carter, you are full throated in favor of it. Are there risks that a new civilian team might not have the same emphasis?

And, General Dunford, will you comment on the military's side of that issue as well?

Secretary CARTER. I am absolutely fully in support of it, and I thank you very much for your persistence and your leadership in inducing us to do this. And I also want to thank Mike McCord and his whole team for their role in it.

You asked about the future. My guess is that this will continue, because the logic is quite clear. The necessity is quite clear, so I think that will be clear to people who come after myself and the Chairman. I am pretty confident that it will. It certainly should, and of course, you will have a role in helping remind them of this. There is a whole team behind this in all of our components, and I think they will—they are committed to this work. They will remain committed to this work.

Chairman.

General DUNFORD. Congressman, I could speak from both my current perspective and as a former service chief. I mean, I would tell you I really do believe that it is now part of our culture. And as you know, we have been at this now 4 or 5 years and worked pretty hard at it. And, frankly, I think the uniformed personnel that are involved in the audit process and the civil servants involved in the audit process are fully committed to actually coming back over here and laying on the table a clean audit. I mean, that is a bar they have set for themselves. And, again, I don't think the civilian transition that will take place this year is going to change the objective of the individuals who have been working so hard. Again, most of the folks that are doing the heavy lifting, they aren't going anywhere, and they are pretty clear about in their commitment to get this thing done.

Mr. CONAWAY. Well, I appreciate that. And I hope our Senate colleagues during the confirmation process, whoever is doing that next time, will make that clear.

And just to be sure, the resources necessary to move this forward are in this budget, the requests?

Secretary CARTER. They are.

Mr. CONAWAY. General Dunford, did you want to comment on the need for additional U.S. troops to counter ISIL and actually defeat them in Mosul and in Raqqa?

General DUNFORD. Yes. Congressman, I fully support the comments that General Austin has made and that the Secretary has endorsed. We have from the very beginning said that we would recommend whatever capabilities are necessary to maintain momentum and achieve the end state. And I do assess that to be successful in both Raqqa and Mosul and beyond, we are going to need additional capabilities. And at the right time, we will be prepared to provide that recommendation to the President.

Mr. CONAWAY. Thank you, Mr. Chairman.

I yield back.

The CHAIRMAN. Mr. McCord, let me warn you, I promised Mr. Conaway, we are going to do a briefing or hearing on the audit issue, and it will be talking with you and the other folks about dates for that, but it is something that Mr. Conaway is going to stay on our case till we see it all the way through, and I think——

Mr. CONAWAY. Thank you, Mr. Chairman.

The CHAIRMAN [continuing]. A lot of us are committed to doing that.

Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman.

As a representative from the Asia-Pacific area, I would like to start off by expressing my sincere sympathy for the people of Belgium and for the family of the marine killed this weekend in Iraq.

I do know that Representative Takai already spoke on China and Representative Gabbard referenced North Korea. So, on Guam, we are considered the tip of the spear in the Asia-Pacific region, and I know the budget request contains nearly $250 million for fiscal year 2017 military construction projects. We are seeing tangible development, such as facility construction, take place. So I am asking, Secretary Carter, what role the administration sees for Guam in the broader strategy; should Congress continue moving forward with construction on Guam? And, additionally, it is often said that budgets reflect priorities, and you spoke to the Senate Armed Services Committee last week about continuing to support the Asia-Pacific rebalance strategy. So would you say that this strategy continues to be a priority of the administration?

Secretary CARTER. I can. And the Asia-Pacific is where half of humanity lives. It is where half of the economic activity of the globe is. It is the single region of greatest consequence for America's future. We can't forget that. And thank you for everything Guam does with us and for us and as part of us out there.

Guam is a critical part of the posture improvements and strengthenings we are doing in the Asia-Pacific. I mentioned the part that we are doing unilaterally. That is very important. Guam is a part of that. We do a lot with partners as well, and there is so much momentum out there. Now, part of that momentum is caused, as I mentioned earlier, by Chinese aggression. But we are determined to meet it, and Guam is an important part of that. So thank you.

Ms. BORDALLO. Thank you. Thank you, Mr. Secretary. You've done so much for us. I thank you for your contributions.

Also, I have another question for either yourself or Secretary McCord. It is estimated that the Defense Department spends nearly twice as much on service contractors as it does on civilian per-

sonnel, even though they are often doing the same work. Nevertheless, the Department's budget request seeks to cut civilian personnel and increase spending on service contracts.

In this extremely constrained fiscal environment, can we expect to see the Department leverage the clear cost savings found in civilian personnel versus contractors? Are we still waiting for a complete accounting of all service contracts that was mandated back in 2008, but we have still not received the report?

Secretary CARTER. Thank you. I will just say at the beginning, then turn it over to Under Secretary McCord, we are committed to reducing the strength particularly of headquarter staffs, both civilian and contractor, and for that matter, military. That is where those numbers come from.

And are we getting better at understanding how we are doing the spend for services contracting? Yes, we are getting better at that. The Deputy Chief Management Officer [DCMO] of the Department along with Mr. McCord work on that, and we are committed to meeting those targets. They are part of our budget outlook. If we don't keep working on tail, we are not going to be able to invest in the tooth. So it is an essential thing to do.

And I ask if Under Secretary McCord wants to add anything.

Ms. BORDALLO. The contract.

Secretary MCCORD. I would just add, as the Secretary said, we have the instructions both internal and from the Congress to hold down civilian and to keep commensurate with the drawdown of the military, and we recognize that mandate.

And as he said also, we are looking hard at service contractors. The DCMO, Mr. Levine, is leading an effort. In fact, my turn is coming, I think, within the week to report to him within my own office, just like everybody else has to do, on what we are doing to review all of our service contracts to make sure they are still justified. And history has shown that just the sunlight of looking at that drives the cost down. You relook whether you really need everything that you are doing, and that is an important part of our efficiency effort for this budget.

Ms. BORDALLO. I only have a few seconds left.

We still haven't received the report. Will we receive a report of some kind? This has been due since 2008.

Secretary MCCORD. We will have to get back to you for the record on the exact status of the report. I don't have it at my fingertips.

[The information referred to can be found in the Appendix on page 123.]

Ms. BORDALLO. All right. Thank you very much.

And I yield back, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman.

Secretary Carter, General Dunford, Mr. McCord, thanks so much for joining us today.

General Dunford, in the previous hearings that the House Armed Services Committee has held, there has been a lot of discussion about readiness. And, obviously, for all of us, the concern about returning to full-spectrum readiness is at the very top of our list. I

think General Milley put it best. He said: Readiness doesn't have a constituency. And I think that is why it is critical for members of the House Armed Services to make sure that we are the constituency for military readiness for our men and women in uniform.

Tell me where we are with the current budget situation with where we project to be with the proposal in fiscal year 2017 on the path to restore readiness. We are right now just at the point of setting conditions to restore readiness. Tell us how far away we are and what milestones you expect to achieve in restoring full-spectrum readiness.

General DUNFORD. Thanks, Congressman.

With regard to 2017, we took inputs from all the services as to what they needed in fiscal year 2017 along their path to restore readiness, as you've outlined. And that was a priority for the Secretary. And so we fully resourced the service plans for readiness restoration. Keeping in mind that we knew we couldn't get to where we needed to be in 2017 because of the other elements associated with readiness recovery: One, operational tempo; the other the aspect of time.

So with regard to where are we relative to where we need to be, three of the services have indicated that fiscal year 2020 or 2021 would be where they would get to if we are not sequestered and we actually received the resources we project to receive.

The Air Force is a little bit outside of that because of the unique challenges they have, and I think some of the numbers I have seen are as long as 2028, somewhere between 2024 and 2028. So three of the services probably about 5 years away; one of the services may be 7 or 8 years away from full restoration of readiness.

Mr. WITTMAN. Gotcha.

Let me get your perspective on one of the elements of that readiness restoration, and that is aviation readiness. And when you paint the picture about full-spectrum readiness it is across the service branches. But one of the areas that really concerns me is the assessments that we are hearing about aviation readiness, and it starts with the Marine Corps and what they are trying to do to restore. And Lieutenant General Davis, I think, is doing all that he can.

It is a pipeline issue; how much can we do, and how fast can we do it just based on capacity? But give me your perspective about where we are with aviation readiness across the service branches, and what can we do in the context of full-spectrum readiness to get there as soon as possible also?

General DUNFORD. Thanks, Congressman.

There are two issues: One is the state of the current aircraft that we have. And, again, we had some difficulty with depot-level maintenance and so forth associated with the last few years. And so we are in a trough with regard to the readiness of the platforms that are in the inventory right now, what we call ready basic aircraft.

And although the Marine Corps perhaps is the most extreme, each of the services has similar challenges with regard to the ready basic aircraft for deployability, particularly those units that are in home station. We are confident that those units that are forward deployed have what they need. But those units that are at home station have a shortfall of ready basic aircraft.

The path to address the maintenance issue, of course, is stable funding in the future, both for our depot-level and also for our local-level maintenance. The other issue is the modernization piece. Much of the reason we are where we are is we deferred modernization, and so the aircraft that we are flying is in the inventory longer than it needs to be. So there is really two pieces of this that are not unrelated, but they both come together.

So my assessment of what we need to do is, one, we need to fully fund our depot-level maintenance and sustain the aircraft that are in the inventory; and, number two, we need to stay on path for the modernization plan we have to address the long-term issue, which we really see manifest itself out in 2021, 2022, and beyond.

Mr. WITTMAN. I want to get perspective from both you and Secretary Carter as far as the concept of readiness restoration and looking at, how do we get to the point that we need to be? And you bring up, I think, an extraordinarily important point. Readiness as a term of art has traditionally represented training, operation, and maintenance. But I believe it also should reflect the element of modernization, because I think that is directly tied to readiness.

I want to get your perspective on where you see modernization as part of the list of elements that must be attained in restoring readiness.

Secretary CARTER. For my part, you are absolutely right: training, maintenance are important parts of readiness. But in some forces, and you mentioned aviation, the real answer is the replacement of an aircraft that is now so old that it has cost too much to maintain, or we are simply not able to maintain them at the levels that—so the guys don't have aircraft to fly. We are seeing that with respect to the CH–53 in the Marine Corps. I am sure you are familiar with that. That is an example of it. Also, to take another Marine Corps example, the F–18s in the Marine Corps, the older versions of those. So modernization is a key part of restoring readiness.

Chairman.

General DUNFORD. I will be very quick. I think I am out of time, Congressman. But what I would say is this: I have talked about fiscal year 2017 as being sufficient. It is not everything we needed, and I subscribed to what the service chiefs have said when they came in. But my greatest challenge as I look in the budget in the future is the bow wave of modernization that is going to come in 2019, 2020, 2021. We talked about the nuclear enterprise, but, frankly, it is the whole inventory of joint capabilities.

And we have had 4 or 5 years of deferred modernization right now. We have done the best we can to start to rebalance that in fiscal year 2017. It took us years to get to where we are. It will take us years to get out of where we are.

But this modernization issue is tomorrow's readiness. I equate it to health and wellness. So today we are not as healthy as we would want to be, but we can get the job done. We are not investing in the health of the organization today, which will result in some wellness challenges down the road, which will read readiness.

Mr. WITTMAN. Thank you, Mr. Chairman.

I yield back.

The CHAIRMAN. Ms. Duckworth.

Ms. DUCKWORTH. Thank you, Mr. Chairman.

And I just want to take a moment to also express my deep condolences and solidarity with our allies in Belgium, across NATO, and across the European Union. This morning's cowardly terrorist attacks were not only an attack on the people of Brussels but an attack against Europe and civilized people everywhere who condone such horrific acts of terror.

Secretary Carter, in your written testimony, you lay out five evolving challenges that are driving the Department's planning and budget. And I want to focus on the fifth challenge: countering terrorism overseas and protecting our homeland. In your written testimony, you also outline three military objectives to defeat ISIL, and you say the third is the most important to protect the homeland again.

With that in mind, please provide the specific steps the Department is taking to coordinate with its interagency partners to protect the homeland and what actions Congress needs to take to bolster those initiatives, funding, legislative.

Additionally, you mentioned the development of DOD's transregional counterterrorism strategy. Could you describe the pillars of that strategy and how it complements current efforts to deny terrorists a safe haven from which they can train, plan, operate, and launch these kind of attacks, for example, here in the homeland?

Secretary CARTER. Certainly. And thank you for the question.

I will start and then ask the Chairman to reinforce. You are right: our mission of protecting the homeland, which we need to do at the same time we fight overseas to defeat ISIL, is one we share with the Intelligence Community, with law enforcement at all levels, and also with Homeland Security. And we work very closely with them.

Through NORTHCOM [Northern Command], we have a command that actually has precisely that mission, which is to protect the homeland by working with other interagency partners. We do that. We have plans to reinforce them if they request it. In an incident, we support them all the time with equipment, technology, intelligence, and so forth. And it is a two-way street. We work with them. It is a very smooth working relationship, and the Chairman can elaborate more on that.

One thing I want to particularly ask him to elaborate on is your second point about transregional. One of the things that I am looking at in connection with the so-called Goldwater-Nichols issue is strengthening the role of the Joint Chiefs of Staff and the Chairman in precisely this way, the transregional coordination. We have combatant commanders. They are excellent, but they are focused on particular regions.

I look to the Chairman—and he does an excellent job of this—of balancing resources and making sure that the different COCOMs [combatant commands] are cooperating, both in NORTHCOM and the other combatant commanders. Let me ask him to elaborate.

General DUNFORD. Congresswoman, to be specific, what we did back in November, we asked the Special Operations Command to take the lead, not from a special operations perspective but because they did have connective tissue in each one of our combatant commands, and they were capable of doing this.

To begin the development of a transregional terrorism plan and countering violent extremism writ large, we have been working at that now for a couple months. We most recently had a meeting in The Tank on Friday afternoon where I convened the Joint Chiefs and all of our combatant commands to look at this.

Critical to that is having a common operational picture and a common intel picture across all of our combatant commands, so that is the first part. The second thing is having an assessment process that integrates what all the combatant commanders see transregionally into a single vision that the Secretary of Defense can see.

And then, as the Secretary alluded to at the end of his comments, a process to make recommendations for the prioritization and allocation of resources across all the combatant commands so that, much like we are trying to provide pressure across ISIL in Iraq and Syria, we are trying to do that transregionally at the same time. So we are very focused on that.

You asked a specific question about, what are we doing to improve our interagency, and I would add to that interagency and international cooperation, which is very critical. Within the interagency, we meet routinely now and the Secretary and Secretary Kerry lead the effort. We meet routinely to do deep dives on issues like resourcing or foreign fighters or intelligence sharing.

And with regard to our partners, we have a very promising initiative in Jordan right now where we have, I think we are up to 15 nations that participate in an information and intelligence exchange to help us just on the problem of foreign fighters. And so those kind of collaborative processes are really necessary.

And to be honest with you, there is a lot of walls for us to break down in order for us to be effective. And that is what we are in the process of doing. And our transregional plan is designed not only to integrate our capabilities across the combatant commands but also with our coalition partners, and this plan will be borne with a coalition perspective in mind.

Ms. DUCKWORTH. Thank you. I am very interested in the Jordan initiative, and perhaps I will have my staff follow up with your office, if that is possible.

Thank you. I yield back, Mr. Chairman.

The CHAIRMAN. Mr. Gibson.

Mr. GIBSON. Well, thanks, Mr. Chairman. I appreciate the panelists.

The attack this morning reminds us we are still at war with an evil, determined enemy that must be defeated.

And earlier in the testimony today, we had discussion about restoring deterrence as well, peace through strength. And I am interested in hearing first from General Dunford. The RAND Corporation has published a study, Limiting Regret: Building the Army We Will Need, and here we are talking about the ERI [European Reassurance Initiative] initiative.

And RAND concludes that we are going to need three armored brigade combat teams and associated forces to restore a credible deterrence. I am interested to know whether or not you agree with that assessment, and if you don't, then what you think is necessary to restore that credible deterrence.

And then, for both the Secretary and for the Chief, I have a bill, a bipartisan bill, over 40 cosponsors now, the POSTURE Act, which stops the drawdown for the Army and the Marine Corps. That is the total Army, the Army, the National Guard, the Army Reserve, and the Active Duty Marine Corps and the Marine Corps Reserve.

Assuming that that would come with the necessary resources for operations so that we don't hollow out the force and the complement of modernization that goes with it, I am interested in your assessment on how that would impact the risk that we currently have, given the fact that earlier in your testimony today, Mr. Secretary, you talked about where we are today was based on a series of assumptions which have changed.

So how would this POSTURE Act, if enacted with the necessary resources so we don't hollow out the force, how do you assess that would impact the risk, and how might these additional land forces be arrayed to deal with things, such as the ERI?

Secretary CARTER. I will start. On the two issues, first, with the armored brigade combat teams, the Chairman can elaborate, and I don't want to go into our operational plans here. But we are developing our operational plans for the defense of NATO territory against both ordinary attack and what I called earlier hybrid warfare, and we are developing those plans and the requirements that come from them.

I am not familiar with the particular report that you cite, but that is now a necessity as a consequence of Russian behavior, as I said in my opening statement.

With respect to Army and Marine Corps end strength, the Chairman can speak to that also, and I am sure the chiefs have as well. But I will just, both in the Army and the Marine Corps, their emphasis to me in the preparation of this budget has been on readiness. And they have end-strength plans to come down from the levels that they were previously, and their priority is the readiness of the force not changing those end-strength goals. I concur with that.

Chairman.

General DUNFORD. Congressman, we have made a down payment. You talk about what do we need in Europe, and, of course, it is not just about Army forces; it is the aggregate of joint capability. In the ERI, I think you know that we have an armored BCT's [brigade combat team's] worth of equipment at division headquarters, engineering equipment on other units that are part of our prepositioned stocks.

We also pay for a constant presence of another brigade combat team that will be over there for exercises and assurance for our partners as well as deterrence. What the overall number is that we may have a year or 2 or 3 years down the road I couldn't speculate. I don't think the RAND study is wildly off base, but, again, to me, it is a function of not just looking at Army presence in isolation but looking at the aggregate of joint capability that will do what we need it to do, which is assure our partners as well as deter.

With regard to the end-strength issue, Congressman, my greatest concern is, in fact, that we have balance in the force, and we have not only the right force structure, but we have the right capability. And you hit it exactly right: if we are going to grow the force, we need to make sure that the infrastructure supports that; we need

to make sure that the manpower supports that; we need to make sure the equipment modernization supports that; and then the operations, the maintenance dollars that will allow us to train that force as well.

So all of those levers have to be adjusted at the same time. Otherwise, the force gets out of balance. And that is why our focus this year was on capability over capacity. The reason is we felt like we were getting out of balance where we didn't actually have the right amount of training, the right amount of equipment in place to make sure the units that we had were at the highest level of readiness possible.

Mr. GIBSON. Well, thank you, General.

And let me just say for my colleagues and for the American people watching at home for the record that we are on path to draw down our land forces to pre-World War II levels. We had General Milley here last week, and he describes the array and the mission set, and given the changes to the assumption as high risk and given the fact that when you turn this off, it takes 3 to 4 years to actually get the combat readiness restored, I think this bipartisan bill, we need to summon the will, get the resources, and get it enacted.

And, with that, I know my time has expired. Thank you, Chairman.

The CHAIRMAN. Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

Gentlemen, thank you for being here today.

General Dunford, your statement warns of an expanding Iranian malign influence and increasing capability in the region. In your assessment, is Iran more or less capable today, militarily speaking, than they were the day the nuclear deal was signed?

General DUNFORD. Congressman, I believe that Iran was spreading malign influences. They were capable of doing that before the agreement, and I think they are capable of doing it after the agreement. I haven't seen any measurable increase in their capabilities. But, again, I am under no illusion about what Iran's intent is, what their capabilities are, or what the current level of activity is across the Middle East.

Mr. SCOTT. Have you seen any change in their behavior?

General DUNFORD. I have not seen any specific change in their behavior, Congressman, with the caveat that they were spreading malign influence before the agreement, and they continue to do so.

Mr. SCOTT. Absolutely, now they have $150 billion to help them spread it. And if there has been no change in the behavior, then certainly my concern is that the world is not more safe but less safe with them having that money.

Just a couple of quotes from the President, if I may: Today, after 2 years of negotiations, the United States, together with our international partners, has achieved something that decades of animosity has not, a comprehensive long-term deal with Iran that will prevent it from obtaining a nuclear weapon. The deal offers an opportunity to move in a new direction, a different path, one of tolerance and peaceful resolution of conflict.

Another quote, September 10 of 2015: This is a victory for democracy, for American national security, and the safety and security of the world.

And then the budget that was presented, and I agree with the budget statement: Iran's malign activities in pursuit of missile technology continue to pose a threat to our interests and allies in the region. To combat those threats the budget continues efforts to hold Iran accountable for its destabilizing behavior by advancing preparations, posture, regional partnerships, and planning to preserve the President's options for any contingency.

So one statement September, a budget statement 5 months later.

Secretary Hagel—what is the Defense Department doing to mitigate what is a clearly growing risk from the Iranian ballistic missile program?

Secretary CARTER. Well, thank you for that.

And you are right: the nuclear deal with Iran was about their nuclear weapons program and, if implemented—and we will know whether it is implemented or not—will keep them from having a nuclear weapon. That doesn't stop them from having other capabilities and exhibiting other behavior that concerns us.

One of those is ballistic missiles. That is why we are strengthening our ballistic missile defenses in the region, in Europe, to defend our friends and allies there, our own forces there that are deployed there. That is why we have Aegis Afloat. That is why we have Aegis Ashore. That is why our other partners procured those same missile defenses from us, and that is why we help Israel with its defense against short-range rockets, both the Iron Dome system and the David's Sling system.

They are also, by the way, developing the Arrow system against longer range missiles. We help them with that too. So we are doing a great deal in the missile defense area in that region.

Chairman, if you have anything.

Mr. SCOTT. If I can quote James Clapper, the Director of National Intelligence, what he said to SASC [Senate Armed Services Committee] on February 9: Iran probably views the Joint Comprehensive Plan of Action as a means to remove sanctions while preserving nuclear capabilities.

General Austin, March 8, 2016: We have not seen any indication that they—meaning the Iranians—intend to pursue a different path.

Now, I think he is talking about with regard to their malign activities, not specifically with nuclear, with regard to General Austin's statement there.

But just a few things that they have done since then: Aside from what they did to our sailors, they have continued to test ballistic missiles. October 11, 2015, they tested a new generation of surface-to-surface missiles. The U.N. [United Nations] stated this test violated U.N. Security Council Resolution 1929.

On November 21, 2015, they launched another medium-range missile. On March 8 of this year, Iran launched several missiles from multiple sites around the country. The Iranian general who commands the program stated: Revolutionary Guard Corps does not give in to threats.

Secretary Carter.

Secretary CARTER. The nuclear agreement, and I said at the time that it was struck, hasn't changed our commitments in the Department of Defense at all. We remain postured and committed to defending our friends and allies, our own interests in the region, and countering Iran's malign influence in all of these areas.

It is good if it is implemented, which it is being so far, at eliminating the nuclear danger. But for everything else, we remain full speed ahead and on course for what we were doing last year, the year before. And those programs are just building. I will see if the Chairman wants to add anything, but we have a major commitment there.

Mr. SCOTT. My time has expired. But I just don't understand why we wouldn't have included other threats in any type of deal that gave them $150 billion.

The CHAIRMAN. The gentleman's time has expired.

Dr. Wenstrup.

Dr. WENSTRUP. Thank you, Mr. Chairman.

I would like to, if we could for a second, talk about our current rules of engagement in our theaters of operation. I have service members who are leaving the military, and they are coming to me saying that this is dangerous. We are not able to engage in a way that will allow us to defeat our enemy.

And I understand the need to try and keep down civilian casualties. I get that completely. But I have a concern that we are protecting our enemies more than we are those that we are sacrificing to try and save. And that is the real concern.

Throughout our history, we have people that have given their lives so that others can live. And with what we see taking place, my concern is that every time we let an enemy go, because of our very restrictive rules of engagement, hundreds if not thousands of more innocents are killed. They become fatalities because of genocide. Are we really winning?

And so I would like you to address our rules of engagement that I am hearing so many complaints about from our service members.

Secretary CARTER. We assess and reassess them all the time, including on a strike-by-strike basis. So your question is very apt, very appropriate, and we try to balance those things. We do it every day, and we do it in a very practical way.

Dr. WENSTRUP. Mr. Secretary, when was the last time we changed them?

Secretary CARTER. Geez, we modify them all the time. Let me ask the Chairman to explain.

Dr. WENSTRUP. Sure.

General DUNFORD. Congressman, I would like to distinguish between rules of engagement and collateral damage. Those have been conflated a bit in some of the discussion. I have heard the same thing you have. And I want to make it clear on the rules of engagement, those are enduring.

And any time one of our young soldiers, sailors, airmen, and marines is in harm's way, and it is a hostile intent and that you can positively identify an enemy, they can engage. That hasn't changed. There is no restriction on our ability to do what must be done to protect themselves.

With regard to collateral damage, we make an assessment virtually every time we engage. And right now, we start with a baseline of zero civilians. But I am here to tell you, if we have a target that justifies an expanded view of collateral damage in a particular case, we will make that adjustment.

So to your question, when was the last time we changed, I can't assure you that it was this morning, but I can assure you it was probably sometime in the last couple days where General Austin made a decision to expand the number of civilian casualties that might be incurred in a particular target given the importance of that target.

What we have tried not to do is make enemies of the very people that we are trying to protect in places like Iraq and Syria. And we also try to make sure that, at the end of the day, we don't become the enemy. We are fighting with our values. And at the end of the day, 5, 10 years from now when this war is over, it will be because we won the war of values and the war of ideas, not because we dropped a bomb in one place or another.

Dr. WENSTRUP. I understand that is a very fine balance. I personally would give my life so my family could live, if that is what it came down to.

My other concern comes to, are we in any way, shape, or form trying to work out an international or system of justice for those that we detain? We are not dealing with a Timothy McVeigh here with domestic terror, and we are not dealing with a World War II situation where at the end of the war we sign a peace treaty and return our POWs [prisoners of war]. We are releasing people from Guantanamo. Some are returning to the fight.

Do we really have a formal system of justice? We are a country of laws, and we have a system of justice, and I think that is an expectation. And I haven't seen us going in that direction.

Secretary CARTER. Well, thank you.

We have various possibilities for detention if we take a prisoner. There is law-of-war detention. There is detention by transfer to another country. We did that, for example, in the case of the Umm Sayyaf raid and Abu Sayyaf raid, where the custody became the Government of Iraq. And then we have the possibility of criminal prosecution in Article III courts, which has also been exercised by the United States, a number of convictions.

With respect to Guantanamo, what you say is the reason why we are looking for—and I personally support this—a place to detain those people who are in Guantanamo Bay. Let me be clear about this. There are people in GTMO [Guantanamo Bay] that it will not be safe to transfer to another location. I won't sign off on their transfer to another location for just the reason you described.

Dr. WENSTRUP. I appreciate it.

Secretary CARTER. So that is why we need an alternative detention facility for law-of-war detainees. We need to be extremely careful about that, and that is why I would like to find an alternative location.

Dr. WENSTRUP. Well, I would also like to see a more clear system of justice rather than we could do one, two, or three things.

But my time has expired. Thank you, sir.

The CHAIRMAN. Mr. Langevin.

Mr. LANGEVIN. Thank you, Mr. Chairman.

And I want to thank our witnesses for appearing before the committee today. We certainly all greatly appreciate your service to the Nation and over the course of your very distinguished career, so we thank you for your service.

Secretary Carter and General Dunford, over the past decade, the Department has had to reconcile the reality of a reemerging great power competition with the size and composition of our own military today.

Secretary, I highly commend and am very supportive of your vision for the third offset strategy and look forward to seeing how that unfolds and look forward to being supportive as we make that transformation.

Beyond that, as we evaluate the architecture of our future fighting force, what should the balance between the forward-deployed power and sufficient surge Ready Reserve capacity look like across the services?

Secretary CARTER. Well, first of all, thank you for your support for our technology efforts, third offset, and so forth. It is an important part of planning for the future. I said, this is a budget that tries to turn a corner and, while dealing with today's threats, also look ahead 10, 20, 30 years from now, and particularly to high-end potential opponents that we haven't had to worry about as much in recent years. So thank you for your support for that.

And I am sorry; the second part of your question?

Mr. LANGEVIN. Sure. Just saying that as we evaluate the architecture of our fighting force, what should the balance between a forward-deployed power and sufficient surge Ready Reserve capacity look like across the services?

Secretary CARTER. I will start and then maybe the Chairman can pitch in.

It is important to have forward forces because they are the first edge of the response to a crisis, number one; number two, their being there is a way of working with friends and allies so we don't have to do everything ourselves. So it is an important part of our building partner capacity capability.

But what deters is the full weight of the American military that would arrive on the scene after those initial forces had engaged. And I think that is what we—when we talk about deterring opponents, what deters them is not just what is right there in front of them; what deters them is the full weight of the American military that will arise.

And so our surge forces are a critical part of the deterrent. And no one should measure our deterrent capability by what we have forward presence. That is an indication, but it is not the whole story.

Chairman.

General DUNFORD. Congressman, getting that balance right is dynamic. And to assure you, every year, we gather up all the combatant commanders' requirements for both the crisis response and assurance mission as well as what they need for major, major operations plan contingency.

And so we make adjustments annually to make sure that we get that balance right between those forces that have forward de-

ployed, forward engaged on a day-to-day basis, providing us access, making sure that we are prepared to respond to crisis, and also making sure that the residual capabilities and capacities on the bench, if you will, are prepared for a major contingency.

So when you ask what is the right balance, it is a constant process of evaluation to make sure we do exactly what you are suggesting we should do, which is get that balance right.

Mr. LANGEVIN. Thank you, both of you.

Going back to the third offset strategy—and, again, very supportive of that—and the technology game changing, and it is going to help provide us with the advantages that we need, especially on cybersecurity, which I have been a strong proponent on and other technologies.

But, Secretary, how do you believe we can best direct our investments and our policies to ensure that the progress that we made toward achieving a third offset strategy is sustained into the next administration?

Secretary CARTER. Well, I think in this and in other matters, the strategic logic behind our investments this year, behind this 2017 budget, is intended to point the direction toward the future. So we have crafted it carefully. And I think that both—it is the needs it highlights in terms of the five challenges and what we have put in motion, especially including these technology efforts are so compelling that I am confident that they will continue into the future.

Mr. LANGEVIN. And Secretary Carter, I have been one of the biggest proponents of cybersecurity as a critical warfighting domain during my time in Congress. And I believe it is imperative that the services understand the cybersecurity requirements laid before them when it comes to much-needed DOD programs and weapons systems in order to avoid serious cost impacts and schedule delays.

How are we managing cybersecurity at an enterprise level and incorporating cyber technologies into program requirements sooner? And I guess, we will have to answer that one for the record.

[The information referred to was not available at the time of printing.]

The CHAIRMAN. Secretary, if you would, please. Thank you.

Mr. LANGEVIN. Thank you. And I will yield back.

The CHAIRMAN. I thank the gentleman.

Mrs. Walorski.

Mrs. WALORSKI. Thank you, Mr. Chairman.

Thank you, Mr. Secretary and General Dunford, for being here.

Mr. Secretary, just following up on Representative Wenstrup's question, but are you aware of any discussions to close the naval station at Guantanamo Bay or transfer it to Cuba?

Secretary CARTER. I am not, no.

Mrs. WALORSKI. General Dunford, same question for you. Are you aware of any discussions to close the naval station at Guantanamo Bay or transfer it to Cuba?

General DUNFORD. I am not, Congresswoman.

Mrs. WALORSKI. Mr. Secretary, your department delivered a product in February entitled "Plan for Closing the Guantanamo Bay Detention Facility." However, this document failed to address the specific elements required by the fiscal year 2016 NDAA.

Therefore, as this committee has previously stated, the requirement has not been met.

In this document, there were three options outlined for handling future detainees. They were on a case-by-case basis: number one was prosecution of the military commission system or in Federal court; two, transfer to another country for an appropriate disposition there; or, three, law-of-war detention.

Yet, in recent testimony, senior Department of Defense officials testified that—and I am referencing this article in Stars and Stripes—they testified there is a requirement for a long-term detention but, quote, "they do not know where long-term prisoners would be housed," which, I think this is very troubling testimony, Mr. Secretary, considering we currently do have a location.

So my question is, prior to conducting an operation where capturing individuals is either intended or possible, do you have to determine which of these three options is appropriate?

Secretary CARTER. Generally speaking, we do and have and that has worked out. And with respect to the report, if I can just respond to that——

Mrs. WALORSKI. Sure.

Secretary CARTER [continuing]. And the question of location. We were not specific about a location, and the reason for that is this: The optimal location for a law-of-war detention facility will depend upon several things that we don't know right now. For example, we don't know whether the Congress is going to respond to this idea. If we can do it quickly, then we will probably pick an existing facility and try to build on that. If we have——

Mrs. WALORSKI. An existing facility in this country or——

Secretary CARTER. Yes. And if we have a longer period of time, we may build a new facility from scratch. It will depend upon the number of detainees that we have and that we plan for. It will depend upon the structure of the military commissions process, which is something which is set in statute, by the way.

So the very reason that we have to discuss this with the Congress—and we submitted this plan. Because let me be clear, it is forbidden by law to do this now, so we need your concurrence——

Mrs. WALORSKI. Oh, I understand. I am very familiar with the law.

Secretary CARTER [continuing]. About that. And the reason that the plan calls for a dialogue between us and the Hill is that we can't select the optimal design and, therefore, the optimal location and, therefore, fully do the costing until that conversation has been had, because you guys have a say——

Mrs. WALORSKI. I understand.

Secretary CARTER [continuing]. In the design parameters of the ultimate facility.

But I hope you will give it consideration. I have said—and I believe this—I think it would be good to put this on a path to being dealt with by the time the administrations change.

Mrs. WALORSKI. I understand. And I apologize for interrupting. I guess, two things. You and I have talked about this for months. But two things: I think the American people look at this, as I do, as a very dangerous precedent; that we are looking at potentially bringing these terrorists with blood on their hands that have al-

ready killed Americans back to this soil, which I think is reprehensible.

But, secondly, we were just reminded again with this bombing this morning in Brussels that there is an active war on terror. And I have been sitting here 3 hours, and the first question the chairman asked was about strategy and things that were supposed to be handed over to the Congress in February, and they still haven't. And I look at this kind of as the same thing, that we are still waiting for some kind of a detailed plan that the President said would be made available and you have too.

My question is this: Is it possible that, due to such factors as bureaucratic obstacles, delays in timing, inability to negotiate with another country, that an opportunity to conduct a capture operation would be lost? Or, in other words, would this issue of not being able to have a place for future detainees—because of the President's desire to close Guantanamo and bring those terrorists here—ever inhibit a question on these attacks that we are doing with ISIL and engaging with them the issue of, like, let's not go there because we don't know, and we don't want these long-term prisoners?

Secretary CARTER. That has not occurred in my observation. Let me ask the Chairman.

General DUNFORD. No, Congresswoman. And, frankly, that would be one of the first things that I would ask if we were asked to do something is—that is going to be part of the decision making to go after an individual—is, what is going to be the disposition of that individual?

Mrs. WALORSKI. And what if the answer comes back? Because we know there are long-term situations now engaging. What if the answer comes back and says: We simply don't know? Or GTMO, because GTMO is an operation right now that is there?

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Byrne.

Mr. BYRNE. Thank you, Mr. Chairman.

Mr. Secretary, obviously, we are here on a day of tragedy, tragedy for the Belgians, tragedy for the world. ISIS is now taking responsibility for the murders this morning. We had a marine that was killed last weekend in Iraq. I know you feel that personally. We have a law that we passed called the National Defense Authorization Act. It required you to submit to the Congress by February the 15th a plan for defeating these people.

I know you told the chairman that it was imminent. The statute says you shall do it by February the 15th. You are in violation of the law. When an average American is in violation of the law, there are consequences. Would you care to explain to the committee why there shouldn't be consequences for your failure to follow a law that was signed by your President?

Secretary CARTER. Well, I already explained that that report will be in front of you imminently. With respect to the larger question——

Mr. BYRNE. Mr. Secretary, that is not my question. The statute says you shall do it by February the 15th. Do you not agree that you are in violation of that law?

Secretary CARTER. We are going to submit that report. It has taken some time. It is not just a department——

Mr. BYRNE. I am going to ask you again. Do you not agree that you are in violation of the law?

Secretary CARTER. We will have that report to you shortly, Congressman.

Mr. BYRNE. I don't think that is a satisfactory response. When we pass a law around here, it means something. Now, people's lives are at stake. You know that better than any of the rest of us.

Secretary CARTER. Well, the people's lives aren't at stake over a report.

Mr. BYRNE. Excuse me for a minute, Mr. Secretary. It is not too much to ask that you comply with the laws that we pass and the President signs.

Secretary CARTER. As the Chairman——

Mr. BYRNE. So it is not sufficient for you to say it is imminent. You need to give us a plan now.

Let me ask you about another report. You are also required to submit when the President puts forth his budget a 30-year ship plan for the Navy. You didn't do that either. That is a statutory requirement. Why didn't you submit a 30-year ship plan?

Secretary CARTER. I don't know about the 30-year ship plan. We have a number of these statutory plans. We work on them very hard. There are many, many, many of them, Congressman.

Let me ask Mr. McCord if he knows the status of that particular one, the second one that the Congressman raised.

Secretary MCCORD. I believe it is in process also and is nearing completion.

Mr. BYRNE. Well, under the law, that was supposed to be submitted with the President's budget request. Now, the existing ship plan we have got calls for 52 littoral combat ships [LCS]. You have not amended that plan. You have requested 40. The Secretary of the Navy has told us in this room he needs 52. He has told us there is no study to change that. Mr. Stackley, his Assistant Secretary for Acquisitions, says there is no Navy study or analysis that would change that. You have no 30-year ship plan to change that, yet you've tried to unilaterally change it in the budget. What is your basis, if you have no 30-year ship plan that updates the 52 request, when there is no Navy analysis, what is your basis for reducing the ship request from 52 to 40 on the LCS?

Secretary CARTER. The basis is this, and this is something that we decided all jointly, and that the joint requirement—that we were going to buy 40 and not 52 littoral combat ships. The littoral combat ship is successful. It is good at what it does. It is better than the mine countermeasure ships it replaces. It is better than the coastal patrol craft it replaces. But 40 is enough.

And the reason we made that decision is that we thought—we believe and were convinced that the money is better spent on ships that are more capable. We are looking for more capable and lethal ships as well as more ships in the Navy. And we also added——

Mr. BYRNE. If the Navy has no analysis on that, where's your analysis? Do you have a report?

Secretary CARTER. We did an analysis in the course of——

Mr. BYRNE. Where is it?

Secretary CARTER [continuing]. Of preparing the budget. We did a lot over the course of the last summer, and we can provide that to you.

Mr. BYRNE. Shouldn't it be in that ship plan?

Secretary CARTER. We can provide that to you. But the point I am making is a very important strategic one, which is we need ships that are more capable and more lethal and more high end. That is one of the themes of this whole budget. So exactly the point you are raising is one of the very themes——

Mr. BYRNE. Mr. Secretary, if that is so important, why wouldn't you give us a new ship plan? Because your old ship plan, the one——

Secretary CARTER. I am sure the shipbuilding plan will reflect that.

Mr. BYRNE. You were supposed to give it to us when the President's budget was submitted. Now, you and your staff may not think these laws are important, but they are.

People wonder why the people of America are angry right now. They are angry because people in Washington feel like they are above the law. And none of us, Mr. Secretary, I am not above the law, and you are not above the law. Give us a plan for the Middle East and give us some sort of analysis that is different from the Navy's analysis on reducing the LCS request from 52 to 40.

And I yield back.

Secretary CARTER. We will provide those reports.

The CHAIRMAN. Ms. McSally.

Ms. MCSALLY. Thank you, Mr. Chairman. And thank you, gentlemen.

Secretary Carter, could you just prioritize—I know you have a lot of choices to make and priorities to make—low, medium, or high, the fight against ISIS, the military fight against ISIS in the next 5 years?

Secretary CARTER. Oh, that is extremely high.

Ms. MCSALLY. How about the priority of ensuring that if we do send our troops into harm's way, that they have the best capability overhead for close air support should they come under fire?

Secretary CARTER. Close air support is a critical part of the joint capability.

Ms. MCSALLY. So high as well? Great.

How about if we have an American who has to eject or is shot down or an isolated personnel and they need the best capabilities overhead for combat search and rescue to be able to get them out of there. Low, medium, or high?

Secretary CARTER. Well, combat search and rescue is a must have everywhere we have forces deployed.

Let me ask the Chairman if he has——

Ms. MCSALLY. Just in general. That is just the context. I think you would agree high, right?

General DUNFORD [continuing]. Right——

Ms. MCSALLY. So I am pleased to see that you are choosing not to mothball any A–10s in this fiscal year, but I am deeply concerned about the 5-year plan based on you sharing that those priorities are all high. We have mothballed the equivalent of four A–10

squadrons since 2012. We have only nine remaining, and there are actually less airplanes in them than they used to have.

The squadron I commanded used to have 24, and now they are down to 18. They are currently in three theaters, South Korea, Europe, and in the fight against ISIS. And I think you saw that firsthand.

I am confused about some statements and really contradictions in the 5-year plan, so I just want to see if I can figure this out. The F–35 requirements document says that the A–10 will be replaced by the F–35. The F–35 is supposed to replace the A–10. That is part of the requirements document.

We have highlighted over the last year—I have—in many hearings concerns about shortfalls. We need a fifth-generation fighter. But when it comes to close air support, the F–35 having shortfalls in loiter time, lethality, weapons load, the ability to take a direct hit, the ability to fly close combat and be able to survive, and their night capability and their digital targeting capability.

Because of that, your [office of] Operation[al] Test and Evaluation has agreed to do a fly-off between the F–35 and the A–10 as part of the evaluation of the F–35, which we were glad to see, because we are concerned that this space is going to have increased risk until we see if there is a proven replacement.

But in your budget, you say that the A–10s will be replaced squadron by squadron by the F–35s. So that seems to me that the outcome is being predetermined. That is my first concern. We are yet to have a fly-off. We think that is going to happen in fiscal year 2018 or 2019, yet you are saying that we are predetermining the outcome that the A–10s will be replaced squadron by squadron by the F–35.

Similarly, we have the Air Force leadership, when asked in a March 3 hearing—and then I followed up last week—basically said the F–35 is really not going to replace the A–10. That is going to be more the F–16 and the F–15E, which contradicts the requirements doc and contradicts your own statement.

If you look at the Air Force's 5-year plan, they are going to put 49 A–10s in the boneyard in fiscal year 2019, another 49 in fiscal year 2020, 64 the year after that, 96 the year after that. Basically, they are getting rid of the A–10. But the fly-off isn't going to happen until at least fiscal year 2018. We won't be able to see the outcome of whether we are going to have a decrease in capabilities until at least a couple years down the line.

So I am just concerned about these contradictions. The Air Force recently is saying that manning is their challenge, that this is their newest excuse as to why they need to be starting to put the A–10 in the boneyard, talking about how they just don't have the manning.

And yet last we looked at, we have got hundreds of people that are playing the tuba and the clarinet wearing the uniform as opposed to core military capabilities. If we really had a manning crisis, from my perspective, we would tell people to put down the tuba and pick up a wrench or a gun, but we are not at that place.

So I am just concerned with where we are right now in these conflicting statements. So I just ask you, General Dunford, do you think that if we put the A–10 in the boneyard before we have a

proven tested replacement for these high-priority missions, will there be a risk to American lives?

General DUNFORD. Congresswoman, what we need in the joint force is the ability to deliver close air support effectively. That is, as you know, it is not just a flat formation; it is a training issue and so forth.

Ms. MCSALLY. Right.

General DUNFORD. So as the advocate for close air support and joint capabilities, I absolutely believe that we need a transition plan, and there needs to be a replacement for the A–10 before it goes away. There is no question.

Ms. MCSALLY. So that means you don't agree with us putting it in the boneyard before we even assess whether the F–35 would replace it?

General DUNFORD. What I don't agree with is getting rid of a capability without replacing it. And what I can tell you, without going into great length, is we recently met with all the chiefs—General Welsh was there—to take a look at the issue of close air support as a whole and to make sure that we are looking carefully at the platforms that are being introduced, what capability gaps will exist, how do we mitigate those gaps, and from that, if we can't mitigate the gap, how does that inform the program in the future.

So I can tell you that the interest that Congress has generated quite a bit of interest inside the Department. And again, as the proponent for joint capabilities, I can assure you I will look at this from a close air support perspective to make sure the joint force has the close air support capability that it needs to have.

Ms. MCSALLY. Thanks. My time has expired, but I just want to say, I believe we need a conditional-based replacement not a time-based replacement; that we shouldn't be putting any more of these in the boneyard until the fly-off is done and A–X [A–10 replacement aircraft] is developed; and we make sure that we are not putting more American lives at risk.

The CHAIRMAN. Mr. Coffman.

Ms. MCSALLY. Thank you, Mr. Chairman.

Mr. COFFMAN. Mr. Chairman, General Dunford, first of all, thank you all for your service to our country.

General Dunford, how would you assess our combined arms capability today that we have been involved in counterinsurgency warfare for quite some time, although we are more to an advise and assist role. But I am concerned about just the fact that we haven't trained for some time. And how would you make that assessment?

General DUNFORD. Congressman, there is no question that over the course of almost a decade involved in primarily counterinsurgency operations, the joint force's ability to integrate combined arms at the high end eroded. We are probably about 2½ years or 3 years into focusing on that once again.

Are we where we need to be? No, we are not. And that is exactly why we are focused on both restoring full-spectrum readiness as well as making sure our exercises regenerate the kind of capability that we had some 10 or 15 years ago, that we are all confident that we had 10 or 15 years ago.

Mr. COFFMAN. Thank you.

Mr. Secretary and General Dunford, I am concerned that—I would hope respectively that we would take a harder look at shifting more capability to the Guard and Reserve and also not allowing them to lapse into being a strategic reserve and to somehow maintain them as an operational reserve.

Now, take a look at their training requirements, take a look at potentially mobilizing them on a periodic basis even in a peacetime role to maintain their effectiveness. But I think that we are not taking a hard enough look prospectively at being able to more cost-effectively maintain our capability but to utilize the Guard and Reserve more. And I wonder if both of you could comment on that.

Secretary CARTER. I concur with you that we need to do more thinking. We are doing more thinking. I think that the simple dichotomy between an operational reserve and a strategic reserve made sense in the Cold War. I think the Reserve Component proved its versatility in the course of the years of war in Iraq and Afghanistan and is proving uniquely valuable in some particular areas.

I mentioned cyber earlier. That is very important. That is not a niche. It is not exotic. It is a critical part of our future. And so I think being creative and effective about the use of the Reserve Component for strategic effect, not as a strategic reserve in the old Cold War sense, absolutely. We are thinking that way, and we need to continue to think that way.

Chairman.

General DUNFORD. Congressman, one of my responsibilities on behalf of the Secretary is global force management. And I can assure you right now in virtually every place where we are, the joint force, the Guard and Reserve are fully integrated into that. And, of course, as you know, the difference between a strategic reserve and the operational reserve is that we wouldn't typically be using them to meet the kind of requirements that we are meeting today.

But you can go to South America today. I was there last week. Guard and Reserve are down there doing partnership capacity. You can go to Africa. You can go to Asia. You can look at BCTs [brigade combat teams] that are being mobilized to participate in operations, elements of BCTs to participate in operations in Iraq and Afghanistan.

So I would tell you today the Guard and Reserve are fully integrated in meeting all the commitments that the joint force has. And I would envision that to be the case in the future, not just because it helps to maintain effective Guard and Reserve but because we actually can't meet our requirements without fully integrating the Guard and Reserve into our overall force management processes.

Mr. COFFMAN. Thank you.

I do think that there are—when I look at the personnel cost differences between an Active Duty soldier and Guard and Reserve member, nondeployed, that they are fairly extraordinary. And so whatever we can do, I think, to be able to save money but maintain capability I think we really need to take a look at going forward.

I think the last question, in your view, this attack in Belgium, is it a result of the fact that we are making gains in Iraq and Syria in terms of rolling back ISIS and ISIS needs to maintain the nar-

rative of being ascendant in order to attract recruits and money from across the radical Islamic world in that this is a way to maintain that narrative by striking outside their territory?

General DUNFORD. Congressman, I can't say whether this particular attack is a result of that, but we have always said, and we anticipate, that as we put increased pressure on the enemy in Iraq and Syria and their narrative begins to erode because their freedom of movement erodes, the resources erode and so forth, that they are going to lash out and conduct terrorist attacks.

And so we would expect the kinds of things we saw in Belgium to be a result of pressure that they feel in other places. There is no question about it. They will balance conventional tactics, which we have seen from the enemy, with guerilla tactics in places like Syria and Iraq when they are not as successful, with terrorist attacks around the world to maintain relevance and to continue to jihad. There is no question about it.

Mr. COFFMAN. Thank you, Mr. Chairman.

I yield back.

The CHAIRMAN. I thank the gentleman.

If you all will allow me, I have got just a couple issues I want to touch on right quick.

Mr. McCord, we have talked a lot about readiness and training and maintenance. It is true, is it not, that virtually all the money for training, for maintenance of aircraft and so forth, is in the base part of the budget?

Secretary MCCORD. That is correct. The vast majority is, Mr. Chairman.

The CHAIRMAN. Yeah.

Secondly, my understanding is, as you all were putting together your budget request, over $5 billion of that request, $5 billion worth, was savings, inflation and especially fuel savings. Now, obviously, the price of oil goes up and down, and you have a very long period when you have to formulate your budget.

My question is, as you look at it today, how do your assumptions on the price of fuel measure against the reality of today?

Secretary MCCORD. For——

The CHAIRMAN. Is it better or worse than you assumed?

Secretary MCCORD. It is better today. Are you talking most about fiscal year 2016 or 2017?

The CHAIRMAN. 2017.

Secretary MCCORD. For 2017. The prices that we were directed to assume are higher than what are prevailing today. As you note, that fiscal year hasn't even started and won't start for some time, and it will go a year after that. So there is a long time for these prices to have to hold before such savings would actually be realizable. But, yes, they are lower today.

The CHAIRMAN. Well, I just am a little concerned that there are assumptions built in the budget. And nobody knows what the price of oil is going to be, although it has been going up some in recent days. But as you point out, this doesn't even start until October 1. I was just wondering how it measured up.

10 U.S.C. 153 requires that the Chairman of the Joint Chiefs provide a risk assessment to Congress by February 15. We heard from the service chiefs that they have provided that input to the

Chairman. My understanding is it has been done, and it is sitting in OSD [Office of the Secretary of Defense] somewhere. Do you all have any clue about when this might be coming?

General DUNFORD. Mr. Chairman, I can answer that. We did complete it some time ago. What we wanted to do was bring the chiefs together in The Tank to discuss it with the Secretary. We did that a week ago Monday. And so we now have that to the Secretary and that should be coming over right away. I mean, it is complete.

We worked on it pretty hard this time, Mr. Chairman. And what you will see is a different organizational construct. We tried to take a look at each of the five challenges we have spoken about and really get after in a meaningful way the risks associated with each one of those five challenges and then what I would call a cross-cutting risk of the joint force.

So while it has been a couple weeks late now, I hope you will find it worth it. And, again, one of the reasons why we kept it a little bit longer was so we could have an opportunity to do a face-to-face with the chiefs and the Secretary, and we did complete that last Monday.

The CHAIRMAN. Well, I do think this is important, and so I look forward to it. It is significant for the committee.

If I can just make an offer again to both of you, it has been one of my goals—and I have certainly not been as successful as I wanted to—to reduce the paperwork burdens that Congress puts on the Department, so fewer reports, if a briefing can be done, a one-time report rather than a recurring report.

I would offer, again, if you all want to submit to us reports that you think are superfluous or overly burdensome, not worth the time and effort, get me that. And I will definitely look at it, because I want to continue to reduce the unnecessary or less-than-necessary paperwork burdens that Congress puts on the Department.

At the same time, as you have heard today, what is left we are serious about. And so time is important. Again, we talked about the ISIS report, come up with reprogramming requests. We don't have a strategy on where it is happening. So I am trying to have fewer things but be serious about the ones that we have.

Please tell me and get it to me about things you think are unnecessary. But at the same time, as you have heard some of today, I think there is frustration when the law is not complied with.

Finally, General Dunford, I saw an open letter—I don't know—signed by several dozen retired military, other notable names, that the time was right to relook at Goldwater-Nichols of 30 years ago and that we needed to be serious that significant changes were in order, although they did not detail what those changes should be, by the way, in the letter.

So I want to ask you your view. I know there is a fair amount of interest about examining and perhaps modifying the Goldwater-Nichols requirements. Please tell me where you think we are on that, if it needs to happen, and then suggestions you may have.

General DUNFORD. Thanks, Chairman.

First of all, I do think there is an imperative for reform at this time, and I think it is a result of a change in the character of war.

The basic nature of war, in my estimation, doesn't change. The character of war has changed. And by that specifically, I mean that most of the crises and contingencies that we have today, immediately transregional; they cut across multiple combatant commands. They are multidomain: sea, air, space, cyberspace, undersea. And they are multifunctional: ballistic missile defense, special operations, strike capabilities, and so forth. And that has changed the nature of integration of the joint force and, frankly, the requirements for the Secretary to make timely decisions in a transregional, multidomain, multifunctional fight.

So I think the more fundamental areas that we need to look at for change with regard to Goldwater-Nichols is, number one, making sure that the Secretary does have the ability to make decisions in a timely manner and making sure he does have the ability to integrate the joint force in that transregional, multidomain, multifunctional fight.

It also requires, in my estimation, the Joint Staff to take a different approach to strategy and to ensure that we write strategies for, for example, the problem sets we spoke about today. So it isn't just an aggregation of operations plans if you are dealing with a Russia or a China, but you have a strategic framework within which those operations plans are met. And I think the National Military Strategy needs to be refined in order to provide that framework within which OPLANs [operations plans] are developed.

And then the final piece of that in execution is the Secretary's ability to prioritize and allocate resources in a timely manner for a fight that is ongoing in multiple combatant commands at the same time. So, from my perspective, as we think about reform, we should focus on the character of war and what reforms are necessary to make sure we can fight in the 21st century.

And what I have alluded to are some fundamental changes in warfighting in the 21st century that I think we can reinforce and optimize the joint force's ability to meet with some very fundamental changes. And I am prepared to make those recommendations to you, Chairman.

Secretary CARTER. And may I just second that. That is exactly along the lines that we are thinking, Chairman, as I alluded to earlier. Obviously, we will need your support if any of that requires statutory change, but those are the dimensions to which I am looking to the Joint Staff and the Joint Chiefs of Staff, and especially the Chairman of the Joint Chiefs of Staff, given the changed nature of warfare. We would like to strengthen that.

The CHAIRMAN. Well, I am anxious to see what you suggest, even if it is not all the reforms that some of these other folks are pursuing. But, obviously, with markup basically for this committee about a month away, for us to have time to look at it, we will want to see it promptly.

Secretary CARTER. I am planning that, to do that quite soon, and it will involve the capabilities, the Joint Chiefs of Staff and the Chairman, while preserving the independent military advice that they provide to me and the President.

The CHAIRMAN. Okay. Good. Thank you. Thank you, all three, for being here today. The hearing stands adjourned.

[Whereupon, at 1:07 p.m., the committee was adjourned.]

A P P E N D I X

MARCH 22, 2016

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 22, 2016

Ranking Member Smith Statement

HEARING ON

Fiscal Year 2017 National Defense Authorization Budget Request from the Department of Defense

March 22, 2016

The President has proposed a defense budget, which upholds the agreement reflected in the Bipartisan Budget Act of 2015 (the BBA) by including approximately $582.7 billion in discretionary budget authority for the Department of Defense (DOD). Now, it is left to the Congress to uphold its end of the deal.

There is no question that our country faces extensive national security challenges. The world is complex and, in recent years it has grown increasingly dynamic. Because the security environment will continue to evolve in ways that will run counter to our national interests, the military must be prepared to engage a wide variety of threats with a panoply of full-spectrum capabilities. Secretary Carter has emphasized that the President's budget request centers on five key challenges: deterring aggressive behavior on the part of a resurgent Russia and a rising China; containing the dangerous and unpredictable North Korean regime; neutralizing Iran's malign influence; and defeating ISIL and other manifestations of violent extremism. The President's budget request also utilizes the BBA's short-term certainty to provide a solid basis for cost-effective planning and decision-making in support of current and future military requirements. The BBA does not provide the DOD with all of the funding that it had previously planned to receive for fiscal year 2017, but it provides a lot. The DOD asserts that the fiscal year 2017 shortfall risks can be mitigated, but that it needs a comprehensive, long-term, budgetary solution.

Although it is presently unclear whether the House of Representatives will pass a budget resolution this year, the resolution passed last week by the House Budget Committee raises more questions than it answers. The committee-passed resolution is nominally BBA compliant, but it would offer a net increase of roughly $18 billion to the defense base budget. It would to do this by assuming that $23 billion of overseas contingency operations (OCO) funding would be used for base budget purposes, but it would not increase the BBA topline of $74 billion for OCO funding. My first question is: which OCO beneficiary would end up paying the bill in this shuffle? Would the money come from the portion requested for DOD – that is, the warfighter? Would it come from the State Department, which also receives OCO funding to perform vital functions in contingency operations? Or, would it come from both? Chairman Price's budget resolution also poses another open-ended question. It appears to allow the Chairman of the House Budget Committee to adjust OCO funding levels going forward on the basis of new information, which means that, at some point, supplemental OCO funding could be used to circumvent BBA funding levels.

The DOD has to make hard choices, especially when it comes to balancing force modernization with the critical need to sustain readiness. Would these choices become

harder or easier, if near-term OCO needs are supplanted by longer-term base budget requirements in fiscal year 2017? How would the DOD prioritize its needs, if OCO funding levels are reduced within the BBA top-line? And, most importantly, what poses the greater risk to national security, providing funding for base budget requirements at the level requested by the President or providing funding for near-term OCO requirements, at least initially, at levels lower than requested? We need to carefully consider Chairman Price's proposal and every other potential adjustment to the defense budget as we work to build this year's defense authorization bill.

At the very least, the Congress should abide by the BBA. It offers some welcome relief from sequestration and supports a viable appropriations process. However, sequestration levels remain in effect for discretionary funding for fiscal years 2018 through 2021. The Congress should seize the opportunity to build upon the short-term respite offered by the BBA to eliminate the threat of sequestration and to repeal the arbitrary caps imposed by the Budget Control Act of 2011 (the BCA). We must remember that devastating harms inflicted by sequestration and the BCA caps in the past, years of budgetary standoffs leading to numerous threatened government shutdowns, one actual government shutdown, and congressional overreliance on continuing resolutions have combined to produce debilitating fiscal uncertainty. The DOD needs fiscal certainty to reliably perform critical missions and tomaintain lasting superiority.

I will also reiterate my call for making recommended reforms within the DOD that will free up funding for the future. It is irresponsible of us to reject the Department's pleas for additional flexibility to reduce excess infrastructure and overhead, to phase out old platforms, and to adjust the healthcare and benefits structure. The savings gleaned over time from such reforms could be reinvested into full spectrum operating capabilities.

Our duty to responsibly manage national security risks demands that we closely evaluate the defense funding levels necessary for fielding effective military capabilities now and in the future. Today, we welcome the views of the Secretary of Defense and the Chairman of the Joint Chiefs of Staff.

I thank our witnesses for joining us today.

AS PREPARED – EMBARGOED UNTIL DELIVERY

SECRETARY OF DEFENSE ASH CARTER SUBMITTED STATEMENT TO THE HOUSE ARMED SERVICES COMMITTEE ON THE FY 2017 BUDGET REQUEST FOR THE DEPARTMENT OF DEFENSE TUESDAY, MARCH 22, 2016

I. PURPOSE OF THIS TESTIMONY

Chairman Thornberry, Ranking Member Smith, Members of the Committee: Thank you for inviting me here today, and for your steadfast support for the men and women of the Department of Defense (DoD), military and civilian alike, who serve and defend our country all over the world. I'm pleased to be here with Chairman Dunford to discuss President Obama's Fiscal Year (FY) 2017 budget submission for the Defense Department.

At this time last year, we were all facing the bleak prospect of looming budget sequestration, and the damage its return would do to our people and our mission. I'm grateful that our country's leaders were able to come together last fall to avert that dismal future, and reach a budget deal that – after several years of fiscal turmoil and reductions – has allowed for greater investment in all our elements of national security and strength. That was what I urged since becoming Secretary of Defense, including in last year's budget testimony before this committee, and given the threat environment we face around the world, forging that deal was the responsible thing to do. It allows our military personnel and their families to know their future more than just one year at a time, which they deserve. It lets our defense industry partners be more efficient and cutting edge, as we need them to be. And, perhaps most importantly, it sends a signal to the world – to friends and potential foes alike – of our nation's strength and resolve.

The President's budget submission accordingly adheres to that budget deal – requesting a total of $582.7 billion for the Defense Department in FY 2017, for both the base budget and Overseas Contingency Operations (OCO) funds combined. How we plan to invest those funds, along with our planned investments for the next five years – as detailed in the customary Future Years Defense Program (FYDP) that's included in the President's budget submission – are critical to DoD's ability to carry out our mission of national defense with the excellence the American people expect of their military, which is today the finest fighting force the world has ever known.

As you know, no one got everything they wanted in the budget deal – I said last year that we needed to rise above our differences, and I'm glad many members of Congress were able to do that – so in budgeting and programming for FY 2017, we had to make responsible choices. The President's budget submission reflects those choices, and we need your support for them. This is particularly true for prudent and necessary reforms – some of which the Congress has long denied, in spite of the cost to both DoD and to America's taxpayers. Indeed, while DoD is grateful to this and the other defense committees for your support for the budget deal, it is also the defense committees that in recent years have been tying our hands on reform, as I will address later in this testimony.

We should remember, however, that the budget deal only covered two years. Unless Congress addresses the years beyond it and heads off sequestration, DoD will face $100 billion in cuts from 2018 to 2021, which would introduce unacceptable risks. So Washington will need

to come together once again – not unlike last year, and two years before that – to provide stability and protect our national security.

That's important, because in this budget submission, we're taking the long view. We have to, because even as we must fight and win today's fights, we must also be prepared to deter and if necessary fight and win the fights that might come 10, 20, or 30 years down the road. Last fall's budget deal set the size of our budget, and with this degree of certainty we focused on changing its shape in fundamental ways – making choices and tradeoffs to adjust to a new strategic era, and seize opportunities for the future.

II. A STRATEGIC TURNING POINT FOR THE DEFENSE DEPARTMENT

Let me now describe the strategic assessment that drove our budget decisions. First of all, it's evident that America is still today the world's foremost leader, partner, and underwriter of stability and security in every region across the globe, as we have been since the end of World War II. As we fulfill this enduring role, it's also evident that we're entering a new strategic era.

Context is important here. A few years ago, following over a decade when we were focused on large-scale counterinsurgency operations in Iraq and Afghanistan, DoD began embarking on a major strategy shift to sustain our lead in full-spectrum warfighting. While the basic elements of our resulting defense strategy remain valid, it's also been abundantly clear to me over the last year that the world has not stood still since then – the emergence of ISIL, and the resurgence of Russia, being just the most prominent examples.

This is reflective of a broader strategic transition underway, not unlike those we've seen in history following major wars. Today's security environment is dramatically different – and more diverse and complex in the scope of its challenges – than the one we've been engaged with for the last 25 years, and it requires new ways of thinking and new ways of acting.

Accordingly, five evolving challenges are now driving the focus of DoD's planning and budgeting.

Two of these challenges reflect a recognition of – return to, in some ways – great power competition. This is something we haven't seen for some time, and that requires heightened focus given its potential impact on our nation and the world. The first such challenge is in Europe, where we're taking a strong and balanced approach to deter Russian aggression – we haven't had to devote a significant portion of our defense investment to this possibility for 25 years, and while I wish it were otherwise, now we do. The second is in the Asia-Pacific, where we haven't faced great power competition since the end of World War II, and where China is rising, which is fine, but behaving aggressively, which is not. There, we're continuing our rebalance, in terms of weight of effort, to maintain the regional stability we've underwritten for the past 70 years, allowing so many nations to rise and prosper in this, the single most consequential region for America's future.

Meanwhile, two other longstanding challenges pose threats in specific regions. One is North Korea, which remains dangerous to both us and our allies – that's why our forces on the Korean Peninsula remain ready, as they say, to "fight tonight." The other is Iran – because while the nuclear accord is a good deal for preventing Iran from getting a nuclear weapon, and doesn't limit DoD in any way, we must still deter Iranian aggression and counter Iran's malign influence against our friends and allies in the region, especially Israel, to whom we maintain an unwavering and unbreakable commitment.

Challenge number five, no less important than the other four, is our ongoing fight to counter terrorism, and especially defeat ISIL – most immediately in its parent tumor in Iraq and Syria, and also where it is metastasizing, in Afghanistan, Africa, and elsewhere – at the same time as we're protecting our homeland. While ISIL must and will be defeated now, in the longer perspective and in our budgeting we must also take into account that as destructive power of greater and greater magnitude falls into the hands of smaller and smaller groups of people, countering terrorists will be a continuing part of the future responsibilities of DoD and other national security leaders.

DoD must and will address all five of these challenges as part of its mission to defend this country. Doing so requires some new investments on our part, new posture in some regions, and also new and enhanced capabilities.

Key to our approach is being able to deter the most advanced adversaries while continuing to fight terrorist groups. This means we must have – and be seen to have – the ability to impose unacceptable costs on an advanced aggressor that will either dissuade them from taking provocative action, or make them deeply regret it if they do. To be clear, the U.S. military will be ready to fight very differently than we have in Iraq and Afghanistan, or in the rest of the world's recent memory. We will be prepared for a high-end enemy – what we call full-spectrum. In our budget, our plans, our capabilities, and our actions, we must demonstrate to potential foes that if they start a war, we are able to win, on our terms. Because a force meant to deter conflict can only succeed in deterrence if it can show that it will dominate a conflict.

We have this ability with respect to North Korean and Iranian military forces, as well as in executing the military aspects of countering terrorists, as we're doing now against ISIL. That won't change, even as we know that military power alone cannot prevail without capable and motivated local forces to sustain ISIL's defeat – nor can the United States alone deliver a lasting defeat – against the toxic ideology of terrorists like ISIL that have so little regard for the lives of fellow human beings.

In this context, Russia and China are our most stressing competitors, as they've both developed and are continuing to advance military systems that threaten our advantages in specific areas, and in some cases, they're developing weapons and ways of war that seek to achieve their objectives in ways they hope would preempt a response by the United States. Because of these facts, because the implications of any great-power conflict would be so dire for the United States and the world, and because of those nations' actions to date – from Ukraine to the South China Sea – DoD has elevated their importance in our defense planning and budgeting to ensure we maintain our advantages in the future.

While we do not desire conflict with any of these nations – and, to be clear, though they pose some similar defense challenges, they are very different nations and situations – we also cannot blind ourselves to the actions they choose to pursue. That is the responsible course of action for the Defense Department. Our military is first and foremost a warfighting force, and even as we seek to deter wars, we must also be prepared to fight and win them, which is itself a key part of deterrence.

Our military must be balanced with the proper size and capability to defeat any attack against U.S. forces and our allies. And because of the decisions in this budget, our military will be better prepared for both present and future challenges, and better positioned to deter, and if necessary fight and win, wars against even the most high-end of potential adversaries.

As this budget addresses those five evolving challenges, it also seizes great opportunities – in supporting new and innovative operational concepts; in pioneering and dominating

technological frontiers, including undersea, cyber, space, electronic warfare, and other advanced capabilities; in reforming the defense enterprise; and in building the force of the future. I will address the investments we're making to do so later in this testimony.

III. SUPPORTING THE STRENGTH AND WELLNESS OF TODAY'S FIGHTING FORCE

Before I address how this budget ensures we meet those challenges and seize those opportunities, I want to first emphasize our enduring commitment to supporting the men, women, and families of the world's finest fighting force. Above all, this means exercising the utmost care in decisions involving the deployment and employment of our troops. It also requires devoting a significant share of our budget every year toward supporting the people, military and civilian alike, who execute DoD's missions around the world.

To ensure we have a force that's ready to carry out today's missions, this budget invests in the four main things that every soldier, sailor, airman, and Marine needs to do their job – the right training; the right equipment; the right force size, meaning the right number of people alongside them; and the right compensation.

The Right Training

In FY 2017 and beyond, the budget makes critical investments in training throughout the force to rebuild toward full-spectrum combat readiness and continue recovering from the damage caused by sequestration in recent years – though, it's important to remember that restoring readiness requires not only sufficient funding, but also time. The budget maximizes use of the Army's decisive action Combat Training Centers, funding 19 total Army brigade-level training rotations. It provides robust funding to sustain the Navy and Marine Corps' current training levels and readiness recovery plans for FY 2017 – optimizing Navy training while maximizing the availability of naval forces for global operations, and fully funding the Marine Corps' integrated combined arms exercises for all elements of its Marine Air-Ground Task Forces. And, because recent operational demands like the fight against ISIL have slowed the Air Force's return to full-spectrum readiness, the budget increases funding – as part of a $1 billion increase over the FYDP to support Air Force readiness – to modernize and expand existing Air Force training ranges and exercises here at home, providing pilots and airmen with more realistic training opportunities when they're not deployed.

The Right Equipment

The budget also makes important investments to provide our men and women in uniform with functioning, well-maintained equipment so that when we send them into the fights of today, they're able to accomplish their mission and come home safely. For example, to address the Navy and Marine Corps' growing maintenance backlog in tactical aviation, the budget funds a 15 percent increase in F-18 depot maintenance capacity, and it buys an additional 16 F/A-18 E/F Super Hornet fighter jets between now and FY 2018 – providing a significant boost to the health of the Navy and Marine Corps' 4th-generation fighter aircraft fleet so it's ready and capable for today's missions. To help ensure the Air Force has enough ready and capable aircraft for both combat missions and intelligence, surveillance, and reconnaissance (ISR), the budget funds improvements in the avionics and electronic warfare systems of legacy fighter and bomber aircraft, and it supports the Air Force's 'get well plan' for remotely-piloted aircraft.

The budget also makes critical investments in every domain to research, develop, test, evaluate, and procure the right technology and equipment our military will need to deter and if necessary fight and win full-spectrum conflicts in the future. I will detail those investments later in this testimony.

The Right Force Size

The flexibility provided by last fall's budget deal allowed us to maintain DoD's desired targets across the FYDP for end-strength and active-reserve mix for our ground forces – without it, sequestration likely would have forced further reductions. Therefore, the budget stabilizes our total ground force end-strength by the end of FY 2018 with an Army of 450,000 active-duty soldiers, 335,000 soldiers in the Army National Guard, and 195,000 soldiers in the Army Reserve – comprising 56 total Army brigade combat teams and associated enablers – and a Marine Corps of 182,000 active-duty Marines and 38,500 Marine reservists. For the Navy, the budget continues to grow the size, and importantly the capability, of the battle fleet – providing for 380,900 active-duty and reserve sailors in FY 2017, and an increase from 280 ships at the end of FY 2016 to 308 ships at the end of the FYDP. The budget also supports an Air Force of 491,700 active-duty, reserve, and National Guard airmen – maintaining 55 tactical fighter squadrons over the next five years, and providing sufficient manpower to address high operating tempo and shortfalls in maintenance specialists for both tactical fighters and remotely-piloted aircraft.

The Right Compensation

In FY 2017, the budget provides $177.9 billion in pay and benefits – including health care, housing allowances, commissaries, retirement, and other benefits – for DoD's 2.1 million military personnel and their families. I will discuss DoD's proposed reforms to some of these areas later in this testimony. To help make sure DoD is competitive for the best talent, the budget includes a department-wide pay raise of 1.6 percent in FY 2017. This is an increase above FY 2016's pay raise of 1.3 percent.

It's important to note that of all the cuts we've taken to our previously-planned budgets since the Budget Control Act was passed, including cuts from sequestration – altogether so far totaling at least $800 billion over ten years – less than 9 percent of those reductions came from military compensation proposals. This should make clear that we've worked extremely hard to protect our people, and that we do need to address some places where savings can be found, such as through modernizing and simplifying our military healthcare system, which I address later in this testimony.

More Than Military Readiness

Beyond ensuring the combat readiness of America's military, our commitment to the force of today also encompasses what we're doing to ensure the dignity of our people. We're putting a priority on preventing and eliminating sexual harassment and sexual assault in the military, investing $246 million in FY 2017 to help support survivors, reduce retaliation for reporting, and eradicate these crimes from our ranks – and soon, DoD will deliver to Congress our strategy on addressing retaliation, in particular. We're also helping provide transition support and advocating for employment opportunities for veterans, investing a total of $109 million in FY 2017 so our people can make the most of their potential and keep making a difference when they complete their service in uniform. And we're fostering greater diversity of

our force, because our strength depends on being open to the widest possible pool of talent that can meet our standards – young Americans today are more diverse, open, and tolerant than past generations, and if we're going to attract the best among them to contribute to our mission, we ourselves have to be more diverse, open, and tolerant, too. It's the only way to compete in the 21st century.

That's one reason why we're opening all remaining combat positions to women, so that we have access to 100 percent of our population for every position in the all-volunteer force and every American who can meet our exacting standards has the full and equal opportunity to contribute to our mission. That said, since the declaration that opens all career fields to women is by itself not sufficient for their full integration, I've asked the military services to mitigate any concerns about combat effectiveness by incorporating my seven guiding principles – transparent standards, population size, talent management, physical demands and physiological differences, operating abroad, conduct and culture, and assessment and adjustment – into their implementation plans, which I have reviewed and approved and are now being carried out. First and foremost, this means the services will continue to apply objective standards for all career fields to ensure leaders assign tasks and career fields throughout the force based on ability, not gender. This may mean in some cases, equal opportunity may not always equate to equal participation. Integration provides equal opportunity for men and women who can perform the tasks required; it does not guarantee women will fill these roles in any specific number or at any set rate, as adherence to a merit-based system must continue to be paramount. Also, we must incorporate concrete ways to mitigate the potential for higher injury rates among women, and leverage lessons learned from Iraq and Afghanistan to address concerns regarding operating in areas where there is cultural resistance to working with women. We must address attitudes toward team performance through education and training, including making clear that sexual assault or harassment, hazing, and unprofessional behaviors are never acceptable. Our core beliefs in good order, discipline, leadership, and accountability are foundational to our success in integration. And it is absolutely critical that we embark on integration with a commitment to the monitoring, assessment, and in-stride adjustment that enables sustainable success.

Finally, it's important to remember that our commitment to the force of today is not limited to those who serve in uniform. In FY 2017, it also includes $79.3 billion to support our civilian workforce of 718,000 Americans – men and women across the country and around the world who do critical jobs like helping repair our ships and airplanes, providing logistics support, developing and acquiring weapon systems, supporting survivors of sexual assault, and helping care for our military's wounded, ill, and injured personnel. The budget includes $7.7 billion to support our military families, because they serve too. It includes $3.1 billion to help take care of our wounded warriors, to whom our commitment is and must remain as strong as ever. And it includes our enduring pledge to support the families of the fallen, whose loved ones made the ultimate sacrifice on behalf of our country.

IV. ADJUSTING TO STRATEGIC CHANGE

Another significant portion of our budget goes toward DoD's current operations all around the world, in every domain, to help defend our country, our allies, and our interests. Our budget's investments and programming decisions in this area reflect my commitment to helping the President address key national security challenges, and my priorities for how we must adjust to strategic change – in countering terrorists, whether ISIL, al-Qaeda, or others; in taking a

strong and balanced approach to deter Russian aggression; in operationalizing our rebalance to the Asia-Pacific; in deterring Iranian aggression and malign influence; in standing alert on the Korean Peninsula; and in addressing threats from multiple directions in cyber, space, and electronic warfare. We don't have the luxury of choosing between these challenges; we must and will address them all, and not only be prepared across the spectrum of conflict, but also for the possibility of multiple conflicts in overlapping timeframes.

Countering Terrorism

It is clear that our mission of countering terrorists and other violent extremists around the world will be with us for some time. The Department of Defense has strong counterterrorism capabilities, and we continue to deploy them to protect America.

Dealing ISIL a Lasting Defeat

We must and will deal ISIL a lasting defeat, which is why the budget provides $7.5 billion in FY 2017 for Operation Inherent Resolve. This investment will be critical to continuing to implement and accelerate the coalition military campaign plan that the United States has developed, that our key allies support, and that focuses on three military objectives: One, destroy the ISIL parent tumor in Iraq and Syria by attacking its two power centers in Mosul, Iraq and Raqqa, Syria; these cities constitute ISIL's military, political, economic and ideological centers of gravity, which is why our plan has big arrows pointing toward both. Two, combat the emerging metastases of the ISIL tumor worldwide wherever they appear. And three, our most important mission, which is to protect the homeland.

To eliminate the parent tumor in Iraq and Syria, DoD is enabling local, motivated forces with critical support from a global coalition wielding a suite of capabilities-ranging from airstrikes, special forces, cyber tools, intelligence, equipment, mobility and logistics, training, advice and assistance. It must be local forces who deliver ISIL a lasting defeat, because only they can secure and govern the territory by building long-term trust within the populations they liberate. We can and will enable such local forces, but we cannot substitute for them. Accordingly, the budget's investment in the counter-ISIL campaign includes $630 million for training and equipping the Iraqi Security Forces, and $250 million for enabling Syrian anti-ISIL forces.

This is a worthy investment, as we've already started to see our investments over the last several months start to pay off. For example, it was Iraqi soldiers who took back the Ramadi city center, reversing a loss the Iraqi army suffered last spring. Our support to them included advanced training, tactics, air support, and the portable bridges that carried the Iraqi military across the Euphrates River and into the decisive fight. Ramadi, like recent Iraqi gains in Bayji, Tikrit, and Sinjar, demonstrates that the approach we are taking is having an effect as Iraqis prepare for what will be a tough fight for Mosul. Likewise in Syria, local anti-ISIL forces we've enabled with equipment and ammunition have had successes in Tal Abyad, al-Hawl, the Tishreen Dam, and Shaddadi. It is imperative to keep building on this momentum.

As we work with our partners to destroy ISIL's parent tumor in Iraq and Syria, we must also recognize that ISIL is metastasizing in areas like North and West Africa and Afghanistan. Having taken out ISIL's leader in Libya in November, we are also now prepared to step up pressure on ISIL in Afghanistan to check their ambitions there as well.

Finally, at the same time that we accelerate our campaign, so must every one of our coalition partners – there can be no free riders. That's why last month in Brussels I convened the

first-ever meeting of defense ministers from 27 other countries involved in the military coalition to defeat ISIL to follow up after I personally reached out to dozens of defense ministers to urge them to consider filling critical military and non-military needs in the campaign. And I'm gratified to report that coalition members responded to our challenge – and not only NATO allies like Canada and the Netherlands, but also Gulf nations, including Saudi Arabia and the United Arab Emirates. In sum, nearly 90 percent of the countries participating in the coalition's military campaign have either stepped up their role or committed to do so in the coming days. Their decisions to expand air operations, send more trainers, provide logistical support, help with reconstruction, or make other contributions will all help our coalition intensify the counter-ISIL campaign and bring about ISIL's lasting defeat.

None of this changes the fact that our counter-ISIL campaign is a hard and complex fight. We have tactical and strategic goals, but they will take time – and, as is often said, the enemy gets a vote. For our part, we will remain focused, committed, and resilient because this is a fight we can, must, and will win, as our efforts to accelerate our campaign are already producing real and promising results.

Ensuring Long-Term Stability in Afghanistan

After more than a decade of war in Afghanistan, we have to make sure our gains there stick, which is why the budget continues to support our two missions in Afghanistan – countering terrorism, and training, advising, and assisting the Afghan National Defense and Security Forces (ANDSF). In support of those two missions, the President announced last fall that the United States will maintain a continued presence of 9,800 troops through most of 2016 before drawing down to 5,500 troops by January 2017. As I told our troops there when I visited them this past December, while Afghanistan remains a dynamic fight, we are determined to ensure that terrorists – regardless of whether they're al-Qaeda or ISIL – never have or find safe haven there again.

The budget provides $41.7 billion in FY 2017 for Operation Freedom's Sentinel – including funding to support our posture in U.S. Central Command, the full funding of $3.4 billion to support the ANDSF, and $1.4 billion to support other coalition partners. Importantly, this allows us to continue strengthening and developing the ANDSF's aviation, logistics, intelligence, and special operations capabilities, with the intent of reducing their dependency on us over time. Also, in addition to upholding our commitments to Afghanistan, the Afghan people, and other partners, the budget reflects that the United States will retain several key locations in 2016 and beyond, including facilities in Kabul, Bagram, Jalalabad, and Kandahar. As we do so, the United States will support the continuation of the NATO mission in Afghanistan in 2016 and beyond, and continue to consult with our NATO allies and partners to ensure that the U.S. and NATO missions in Afghanistan are mutually supportive.

Our continued presence in Afghanistan is not only a sensible investment to counter threats that exist and stay ahead of those that could emerge in this volatile region; it also supports the willing partner we have in the government of Afghanistan. It is in the United States' interest to help them succeed, for the benefit of their security, our security, the region and the world.

Establishing an Alternative to the Detention Facility at Guantanamo

The Defense Department is resolutely committed to responsibly closing the detention facility at Guantanamo Bay through the establishment of an alternative detention facility. I share the President's belief – and the belief of many in Congress – that doing so would benefit our

national security, which is why DoD will continue to transfer Guantanamo detainees to other countries when we have substantially mitigated any security risks to the United States.

Over the last four months, we completed transfers for 16 detainees, bringing the population to 91. Like every transfer that came before them, the decision to transfer these detainees happened only after a thorough review by me and other senior security officials of our government.

That said, because many of the remaining detainees currently cannot be safely transferred to another country, we need an alternative to this detention facility. Therefore, I support the President's plan to establish and bring those detainees to an appropriate, secure, alternative location in the United States. I appreciate that Congress has indicated a willingness to consider such a proposal, and, in accordance with the 2016 National Defense Authorization Act, DoD delivered that plan to Congress in February. We look forward to working with Congress to identify the most appropriate design, legislative foundation, and geographic location for future detention and to lift the restrictions preventing the responsible closure of the facility at Guantanamo.

Supporting and Maintaining our Counterterrorism Capabilities

In addition to the specific funds outlined above, the budget also reflects other investments we're making in DoD's posture to ensure we can counter terrorism effectively wherever it challenges us. For example, the budget sustains our robust funding for U.S. Special Operations Command, allocating $10.8 billion in FY 2017. To bolster our partners in fighting terrorism, it requests $1 billion for our Counterterrorism Partnerships Fund. And it supports the development of DoD's transregional counterterrorism strategy, which I'd like to outline now.

The terrorist threat is continually evolving, changing focus, and shifting location, requiring us to be flexible, nimble, and far-reaching in our response. Accordingly, the Defense Department is leveraging the existing security infrastructure we've already established in Afghanistan, the Middle East, East Africa, and Southern Europe, so that we can counter transnational and transregional terrorist threats like ISIL and others in a sustainable, durable way going forward. From the troops I visited in Morón, Spain last October to those I visited in Jalalabad, Afghanistan last December, these locations and associated forces in various regions help keep us postured to respond to a range of crises, terrorist and other kinds. In a practical sense, they enable our crisis response operations, counter-terror operations, and strikes on high-value targets, and they help us act decisively to prevent terrorist group affiliates from becoming as great of a threat as the main entities themselves. This transregional approach is already giving us the opportunity and capability to react swiftly to incidents and threats wherever they occur, and it maximizes our opportunities to eliminate targets and leadership. An example of this in action was our November strike on Abu Nabil, ISIL's leader in Libya, where assets from several locations converged to successfully kill him. To help implement this strategy, including in the fight against ISIL and its metastasis beyond Iraq and Syria, the budget includes an additional $175 million in FY 2017 – $9 million to help bolster our posture in the Levant, and $166 million to help us better address threats in North and West Africa in conjunction with our European partners.

Because the accelerating intensity of our precision air campaign against ISIL in Iraq and Syria has been depleting our stocks of some of the GPS-guided smart bombs and laser-guided rockets we use against terrorists the most, the budget invests $1.8 billion in FY 2017 to buy over 45,000 more of them. Furthermore, DoD is also exploring increasing the production rate of these

munitions in our industrial base – calling on America's great arsenal of democracy to help us and our partners finish the job of defeating ISIL.

Also, because our remotely-piloted intelligence, surveillance, and reconnaissance (ISR) aircraft play an important role in countering terrorism, the budget includes $1.2 billion for FY 2017 and $4.5 billion over the FYDP to increase the number of around-the-clock permissive ISR combat air patrols from 70 today to 90 by the end of FY 2018. Using a mix of MQ-9 Reapers, Extended Range Reapers, and MQ-1C Advanced Gray Eagles – and comprising 60 patrols from the Air Force, 16 from the Army, and 14 that are government-owned and flown by contractors for the Air Force and U.S. Special Operations Command – these investments will be critical as the need for ISR continues to increase around the world.

Finally, because it helps us maintain a larger Air Force fighter fleet that can drop more smart bombs in our counter-ISIL air campaign, the budget also further defers the A-10 Thunderbolt's final retirement until 2022. I saw some of the A-10s that are flying bombing missions against ISIL when I was at Incirlik Air Base in Turkey last December, and we need the additional payload capacity they can bring to the fight. Accordingly, we are also changing the rate at which we will phase out the A-10 as we approach 2022, as I will explain later in this testimony.

A Strong and Balanced Strategic Approach to Deter Russia

Despite the progress we've made together since the end of the Cold War, Russia has in recent years appeared intent to erode the principled international order that has served us, our friends and allies, the international community, and also Russia itself so well for so long. In Europe, Russia continues to violate the sovereignty of Ukraine, Georgia, and Moldova, and actively seeks to intimidate its Baltic neighbors. In Syria, Russia has been pouring gasoline on a civil war, fueling the very extremism Russia claims to oppose. At sea, in the air, in space, and in cyberspace, Russian actors have engaged in challenging international norms. And most disturbing, Moscow's nuclear saber-rattling raises questions about Russia's leaders' commitment to strategic stability, their respect for norms against the use of nuclear weapons, and whether they respect the profound caution that nuclear-age leaders showed with regard to brandishing nuclear weapons.

To be clear, the United States does not seek a cold, let alone hot war with Russia. We do not seek to make Russia an enemy, even as it may view us that way. But make no mistake – we will defend our interests, our allies, the principled international order, and the positive future it affords us all. That's why the United States is taking a strong and balanced strategic approach in response to Russia's aggression: strengthening both our allies and ourselves, including through investments in this budget, while also giving Russia the opportunity, if it chooses, to rejoin the international community and work with us where our interests align.

Since Russia began its illegal attempted annexation of Crimea a little over two years ago, DoD's budgets have made valuable investments in reinforcing our NATO allies; for example, contributing to NATO's Very High Readiness Joint Task Force, and stepping up our training and exercises under Operation Atlantic Resolve. This budget builds on that significantly, and breaks new ground by re-envisioning and recommitting to deterring – and, if deterrence fails, defeating – any aggression against our allies in the future. The 20th century NATO playbook was successful in working toward a Europe whole, free and at peace, but the same playbook would not be well-matched to the needs of the 21st century. Together with our NATO allies, we must write a new playbook, which includes preparing to counter new challenges like cyber and hybrid

warfare, better integrating conventional and nuclear deterrence, as well as adjusting our posture and presence to adapt and respond to new challenges and new threats.

To further reinforce our NATO allies and build our deterrence posture in the face of Russia's aggression, this budget significantly increases funding for our European Reassurance Initiative to make a total investment of $3.4 billion for FY 2017 – more than quadrupling the $789 million that we requested last year – allowing us to increase the amount of prepositioned equipment sets in Europe as well as the number of U.S. forces, including Reserve forces, rotating through Europe to engage with friends and allies. This increase supports the persistent rotational presence of an armored brigade combat team for 12 months out of the year, which will give us a total of three brigade combat teams continuously present in Europe. It supports more training and exercises with our European friends and allies. It supports more warfighting gear, including forward-stationing equipment for an additional armored brigade combat team by the end of 2017. It supports prepositioning equipment for a division headquarters and other enablers in Europe, such that this equipment – along with assigned Army airborne and Stryker brigade combat teams and Marine Corps heavy vehicles and equipment already in Europe – will allow us to rapidly form a highly-capable combined-arms ground force of division-plus strength that can respond theater-wide if necessary. And it helps strengthen our regional air superiority posture – among other things, allowing us to keep an additional F-15C tactical fighter squadron based in Europe, and also improve airfield infrastructure to enhance operations for Air Force fighters and Navy maritime patrol aircraft.

In addition, the budget reflects how we're doing more, and in more ways, with specific NATO allies. Given increased Russian submarine activity in the North Atlantic, this includes building toward a continuous arc of highly-capable maritime patrol aircraft operating over the Greenland-Iceland-United Kingdom gap up to Norway's North Cape. It also includes the delivery of Europe's first stealthy F-35 Joint Strike Fighters to our British allies. And, given Russia's use of hybrid warfare – exemplified by the so-called 'little green men' in Ukraine – the budget supports more rotational presence of U.S. special operations forces exercising in Europe.

The budget also significantly funds important new technologies that, when coupled with revised operational concepts, will ensure we can deter and if necessary win a high-end conventional fight in an anti-access, area-denial environment across all domains and warfighting areas – air, land, sea, space, cyberspace, and the electromagnetic spectrum. While I will address these areas in greater detail later in this posture statement, investments that are most relevant to deterring Russia include new unmanned systems, enhanced ground-based air and missile defenses, new long-range anti-ship weapons, the long-range strike bomber, and also innovation in technologies like the electromagnetic railgun, lasers, and new systems for electronic warfare, space, and cyberspace. The budget also invests in modernizing our nuclear deterrent.

Consistent with our strong and balanced approach, the door will remain open for Russia to reassume the role of respected partner going forward. While that would be greatly welcomed by the United States, and the Department of Defense, it's up to the Kremlin to decide – first by demonstrating a willingness to return to the international community.

Operationalizing the Rebalance to the Asia-Pacific

The budget also supports operationalizing our rebalance to the Asia-Pacific region. In a region home to nearly half the world's population and nearly half the global economy, for 70 years the United States has helped underwrite a stable security environment that allowed the

people, economies, and countries in the Asia-Pacific to rise and prosper. We fully intend to continue these efforts so that bright future can be possible for everyone in this important region.

Accordingly, the budget helps improve DoD's geographically distributed, operationally resilient, and politically sustainable posture in the region, through which the United States seeks to preserve peace and stability, and maintain our strategic advantage in an area that's critically important to America's political, economic, and security interests. Investments in the budget reflect how we're moving more of our forces to the region – such as 60 percent of our Navy and overseas Air Force assets – and also some of our most advanced capabilities in and around the region, from F-22 stealth fighter jets and other advanced tactical strike aircraft, to P-8A Poseidon maritime surveillance aircraft, to our newest surface warfare ships. They also reflect how we're developing and implementing new posture initiatives – in places like Guam, the Northern Marianas, the Philippines, Australia, and Singapore, as well as modernizing our existing footprint in Korea and Japan – and continuing to strengthen existing partnerships and develop new ones, from India to Vietnam. And they reflect our efforts to support and strengthen a regional security architecture that benefits everyone – from strengthening and modernizing our alliances, to bolstering our ties with the Association of Southeast Asian Nations (ASEAN), to building the security capabilities of our many friends and allies, who increasingly want to do more with us in the region. In support of this effort, the budget fully supports our five-year, $425 million Southeast Asia Maritime Security Initiative begun in FY 2016.

For this region, as it does with Europe, the budget also significantly funds important new technologies to ensure we can deter and if necessary win a high-end conventional fight in an anti-access, area-denial environment across all domains and warfighting areas – air, land, sea, space, cyberspace, and the electromagnetic spectrum. These investments – which I will outline later in this testimony – are important for ensuring our forces can go anywhere, at any time, and succeed in whatever mission we ask of them.

It's important to remember that America's rebalance has never aimed to hold any nation back or push any country down. The United States wants every nation to have an opportunity to rise, because it's good for the region and good for our collective interests. That includes China. As we welcome the growth and prosperity of all Asia-Pacific nations, it is clear that the U.S.-China relationship will be complex as we continue to balance our competition and cooperation. There are opportunities to improve understanding and to reduce risk with China – for example, we've agreed to four confidence-building agreements, including one meant to prevent dangerous air-to-air encounters. But there remain areas of concern.

For one, the United States joins virtually everyone else in the region in being deeply concerned about the pace and scope of land reclamation in the South China Sea, the prospect of further militarization, as well as the potential for these activities to increase the risk of miscalculation or conflict among claimant states. U.S. military presence in the region is decades-old, has been instrumental in upholding the rules-based international system, and has laid the foundation for peace and security in the region. Our interest is in maintaining freedom of navigation and overflight, full and unimpeded lawful commerce, and that disputes are resolved peacefully. To accomplish this, we will continue to fly, sail, and operate wherever international law allows. We also expect China to uphold President Xi's pledge not to pursue militarization in the Spratly Islands of the South China Sea.

Also, we are closely watching the long-term, comprehensive military modernization program that China, as well as other countries, continues to pursue. While there is no question that the United States retains a decisive military edge in the Asia-Pacific today, China is

investing in capabilities to counter third-party – including the United States – intervention during a crisis or conflict. These capabilities include ballistic and cruise missiles of increasingly greater range and accuracy, counter-space and offensive cyber capabilities, and electronic warfare systems. To maintain a lasting competitive advantage, DoD is taking prudent steps to preserve and enhance deterrence for the long term. The budget reflects this, including with investments to continue adapting our forces, posture, operations, and capabilities to deter aggression, defend our allies, and sustain our military edge in the Asia-Pacific.

Deterring North Korea

The budget also supports investments necessary to deter North Korean provocation and aggression, ensure our forces on the Korean Peninsula remain ready and capable to 'fight tonight' if necessary, and defend against threats emanating from North Korea against the United States and our allies. This includes threats posed by North Korea's nuclear and missile programs, against which DoD is fully capable of defending the U.S. homeland. Our position has been, and remains, that North Korea must abide by its international obligation to abandon its nuclear and missile programs and stop its provocative behavior.

North Korea's nuclear test on January 6th and its ballistic missile launch on February 7th were highly provocative acts that undermine peace and stability on the Korean Peninsula and in the region. The United States condemns these violations of U.N. Security Council resolutions and again calls on North Korea to abide by its international obligations and commitments. We are monitoring and continuing to assess the situation in close coordination with our regional partners.

DoD remains fully capable of fulfilling U.S. treaty commitments to our allies in the event of a North Korean attack, and we're working with our Republic of Korea allies to develop a comprehensive set of alliance capabilities to counter the growing North Korean ballistic missile threat. I spoke with my South Korean counterpart shortly after the nuclear test, and reiterated our commitments as strong and steadfast allies. Also, a few hours after the ballistic missile launch, the United States and the Republic of Korea jointly announced the start of formal consultations to discuss the feasibility of deploying a Terminal High-Altitude Area Defense (THAAD) system to the Korean Peninsula at the earliest date.

Checking Iran's Malign Influence while Strengthening Regional Friends and Allies

The Middle East presents a kaleidoscope of challenges, but there, as everywhere, DoD's budget – and accordingly our actions and strong military posture – is guided by our North Star of what's in America's interests. Defeating ISIL in Iraq and Syria, which I discussed earlier, is of course one of those interests, but amid this region's complexity and uncertainty, we also have other interests of great importance, which are to deter aggression; to bolster the security of our friends and allies, especially Israel; to ensure freedom of navigation in the Gulf; and to check Iran's malign influence even as we monitor the implementation of the Joint Comprehensive Plan of Action. That's why DoD maintains tens of thousands of American personnel ashore and afloat in the region, along with our most sophisticated ground, maritime, and air and ballistic missile defense assets.

While the Joint Comprehensive Plan of Action places significant limitations on Iran that will effectively cut off its pathways to the fissile material for a nuclear bomb, it does not limit in any way what DoD can and will do to pursue our defense strategy in the region. It places no limits on our forces, our partnerships and alliances, our intensive and ongoing security

cooperation, or on our development and fielding of new military capabilities – capabilities we will continue to advance in order to provide all options, as the President has directed, should Iran walk away from its commitments under this deal. So if Iran were to commit aggression, our robust force posture ensures we can immediately respond and rapidly surge an overwhelming array of forces into the region, leveraging our most advanced capabilities married with sophisticated munitions that put no target out of reach.

This budget invests in maintaining those abilities going forward, which is important, because Iran and its proxies will still present security challenges. Iran supports Assad in Syria, backs Hezbollah in Lebanon, and is contributing to disorder in Yemen, while still directing hostility and violence to our closest ally in the region, Israel. To continue to meet our commitments and enhance our cooperation with our friends and allies in the region, especially Israel, the budget makes critical investments – including $146 million to support Israel in FY 2017. This reflects our unshakeable commitment to Israel and its security, with funding for Iron Dome, David's Sling, Arrow, and other cooperative defense programs – not only ensuring that Israel can defend itself, but also preserving and enhancing Israel's qualitative military edge, which is a cornerstone of our defense relationship.

Meanwhile, with critical investments in other areas, the budget enables DoD to continue to advance our preparations, posture, partnerships, and planning to preserve the President's options for any contingency. It strengthens the regional security architecture in a way that blunts Iran's ability to coerce its neighbors. And it helps us stay ahead of the risks posed by Iran's ballistic missiles, naval forces, cyber capabilities, and support for terrorists and others in the region.

Addressing Threats in Cyber, Space, and Electronic Warfare

Even as we make adjustments in our budget to address the five evolving challenges posed by Russia, China, Iran, North Korea, and terrorist groups like ISIL and al-Qaeda, we are also making adjustments to address emerging and increasing threats that transcend individual nations and organizations. That's because, as we confront these five challenges, we know we'll have to deal with them across all domains – and not just the usual air, land, and sea, but also particularly in the areas of cyber, space, and electronic warfare, where our reliance on technology has given us great strengths, but also led to vulnerabilities that potential adversaries are eager to exploit.

As I made clear when I released DoD's new cyber strategy last April, we have three missions in cyberspace – first and foremost, to defend our networks, systems, and information; second, to help defend the nation and our interests from cyberattacks of significant consequence, working with other departments and branches of government; and third, to provide options that can augment our other military systems. Given the increasing severity and sophistication of the threats and challenges we're seeing in cyberspace – ranging from ISIL's pervasive online presence to the data breaches at the Office of Personnel Management – the budget puts a priority on funding our cyber strategy, investing a total of $6.7 billion in FY 2017 and $34.6 billion over the FYDP. This is a $900 million increase over last year's budget. While these funds will help us continue to develop, train, and equip our growing Cyber Mission Force, and also make new technological investments to strengthen our cyber defenses and capabilities – both of which I address later in this testimony – the budget also reflects our efforts to make a fundamental shift toward a culture of accountability in cyberspace, from instituting a DoD-wide cybersecurity scorecard to monitor our progress to increasing individual knowledge about practical ways to defend against cyber intrusions. Our people understandably hold themselves to very high

standards when it comes to caring for, attending to, using, and being accountable for the weapons they carry into battle, and we must do the same when it comes to interacting with our networks and cyber capabilities – not only among our cyber warriors and IT professionals, but throughout the DoD workforce.

While at times in the past space was seen as a sanctuary, new and emerging threats make clear that's not the case anymore, and we must be prepared for the possibility of a conflict that extends into space. This means that as we continue to ensure our access to space so we can provide capabilities like reconnaissance, GPS, and secure communications that enable and enhance our operations in other domains, we must also focus on assuring and defending these capabilities against aggressive and comprehensive counter-space programs of others. Though competitors may understand our reliance on space, we will not let them use it against us, or take it away. As I will discuss later in this testimony, this budget makes important investments to do just that – sustaining and building on the major shifts DoD began funding in last year's budget submission – with a total of more than $22 billion for space in FY 2017. With the presence of so many commercial space endeavors, we want this domain to be just like the oceans and the Internet: free and open to all.

Finally, high-end competitors have also invested in electronic warfare systems as a cost-effective way to challenge the United States and try to blunt our technological advantage. By jamming our radars, communications, and GPS, these systems would seek to disrupt the integrated capabilities that allow our forces to identify, target, reach, and destroy an enemy with precision. We cannot allow that to happen, which is why this budget deliberately invests in buying more electronic protection and resiliency for our current systems as well as developing more advanced capabilities. I will address these investments in more detail later in this testimony.

V. SEIZING OPPORTUNITIES FOR THE FUTURE

The other significant share of our budget goes toward making sure DoD will be ready for the future. Our budget's investments and programming decisions in this area reflect my commitment to create a Defense Department that's open to change and new ideas to ensure a better future for both DoD and the nation, and my priorities in doing so. These are best understood through the four key pillars of this commitment – namely, updating and refining warfighting strategies, operational concepts, and tactics; driving smart and essential technological innovation; building the force of the future; and reforming the DoD enterprise.

While I will describe what we're doing in each of those areas momentarily, the dynamic strategic environment I described earlier in this testimony explains why such change is so important – not for the sake of change, but for the security of this country. We cannot let those challenges overtake us; we have to stay ahead of them and stay the best. That's why as Secretary of Defense I've been pushing the Pentagon to think outside our five-sided box.

Updating and Refining Warfighting Strategies, Operational Concepts, and Tactics

Because our military has to have the agility and ability to win both the fights we're in, the wars that could happen today, and the wars that could happen in the future, we're always updating our plans and developing new operational approaches to account for any changes in potential adversary threats and capabilities, and to make sure that the plans apply innovation to our operational approaches – including ways to overcome emerging threats to our security, such

as cyberattacks, anti-satellite weapons, and anti-access, area denial systems. We're building in modularity that gives our chain of command's most senior decision-makers a greater variety of choices. We're making sure planners think about what happens if they have to execute their plan at the same time as another contingency is taking place, so they don't fall into the trap of presuming the contingency they're planning for would be the only thing we'd be doing in the world at that time. And we're injecting agility and flexibility into our processes, because the world, its challenges, and our potential opponents are not monolithic, and we must be just as dynamic to stay ahead of them.

As I mentioned earlier, DoD is continuing to embark on a force-wide, all-service transition from an era focused on counterinsurgency operations to an era focused on the full spectrum of military operations. While we do so for many important reasons, it's also important to note that we don't want to forget or turn our back on counterinsurgency, but rather enable most of our forces to be capable of doing a lot more than just that. A smaller segment of our force will still specialize in these skills, and DoD will retain the ability to expand our operational capacity for counterinsurgency missions should it become necessary.

The transition to full-spectrum operations is and will be coupled with demonstrations to clearly signal it and make that signal credible, which is key to conventional deterrence. The same is true for our investments in capabilities – in new technologies, new operational concepts, and also innovative ways for how we use what we already have – these must and will be demonstrated as well. This is accounted for in the budget, as are other investments we're making to recommit ourselves to deterrence across the strategic, operational, and tactical levels of conflict.

Recognizing the immense value that wargaming has historically had in strengthening our force in times of strategic, operational, and technological transition – such as during the interwar years between World War I and World War II, when air, land, and naval wargamers developed innovative approaches in areas like tank warfare and carrier aviation – this budget makes significant new investments to reinvigorate and expand wargaming efforts across the Defense Department. With a total of $55 million in FY 2017 as part of $526 million over the FYDP, this will allow us to try out nascent operational concepts and test new capabilities that may create operational dilemmas and impose unexpected costs on potential adversaries. The results of future wargames will be integrated into DoD's new wargaming repository, which was recently established to help our planners and leaders better understand and shape how we use wargames while also allowing us to share the insights we gain across the defense enterprise.

Driving Smart and Essential Technological Innovation

The investments this budget makes in technology and innovation, and the bridges it helps build and rebuild, are critical to staying ahead of future threats in a changing world. When I began my career, most technology of consequence originated in America, and much of that was sponsored by the government, especially DoD. Today, not only is much more technology commercial, but the competition is global, with other countries trying to catch up with the advances we've enjoyed for decades in areas like precision-guided munitions, stealth, cyber, and space. So now, as we have in the past, DoD must invest to ensure America pioneers and dominates these and other technological frontiers.

DoD is therefore pursuing new technology development along with new operational concepts, and new organizational constructs – all of which are reflected in or supported by this budget submission – to maintain our military's technological superiority and ensure we always have an operational advantage over any potential adversary. How we do this is important,

because while the Cold War arms race was characterized mostly by strength, with the leader simply having more, bigger, or better weapons, this era of technological competition is uniquely characterized by an additional variable of speed, such that leading the race now depends on who can out-innovate faster than everyone else. It's no longer just a matter of what we buy; what also matters is how we buy things, how quickly we buy them, whom we buy them from, and how quickly and creatively we're able to upgrade them and repurpose them to be used in different and innovative ways to stay ahead of future threats.

In particular, this means leveraging the capability of current and emerging technologies, including commercial technologies wherever appropriate. It means demonstrating and seeding investments in new capabilities and concepts to counter advanced anti-access, area-denial challenges across all domains and in every region where they persist – a particular focus of DoD's effort to develop a third offset strategy. And also, it means investing in and operationalizing our security by leveraging advances in cyber, space, electronic warfare, biotechnology, artificial intelligence, and other areas. Our technologies and capabilities must be able to operate so that no matter what any of our enemies might throw at them, they are able to defeat attempts to be hacked.

Accordingly, this budget invests a total of $183.9 billion in FY 2017, and $951 billion over the FYDP, to help research, develop, test, evaluate, and procure the right technology and capabilities our military will need to deter and if necessary fight and win full-spectrum conflicts in the future. For the second year in a row, the budget increases funding for our research and development accounts, which total $71.8 billion in FY 2017. That includes $12.5 billion specifically invested in science and technology to support groundbreaking work happening in the military services, in our dozens of DoD labs and engineering centers across the country, and in the Defense Advanced Research Projects Agency (DARPA) to develop and advance disruptive technologies and capabilities in areas like undersea systems, hypersonics, electronic warfare, big data analytics, advanced materials, energy and propulsion, robotics, autonomy, and advanced sensing and computing.

At the same time that DoD is making investments in technologies themselves, we're also investing in building and rebuilding bridges with America's vibrant, innovative technology community and forging more connections with the commercial technology base – and it's reflected in our budget. In FY 2017, this includes $45 million for our Defense Innovation Unit-Experimental (DIUx), which we opened in Silicon Valley last August to build relationships and better tap into the region's innovation ecosystem. It also includes $40 million for our pilot program with the independent, non-profit startup backer In-Q-Tel, leveraging its venture capital model to help find innovative solutions for some of our most challenging problems. And it includes $137 million to support our public-private partnership-funded Manufacturing Innovation Institutes, including the one focused on flexible hybrid electronics that I announced in Silicon Valley last August. In all these areas, similar to how DoD's historic investments in things like GPS and the Internet later went on to yield great benefits for not just our security but also our society, we hope the investments we're making in some of these fields along with our partners in the technology industry will lead to incredible advances that today we can only imagine.

Importantly, technological innovation must be done in concert with operational innovation. It's not enough to have or create new technologies or weapon systems; how they are used is key. The budget reflects work DoD has been undertaking in this area though multiple lines of effort. First, there's our Long-Range Research and Development Planning Program – an

effort named after the mid-1970s project that brought together a cross-section of military, academic, and private-sector experts who paved the way to a future of GPS-guided smart bombs, battle networks, and stealth – and also our Advanced Capability and Deterrence Panel. Both focus on identifying and charting longer-term, leap-ahead investments for strategies and capabilities that will give us an advantage several decades from now, and together they make up nearly 60 percent of our science and technology investments in this budget submission.

Now, to focus on maintaining our near-term advantage, DoD has an office that we don't often talk about, but that I want to highlight today. It's called the Strategic Capabilities Office (SCO). I created SCO in 2012 when I was Deputy Secretary of Defense to reimagine existing DoD, intelligence community, and commercial systems by giving them new roles and game-changing capabilities to confound potential opponents. I picked a talented physicist to lead it. SCO is incredibly innovative, but also has the rare virtue of rapid development and the even rarer charter to keep current capabilities viable for as long as possible. So it's good for both troops and taxpayers alike.

SCO is focused on thinking differently, which is incredibly important to innovation when it comes to technological capabilities. Thinking differently put us in space and on the moon. It put computers in our pockets and information at our fingertips. It's how we came to have airplanes that take off from the decks of ships, nuclear submarines beneath the seas, and satellite networks that take pictures of the world and show us where we are in it. And this kind of bold, innovative thinking isn't lost to history. It's happening every day, in SCO and many other places throughout the Department of Defense.

Most people don't often hear about it because most of its work is classified; however, SCO has been a tremendously useful part of DoD. It's received large support from all the services, as well as our combatant commands, the Joint Chiefs of Staff, the intelligence community, and also Congress – with its budget growing from $140 million in its first year, FY 2014, to reaching $845 million for FY 2017 in this year's budget submission. To show the return we're getting on those investments, I'd like to highlight some projects SCO has been working on that we're funding in the budget.

First is a project focused on advanced navigation, where SCO is taking the same kinds of micro-cameras and sensors that are littered throughout our smartphones today, and putting them on our Small Diameter Bombs to augment their targeting capabilities. This will eventually be a modular kit that will work with many other payloads – enabling off-network targeting through commercial components that are small enough to hold in your hand.

Another SCO project uses swarming, autonomous vehicles in all sorts of ways, and in multiple domains. For the air, they've developed micro-drones that are really fast, and really resilient – they can fly through heavy winds and be kicked out the back of a fighter jet moving at Mach 0.9, like they did during an operational exercise in Alaska last year, or they can be thrown into the air by a soldier in the middle of the Iraqi desert. And for the water, they've developed self-driving boats, which can network together to do all sorts of missions, from fleet defense to close-in surveillance – including around an island, real or artificial, without putting our sailors at risk. Each one leverages the wider world of technology. For example, the micro-drones use a lot of commercial components and 3D printing. And the boats build on some of the same artificial intelligence algorithms that NASA's Jet Propulsion Laboratory wrote for the Mars lander.

SCO also has a project on gun-based missile defense, where we're taking the same hypervelocity smart projectile developed for the electromagnetic railgun, and using it for point defense by firing it with artillery we already have in our inventory – including the five-inch guns

at the front of every Navy destroyer, and also the hundreds of Army Paladin self-propelled howitzers. This way, instead of spending more money on more expensive interceptors, we can turn past offense into future defense – defeating incoming missile raids at much lower cost per round, and thereby imposing higher costs on the attacker. In fact, we tested the first shots of the hypervelocity projectile out of a Paladin earlier this year, and we found that it also significantly increases the range.

There's also a SCO project that we're calling the arsenal plane, which takes one of our oldest aircraft platforms, and turns it into a flying launch pad for all sorts of different conventional payloads. In practice, the arsenal plane will function as a very large airborne magazine, networked to fifth-generation aircraft that act as forward sensor and targeting nodes – essentially combining different systems already in our inventory to create wholly new capabilities.

The last SCO project I want to highlight is how we're creating a brand new capability with the SM-6 missile, an interceptor that's designed to launch from our Navy's surface ships and be highly maneuverable and aerodynamic to stop incoming ballistic and cruise missiles in the atmosphere. It's one of our most modern and capable munitions – and thanks to work done by SCO, we've been able to modify the SM-6 so that in addition to missile defense, it can also target enemy ships at sea. This new anti-ship mode makes the SM-6 doubly useful, taking the defensive speed and maneuverability already sitting in our Aegis destroyers' launch cells and leveraging it for offensive surface warfare lethality. That makes it a potent new capability for our fleet, and also a good deal for the taxpayer by using the same thing twice. We already know this works; it was fully tested this past January to great success. And, as I will address later in this testimony, this new operational concept is strongly reflected in our 2017 budget.

Those are just a few projects that SCO has worked on so far – and they're working on a lot more, including some surprising ones.

Now, with all of that in mind – from why we need to invest in technological innovation, to how we're doing it – let me address the specific investments this budget makes in technologies and capabilities to deter, and if necessary fight and win, a full-spectrum conventional war against even the most high-end of adversaries. In concert, they will help maintain our military's edge both under and on the sea, on land, in the air, in space, in cyber and electronic warfare, and in the modernization and maintenance of our nuclear enterprise.

Maritime Investments

In the maritime domain, the budget refocuses our Navy on building lethality for high-end conflicts while continuing to grow the battle fleet to meet, but not exceed, the department's warfighting posture requirement of 308 ships. Our investments reflect an emphasis on payloads over platforms, on the ability to strike from sanctuary quickly so that no target is out of reach, and on closing capability shortfalls that have developed over the last several years.

First, the budget maximizes our undersea advantage – leveraging and growing our commanding lead in an area where the U.S. military should be doing more, not less, going forward. It provides funding for important payloads and munitions, including $170.8 million in FY 2017 and $1.5 billion over the FYDP for an improved heavyweight torpedo as well as research and development for an advanced lightweight torpedo to stay ahead of existing and emerging undersea challenges. It includes $5.2 billion in FY 2017 and $29.4 billion over the FYDP to buy nine Virginia-class attack submarines over the next five years; four of those submarines – up from three in last year's budget – will be equipped with the versatile Virginia

Payload Module that can more than triple each submarine's strike capacity from 12 Tomahawk land attack missiles to 40. The budget also invests $500 million in FY 2017, and $3.4 billion over the FYDP, to upgrade 49 of our submarines' combat systems and enhance underwater acoustics on nine of our existing Virginia-class submarines. It increases funding for unmanned undersea vehicles (UUVs) by over $100 million in FY 2017, part of a total $173 million in FY 2017 and $1.2 billion over the FYDP that invests in, among other areas, rapid prototyping of UUVs in multiple sizes and diverse payloads – which is important, since UUVs can operate in shallow waters where manned submarines cannot. And it includes $2.2 billion in FY 2017 and $6.4 billion over the FYDP to continue procuring the advanced P-8A Poseidon maritime patrol and surveillance aircraft. Together, all these investments – totaling $8.2 billion in FY 2017, and $41.9 billion over the next five years – will ensure we continue to have the most lethal undersea and anti-submarine force in the world.

Second, the budget makes significant investments to bolster the lethality of our surface fleet forces, so they can deter and if necessary prevail in a full-spectrum conflict against even the most advanced adversaries. It invests $597 million in FY 2017, and $2.9 billion over the FYDP, to maximize production of the SM-6 missile, one of our most modern and capable munitions, procuring 125 in FY 2017 and 625 over the next five years – and this investment is doubly important given the SM-6's new anti-ship capability. It also invests in developing and acquiring several other key munitions and payloads – including $1 billion in FY 2017, and $5.8 billion over the FYDP, for all variants of the SM-3 high-altitude ballistic missile interceptor; $340 million in FY 2017, and $925 million over the FYDP, for the Long-Range Anti-Ship Missile; $221 million in FY 2017, and $1.4 billion over the FYDP, for the Advanced Anti-Radiation Guided Missile, including its extended range version; and $435 million in FY 2017, as part of $2.1 billion over the FYDP, for the most advanced variant of the Tactical Tomahawk land-attack missile, which once upgraded can also be used for maritime strike.

Third, the budget reflects decisions we've made to ensure that we look at our overall warfighting posture, rather than only the presence that contributes to it, in determining whether our maritime forces can deter and if necessary fight and win a full-spectrum conflict. Having grown the size and the capability of our surface and subsurface fleet over the last seven years, this budget will continue to do both. It will ensure we meet the department's 308-ship posture requirement – indeed, growing the battle fleet to 308 ships by the end of the FYDP – and it will make our naval forces as a whole more capable, more survivable, and more lethal than they would have been otherwise.

The budget invests $3.4 billion in FY 2017 and $18.3 billion over the FYDP to continue to buy two DDG-51 Arleigh Burke-class guided missile destroyers each year over the next five years – a total of 10 over the FYDP – as well as $400 million in FY 2017 and $2.8 billion over the FYDP for modernizing our destroyers, 12 of which will also receive upgrades to their combat systems. It continues to support 11 carrier strike groups, investing $2.7 billion in FY 2017 and $13.5 billion over the FYDP for new construction of Ford-class carriers, as well as $2 billion in FY 2017 and $8.9 billion over the FYDP for midlife reactor refueling and overhauls on our current carrier fleet. And, as I will discuss in the reform section of this testimony, it supports modernizing our guided missile cruisers – providing them with more capability and a longer lifespan while freeing up significant funds that can be put toward a variety of uses.

I'd like to now address the Littoral Combat Ship (LCS), where we made an important tradeoff so we could put more money in submarines, Navy fighter jets, and many other critical areas. As such, the budget takes a new approach to the LCS and its associated frigate – buying a

total of 40, not the 52 or more that were planned starting back in 2002. Let me explain why. First, to be clear, we're investing in LCS and frigates because we need the capability they provide, and for missions like minesweeping and anti-submarine warfare, they're expected to be very capable. But now, in 2016, we have to further balance our shipbuilding investments among guided missile destroyers and Virginia-class attack submarines. We face competitors who are challenging us on the open ocean with new submarines, ships, aircraft, and missiles – advanced capabilities we haven't had to contend with in a long time, meaning that we must now invest more in higher-end capabilities across our own fleet. The department's warfighting analysis called for 40 small surface combatants, so that's how many we're buying. Over the next 10 years, this will let us invest almost $8 billion more into highly lethal ships and capabilities – all the while increasing both the number of ships and the capability of our battle fleet. While this will somewhat reduce the number of LCS available for presence operations, that need will be met by higher-end ships, and it will ensure that the warfighting forces in our submarine, surface, and aviation fleets have the necessary capabilities to defeat even our most advanced potential adversaries. Under this rebalanced plan, we will still achieve our 308-ship goal within the next five years, and we will be better positioned as a force to effectively deter, and if necessary defeat, even the most advanced potential adversaries.

Land Investments

To ensure our ground forces have the capabilities to counter emerging threats and the demonstrated ability to deter and if necessary fight and win a full-spectrum conflict, the budget will help provide our Army, Marine Corps, and special operations forces with greater lethality in several forms. This includes a next-generation shoulder-launched weapon, a life extension program as well as a replacement for the Army Tactical Missile System (ATACMS) that can be used for improved counter-battery and long-range strike, and increased firepower for Stryker armored fighting vehicles. Together these investments comprise $780 million in FY 2017 and $3.6 billion over the FYDP.

Additionally, the budget invests $735 million in FY 2017, and $6.8 billion over the FYDP, in the Joint Light Tactical Vehicle intended to replace the military's Humvees – procuring more than 2,000 vehicles in FY 2017, and a total of more than 17,700 vehicles over the next five years. It also invests $159 million in FY 2017, and $1.7 billion over the FYDP, in the Amphibious Combat Vehicle, which will replace the Marine Corps' aging Amphibious Assault Vehicle – helping procure over 200 vehicles over the next five years. And, as I discuss later in the reform section of this testimony, it supports the Army's ongoing Aviation Restructure Initiative – investing $1.1 billion for 52 AH-64 Apache attack helicopters in FY 2017, and $5.7 billion for 275 Apaches over the FYDP, as well as $1 billion for 36 UH-60 Black Hawk utility helicopters in FY 2017, and $5.6 billion for 268 Black Hawks over the FYDP.

The budget also invests $9.1 billion for missile defense in FY 2017, and $47.1 billion over the FYDP. This reflects important decisions we've made to strengthen and improve our missile defense capabilities – particularly to counter the anti-access, area-denial challenge of increasingly precise and increasingly long-range ballistic and cruise missiles being fielded by several nations in multiple regions of the world. Instead of spending more money on a smaller number of more traditional and expensive interceptors, we're funding a wide range of defensive capabilities that can defeat incoming missile raids at much lower cost per round, and thereby impose higher costs on the attacker. The budget invests in improvements that complicate enemy targeting, harden our bases, and leverage gun-based point defense capabilities – from upgrading

the Land-Based Phalanx Weapons System, to developing hypervelocity smart projectiles that as I mentioned earlier can be fired not only from the five-inch guns at the front of every Navy destroyer, but also the hundreds of Army M109 Paladin self-propelled howitzers. Additionally, the budget's missile defense investments maintain DoD's commitment to improving our homeland and theater defense systems – as we're increasing the number of deployed Ground-Based Interceptors (GBIs) from 30 to 44, redesigning the exo-atmospheric kill vehicle to improve the reliability of the Ground-Based Midcourse Defense system, and funding improvements and follow-on concept development for the Terminal High-Altitude Area Defense (THAAD) system. Specifically, we're investing $1.2 billion in FY 2017 and $5.8 billion over the FYDP for the Ground-based Midcourse Defense program; for THAAD, we're spending $640 million in FY 2017 and $3.6 billion over the FYDP, which includes procuring 24 interceptors in FY 2017 and 149 over the FYDP; and, to research, develop, and deploy a new Long-Range Discrimination Radar, we're investing $317 million in FY 2017 and $1 billion over the FYDP.

Air Investments

To ensure the U.S. military's continued air superiority and global reach, the budget makes important investments in several areas – and not just platforms, but also payloads. For example, it invests $2.4 billion in FY 2017 and $8 billion over the FYDP in a wide range of versatile munitions – including buying more Small Diameter Bombs, JDAMs, Hellfires, and AIM-120D air-to-air missiles. We are also developing hypersonics that can fly over five times the speed of sound.

The budget continues to buy the stealthy, fifth-generation F-35 Lightning II Joint Strike Fighter. It includes $10.1 billion in FY 2017 and $56.3 billion over the FYDP to procure a total of 404 F-35s across the force through 2021 – 43 F-35As for the Air Force in FY 2017 as part of 243 to be purchased over the FYDP, 16 F-35Bs for the Marine Corps in FY 2017 as part of 97 to be purchased over the FYDP, and 4 F-35Cs for the Navy and Marine Corps in FY 2017 as part of 64 to be purchased over the FYDP. This represents a slight deferral in Air Force F-35 procurement, which we're doing in order to free up funds to maintain a larger-size Air Force of 55 tactical fighter squadrons, and to improve avionics, radar, and electronic warfare systems in legacy bomber and fighter aircraft like the F-15, F-16, B-1, B-2, and B-52 fleets – increasing their lethality, survivability, and therefore usefulness in a full-spectrum conflict. At the same time, it also represents an increase in the Navy and Marine Corps' F-35 procurement, which is important to ensure sufficient high-end capability and numbers in our aircraft carriers' tactical fighter fleet.

Additionally, the budget invests $1.4 billion in FY 2017 and $12.1 billion over the FYDP for continued development of the B-21 Long-Range Strike Bomber, as well as $3.1 billion in FY 2017 and $15.7 billion over the FYDP to continue upgrading our aerial tanker fleet – buying 15 KC-46A Pegasus refueling tankers in FY 2017 as part of 75 aircraft to be purchased over the FYDP.

The budget also reflects important decisions regarding future unmanned aerial systems, such as the Navy's Carrier-Based Aerial Refueling System (CBARS), formerly known as the Unmanned Carrier-Launched Air Surveillance and Strike (UCLASS) program – by focusing in the near-term on providing carrier-based aerial refueling, we're setting the stage for a future unmanned carrier air wing. With this approach, the Navy will be able to quickly and affordably field the kinds of unmanned systems that its carrier air wings need today, while laying an important foundation for future, more capable unmanned carrier-based platforms. We know we

need to ensure aircraft can operate off the carrier in high-threat environments, and we're working hard to make them unmanned – it's just that the UCLASS program as previously structured was not the fastest path to get us there. This approach will allow us to get started integrating unmanned aircraft onto our aircraft carriers affordably and as soon as possible.

Furthermore, to maximize the capabilities and extend the reach of all our airborne systems, the budget reflects how we're expanding manned-unmanned teaming – from buying Navy MQ-4C Triton unmanned maritime surveillance and patrol aircraft, which can be paired with our P-8A Poseidon aircraft for a variety of missions; to buying Army AH-64 Apache attack helicopters that can pair with MQ-1C Gray Eagle scouts; to buying Air Force F-35s that can network with both payloads and platforms.

Cyber and Electronic Warfare Investments

This budget significantly increases our cyber capabilities, with new investments totaling over $900 million in FY 2017 compared to last year's budget.

Because defending our networks is and must be DoD's number-one mission in cyberspace, the budget makes significant investments to improve our defensive capabilities to deny a potential attack from succeeding. These include $336 million over the FYDP to support more capable network perimeter defenses, as well as $378 million over the FYDP to train and strengthen DoD's Cyber Protection Teams to respond to security breaches, grow our cyber training and testing ranges, and support tool development that will let our Cyber Mission Force quickly respond to cyberattacks against our networks regardless of where they are stationed around the world.

Reflecting our renewed commitment to deterring even the most advanced adversaries, the budget also invests in cyber deterrence capabilities, including building potential military response options. This effort is focused on our most active cyber aggressors, and is based around core principles of resiliency, denial, and response.

As part of DoD's second cyber mission – defending the nation – the budget invests in an advanced capability to disrupt cyberattacks of significant consequences. And to support DoD's third cyber mission – providing offensive cyber options that if directed can augment our other military systems – the budget invests $347 million over the FYDP to help provide cyber tools and support infrastructure for the Cyber Mission Force and U.S. Cyber Command.

DoD has a unique level of resources and cyber expertise compared to the rest of the federal government, and following the recent data breaches of the Office of Personnel Management's information technology systems, DoD has undertaken responsibility for the development, maintenance, and cybersecurity of the replacement background investigation systems and their data infrastructure. To provide proper support and a dedicated funding stream for this effort, the President's budget includes $95 million for DoD in FY 2017. Also, on a separate but related note, the budget invests $454 million over the FYDP to ensure DoD will continue to have access to the trusted microelectronic components needed in our weapon systems. By developing alternative sources for advanced microchips and trusted designs, this funding will help ensure the long-term security of our systems and capabilities.

Meanwhile, to protect our platforms and ensure U.S. freedom of maneuver in contested environments, the budget also continues to support research, development, testing, evaluation, and procurement of advanced electronic warfare capabilities – totaling $3.7 billion in FY 2017 and $20.5 billion over the FYDP. To enhance the electronic survivability and lethality of fighter and bomber aircraft like the F/A-18, F-15, and B-2, we're investing in both offensive and

defensive airborne capabilities, including the Air Force's Defensive Management System modernization and Eagle Passive Active Warning Survivability System, and also the Navy's Integrated Defensive Electronic Countermeasures and Next Generation Jammer. We're upgrading the radar on our E-3 Sentry AWACS with enhanced electronic protection to make adversary jammers less effective. Investments in the Navy's Surface Electronic Warfare Improvement Program will help our ships protect themselves better. And to help protect our ground forces, the budget invests in the Army's Common Infrared Countermeasures and Electronic Warfare Planning and Management Tool, as well as the Marine Corps' Intrepid Tiger pod.

While cyber and electronic warfare capabilities provide, for the most part, different techniques to achieve similar mission objectives, an integrated approach can yield additional benefits. This is reflected in our budget, including investments intended to ensure we can hold even the most challenging targets at risk.

Space Investments

As I mentioned earlier, this budget continues and builds upon important investments in last year's budget to help secure U.S. access to space and address space as an operational domain.

After adding over $5 billion in new investments in DoD's 2016 budget submission to make us better postured for contested military operations in space – including over $2 billion in space control efforts to address potential threats to U.S. space systems – this budget largely sustains those investments over the FYDP. While there is much more work ahead, we are on a good path in our efforts to complicate an adversary's ability to defeat our systems while also enhancing our ability to identify, attribute, and negate all threatening actions in space.

Meanwhile, the budget also supports strengthening our current space-based capabilities, and maturing our space command and control. It invests in more satellites for our Space-Based Infrared System to maintain the robust strategic missile warning capability we have today. And it allocates $108 million over the FYDP to implement the Joint Interagency Combined Space Operations Center (JICSpOC), which will better align joint operations in space across the U.S. government.

DoD must have assured access to space through multiple reliable sources that can launch our critical national security satellites, which is why the budget invests $1.8 billion for space launch in FY 2017 and $9.4 billion over the FYDP. Because we want to end the use of the foreign RD-180 engine as soon as possible, because we have a strong desire to preserve competition for space launch in order to ensure multiple launch service providers can sustain uninterrupted access to space, and to control costs, the budget includes funds for competitive public-private partnerships to help develop new launch services, which we believe is the most responsible way forward. Merely developing a new engine would not give us the assured access to space that we require. We plan to take advantage of the emerging commercial space launch marketplace using an innovative, more commercial approach – investing through competition in new launch services in return for priced options for future launches.

Nuclear Enterprise Investments

The budget also makes reforms and investments needed to continue providing a safe, secure, and effective nuclear deterrent. Compared to last year's budget submission, it adds $10 billion over the next five years, for a total of $19 billion in FY 2017 and $108 billion over the

FYDP for maintaining, and modernizing the nuclear force and associated strategic command, control, and communications systems. This reflects DoD's continuing commitment to the nuclear triad and its critical mission.

In addition to making an array of investments across the nuclear enterprise – from increased funding for manpower, equipment, vehicles, and maintenance, to technological efforts that improve the sustainability of our bomber fleet – the budget also fully funds the first stages of our key nuclear modernization effort, in particular the replacement of our Ohio-class ballistic missile submarines. The Ohio Replacement Program is allocated $1.9 billion in FY 2017 and $13.2 billion over the FYDP, which in addition to research and development will allow the first year of construction on an incrementally-funded first ship to begin in FY 2021.

We expect the total cost of nuclear modernization to be in the range of $350-$450 billion. Although this still presents an enormous affordability challenge for DoD, we believe it must be funded. Previous modernizations of America's strategic deterrent and nuclear security enterprise were accomplished by topline increases to avoid having to make drastic reductions to conventional forces, and it would be prudent to do so again. I hope DoD can work with Congress to minimize the risk to our national defense.

Building the All-Volunteer Force of the Future

While we have the finest fighting force in the world today, that excellence is not a birthright, and we can't take it for granted in the 21st century. We have to earn it again and again, starting with our most enduring advantage – our people.

That's what building the force of the future is all about: making sure that long into the future, my successors will be able to count on the same excellence in people that I do today. And we have several overarching priorities to help us do that, like attracting a new generation of talented Americans, promoting diversity, and rewarding merit; carving tunnels through the walls between DoD, the private sector, our reserve force, and other agencies across the government; and updating and modernizing our personnel management systems with technology and data analysis to help improve the choices and decisions we make related to our people.

I made this commitment to President Obama when he asked me to serve as Secretary of Defense, and so shortly after I was sworn in, I visited my old high school in Abington, Pennsylvania to outline my vision for the force of the future. I talked about how, in the face of generational, technological, and labor market changes, we in the Pentagon must try to make ourselves even better at attracting talent from new generations of Americans. In the months that followed, I went to places like Silicon Valley and St. Louis, and heard from companies like Facebook, Boeing, and LinkedIn about what they're doing to compete for talent in the 21st century. And this past December, I announced that we're opening all combat positions to women, to expand our access to 100 percent of America's population for our all-volunteer force.

Throughout this process, we've always been mindful that the military is a profession of arms. It's not a business. We're responsible for defending this country – for providing the security that allows our friends and family members and fellow citizens to go to school, go to work, to live their lives, to dream their dreams, and to give the next generation a better future.

The key to doing this successfully is leveraging both tradition and change. While the military cannot and should not replicate all aspects of the private sector, we can and should borrow best practices, technologies, and personnel management techniques in commonsense ways that work for us, so that in future generations, we'll keep attracting people of the same high

caliber we have today – people who will meet the same high standards of performance, leadership, ethics, honor, and trust we hold our force to today.

Last spring I asked DoD's Personnel and Readiness chief to lead a team in developing a package of bold proposals, which they did – building on the great work the military services were already doing, and also coming up with some new ideas. Subsequently, a senior leadership team led by Deputy Secretary of Defense Bob Work and Vice Chairman of the Joint Chiefs of Staff General Paul Selva has been working with the service vice chiefs to closely analyze each proposal and make recommendations before I decide. While this process is still ongoing for some proposals, I've decided to announce my decisions on other proposals as I've made them, which I will now detail.

Greater Permeability and Talent Management

I outlined the first link we're building to the force of the future at George Washington University last November, announcing over a dozen new initiatives in several categories that are intended to make our future Defense Department better connected to 21st century talent.

First, we're creating what we call 'on-ramps' for people who aren't involved with DoD but want to try contributing to our mission. One way we're doing this is by having better managed internship programs that more effectively transition promising interns into employees. Another is our new Defense Digital Service, which brings in talent from America's vibrant, innovative technology community for a time to help solve some of our most complex problems. We're also going to bring in resident entrepreneurs, who will work with senior leaders on challenging projects for a year or two. And we're going to hire a chief recruiting officer to bring in top executives for stints in civilian leadership roles, as we had in the past with people like Dave Packard, co-founder of HP, who also served as Deputy Secretary of Defense.

Second, we're creating short-term 'off-ramps' for those currently in DoD, so they can gain new skills, experiences, and perspectives from outside and then bring them back in to help keep us strong, creative, and forward-thinking. One way we're doing this is by expanding and broadening the Secretary of Defense Corporate Fellowship program, including by opening it up to qualified enlisted personnel. Another example is the Career Intermission Pilot Program, which lets people take a sabbatical from their military service for a few years while they're getting a degree, or learning a new skill, or starting a family. DoD plans to seek authorities to make this program permanent, and looks forward to working with Congress to do so – similar to how we were able to partner last year to update and modernize retirement benefits and ensure that the 80 percent of our force that doesn't serve 20 years will get the benefits they earned whenever they move on to whatever's next in life.

And third, we're going to use 21st century data and technology to improve and modernize our talent management systems. We're launching LinkedIn-style pilot programs to help give servicemembers and units more choice in matching up for future assignments. We're creating an Office of People Analytics to leverage big data to inform our personnel policies. We're finally implementing exit surveys, so we can have quantitative data on why people decide to leave. And to help us keep bringing in the best people, we're looking at ways to evaluate recruit performance, improve outcomes, and better analyze trends that if left unchecked could indicate or lead to our military's insularity from the rest of society.

Family Support and Retention

Next, in January, I announced our so-called second link to the force of the future, a set of several initiatives with a singular focus: strengthening the support we provide our military families to improve their quality of life. They were developed keeping in mind DoD's recruiting, retention, and career and talent management needs, as well as our closely-linked readiness and warfighting demands, which must always guide us.

We know that our all-volunteer force is predominantly a married force – 52 percent of our enlisted force is married, and 70 percent of our officer force is married. We also have another 84,000 military-to-military marriages, with 80 percent of them stationed within 100 miles of each other. So while we recruit a servicemember, we retain a family. This means that what we do to strengthen quality of life for military families today, and what we do to demonstrate that we're a family-friendly force to those we want to recruit, is absolutely essential to our future strength. While we often speak of commitments to family and country in the same breath, the stresses of military service on our families are heavy and well known; among the stresses military families face, having and raising children is near the top. We also know that at 10 years of service, when women are at their peak years for starting a family, women are retained at a rate 30 percent lower than men across the services. And we know that a high level of work and family conflict is one of the primary reasons they report leaving service.

To build the force of the future, tackling these problems is imperative, especially when the generation coming of age today places a higher priority on work-life balance. These Americans will make up 75 percent of the American workforce by 2025. Nearly four-in-five of them will have a spouse or a partner also in the workforce – twice the rate of baby boomers. These Americans wait longer to have children, and when they do have children, they want to protect the dual earning power of their families to provide for their children accordingly.

That's why, for starters, we're providing a more competitive standard for maternity and paternity leave across our joint force – setting 12 weeks of fully paid maternity leave as the standard across the joint force, and working with Congress to seek authorities to increase paid paternity leave for new fathers from 10 to 14 days, which they can use in addition to annual leave. These changes put DoD in the top tier of institutions nationwide, and will have significant influence on decision making for our military family members. For both mothers and fathers alike, this establishes the right balance of offering a highly competitive leave policy while also maintaining the readiness of our total force. While I don't take lightly that 12 weeks of maternity leave represents a downshift from what the Navy pursued last summer, we will be at the forefront in terms of competition, especially as part of the comprehensive basket of family benefits we're providing across the joint force. This will be an increasingly important factor as current and future generations of parents have different views and expectations in parenting, and we must continue to be able to attract and retain the best talent among them.

Additionally, we're expanding the childcare we provide on our bases, because whether for single parents, for families in which both parents work outside the home, or for every mother or father in our military, childcare hours should be as responsive as possible to work demands. So based on feedback from pilot programs, and in the interest of responding to typical work hours at our installations, we will increase childcare access to 14 hours a day across the force. By providing our troops with childcare they can rely on –from before reveille to after taps – we provide one more reason for them to stay on board. And we show them that supporting a family and serving our country are by no means incompatible goals.

We're also making relatively inexpensive improvements so that our workplaces are more accommodating to women when they return from maternity leave, with a focus on making it easier for them to continue breastfeeding if they choose. To make the transition between maternity leave and returning to work for military mothers smoother, to enhance our mission effectiveness, and to comply with standards that apply to nearly every organization outside the military, we're requiring the installation or modification of mothers' rooms throughout all facilities when there are more than 50 women regularly assigned.

Furthermore, we can also be more creative about making reasonable accommodations for members of our force who face difficult family geographic situations while at the same time preserving our force's effectiveness. Data indicates that allowing family members to trade the ability to remain at a station of choice in exchange for an additional active-duty service obligation is one approach that could increase retention, while preserving readiness. DoD will be seeking legislative authority to this effect – when the needs of the force permit a servicemember to stay at their current location, we will seek to empower commanders to make reasonable accommodations, in exchange for an additional service obligation.

Finally, as a profession of arms, we ask our men and women to make incomparable sacrifices. We ask them, potentially, to place themselves at risk of sacrificing their ability to have children when they return home. To account for this more fully in the benefits we provide our troops, DoD will cover the cost of freezing sperm or eggs through a pilot program for active-duty servicemembers – a benefit that will help provide our men and women, especially those deployed in combat, with greater peace of mind. This investment will also provide greater flexibility for our troops who want to start a family, but find it difficult because of where they find themselves in their careers.

Each of these initiatives is significant in its own right. Taken together, they will strengthen our competitive position in the battle for top talent, in turn guaranteeing our competitive position against potential adversaries. The initiatives approved to date total $867 million across the FYDP; we've included this in our budget because it's a worthy investment that will yield great returns.

More Still to Come

While these first two links are important, we will have more to announce on the force of the future in the coming months. For example, we're taking a serious look at some commonsense reforms in our officer promotion system, and I greatly appreciate Congressional leaders from both parties who have indicated their support for such reforms in principle. We're also looking at ways to improve how we manage our civilian personnel, working with the government-wide Office of Personnel Management as well as federal employee unions. In both of these efforts, working with Congress will be essential to ensure that our force of the future is as strong as the force of today.

Reforming the DoD Enterprise

As I've said consistently from the moment I became Secretary of Defense, I cannot ask for more taxpayer dollars for defense without being candid about the fact that not every defense dollar is spent as wisely or responsibly as it could be, and also being determined to change that and make our department more accountable. That's why reforming the DoD enterprise is so important – from improving how we're organized so we can best respond to the challenges and opportunities of the future security environment, to continuing to improve our acquisition and

enterprise-wide business and audit practices, to reducing excess infrastructure and overhead, to modernizing the military healthcare system.

Before I address the reforms in this budget submission, it's important to consider the recent history of defense reform – how DoD has been embarked on a reform path for much of the last seven years, and how we appreciate Congress's work with us over the last year on acquisition and modernized retirement reforms.

Despite what some may think, this administration hasn't been dragging its feet when it comes to defense reform – the reality has been quite the opposite. Beginning in 2009, we reduced the number of senior executives and general and flag officers, while working with Congress to trim management headquarters staffs by 20 percent, and move DoD toward auditability. We've done three iterations of the Better Buying Power initiative I established to continuously improve our acquisitions, with Better Buying Power 3.0 incorporated into this budget, and we're seeing compelling indications of positive improvements, including in areas like reduced cost growth and reduced cycle time. And we've continually submitted much-needed reforms to strengthen the efficiency and capability of our force – many of which have been continually denied, either in whole or in part, at a cost for both taxpayers and our troops. This last part poses a real problem, because every dollar Congress denies us in reform is a dollar we can't invest in security we need to deter and defend against today's and tomorrow's threats.

Now is the time for action. DoD will work closely with Congress on any anticipated reform legislation, and we welcome an open and collaborative process. In the past, legislative reform has proven to be a double-edged sword – sometimes it leads to constructive change, which is good, but other times it just adds to bureaucracy and overhead, even if that was never the intent. I hope that with the focus on reform we've recently been seeing in this and the other defense committees in Congress, we can work together to do reform right. And we should, because there's a lot that needs to be accomplished in many areas.

Continuously Improving Acquisition

DoD has been, and still is, absolutely committed to improving acquisition outcomes. After five years of implementing our Better Buying Power (BBP) initiatives for continuous process improvements in the defense acquisition system, we're seeing compelling indications of significant improvement in acquisition outcomes – for example, annual growth metrics for contracted costs on our major programs have dropped dramatically from a peak of 9.1 percent in 2011 to a 30-year low of 3.5 percent in 2015, and a much higher percentage of major programs are projecting cost reductions relative to initial baselines than in the past. While these developments are positive signs, we can and must do more to sustain and where possible accelerate our momentum to keep improving and deliver better military capability while protecting American taxpayers.

We need to continue reducing overhead and bureaucracy associated with the acquisition system, making it more agile and having a faster flow of commercial technology into our weapon systems. DoD is comfortable with the reforms in the FY 2016 National Defense Authorization Act – which included several legislative reforms that DoD proposed last year – and we strongly support the increased role of the service chiefs in acquisition programs, particularly on cost and requirements trade-offs. Going forward, it's important that we take the responsible approach to absorb these reforms and see their effects before making additional major changes.

DoD also appreciates Congress's interest in flexibility and agility, because the pace of threat changes and technology development are not compatible with our long cycles of budget

submission, authorization, and appropriations. And DoD will be looking for opportunities to work with Congress to improve the efficiency and effectiveness of our acquisition process. In particular, we would welcome greater flexibility in appropriations or reprogramming to initiate development of urgently needed capabilities. The flexibility to start a program as soon as a threat is identified would save critical time – as much as two years under current practices – and position both DoD and industry to more quickly initiate development, without a long-term commitment, outside the traditional budget cycle. This step would represent a 'free' two years of lead time to acquiring a new capability.

Leaner Business Practices and Reducing Excess Overhead and Infrastructure

The budget submission reflects several important efforts to spend taxpayer dollars more efficiently, generating savings that would be much better invested in other areas like the fight against ISIL or deterring Russian aggression.

Part of this means making more reductions to overhead, and also adopting some commonsense business practices that are long overdue – which in total we expect to help save nearly $8 billion over the next five years. By better managing the 20 percent management headquarters reductions I mentioned earlier, including delayering and flattening management organizational structures, and also by increasing the reduction to 25 percent, reviewing service contracts, and making business operations and IT more efficient, we expect to save close to $5.9 billion over the FYDP. And we're modernizing how we manage our commissaries and military exchanges, to optimize their business practices and respond to the changing needs of their customers. Unlike commissary and military exchange reforms proposed in previous budgets, this new approach protects the benefits they provide our people while still generating expected savings of about $2 billion over the FYDP.

We're also making real progress on reforming DoD's myriad systems and business processes to meet our commitment to be audit ready by the beginning of FY 2018. The three military departments began audits of their budgets for the first time last year, and DoD financial audits currently cover over 75 percent of our total General Fund budgetary resources and just over 90 percent of the current year dollars.

In addition, we need to stop spending so much money to hold onto bases we don't need, and implement a domestic round of Base Realignment and Closure (BRAC) in 2019 as we're requesting. While it's helpful that the FY 2016 National Defense Authorization Act allowed a study of DoD's excess infrastructure, the bottom line is that we have more bases in more places than we need, with preliminary analysis indicating that we have over 20 percent excess infrastructure. To ignore this fact while criticizing DoD for wasteful spending is not only a sin of omission, but also a disservice to America's taxpayers. Last year's Congressional denial forced the BRAC round to slip from 2017 to 2019, further prolonging our ability to harvest savings we greatly need. By then it will have been 14 years since DoD was allowed to right-size its domestic infrastructure, which any business leader or citizen would think is ridiculous – and they'd be right. Now is the time to fix it.

Reexamining Goldwater-Nichols and Defense Institutional Reform

I appreciate that Congress shares my desire to make institutional reform a priority. The Goldwater-Nichols Department of Defense Reorganization Act of 1986 was important and had deeply positive results, but after 30 years, it needs updates. To help formulate DoD's recommendations to Congress on reviewing Goldwater-Nichols reforms, I asked our Deputy

Chief Management Officer last fall to lead a comprehensive review of organizational issues in DoD – spanning the Office of the Secretary of Defense (OSD), the Joint Staff, the combatant commands, and the military departments – and identify any potential redundancies, inefficiencies, or other areas of improvement.

This review is currently ongoing, and preliminary internal findings are expected by the end of March to help shape our forthcoming recommendations to Congress. In addition, and without prejudging any outcomes, I can say our review is examining areas where the pendulum may have swung too far, as in not involving the service chiefs enough in acquisition decision-making and accountability; or where subsequent world events suggest nudging the pendulum further, as in taking more steps to strengthen the capability of the Chairman of the Joint Chiefs of Staff, the Joint Chiefs of Staff, and the Joint Staff to support management, planning, and execution across the combatant commands, including for prioritizing military activities and resources across combatant command boundaries, and particularly focused on trans-regional, multi-domain, and multi-functional threats, as well as threats within overlapping time frames; ensuring the Chairman's ability to provide their best military advice to me and the President, outside the chain of command as conceived of in the law; eliminating unnecessary overlap between OSD and the Joint Staff and between the service secretariats and staffs; better aligning combatant command staffs to their mission; streamlining acquisition requirements and decision-making processes to remove unneeded decision-making layers; having more flexibility in the laws and policies that govern joint duty qualifications; and better aligning the Joint Staff and the combatant commands to produce operational advice and respond to transregional threats.

I look forward to the full results of our review, and I hope you will too. While DoD's current organization produces sound military advice and operational decisions, it often does so in a needlessly costly and time-consuming manner – leaving plenty of room for organizational improvements that can make us more agile and efficient. While much is within our existing authority to do, we will work with Congressional committees to frame and seek any needed reforms in statute. I look forward to working with you.

Modernizing and Simplifying the Military Healthcare System

DoD greatly appreciates that Congressional leaders have said 2016 will be the year to reform our military healthcare system, TRICARE, after having passed retirement modernization reform in 2015. As you know, DoD has proposed various ways to reform TRICARE for several years, so we look forward to working very closely with Congress in the year ahead. The reforms reflected in the budget give beneficiaries more simplicity and choice in how they manage their healthcare, while also incentivizing the much more affordable use of military treatment facilities. This will not only save money, but also maximize the workload and readiness of our military's medical force, giving our doctors, nurses, medics, and corpsmen the experience they need to be effective at their mission. Together this should generate about $548 million in FY 2017 and almost $7 billion over the FYDP that can be better spent in other ways without sacrificing the care of our people. It's time to get this done.

Making Sure Retirement Reform Works

DoD greatly appreciates being able to work closely with Congress last year in reforming the military's retirement system. In this year's budget submission, we are including a few modifications to military retirement reform to help make sure those reforms work in the best possible way for the future strength and success of our military.

First, continuation pay should not be an entitlement at 12 years of service, but rather a vitally important force shaping tool. DoD should have the flexibility to determine if and when to offer this benefit so we can better retain the talent we need the most at any given time.

Second, the blended retirement plan that Congress passed last year needs some modifications to avoid having adverse effects on retention – in particular, slightly raising the maximum matching contribution from 4 percent to 5 percent. To improve retention, we also propose increasing the number of years a servicemember has to serve before matching contributions begin – so instead of beginning them at the start of their third year of service, it would be at the start of their fifth year of service, after their first reenlistment. DoD looks forward to working with Congress to make these proposals a reality.

The Right Force Structure for Current and Future Operations

The budget also reflects critical decisions on force structure reforms, all of which are vital to making sure our troops have the capabilities they need for both present and future missions. While Congress has too often rejected such reforms out of hand, our decisions this year show that when world events and operational demands require the Defense Department to change its plans, it does so. In turn, Congress must do the same, and recognize that with a set budget and the need to invest in advanced capabilities to strengthen high-end deterrence, it's time to seriously consider these reforms and stop tying our hands from implementing them.

I mentioned earlier that we're pushing off the A-10's final retirement until 2022 so we can keep more aircraft that can drop smart bombs on ISIL; in addition to changing when A-10s will be retired, we're also changing how it will happen. As 2022 approaches, A-10s will be replaced by F-35s only on a squadron-by-squadron basis as they come online, ensuring that all units have sufficient backfill and that we retain enough aircraft needed to fight today's conflicts.

While some members of Congress may think the Navy's phased approach for modernizing its guided missile cruisers is just a ploy to quickly retire them, that is incorrect – in fact, retiring them now or anytime soon would be a serious mistake. Our cruisers are the best ships we have for controlling the air defenses of a carrier strike group, and given the anti-ship missiles being developed by other nations, we not only can't afford to go without them; we also need them to be as modern and capable as possible, and for them to stay in service as long as they can. The Navy's plan is still smarter and more affordable than the approach laid out by Congress, saving us $3 billion over the FYDP that we're putting to good use elsewhere in the budget. And to make clear that this is not a ploy to quickly retire our cruisers, we will be submitting proposed legislative language that Congress can pass to hold the department to its word.

Additionally, the Army is continuing to implement its Aviation Restructure Initiative in accordance with the FY 2015 National Defense Authorization Act as the Chief of Staff of the Army reviews the recent findings of the National Commission on the Future of the Army. While we will revisit the Army's aviation transfer plan when we receive the Chief of Staff of the Army's report, the Commission's proposal to keep four Apache battalions in the Army National Guard could cost over $2.4 billion if the Army fully equips all 20 active battalions and keeps all aircraft currently dedicated to its equipment set in South Korea. By improving the readiness of the Army's Apache attack helicopters, and better leveraging the diverse capabilities Black Hawk helicopters bring to the table for National Guard missions – both here at home, and around the world when called upon as an operational reserve – the Army's planned Aviation Restructure Initiative is in the best interests of both the Army as well as the taxpayers who support it.

The Opportunity of Reform

Regardless of how any of our proposed reforms might be initially received, DoD needs Congress to work together with us on a path forward for all of them, because there's a real opportunity in front of us.

With last fall's budget deal, you showed that cooperation and prudent compromise for the good of our future security and strength was actually possible. And our reform submissions on things like the A-10, commissaries, and TRICARE reflect the fact we've heard Congress's concerns about past submissions, and made adjustments accordingly.

If we don't lead the way ahead together, both troops and taxpayers alike will be forced to deal with the consequences. So let's work together on their behalf.

VI. REQUESTS OF THIS COMMITTEE: THE IMPERATIVE OF WORKING TOGETHER

Before concluding, I want to reemphasize the big picture, because this budget marks a major inflection point for the Department of Defense, and we need your support for it.

For a long time, DoD tended to focus and plan and prepare for whatever big war people thought was coming over the horizon, at one point becoming so bad that after a while, it started to come at the expense of current conflicts – long-term at the expense of the here-and-now. Thankfully we were able to realize that over the last decade, correct it, and with help from Congress turn our attention to the fights we were in.

The difference today is that, while such a singular focus made sense when we were facing off against the Soviets or sending hundreds of thousands of troops to Iraq and Afghanistan, it won't work for the world we live in. Now we have to think and do a lot of different things about a lot of different challenges – not just ISIL and other terrorist groups, but also competitors like Russia and China, and threats like North Korea and Iran. We don't have the luxury of just one opponent, or the choice between current fights and future fights – we have to do both, and we have to have a budget that supports both. That means funding a force with the right size, readiness, and capabilities to prevail in today's conflicts while simultaneously building a force that can prevail in the future – recognizing that future force won't exist unless we take actions today. That's what this budget submission was designed to do, and we need your help to do it.

I thank this committee again for overwhelmingly supporting the Bipartisan Budget Act that set the size of our budget; our submission focuses on the budget's shape, and we hope you approve it. I know some may be looking at the difference between what we proposed last year and what we got in the budget deal, but I want to reiterate that we've mitigated that difference, and that this budget meets our needs. The budget deal was a good deal – it gave us stability, and for that we remain grateful. Doing something to jeopardize that stability would concern me deeply. The greatest risk we face in DoD is losing that stability this year, and having uncertainty and sequester in future years. That's why going forward, the biggest concern to us strategically in the Congress is averting the return of sequestration next year so we can sustain all these critical investments over time.

By working together, I am confident we can succeed, because in many ways we already have. If we think back to those defense investments and decisions that changed the course of our nation's and our military's history for the better – and not just in technologies like GPS, the Internet, and satellite communications, but also in other areas, like jointness and the all-volunteer

force – they were all able to benefit our security and our society because they garnered support across the aisle, across branches of government, and across multiple administrations.

That same support for what's in this budget is essential today to address the security challenges we face and seize the opportunities within our grasp. We need your support in the decisions that our senior military leaders and I are advocating for. We need you to work with us, and not tie our hands, when it comes to pursuing smart and critical reforms. And we need you to provide adequate, stable, predictable resources, as only you can, by coming together as you have before – including, in the coming years, to avert the return of sequestration once again. As long as you do, I know our national security and national strength will be on the right path, and America's military will continue to defend our country and help make a better world for generations to come.

Thank you.

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Ashton B. Carter is the 25th Secretary of Defense.

Secretary Carter has spent more than three decades leveraging his knowledge of science and technology, global strategy and policy as well as his deep dedication to the men and women of the Department of Defense to make our nation and the world a safer place. He has done so in direct and indirect service of eleven secretaries of defense in both Democratic and Republican Administrations. Whether in government, academia, or the private sector, Secretary Carter has been guided by pragmatism and his belief in the boundless opportunities of the United States and has worked tirelessly to contribute to the ideas, policies, and innovations that assure our global leadership.

Secretary Carter was Deputy Secretary of Defense from 2011 to 2013, serving as DoD's chief operating officer, overseeing the department's annual budget and its over three million civilian and military personnel, steering strategy and budget through the turmoil of sequester and ensuring the future of the force and institutional best practices. From 2009 to 2011, he was Under Secretary of Defense for Acquisition, Technology and Logistics (ATL) with responsibility for DoD's procurement reform and innovation agenda and successful completion of key procurements like the KC-46 tanker. In this capacity, Secretary Carter also led the development and production of thousands of mine-resistant ambush protected (MRAP) vehicles and other rapid acquisitions that saved countless service members' lives. Determined to get the most for both the warfighters and the taxpayer, Secretary Carter instituted "Better Buying Power" for the first time guiding the department acquisition workforce to smarter and leaner purchasing. And from 1993-1996, he served as Assistant Secretary of Defense for International Security Policy, where he was responsible for – among other issues – strategic affairs, nuclear weapons policy, and the Nunn-Lugar program that removed nuclear weapons from Ukraine, Kazakhstan, and Belarus. Secretary Carter also served on the Defense Policy Board, the Defense Science Board, and the Secretary of State's International Security Advisory Board.

Outside of his government service, Secretary Carter was most recently a distinguished visiting fellow at Stanford University's Hoover Institution and a lecturer at Stanford's Freeman Spogli Institute for International Studies. He also was a Senior Executive at the Markle Foundation, helping its Economic Future Initiative advance technology strategies to enable Americans to flourish in a networked global economy. Previously Secretary Carter served as a Senior Partner of Global Technology Partners focused on advising major investment firms in technology, and an advisor on global affairs to Goldman Sachs. At Harvard's Kennedy School, he was Professor of Science and International Affairs and Chair of the International & Global Affairs faculty. He served on the boards of the MITRE Corporation, Mitretek Systems, and Lincoln Laboratories at the Massachusetts Institute of Technology (M.I.T.) and as a member of the Draper Laboratory Corporation. He was elected a Fellow of the American Academy of Arts and Sciences and is a member of the Council on Foreign Relations and the Aspen Strategy Group.

Secretary Carter earned his bachelor's degrees in physics and in medieval history, summa cum laude, at Yale University, where he was also awarded Phi Beta Kappa; and he received his doctorate in theoretical physics from Oxford University, where he was a Rhodes Scholar. He was a physics instructor at Oxford, a postdoctoral fellow at Rockefeller University and M.I.T., and an experimental research associate at Brookhaven and Fermilab National Laboratories.

For his government service, Secretary Carter has been awarded the Department of Defense Distinguished Service Medal, DoD's highest, on five separate occasions. He received the Defense Intelligence Medal for his contributions to intelligence and the Joint Distinguished Service Medal from the Chairman and Joint Chiefs of Staff.

Secretary Carter is author or co-author of 11 books and more than 100 articles on physics, technology, national security, and management.

A native of Philadelphia, he is married to Stephanie Carter and has two grown children

Mike McCord was sworn in as the Under Secretary of Defense (Comptroller)/Chief Financial Officer on June 27, 2014 and serves as the principal advisor to the Secretary of Defense on all budgetary and financial matters, including the development and execution of the Department's annual budget of more than $500 billion.

Before assuming his present position, Mr. McCord served for five years as the Principal Deputy Under Secretary of Defense (Comptroller). In addition to other duties, he served as DoD's Senior Accountable Official for the American Recovery and Reinvestment Act of 2009 and was a member of numerous senior-level decision-making bodies inside the Department on budget, program, strategy, financial management and legislative matters.

Mr. McCord joined the Department of Defense (DoD) with 24 years of experience in national security issues in the legislative branch, including 21 years as a Professional Staff Member on the Senate Armed Services Committee (SASC) for former Senators Sam Nunn and Carl Levin. He served on the SASC full committee staff beginning in 1987 and also, starting in 1995, as the minority or majority staff lead on the Subcommittee on Readiness and Management Support.

On the SASC Readiness Subcommittee, Mr. McCord was responsible for installation and global basing matters including construction or leasing of new military facilities, maintenance of existing facilities, base closure and base reuse matters, land and property disposal and exchange issues, DoD use of public lands, and privatization of DoD housing and utilities. He was also responsible for oversight of over $100 billion in annual DoD operation and maintenance funding and military readiness policy matters including training, contingency operations funding, equipment maintenance, and the working capital funds.

At the full committee level he had oversight of defense budget matters, including the defense topline; oversight of DoD's Quadrennial Defense Review; supplemental funding for contingency operations and natural disasters; resource allocation among subcommittees; ensuring compliance with discretionary and mandatory spending targets; and advising the Committee on fiscal and budget policy issues. He also managed the Committee's review of the reprogramming of defense funds and coordination with the Appropriations and Budget Committees.

During 2003, he served as the budget analyst for defense and veterans issues for the Democratic staff of the House Budget Committee under Representative John Spratt. His primary focus was on the cost of military operations in Iraq and Afghanistan. Mr. McCord began his career as an analyst at the Congressional Budget Office, where his primary responsibility was analysis of military personnel programs, including personnel strength levels, pay and benefits costs, and military retirement.

Mr. McCord has a B.A. with honors in economics from the Ohio State University and a Master's degree in Public Policy from the University of Pennsylvania. He and his wife Donna reside in Virginia.

HOUSE ARMED SERVICES COMMITTEE

POSTURE STATEMENT OF

GENERAL JOSEPH DUNFORD JR., USMC

19TH CHAIRMAN OF THE JOINT CHIEFS OF STAFF

BEFORE THE 114TH CONGRESS

HOUSE ARMED SERVICES COMMITTEE

BUDGET HEARING

MARCH 22, 2016

HOUSE ARMED SERVICES COMMITTEE

I. Introduction

Chairman Thornberry, Ranking Member Smith, members of this Committee, this posture statement addresses the state of our Nation 's armed forces, the current security environment, and the opportunities and challenges that lie ahead.

I am humbled and honored to represent the incredible men and women of our Joint Force. During my first five months as Chairman, I have engaged Soldiers, Sailors, Airmen, Marines, and Coast Guardsmen at every level. I am confident, and you should rest assured, that the United States' military is the most capable fighting force in the world. The character, ingenuity, competence, and self-sacrifice of the service members in our All-Volunteer Force remain our single greatest warfighting competitive advantage. I would like to express my gratitude to this distinguished body for its support in ensuring that we maintain the best equipped, trained, and led force in the world.

With the continued support of Congress, the Joint Force will continue to adapt, fight, and win in current operations while simultaneously innovating and investing to decisively win future conflicts. We must never send young Americans into a fair fight. Rather, we must maintain a Joint Force that assures our allies and partners, deters potential adversaries, and has unquestioned overmatch when employed. This requires us to focus on improving joint warfighting capabilities, restoring joint readiness, and developing leaders who will serve as the foundation of the future Joint Force.

II. Strategic Environment

The institutions and structures that have underpinned international order for the last several decades remain largely intact. However, the United States is now confronted with simultaneous challenges from both traditional state actors and non-state actors. The Department has identified five strategic challenges - Russia, China, North Korea, Iran, and Violent Extremist Organizations. Russia, China, Iran, and North Korea present two distinct challenges to our national security. First, they continue to invest in military capabilities that reduce our competitive advantage. Second, these actors are advancing their interests through competition with a military dimension that falls short of traditional armed conflict and the threshold for a traditional military response. This is exemplified by Russian actions in Ukraine, Chinese

activities in the South China Sea, and malicious cyber activities. At the same time, non-state actors such as ISIL, al-Qaida, and affiliated organizations are destabilizing parts of the international community, attacking our global interests and threatening the homeland. We must address these challenges to protect the stability of the international order and preserve U.S. influence.

Successful execution of our defense strategy requires that we maintain credible nuclear and conventional capabilities. Our strategic nuclear deterrence force remains safe, secure, and effective but is aging and requires modernization. We are prioritizing renewed long-term investments in early warning sensors; nuclear command, control, and communications; and our triad forces. Similarly, we are making investments to maintain a competitive advantage in our conventional capabilities. However, potential vulnerabilities to our national security extend beyond just conventional or nuclear threats. To preserve the security of the homeland, we must prevent the proliferation and use of WMD and associated technologies. We must also further develop our capabilities in the vital and increasingly contested domains of Cyber and Space.

Future conflict with an adversary or combination of adversaries i s taking on an increasingly transregional, multi-domain, and multi-functional nature. This is a marked shift from how past conflicts were fought and will put significant stress on the Department's geographically-based organizational structure and associated command and control (C2) architecture. Future conflict will spread quickly across multiple Combatant Command geographic boundaries, functions, and domains. We must anticipate the need to respond to simultaneous challenges in the ground, air, space, cyberspace, and maritime domains. It is this type of operating environment that informed our investments in PB 17 and our efforts to more effectively integrate joint capabilities.

As the Joint Force acts to mitigate threats to U.S. interests against the backdrop of the Department's five strategic challenges, we do so in the context of a fiscal environment that hampers our ability to plan and allocate resources most effectively. Despite partial relief by Congress from sequester-level funding since FY12, the Department is absorbing approximately $800B in cuts compared to the ten-year projection in the FY 2012 Budget, and faces an additional $100B of sequestration-induced risk through FY21. Absorbing cuts of this magnitude has resulted in underinvestment in critical capabilities. PB17 takes necessary steps toward s balancing the needs of meeting current and future operational requirements, investing in

capability development, and keeping faith with service members and their families. We must continue to work together to develop future budgets which provide the investment levels and flexibility needed to address our national security interests.

III. Current Assessment of the Joint Force

As directed in the 20 14 Quadrennial Defense Review, the U.S. Armed Forces must be able to simultaneously defend the homeland while waging a global counterterrorism campaign, deter potential adversaries, and assure allies. If deterrence fails, the U.S. military must be capable of defeating one adversary while denying a second adversary's objectives in a different region. Due to shortfalls in capacity and critical capabilities such as ISR and long-range strike, as well as increased timelines for force movements, the Joint Force will be challenged to respond to a major contingency while simultaneously defending the homeland and continuing the counter-VEO mission. Capability and capacity shortfalls would be particularly acute if the force were called to respond to a second contingency on an overlapping timeline. Moreover, some allies and partners are less capable or willing to fill these gaps than in the past.

Today, Combatant Command assigned missions can be accomplished, but all Combatant Commanders cite resource limitations and capability shortfalls that may increase casualties, lengthen response timelines, and extend the duration of a future conflict. There are also shortfalls in our ability to conduct day to day shaping activities that serve to mitigate the risk of conflict and properly posture the force in event of conflict. These shortfalls include the number of ready response units in the Services' non-deployed force, theater ISR assets, Command and Control, intelligence, cyber operations, precision munitions, missile defense, and logistics.

Recovery of full-spectrum Joint Force readiness remains fragile. The adverse impact of budget reductions over the past several years combined with a persistently robust global demand for forces and capabilities continues to impede our ability to rebuild readiness after more than a decade of contingency operations. Regaining full-spectrum capabilities and appropriate levels of material readiness will take time, resources, and a healthy industrial base.

The Joint Force has maintained competitive advantage in technology for several decades. However, this advantage has been eroded by our adversaries' efforts to improve their warfighting capabilities and avoid or counter U.S. military technological strengths. Moreover, the rapid pace

of technological advances combined with the wide proliferation of new technologies has allowed our adversaries to more easily acquire advanced capabilities. This is highlighted by the increasing ease of access to cyber and space technologies and expertise in the commercial and private sectors. Adversaries are able to diminish the long-term advantage of key U.S. capabilities by leveraging access to commercial technology, targeting our defense industrial base with cyber espionage and sabotage, and developing capabilities within tighter development cycles than our bureaucratic acquisition cycle allows.

IV. Capability Trends for Key Challenges

The Department's five strategic challenges were the primary driver behind our risk assessment. For a classified analysis of these challenges and our response options, please review my Chairman's Risk Assessment and the Secretary's Risk Mitigation Plan.

Russia - Russia's actions threaten NATO cohesion and undermine the international order. Russia's military modernization and doctrine development aim to neutralize traditional U.S. competitive advantages and limit strategic options.

The Russian military presents the greatest challenge to U .S. interests. Russia is also the only actor aside from the United States that can project strategic power simultaneously in multiple regions. To assure our national security and reinforce international order, the United States and our NATO allies must improve our military capability, capacity, and responsiveness to deter a resurgent Russia. While Russia has not signaled the intent to directly attack the United States or our NATO allies, Russia's National Security Strategy identifies the United States and the expansion of NATO as threatening their national security. Moscow's strategic nuclear capabilities represent a potential existential threat to the United States, and their non-strategic nuclear capabilities threaten our allies and U.S. forward-based forces in Europe and Asia. Russia has also shown a willingness to use competition short of traditional military conflict - such as in Ukraine - to pursue its strategic goals.

In recent years, Russia has undertaken a long-term strategic armaments program designed to develop military capabilities and systems that erode our competitive advantage across the spectrum of conflict. Russia has modernized its strategic nuclear forces, enhanced their force projection and anti-access/area denial (A2/AD) capabilities, and significantly increased its

proficiency in executing hybrid operations. Operations in Ukraine and Syria serve to demonstrate these new capabilities and increase their proficiency.

In the Cyber domain, Russia is a peer competitor of the United States and has demonstrated a willingness to exploit cyber to achieve its objectives. We suspect Russia has conducted a range of cyber operations against government, academic, and private networks. Russian cyber capability could potentially cause considerable damage to critical network equipment and national infrastructure throughout the United States and Europe. In the near to medium term, Russia is also modernizing its counter-space capabilities to defeat a wide range of U .S. space-based capabilities while seeking to secure Russian freedom of action.

In summary, Russia is improving its high-end warfighting capabilities and closing the gap on our competitive military advantages. Since 2008, Russia has demonstrated increasingly sophisticated military capabilities and doctrine. In these operations, Russia has broadly operated across the spectrum of conflict to include information operations and cyber warfare. Russia is the only actor that can project strategic power in multiple regions to threaten U.S. national interests and coerce U .S. and allied decision-makers.

PB17 addresses Russia's aggressive policies and military modernization through investment in a number of high-end capabilities. The budget request also quadruples funding for the European Reassurance Initiative (ERI) to $3.4B in FY17 to reassure our NATO allies and deter Russian aggression.

China - China's rapid military modernization and expanding presence in Asia and beyond increase the probability for misunderstanding and miscalculation.

China is engaged in a sustained military modernization effort that is reducing our competitive military advantage against it. This effort is coupled with an ambitious foreign military-to-military engagement program that aims to acquire advanced tactics, training, and procedures from other developed militaries. China is also seeking to improve the joint capability of its armed forces to project power-enhancing its ability to fight and win a high-intensity regional conflict. Critical to Chinese efforts is the development of capabilities that specifically counter U.S. operational strength.

Over the course of the last year, China's military operations have expanded in size, complexity, duration, and geographic location. Additionally, China continues to make large-scale investments in advanced A2/AD capabilities, including short-, medium-, and intermediate-range ballistic and cruise missiles employing countermeasures to deny U.S. missile defense systems. China is also investing in land attack and anti-ship cru i se missiles, counter-space weapons, cyber, improved capabilities in nuclear deterrence and long-range conventional strike, advanced fighter aircraft, integrated air defenses, undersea warfare, and command and control capabilities. China's nuclear-capable missile forces pose a military risk to the U .S. homeland. China's land-based missile forces continue to expand, increasing the number of nuclear warheads capable of striking the United States as well as bases in the Pacific theater.

The aggregate of China's expanding, well-resourced, and well-trained cyberspace forces represent a threat to the United States. China's use of computer network attacks in a conflict with the United States or our allies and partners could seriously limit access to cyberspace and further degrade deployment and sustainment of forces. In the Space domain, China continues to enhance its ability to support terrestrial operations. By pursuing a diverse and capable range of offensive space control and counter-space capabilities, China is also working to diminish U.S. space dominance.

In summary, China's rapid military modernization is quickly closing the gap with U.S. military capabilities and is eroding the Joint Force's competitive military advantages. China's military forces can constrain U.S. military operations in the Western Pacific and hold key U.S. infrastructure and facilities at risk. Its strategic capabilities are improving and present an increasing risk to the U.S. homeland and our allies.

PB17 is supportive of our commitment to the Asia-Pacific rebalance. It invests in high-end capabilities, particularly those needed to maintain undersea dominance and to counter A2/AD capabilities. The budget request also funds the buildup of Guam as a strategic hub, initiation of P-8 maritime patrol aircraft rotations in Singapore, implementation of rotational initiatives in Northern Australia, and positioning F-35 fighters in Japan in 2017.

North Korea - *North Korea's nuclear weapons and ballistic missile programs, increasing asymmetric capabilities, and willingness to use malicious cyber tools threaten the security of the*

homeland. These capabilities, alongside conventional forces, also threaten our allies in the region.

North Korea has an opaque and confrontational national leadership, the fourth largest army in the world, and increasing nuclear and ballistic missile capabilities. The regime represents an immediate threat to U.S. allies in the region and an increasing threat to U.S. territories and the homeland.

The United States maintains a competitive military advantage against the relatively low-technology North Korean military. However, in the event of a conflict on the peninsula, North Korea may be able to seize the initiative and rapidly escalate hostilities utilizing special operations forces, mass, and long-range fires. Risk of large numbers of civilian and military casualties remains high.

North Korea continues to develop its offensive and intelligence-collection capabilities aimed at exploiting U.S. and allies' cyber domains. North Korea's current cyber capabilities remain modest and pose the greatest threat to poorly defended networks. We expect North Korea to continue investing in more capable cyber tools to develop asymmetric options which can be effective against more sophisticated networks.

In summary, North Korea's ballistic missile and nuclear developments, willingness to conduct malicious cyber activities, and potential to seize the initiative in a conflict on the peninsula pose risks to the security of the United States and our allies.

As previously noted, PB17 i s supportive of our commitment to the Asia-Pacific rebalance and accounts for the challenges posed by North Korea. The budget provides additional funds for conventional munitions and continues investment in missile defense.

Iran - Continued expansion of Iranian malign influence in the Middle East threatens the stability and security of key regional partners. Iran is increasingly capable of restricting U.S. military freedom of action in the region.

Iran is improving the quality and quantity of select conventional military capabilities. Specifically, Iran continues to leverage its position on the Strait of Hormuz to pursue an area denial strategy with increasing capability and capacity of ISR, anti-ship cruise missiles, fast

attack craft, fast inshore attack craft, submarines, and mines. Iran augments its maritime patrol capacity with unmanned aerial reconnaissance systems and is developing an armed unmanned aerial system capability. Improvements in the quality, quantity, and lethality of Iran's military capabilities threaten both U.S. interests and freedom of action within the region.

To date, Iran has not demonstrated the capability to strike the continental United States with a ballistic missile. However, Iran has made significant strides in its missile development programs since 2009, when it successfully launched its first satellite. In 2010, Iran unveiled a new space launch vehicle that - if configured as a ballistic missile - would be capable of reaching the United States. In the Cyber domain, Iran's capabilities present a limited but increasing threat to the United States. Iran has demonstrated some degree of success in targeting vulnerable critical infrastructure networks.

In summary, Iran and its malign activities present the greatest threats to U.S. interests in the Middle East and North Africa. Tehran has demonstrated the ability to project influence across the region and presents an asymmetric threat to the United States and its regional partners. Iran's conventional military modernization is not likely to compete with U.S. capability, but its ballistic missile force can hold key regional U.S. infrastructure at risk.

PB17 addresses Iran's malign activities though investments in capabilities that improve our posture, enhance regional partnerships, and provide options in the event of a contingency. Specifically, the budget funds additional capabilities for power projection, sea control, and regional missile defense.

Violent Extremist Organizations - VEOs threaten the stability and security of key regional partners and many of our closest allies. Their ability to inspire attacks threatens the security of U.S. citizens and interests at home and abroad.

VEOs are distinct from the other four threats, representing both an immediate and long-term risk. Counter-VEO operations will require continued focus and resources even if the Joint Force is called on to respond to a contingency involving Russia, China, Iran, or North Korea. While VEOs do not pose an existential threat to the United States, they continue to increase their abilities to inflict harm upon our vital interests. Several of our partner nations -from South Asia to the Middle East and Africa - are battling VEOs that have established territorial control and are

directly challenging existing governments. U.S. values and the rules-based international order are also threatened by VEOs. Additionally, VEO-driven conflicts have generated mass migration and significant flows of foreign fighters to and from conflict zones, which poses risk to the United States and our allies and partners in the Middle East, North Africa, and Europe.

The PB17 submission funds our ongoing counter-VEO operations. PB17 OCO funding will help establish counterterrorism platforms in South Asia (Afghanistan), the Middle East (Levant), East Africa (Djibouti), and an enhanced presence in North/West Africa. These platforms will provide sustainable, flexible, and scalable nodes from which to conduct planning and synchronize operations within the U.S. government and with allies and partners.

V. Crosscutting Sources of Military Risk

The Joint Force faces a variety of crosscutting sources of military risk: gaps and shortfall s that impact our ability to accomplish our missions and objectives, both in today's operations and in tomorrow's potential conflicts.

Multiple, overlapping contingencies

In accordance with the 20 14 Quadrennial Defense Review, the U.S. Armed Forces must be capable of simultaneously defending the homeland while waging a global counterterrorism campaign, deterring potential aggressors, and assuring allies. If deterrence fails, U.S. forces must also be capable of defeating an adversary and denying the objectives of - or imposing unacceptable costs on - a second aggressor in another region. The Joint Force will be stressed to execute a major contingency operation on desired plan timelines with available assets, while simultaneously defending the homeland and continuing the counterterror fight against VEOs. Response to aggression by another adversary at the same time would be further limited due to capacity shortfalls, force movement timelines, and the dedication of enabling forces and capabilities elsewhere.

Intelligence, Surveillance, and Reconnaissance

A lack of theater ISR surge capacity diminishes the Joint Force's responsiveness and flexibility to support emergent crisis or contingency. Current theater ISR assets and associated analytic support capacity remains short of Combatant Commanders' increasing requirements.

High Demand - Low Density Capabilities

HD/LD capability and capacity shortfalls affect our ability to achieve assigned missions. We continue to operate systems in several critical mission areas and deploy personnel with specific specialty skills at high rates, resulting in minimal to no surge capacity in those areas. Similar to ISR, this negatively impacts the Joint Force's responsiveness and flexibility to support emergent requirements. HD/LD capability shortfalls that pose significant military risk include: missile defense systems, naval expeditionary forces, personnel recovery assets, airborne command and control systems, explosive ordnance disposal assets, air superiority and global precision strike units, and cyber mission forces.

Munitions

Key precision guided munitions shortfalls are exacerbated by ongoing operations and may impact potential contingency response. Additionally, our current global inventories are insufficient for theater missile defense (TMD), standoff, and air-to-air munitions needs.

Logistics

We are seeing increasing risk associated with the Joint Logistics Enterprise's ready and available capacity. Critical logistics enablers lack capacity and responsiveness: 79% of such units report reduced readiness levels which affects mission accomplishment flexibility and increases vulnerability. A majority of these elements are motor transportation, engineer, and cargo handling units necessary to support the deployment and sustainment of combat elements. Of these units, the vast majority reside in the Reserve Component (RC). As such, any contingency that requires responses on a timeline faster than that designated for RC mobilization will face risk from the lengthened timelines for combat forces and their sustainers to arrive in theater.

VI. PB17 Summary

PB17 addresses the Department's five strategic challenges - a resurgent Russia, a rising China, North Korea, Iran, and VEOs - by balancing the demands of readiness, capacity, and capability within the resources provided by the 2015 Bipartisan Budget Agreement. The total FY17 topline, which is approximately $17B below what we planned in PB16, required us to defer modernization in favor of near-term readiness and force structure. These reductions and delays in

modernization will exacerbate the procurement bow wave we confront at the end of the Future Year Defense Program (FYDP) and compound risk to the overall balance of the Joint Force.

PB17 also contains fiscal risk. The budget assumes higher toplines in FY 18-21, continued favorable economic factors, and future efficiencies. We also continue to depend on OCO funding for ongoing contingency operations and Joint Force readiness recovery.

Key Capability Investments

Given a constrained topline, PB17 prioritizes investments to modernize the future Joint Force while balancing capacity and readiness.

TACAIR

The Air Force accepts risk in the "air" domain in order to invest in nuclear enterprise, space, and cyber priorities. Cuts in fifth generation fighter aircraft procurement create risk in the mid-2020s, which will be mitigated by 4th generation fighter aircraft enhancements. PB17 funds 54 Air Force combat-coded fighter squadrons in the base budget and one squadron supporting the European Reassurance Initiative in the OCO budget (a total of six more squadrons than the PB16 plan for FY17). The Department of the Navy will procure additional F-35C (+ 10), F-35B (+3), and F/A-18E/F (+ 14) over PB16 levels. The Department of the Navy will also complete its planned buy of 109 P-8A by FY19.

Cyber

State actors will remain the most capable threats to computer network operations. Non-state actors - VEOs, ideological hackers, and cybercriminals-have demonstrated high-level network intrusion skills against the U.S. government and private entities and will continue to develop sophisticated tools to achieve their objectives. Developing and growing the Cyber mission force will require a long-term concerted effort. PB17 invests in both quantity and quality of cyber capabilities. It funds $6.78 in FY17 (a 13% increase) and approximately $34B across the FYDP in cyber posture and capabilities - including investments in strategic cyber deterrence, cyber security, and offensive cyber.

Space Acquisition

PB17 makes significant investment in space posture and capability. We are funding $7B in FY17 and approximately $38B across the FYDP, including space situational awareness, space launch capabilities, and command & control of critical space architecture. Other budget items will harden follow-on communications and warning satellites, accelerate GPS replacement to assure targeting accuracy and ability to resist jamming, and add security features to prevent exploitation and increase overall system resilience, safety, and stability.

Airborne ISR

There is an ever-increasing demand for ISR assets to inform and enable our current and future warfighting efforts; PB17 invests in aircraft procurement and ISR support infrastructure. This is an area where we must increase both capacity and capability in the coming years. Continued shortfalls will stress the force to meet current requirements and do not provide any surge capacity to address near-peer challengers or overlapping contingency operations.

The Navy is reducing planned Unmanned Carrier Launched Airborne Surveillance and Strike program capabilities in order to deliver a low-end, permissive-environment tanking and surveillance capability (saving approximately $680M across the FYDP). The Air Force projects no significant change from PB16, maintaining its plan for 60 M Q-9 Combat Air Patrols and JSTARs Recapitalization.

Power Projection

PB17 addresses critical power projection capabilities and related assets required to operate in non-permissive environments stemming from adversary advances in A2/AD. PB17 leverages ongoing initiatives to improve survivability of critical assets and enhance offensive strike capability. It invests in hypersonic vehicle concepts, flight demonstrations, infrastructure, and advanced conventional warheads. It also funds improvement in critical base and missile defenses through expedient shelters and multispectral camouflage. Finally, it increases the survivability in the undersea domain by investing in Maritime Strike Tactical Tomahawk capability, Unmanned Undersea Vehicle capabilities, additional Virginia Payload Modules, and Acoustic Superiority Program upgrades on OHIO- and VIRGINIA-class submarines.

Shipbuilding

Joint Force shipbuilding investment is on track to meet fleet goals in PB17. The Navy continues to grow the size of the fleet toward the goal of 308 ships to meet warfighting and posture requirements. PB17 continues procurement of 10 DDG-51 Flight III destroyers across the FYDP but reduces planned Littoral Combat Ship procurement from 52 to 40. It also invests in undersea capabilities as described previously.

Munitions

PB17 invests in rebuilding depleted stocks of precision guided munitions and in future critical munitions capabilities and enhancements. Specifically, the budget includes $1.8B for precision guided munition replenishment due to usage during ongoing operations. Looking toward the future, the Navy is maximizing production of SM-6 missiles while maintaining required levels of other advanced munitions. It is also beginning development of follow-on torpedoes and modernizing Tactical Tomahawk to enhance maritime strike capability. The Air Force will continue with last year's plan to convert unguided bombs into all-weather smart weapons. The Marine Corps and the Army are funding RDT&E to support FY20 development of area effects munitions compliant with the Departmental cluster munitions policy. Finally, the Army plan procures an additional 80 Army Tactical Missile System (ATACMS) Service Life Extension Program missiles, which bridges the capacity gap until the Army can develop and procure improved capability ATACMS.

Nuclear Enterprise Sustainment and Recapitalization

Because nuclear deterrence is the highest priority of the Department of Defense, PB17 enhances investment in all three legs of our aging nuclear triad. Within the nuclear enterprise, the budget funds $ 19B in FY17 and approximately $108B across the FYDP, adding $9.8B (an increase of 10%) to sustain and recapitalize the nuclear triad and strategic command, control, and communication systems. I t invests in legacy strategic bomber modernization, ground-based strategic deterrence, incremental funding of the first ship of the OHIO-class replacement program, long-range strike bomber, long-range standoff cruise missile, and the security helicopter replacement.

Counterterrorism

The FY17 budget request includes approximately $ 13.B to support counterterrorism efforts in South Asia (Afghanistan), the Middle East (the Levant), East Africa (Djibouti), and an enhanced presence in North/West Africa. These capabilities are essential to implementing a new framework to counter terrorism, particularly against ISIL, that more effectively synchronizes counter-VEO efforts within the Department and across the government.

People and Institutions

Talent and Leadership

Beyond budgets and technology, the All-Volunteer Force remains our greatest asset and true warfighting competitive advantage. The future operating environment will place new demands on leaders at all levels. Our leaders must have the training, education, and experience to meet those demands. We are undertaking a series of significant changes to the personnel systems which have previously underpinned the Joint Force: military pay and compensation modifications, retirement reforms, talent management initiatives, and diversity integration efforts. These changes aim to make the Joint Force an inclusive, more agile, and stronger force by leveraging the talents of all qualified citizens to meet the challenges of the future. The Services are responsible to assess and execute these changes; not all will be easy. However, we are committed to preserving standards, unit readiness, and cohesion, and we will steadfastly adhere to our principles of dignity and respect for all service members over the continuum of their service and beyond.

End strength

Our end strength is driven by strategy but is also constrained by current fiscal realities. PB17 projects the force end strength consistent with the 2014 QDR forecasts. However, the emergence of ISIL and Russian revanchism has changed the strategic environment since the QDR was published. Force availability shortfalls hamper our ability to rapidly respond to multiple, overlapping contingencies. End strength reductions below the current plan must be carefully weighed against the end states sought by the Department.

Active Duty Service end strengths in the proposed PB17 remain relatively constant across the FYDP (less than 0.7% overall reduction by FY21). The Active Component will be reduced by 9,800 personnel across the Services by FY21, with most of that reduction coming in the Army by FY18. Reserve Component end strength will see negligible decreases. Specifically, the Army will maintain end strength and capacity to meet operational requirements, and build a rotationally focused and surge-ready 980K Total Army (450K Active Component), consistent with the 2014 QDR. Both the Navy and Marine Corps will maintain Active Component end strength numbers at 323K and l 82K, respectively. The Air Force will maintain Active Component end strength at 317K.

VII. Conclusion

PB17 reflects difficult choices made in the context of today's security challenges and fiscal constraints. Our budget submission balances investment in the high-end capabilities needed to counter major power competitors, the capacity to meet current operational demands and potential contingencies, and the need to rebuild read ness after an extended period of war. However, to accommodate a constrained topline, PB17 defers near-term modernization which will only exacerbate a coming bow wave of strategic recapitalization and other procurement requirements. More broadly, the cumulative effect of topline reductions over the past several years has limited the flexibility and resiliency of the Joint Force, and looking ahead I am concerned that the demand for future capabilities and capacity will outpace the resources available, forcing even more difficult decisions to match strategy and resources. I am grateful to Congress for your continued support, and I look forward to working with you to ensure the United States maintains the most capable fighting force in the world – and to ensure we never have to send American men and women into a fair fight.

General Joseph F. Dunford, Jr.
Chairman of the Joint Chiefs

General Joseph F. Dunford, Jr. is the 19th Chairman of the Joint Chiefs of Staff, the nation's highest-ranking military officer, and the principal military advisor to the President, Secretary of Defense, and National Security Council. Prior to becoming Chairman on October 1, 2015, General Dunford served as the 36th Commandant of the Marine Corps. He previously served as the Assistant Commandant of the Marine Corps from 2010 to 2012 and was Commander, International Security Assistance Force and United States Forces-Afghanistan from February 2013 to August 2014.

A native of Boston, Massachusetts, General Dunford graduated from Saint Michael's College and was commissioned in 1977. He has served as an infantry officer at all levels, to include command of 2nd Battalion, 6th Marines, and command of the 5th Marine Regiment during Operation IRAQI FREEDOM.
General Dunford also served as the Assistant Division Commander of the 1st Marine Division, Marine Corps Director of Operations, and Marine Corps Deputy Commandant for Plans, Policies and Operations. He commanded I Marine Expeditionary Force and served as the Commander, Marine Forces U.S. Central Command. His Joint assignments include duty as the Executive Assistant to the Vice Chairman of the Joint Chiefs of Staff, Chief of the Global and Multilateral Affairs Division (J-5), and Vice Director for Operations on the Joint Staff (J-3).

A graduate of the U.S. Army Ranger School, Marine Corps Amphibious Warfare School, and the U.S. Army War College, General Dunford also earned master's degrees in Government from Georgetown University and in International Relations from the Fletcher School of Law and Diplomacy.

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING

MARCH 22, 2016

RESPONSE TO QUESTION SUBMITTED BY MS. BORDALLO

Mr. MCCORD. During the House Armed Services Committee hearing on March 22, 2016, you asked about a report which was requested in the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181). A member of your staff, Mr. Jason McMahon, confirmed section 807 as the item of interest to you. The Department produced section 807 reports for FY2009, and every subsequent year up to and including the report for FY2014. The reports and accompanying data are posted on the Department's Acquisition, Technology and Logistics (AT&L) public webpage:

http://www.acq.osd.mil/dpap/cpic/cp/acquisition_of_services_policy.html

The files are large, because they contain the report and the inventory listing of service contracts. The inventory data for FY2015 is posted, but the report is not yet finished. The reports are usually finished in July or August for the previous year's data.

Every year when complete, these reports and the corresponding inventory listings are sent to the defense committees, the Speaker of the House and President of the Senate. They are then posted on the website above. A Federal Register notice is also published to notify the public of the update. [See page 38.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

MARCH 22, 2016

QUESTIONS SUBMITTED BY MR. LAMBORN

Mr. LAMBORN. The Director of National Intelligence recently testified to Congress that "Russia and China continue to pursue weapon systems capable of destroying satellites on orbit, placing U.S. satellites at greater risk in the next few years." 1. Please describe the foreign counterspace threat. 2. Can you confirm that Russia and China both have or have tested ASAT weapons launched by ballistic missiles?

Secretary CARTER. [No answer was available at the time of printing.]

Mr. LAMBORN. You said in a recent speech in San Francisco that "DOD must now prepare for and seek to prevent the possibility of a conflict that extends into space, and we are." What exactly is the Department doing to prepare for such a conflict, from resourcing and training to developing operational capabilities? What is at risk if we lose our space capabilities early in a conflict, and how will this affect our ability to fight and win wars?

Secretary CARTER. [No answer was available at the time of printing.]

Mr. LAMBORN. Secetary Carter said in a recent speech in San Francisco that "DOD must now prepare for and seek to prevent the possibility of a conflict that extends into space, and we are." What exactly is the Department doing to prepare for such a conflict, from resourcing and training to developing operational capabilities? What is at risk if we lose our space capabilities early in a conflict, and how will this affect our ability to fight and win wars?

General DUNFORD. Space is essential to the defense of the homeland, allies, and interests abroad. Space-based capabilities such as positioning, navigation, and timing signals; protected and secured communications; and strategic and theater missile warning underpin Joint Force operations. Our space systems increase our Joint Force's overall efficiency and effectiveness while helping to reduce risk and limit losses. The Department is working to ensure that the United States does not cede the space domain and that we maintain our access to, and freedom of action with, space-borne capabilities. Initiatives include the development of Joint doctrine for space operations, and ways to increase space system and architecture resiliency and survivability.

QUESTIONS SUBMITTED BY MS. SPEIER

Ms. SPEIER. How does DOD intend to ensure notifications of released sex offenders reach the appropriate local law enforcement jurisdiction personnel where that offender intends to reside?

Secretary CARTER. [No answer was available at the time of printing.]

Ms. SPEIER. How will the Director of Emergency Services (DES) or Provost Marshals Office account for sex offenders on post?

Secretary CARTER. [No answer was available at the time of printing.]

Ms. SPEIER. How do you plan to track offenders who served no confinement time?

Secretary CARTER. [No answer was available at the time of printing.]

Ms. SPEIER. How do you intend to track offenders in States that do not utilize the SORNA Exchange Portal?

Secretary CARTER. [No answer was available at the time of printing.]

Ms. SPEIER. How do you plan to comply with International Meagan's Law (IML) as it applies to sending dependents overseas that are convicted sex offenders?

Secretary CARTER. [No answer was available at the time of printing.]

Ms. SPEIER. For purposes of uniformity and continuity, it makes the most sense to have a universal set of policies/practices across all services that is managed by OSD and not the service component heads. Can you explain to the committee why DOD has chosen to maintain differentiating regulations, policies, and practices in each of the service branches?

Secretary CARTER. [No answer was available at the time of printing.]

QUESTIONS SUBMITTED BY MR. COFFMAN

Mr. COFFMAN. Secretary Carter recently stated, "We don't want a draft . . . We don't want people chosen for us. We want to pick people. That's what the All-Volunteer Force is all about. That's why the All-Volunteer Force is so excellent." He also recently noted that one-third of Americans aren't eligible for military service for various reasons. Given the quality and the success of the All-Volunteer Force, do you believe maintaining the selective service system in its current form is necessary as a matter of defense policy?

Secretary CARTER. [No answer was available at the time of printing.]

Mr. COFFMAN. Since 2009, the Army has separated at least 22,000 combat veterans who had been diagnosed with mental health disabilities or traumatic brain injury for misconduct. These discharges have significant impact on those veterans' eligibility for benefits and services from the Department of Veterans Affairs, including mental health services. The Department has instituted several changes to its discharge process to prevent the improper separation of service members suffering from PTSD, but I believe many are still falling through the cracks, and thousands more were discharged prior to the Department's changes. I also believe that this situation applies to all of the armed services, not just to the Army. From the DOD perspective, do you believe that the discharge review boards should be more friendly to veterans appealing their discharge on account of PTSD diagnosis? And if so, do you have any specific proposals?

Secretary CARTER. [No answer was available at the time of printing.]

Mr. COFFMAN. Currently, veterans of the National Guard and Reserve forces are disproportionally denied on their VA claims for service-connected disabilities. I believe a major reason for this is the fact that the services can decline to provide them separation physicals, which are actually mandatory for Active Duty members. Do you believe that end-of-service physicals should be permitted for National Guard members and reservists of all branches of service if they'd like a physical to document any service-related injuries or disabilities? How do you ensure that Guard and Reserve members' service-connected injuries are documented?

Secretary CARTER. [No answer was available at the time of printing.]

Mr. COFFMAN. Since 2009, the Army has separated at least 22,000 combat veterans who had been diagnosed with mental health disabilities or traumatic brain injury for misconduct. These discharges have significant impact on those veterans' eligibility for benefits and services from the Department of Veterans Affairs, including mental health services. The Department has instituted several changes to its discharge process to prevent the improper separation of service members suffering from PTSD, but I believe many are still falling through the cracks, and thousands more were discharged prior to the Department's changes. I also believe that this situation applies to all of the armed services, not just to the Army. From the DOD perspective, do you believe that the discharge review boards should be more friendly to veterans appealing their discharge on account of PTSD diagnosis? And if so, do you have any specific proposals?

General DUNFORD. The Department is committed to ensuring that Service members who experience mental health issues are accurately diagnosed, receive the treatment, benefits, and follow-on care and benefits commensurate with their characterization of service, and are not unfairly stigmatized or inappropriately subjected to negative administrative or punitive action. The Military Department Review Boards, including the Discharge Review Boards, have robust procedures and responsive personnel in place to ensure full and fair reviews of requests from members and former members of the Armed Forces to change the characterization of their discharges or seek other relief based upon a diagnosed mental health condition.

The law requires the Military Departments to conduct a health assessment sufficient to evaluate the health of all members at the time of separation. This assessment determines if existing medical conditions were incurred during active duty service, provides a baseline for future care, completes a member's military record, and provides a final opportunity to document health concerns, exposures, or risk factors associated with active duty service, prior to separation. It is DOD policy that the Service Review Boards considering post-traumatic stress or traumatic brain injury cases include a physician, clinical psychologist or psychiatrist. Each Military Department has assigned at least one physician on a permanent, full-time basis to the Military Department Review Boards Agency, usually the Offices of the Surgeons General, where such expertise is resident. These assigned physicians provide each Board with the expertise and guidance necessary to assess any medical issues, to include mental health-related matters, in their deliberations over requests for records corrections.

Mr. COFFMAN. Currently, veterans of the National Guard and Reserve forces are disproportionally denied on their VA claims for service-connected disabilities. I believe a major reason for this is the fact that the services can decline to provide them separation physicals, which are actually mandatory for Active Duty members. Do you believe that end-of-service physicals should be permitted for National Guard members and reservists of all branches of service if they'd like a physical to document any service-related injuries or disabilities? How do you ensure that Guard and Reserve members' service-connected injuries are documented?

General DUNFORD. Current Department of Defense policy requires all Reserve Component (RC) members serving 180 days or more on active duty or more than 30 days in support of a contingency operation to have a Separation Health Physical Exam (SHPE). All Services and the National Guard Bureau are fully committed to meeting this requirement to ensure any service related injury or disability is properly identified, evaluated, and documented prior to separation.

Mr. COFFMAN. Since 2009, the Army has separated at least 22,000 combat veterans who had been diagnosed with mental health disabilities or traumatic brain injury for misconduct. These discharges have significant impact on those veterans' eligibility for benefits and services from the Department of Veterans Affairs, including mental health services. The Department has instituted several changes to its discharge process to prevent the improper separation of service members suffering from PTSD, but I believe many are still falling through the cracks, and thousands more were discharged prior to the Department's changes. I also believe that this situation applies to all of the armed services, not just to the Army. From the DOD perspective, do you believe that the discharge review boards should be more friendly to veterans appealing their discharge on account of PTSD diagnosis? And if so, do you have any specific proposals?

Mr. MCCORD. [No answer was available at the time of printing.]

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Mr. MCCORD. [No answer was available at the time of printing.]

QUESTIONS SUBMITTED BY MS. DUCKWORTH

Ms. DUCKWORTH. During the hearing, General Dunford indicated there were still interagency barriers that limit the effectiveness of the DOD's transregional terrorism plan. Please provide a detailed list, along with an accompanying explanation of each, of what those barriers are, indicating where appropriate, what, if any statutory impediments are limiting your efforts and where congressional action is required.

Secretary CARTER. [No answer was available at the time of printing.]

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General DUNFORD. We are working with Interagency and international partners to implement a comprehensive approach designed to counter threat networks operating across our various Geographic Combatant Command boundaries. The Joint Force lacks sufficiently flexible transregional fiscal authorities or appropriation language that would allow for streamlined movement of resources between Combatant Command regional boundaries.

While we have not identified specific statutory impediments that are limiting our current approach, we are undertaking a holistic look at this issue and will be prepared to seek Congressional action as appropriate in the future.

QUESTIONS SUBMITTED BY MR. TAKAI

Mr. TAKAI. In regard to the "pivot to Asia" strategy—the Department has been on the Hill to do notifications for the Maritime Security Initiative money in FY16. You are currently looking to execute funding mostly for the Philippines and some

for Vietnam, Malaysia, and Indonesia. I have heard big ideas about the foreign military sales and financing being provided under a rubric of "sense, share, and contribute." Please provide information about FY16 funding, and what you plan on doing with the $60 million FY17 request?

Secretary CARTER. [No answer was available at the time of printing.]

Mr. TAKAI. North Korea is developing its nuclear weapons and long-range ballistic missile programs in defiance of U.N. Security Council resolutions. Alarmingly, this year North Korea conducted its fourth nuclear test and last month, launched a satellite into orbit using long-range ballistic missile technology. While U.N. resolutions requiring member states to inspect all cargo in and out of North Korea for illicit goods and arms are helpful, and I applaud the administration for stepping up its sanctions policy to freeze North Korean government property in America, and ban U.S. exports to, or investment in, North Korea, I have to ask this question. If the U.S. is so concerned that North Korea may develop the ability to place a bomb on a long-range ballistic missile that could reach the U.S. West Coast, WHEN are we going to convert the Aegis missile defense test site in Hawaii into a combat-ready facility to help protect the U.S. mainland?

Secretary CARTER. [No answer was available at the time of printing.]